

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Joint Application of GridLiance)
High Plains LLC (GridLiance HP), The City of Winfield,)
Kansas (Winfield) and the Kansas Power Pool (KPP))
for Approval of GridLiance HP to Acquire Majority)
Interest in Electric Transmission Facilities Owned and)
Operated By Winfield Located in Cowley County,)
Kansas (Transmission Facilities) (Transaction);)
Issuance of a Certificate of Convenience and Authority)
to GridLiance HP Relating to the Transmission)
Facilities; and Issuance of a Certificate of)
Convenience and Authority to GridLiance HP Relating)
to the Upgrade of Those Transmission Facilities (NTC)
Project) and for Other Related Relief.)

Docket No. 19- GLPE - 338 -ACQ

JOINT APPLICATION

GridLiance High Plains LLC (GridLiance HP), the City of Winfield, Kansas (Winfield) and the Kansas Power Pool (KPP) (collectively Joint Applicants), pursuant to K.S.A. 66-101, 66-131 and 66-136, K.S.A. 12-885 through 12-8,111, and other applicable statutes, make this Joint Application to the State Corporation Commission of the State of Kansas (KCC or Commission) for an order (1) approving the purchase by GridLiance HP of an undivided 65% interest in Winfield's existing electric transmission facilities located in Cowley County, Kansas, (Transmission Facilities) as fully described in the Confidential Asset Purchase Agreement (APA) and exhibits and schedules thereto attached to this Joint Application as **Appendix A** (the Transaction); (2) issuing GridLiance HP a Certificate of Convenience and Authority (COC) relating to the Transmission Facilities; (3) issuing GridLiance HP a COC relating to the construction of an upgrade of those Transmission Facilities pursuant to the Southwest Power Pool, Inc. (SPP) Notification to Construct (NTC) dated February 27, 2018, Project ID No. 51249, issued to KPP, as more fully described herein and in the testimony submitted in support of the Joint Application (NTC Project); and (4) for such other relief necessary to complete the Transaction and NTC Project. In support of said Joint Application, GridLiance HP, Winfield and

KPP state as follows:

I. PARTIES

1. GridLiance HP, is a limited liability company organized and existing under the laws of the State of Delaware and a wholly-owned direct subsidiary of GridLiance Eastern Holdings LLC (GridLiance Eastern Holdings). GridLiance Eastern Holdings is, in turn, a wholly-owned direct subsidiary of GridLiance Heartland Holdings LLC, which is, in turn, wholly owned by GridLiance Holdco, LP (GridLiance Holdco). Shares in GridLiance Holdco are primarily owned by Blackstone Power and Natural Resources, LP, an affiliate of the Blackstone Group L.P. (Blackstone). Blackstone is one of the world's leading investment firms with an extensive track record of successful private equity investments. Blackstone was founded in 1985, has been publicly listed since 2007 and, as of September 2018, manages approximately \$457 billion in assets. Blackstone is an active investor in virtually every sector of the energy industry, having committed approximately \$15 billion of equity across a broad range of geographies and throughout the energy value chain – upstream, midstream, downstream, and power. GridLiance HP's principal office is located at 201 East John Carpenter Freeway, Suite 900, Irving, Texas, 75062. A copy of GridLiance HP's authorization to conduct business in Kansas as a foreign-chartered limited liability company is attached to this Joint Application as *Appendix B*.

2. GridLiance HP is a transmission-only utility (Transco) formed in 2014 to operate within the SPP region. GridLiance HP is not affiliated with any market participant operating in SPP. As a Transco, GridLiance HP focuses on investing in and optimizing the transmission portion of the electric grid through partnerships with municipal electric utilities, electric cooperatives, joint action agencies, irrigation districts and renewable energy developers in the SPP region. GridLiance HP endeavors to identify the unique challenges that utility transmission owners face and then work with its partners to develop customized solutions to address those challenges. GridLiance HP's mission is to provide its utility partners with improved reliability and service

through streamlined transmission development and planning, whether through 100% acquisition of assets, joint development or co-development agreements, or some combination of these arrangements.

3. GridLiance HP owns and operates approximately 410 miles of transmission lines and related equipment operated at 115 kV and 69 kV in the Oklahoma Panhandle region (Oklahoma Panhandle Assets) and approximately 10 miles of transmission lines and related equipment operated at 69 kV in Southwest Missouri (Southwest Missouri Assets).¹

4. Winfield is a Kansas municipality. Winfield provides electric service to approximately 8,100 customers in the cities of Winfield, Burden, Dexter, Strother Field Industrial Park, and much of the rural area of northern Cowley County, Kansas. On January 3, 2011, Winfield adopted a resolution wherein it agreed to transfer functional control of the Transmission Facilities to KPP who then transferred functional control of the facilities to SPP.

5. KPP is a municipal energy agency formed in 2005 under K.S.A. 12-855, *et seq.* KPP provides wholesale capacity, energy and transmission services to its members, who have all signed KPP's Amended Operating Agreement. Currently, KPP serves 24 Kansas municipal electric utilities. Winfield is a member of KPP. On December 15, 2011, FERC accepted, subject to refund and hearing and settlement judge procedures, SPP's proposed revisions to the SPP Open Access Transmission Tariff (SPP Tariff) to establish a formula rate for determining KPP's annual transmission revenue requirement (ATRR) for the Transmission Facilities. On April 24, 2013, FERC accepted an Offer of Settlement submitted by KPP and

¹ GridLiance HP is in the process of implementing a similar SPP- directed notification to construct project for its Southwest Missouri Assets for which GridLiance HP obtained recent certificate of public convenience and necessity approval from the Missouri Public Service Commission in Case Number No. EA-2019-0112. GridLiance HP is also seeking approval from the Federal Energy Regulatory Commission (FERC) to acquire approximately 55 miles of 138 kV transmission lines and related facilities in East Central Oklahoma (East Central Oklahoma Assets). GridLiance HP's Southwest Missouri Assets and a subset of its Oklahoma Panhandle Assets are functionally controlled by SPP. Upon receiving all required regulatory approvals, GridLiance HP plans to transfer its East Central Oklahoma Assets to SPP's functional control.

SPP resolving all issues regarding the placement of the facilities under the SPP Tariff.² A condition of the settlement was that KPP would utilize a stated ATRR of \$350,243 for the Transmission Facilities instead of a formula rate.³ KPP currently recovers the ATRR for the Transmission Facilities under the SPP Tariff in the Westar Energy, Inc. (Westar) transmission pricing zone.

II. THE TRANSACTION AND REQUESTED APPROVALS

6. Under the terms and conditions set forth in the APA, GridLiance HP will acquire from Winfield an undivided 65% interest in the Transmission Facilities, which comprise approximately 29 miles of 69 kV electric transmission lines and all real property, equipment, substation equipment, switches and other facilities related to and supporting the Transmission Facilities (collectively, the Assets). The Assets, which are located in Cowley County, Kansas, are specifically identified in Schedules 2.1.1. and 2.1.2. to the APA. See **Appendix A**. A map showing the location of the Transmission Facilities being acquired by GridLiance HP is attached as **Appendix C**. The Transmission Facilities are located mostly within the retail service territory certificated to Winfield, on land generally described as follows:

COWLEY COUNTY, KANSAS

In and along the route of line as its extends through the following townships and ranges:

Section Township Range
S29-T33S-R4E
S36-T33S-R3E
S31-T33S-R4E
S12-T34S-R3E
S30-T33S-R4E
S1-T34S-R3E
S11-T34S-R3E
S23-T32S-R4E
S21-T32S-R4E
S27-T32S-R4E
S26-T32S-R4E

² *Southwest Power Pool, Inc.*, 143 FERC ¶ 61,066 (2013).

³ *Southwest Power Pool, Inc.*, Offer of Settlement, Docket No. ER12-140-000, at p. 3 (2012).

S28-T32S-R4E
S11-T33S-R3E
S12-T33S-R3E
S8-T33S-R4E
S7-T33S-R4E
S32-T32S-R4E
S34-T32S-R4E
S33-T32S-R4E
S2-T33S-R3E
S19-T33S-R4E
S20-T33S-R4E
S22-T32S-R4E
S29-T32S-R4E
S5-T33S-R4E
S1-T33S-R3E
S15-T32S-R4E
S6-T33S-R4E
S18-T33S-R4E

The other utilities now operating in areas adjoining the above-described territory are Westar Energy, Inc. (Westar), Sumner Cowley Electric Cooperative and Caney Valley Electric Cooperative Association. A public version of this Joint Application and the testimony and exhibits supporting the Joint Application have been mailed to those utilities.

7. Winfield will retain a 35% undivided minority interest in the Assets and 100% of its Kansas distribution assets and will continue to provide retail distribution service and retail sales to its customers within its Kansas certificated service territory. There will be a seamless transition of ownership and operation of the Assets through the proposed Transaction.

8. GridLiance HP and Winfield will enter into a Joint Ownership Agreement (JOA) (attached to the APA as Exhibit A) for the ownership, maintenance and operation of the Assets, and pursuant to which GridLiance HP shall be the exclusive agent for planning and operating the Assets. The JOA is subject to the jurisdiction of FERC and will be filed under Section 205 of the Federal Power Act (FPAS).

9. The purchase price of the Assets will be equal to the net book value of the Assets at the time

of the closing of the Transaction.

10. As part of the Transaction, GridLiance HP and KPP have entered into an Assignment Agreement, with acknowledgment from Winfield, pursuant to which KPP will, upon closing, assign to GridLiance HP the upgrade of a portion of the Assets, specifically, the 69 kV transmission line and associated equipment from Winfield's Tie Substation to Westar's Rainbow Station, as further described in the NTC Project and as shown on the map attached to this Joint Application as ***Appendix D***, with the intention of the Parties for GridLiance HP to own an undivided 65% interest in the NTC Project and Winfield to own an undivided 35% interest in the NTC Project. The legal description of the route of the transmission line being upgraded pursuant to the NTC Project, in which GridLiance HP is requesting a COC for transmission rights only is as follows:

Section Township Range
S11-T33S-R3E
S12-T33S-R3E
S7-T33S-R4E

The executed Assignment Agreement, which is still subject to SPP Board approval, is attached hereto as ***Appendix E***.

11. Also, as part of the Transaction, GridLiance HP, as Operator will enter into an Operations and Maintenance Agreement (O&M Agreement) with Winfield for the operation and maintenance of the Assets and NTC Project, with pricing and other terms consistent with GridLiance HP's standard form of O&M Agreement (attached to the APA as Exhibit F).

12. GridLiance HP and Winfield have agreed to enter into a Franchise Agreement, the form of which is attached to the APA as Exhibit G. GridLiance HP has also agreed that it or an affiliate will make specific contributions to Winfield's Economic Development Fund or other funds as set forth in the APA. These contributions will not be included in rates.

13. Closing of the Transaction is subject to receiving all necessary approvals from the KCC, and FERC and SPP's approval of the assignment of the NTC Project from KPP to GridLiance HP. The Transmission Facilities were previously deemed to meet the definition of "Transmission" under Attachment A1 of the SPP Tariff in FERC Docket No. ER12-140-000, and the KPP currently recovers the ATRR for the Transmission Facilities under the SPP Tariff in the Westar transmission pricing zone. Therefore, upon closing the Transaction, GridLiance HP will transfer functional control of its undivided 65% interest in the Transmission Facilities to SPP, in accordance with SPP's standard functional control agreement, and SPP will continue to provide transmission service over the Assets under the SPP Tariff. Because the Assets will be owned by a Transco with no retail customers and Winfield, a municipality, FERC will have exclusive jurisdiction over the rates, terms and conditions of service governing the Assets.

14. For purposes of effecting the Transaction and GridLiance HP's ownership interest in the Assets and the NTC Project, Joint Applicants seek in this Joint Application any necessary, appropriate, and applicable approvals related to the ownership and operation of the Assets, including an order from the Commission (1) finding that the public convenience and necessity for purposes of K.S.A. 66-131 and 66-136 will be promoted by granting to GridLiance HP a transmission rights only COC authorizing GridLiance HP to own and operate the Assets as described in paragraph 6 of this Joint Application; (2) finding that the public convenience and necessity for purposes of K.S.A. 66-131 and 66-136 will be promoted by granting to GridLiance HP a transmission rights only COC authorizing GridLiance HP to construct, own an undivided interest in, and operate the NTC Project as described in paragraph 10 of this Joint Application; (3) approving the Transaction, the APA and the various agreements attached and incorporated into the APA, pursuant to K.S.A. 66-136, to the extent the APA and those agreements affect the public convenience and necessity relating to the Assets and the NTC Project; and (4) granting such other authority necessary under the Kansas Public Utility Act to allow for the completion of the Transaction and the NTC Project pursuant to the terms of the

APA and the various agreements attached and incorporated into the APA.

III. JURISDICTION OF THE COMMISSION

15. Upon the closing of the Transaction, GridLiance HP would become a public utility authorized to transact business in Kansas by the Commission under the provisions of K.S.A. 66-101, 66-104, and 66-131. The proposed Transaction is subject to approval by the Commission under those statutes and K.S.A. 66-136. Joint Applicants are seeking an Order from the Commission granting the relief set forth in the introductory paragraph and paragraph 14 of this Joint Application. Joint Applicants state the proposed Transaction is in the public interest and meets or surpasses the criteria established by the Commission to ascertain whether an acquisition of public utility assets is in the public interest.

IV. THE PROPOSED TRANSACTION WILL PROMOTE THE PUBLIC INTEREST

A. The Transaction Will Promote the Public Interest

16. The Joint Applicants submit that the Transaction is in the public interest and meets and fully satisfies the applicable criteria established by the Commission in evaluating whether to approve the sale and acquisition of public utility assets located and operated in the state of Kansas.⁴ Those criteria or standards are as follows:

- (a) The effect of the transaction on consumers, including:
 - (i) the effect of the proposed transaction on the financial condition of the newly created entity compared to the financial condition of the stand-alone entities if the transaction did not occur;
 - (ii) reasonableness of the purchase price, including whether the purchase price was reasonable in light of the demonstrated savings from the merger and whether the purchase price is within a reasonable range;

⁴ See, Order, Docket Nos. 172,745-U and 174,155-U (November 15, 1991) (Merger Standards Order); see, also, Docket No. 13-BHCG-509-ACQ, Order Approving Joint Application, filed October 3, 2013, pages 12-14, ¶¶ 36-39 (Merger Standards adopted by Commission in Docket Nos. 172,745-U and 174,155-U apply as well to determine whether acquisition of public utility assets is in the public interest).

- (iii) whether ratepayer benefits resulting from the transaction can be quantified;
- (iv) whether there are operational synergies that justify payment of a premium in excess of book value; and
- (v) the effect of the proposed transaction on the existing competition.
- (b) The effect of the transaction on the environment.
- (c) Whether the proposed transaction will be beneficial on an overall basis to state and local economies and to communities in the area served by the resulting public utility operations in the state. Whether the proposed transaction will likely create labor dislocations that may be particularly harmful to local communities, or the state generally, and whether measures can be taken to mitigate the harm.
- (d) Whether the proposed transaction will preserve the Commission's jurisdiction and capacity to effectively regulate and audit public utility operations in the state.
- (e) The effect of the transaction on affected public utility shareholders.
- (f) Whether the transaction maximizes the use of Kansas energy resources.
- (g) Whether the transaction will reduce the possibility of economic waste.
- (h) What impact, if any, the transaction has on public safety.⁵

Some of the criteria or standards are not applicable to the instant Transaction. The Assets are not rate regulated by the Commission and GridLiance HP will have no retail service in the State of Kansas.

Notwithstanding, to the extent applicable to the proposed Transaction, each of the above-mentioned criteria or standards are addressed below and in the testimony filed in support of this Joint Application. To the extent applicable, Joint Applicants set forth their response to each requirement below:

- (a) *The effect of the transaction on consumers, including:*
 - (i) *the effect of the proposed transaction on the financial condition of the newly created entity compared to the financial condition of the stand-alone entities if the transaction did not occur;*

⁵Merger Standards Order, pages 35-36.

RESPONSE: The Transaction does not result in the creation of a newly created entity. However, the Transaction will create joint ownership in the Assets and the NTC Project, which will allow Winfield to jointly own the utility assets with a majority owner, who (1) has a management team with significant knowledge, experience and expertise in owning, constructing, financing and operating other transmission facilities located within the SPP footprint; (2) has access to capital markets to finance such activities and (3) will have a substantial stake in the success of such activities that Winfield and KPP might not have access to absent the Transaction. In addition, the Transaction allows Winfield and its citizens and KPP and its members to proceed with the needed upgrades to the Transmission Facilities used to serve electric customers in Cowley County, Kansas, under the NTC Project, and to obtain the benefits associated with the NTC Project, without Winfield or KPP having to take on 100% of the risk, including financial obligations, relating to the NTC Project.

(ii) the reasonableness of the purchase price, including whether the purchase price was reasonable in light of the demonstrated savings from the merger and whether the purchase price is within a reasonable range;

RESPONSE: This standard has limited applicability because there is no merger and no acquisition premium and therefore no need to show merger savings to justify an acquisition premium. The purchase price was obtained through an arm's length negotiation by independent and sophisticated parties who determined that entering into the APA was in their independent best interests. In addition, the purchase price for the interest in the existing facilities being acquired by GridLiance HP from Winfield is equal to the net book value of the transmission assets. Therefore, there is no acquisition premium included in the purchase price. The contributions provided to Winfield's Economic Development Fund or other funds as set forth in the APA will not be recovered in rates. Because of these reasons, the purchase price is reasonable and is within a reasonable range.

(iii) whether ratepayer benefits resulting from the transaction can be quantified;

RESPONSE: This standard has limited applicability because GridLiance HP has no retail ratepayers or customers. Instead, GridLiance HP only has wholesale transmission customers and FERC will have exclusive jurisdiction over the rates GridLiance HP may charge for use of the Transmission Facilities. However, Winfield's citizens and retail customers will benefit from the Transaction because the Transaction allows Winfield and its citizens and KPP and its members to proceed with the needed upgrades to the Transmission Facilities used to serve electric customers in Cowley County, Kansas, under the NTC Project, and to obtain the benefits associated with the NTC Project, without having to take on 100% of the risk, including financial obligations, relating to the NTC Project.

(iv) whether there are operational synergies that justify payment of a premium in excess of book value;

RESPONSE: This standard has limited applicability. The purchase price is the result of arms' length negotiations between sophisticated parties. In addition, there is no payment in excess of book value for the existing transmission assets. The existing transmission assets are being purchased at net book value. Nevertheless, the Transaction and Transmission Facilities and Assets fit easily within GridLiance HP's existing management and financial capabilities and the majority of the costs relating to the NTC Project will be paid for using GridLiance HP's resources for such capabilities.

(v) the effect of the proposed transaction on the existing competition.

RESPONSE: The proposed Transaction will have no effect on competition because the Transmission Facilities will be operated pursuant to a limited transmission rights only certificate in the areas identified in this Joint Application and authorized by the Commission. GridLiance HP is not seeking any authority to provide retail service. Further, use of the Transmission Facilities will be under SPP's functional control further limiting any impact on the existing competition. The NTC Project creates the opportunity for

more efficient and greater delivery of energy, which should have a positive impact on rates.

(b) The effect of the transaction on the environment.

RESPONSE: GridLiance HP will comply with all applicable environmental standards and regulations relating to the Transmission Facilities and NTC Project.

(c) Whether the proposed transaction will be beneficial on an overall basis to state and local economies and to communities in the area served by the resulting public utility operations in the state. Whether the proposed transaction will likely create labor dislocations that may be particularly harmful to local communities, or the state generally, and whether measures can be taken to mitigate the harm.

RESPONSE: The Transaction will be beneficial on an overall basis to state and local economies and to communities in the area served because. Winfield receives net book value for the assets it is selling, ongoing income in the form of a franchise agreement, and future contributions for economic development. The assignment of the NTC Project allows Winfield and its citizens and KPP and its members to proceed with the needed upgrades to the Transmission Facilities used to serve electric customers in Cowley County, Kansas, under the NTC Project, and to obtain the benefits associated with the NTC Project, without having to take on 100% of the risk, including financial obligations, relating to the NTC Project. In addition, the Transaction will not create labor dislocations. Under the Transaction, GridLiance HP will enter into an O&M Agreement with Winfield whereby Winfield will continue to provide the labor necessary to operate and maintain the Transmission Facilities and the transmission line upgraded under the NTC Project, preserving local jobs and ensuring that Winfield contributes to ongoing reliability for its customers. Moreover, the construction and operation of the Transmission Facilities, including those new transmission facilities upgrades constructed under the NTC Project will result in sales and use tax revenues and additional ad valorem property taxes for local and state governments.

(d) Whether the proposed transaction will preserve the Commission's jurisdiction and capacity to effectively regulate and audit public utility operations in the state.

RESPONSE: The Commission will continue to have limited jurisdiction (certificate jurisdiction and any wire stringing permits) over the Transmission Facilities and the facilities constructed pursuant to the NTC Project. The Commission's jurisdiction will increase over the Transmission Facilities to the extent the Commission will have certificate jurisdiction over GridLiance HP.

(e) The effect of the transaction on affected public utility shareholders.

RESPONSE: None of the Parties to the Transaction have shareholders. GridLiance HP is a privately-owned partnership.

(f) Whether the transaction maximizes the use of Kansas energy resources.

RESPONSE: The NTC Project will provide needed upgrades to existing transmission facilities and better access to energy produced from Kansas energy resources. GridLiance High Plains' co-ownership and operation of the existing facilities and the NTC Project will ensure that the Transmission Assets are subject to a robust local planning process and efficient operation by a larger SPP transmission owner.

(g) Whether the transaction will reduce the possibility of economic waste.

RESPONSE: The Transaction will reduce the possibility of economic waste by creating a partnership between two utilities to jointly own and operate the Transmission Assets and by improving the ability of the NTC Project to reach completion. Additionally, there will be no duplication or economic waste, as there are no available alternatives to the services proposed. GridLiance HP's commitment to improving the transmission grid through coordination with SPP and its record of successful partnerships with municipal utilities will ensure that the Transaction maximizes the efficient use of the facilities

(h) What impact, if any, the transaction has on public safety.

RESPONSE: The change in ownership of the Transmission Facilities will not affect public safety. Winfield will continue to provide operation and maintenance for the Transmission Facilities under the O & M Agreement and will continue to comply with all applicable safety rules and regulations, subject to oversight by

GridLiance HP. GridLiance HP also has a track record demonstrating a commitment to public safety and it will apply that same commitment to the ownership and operation of the Transmission Facilities and the facilities constructed pursuant to the NTC Project.

For all of the reasons set forth above, and in the testimony filed in support of the Joint Application, the Joint Applicants submit that the acquisition of utility assets by GridLiance HP under the Transaction meets the criteria for approval of said Transaction by the Commission.

B. Issuance of the Requested COCs Will Promote the Public Convenience

17. When determining whether to grant an application for a COC pursuant to K.S.A. 66-131, the Commission's inquiry is whether public convenience and necessity or lack thereof is established based upon the conditions existing in the territory to be served and it is the province of the Commission to draw its own conclusions and form its opinion from the proof of the conditions in the territory.⁶ The factors that should be taken into account include whether any resulting competition will be ruinous or publicly beneficial; whether the proposed action will promote adequate and efficient service; and whether the action will unnecessarily duplicate existing facilities designed for the same purpose in the same area.⁷ When determining whether to grant GridLiance HP the requested COCs in this case, the Commission in similar cases has considered the following factors: (1) the cost and availability of comparable or alternative services to those proposed by the applicants; (2) the financial and technical capability of the applicants; (3) the applicants' experience and performance in providing similar service in other service territories or jurisdictions; and (4) the impact on existing customers and service providers that will result from granting the applicants the certificate requested.⁸

⁶ Central Kansas Power Co. v. State Corporation Commission, 206 Kan. 670, 677, 482 P.2d 1 (1971).

⁷ *Id.* at 677.

⁸ See, Docket No. 07-ITCE-380-COC, Order Approving Stipulation and Agreement and Addressing Application of Statutes dated June 5, 2007, ¶¶ 36-37; see, also, Docket No. 08-ITCE-936-COC, Order dated December 18, 2008.

The testimony submitted in support of the Joint Application addresses each of these factors.

(a) Whether any resulting competition will be ruinous or publicly beneficial.

RESPONSE: As described above, GridLiance HP will not be serving any retail customers. The Transmission Facilities and the NTC Project will be providing transmission services to retail electric utilities and will not be competing with them. Granting GridLiance HP a limited transmission rights only COC will not result in any more competition in the area, but instead benefit the public by bolstering transmission service to the area. GridLiance HP's involvement in the NTC Project will promote the Transco model, which, will result in increased competition and lower costs.

(b) Whether the proposed action will promote adequate and efficient service.

RESPONSE: The Transaction will result in adequate financing for the NTC Project, which upon construction and placed in service will provide for additional and more reliable transmission capacity and which will promote greater efficiency in transmission service to electric customers in the Cowley County, Kansas area.

(c) Whether the action will unnecessarily duplicate existing facilities designed for the same purpose in the same area.

RESPONSE: The Transaction will not result in the duplication of existing facilities. The Transaction involves, in part, the sale of a majority interest in existing transmission lines and the assignment of the NTC Project, which will result in needed upgrades and the rebuilding of existing facilities. There will be no duplication of existing facilities as a result of the Transaction, or the completion of the NTC Project.

(d) the financial and technical capability of the applicants.

RESPONSE: GridLiance HP's pro forma financial information with adjustments showing the results of the Transaction are attached as **Appendix F**. GridLiance HP, and its predecessors, already have established financial capability with SPP by meeting SPP's requirements for a Qualified RFP Participant that

may bid on and be selected to construct transmission projects identified through SPP's regional transmission planning process.⁹ As part of that qualification process, GridLiance HP provided a bonding indication letter committing to issue a surety bond meeting SPP's financial criteria.¹⁰ In addition, as set forth in the Direct Testimony of Donald E. Zymbak, Jr., Vice President and Corporate Controller for GridLiance HP, the working capital needed for GridLiance HP's operations and the payment to Winfield for the Assets will be provided through either operating cash, capital infusions from GridLiance Eastern Holdings, borrowings under its current revolving credit facility, or a combination of these capital sources. As a portfolio company of Blackstone, GridLiance Holdco has sufficient access to capital to acquire, plan or compete for and complete transmission investments in the RTO regions through its subsidiary Transcos, including GridLiance HP. Blackstone is one of the world's leading investment and advisory firms with an extensive track record of successful private equity investments. Blackstone was founded in 1985 and has been publicly listed since 2007. Blackstone currently has over \$457 billion in assets under management. Blackstone's energy franchise is an active investor in virtually every sector of the energy industry, having committed approximately \$15 billion of equity across a broad range of geographies and throughout the energy value chain, upstream, midstream, downstream and power.

(e) the applicants' experience and performance in providing similar service in other service territories or jurisdictions.

RESPONSE: GridLiance HP has the qualifications to provide the proposed service. As with financial capability, GridLiance HP has established its technical capability through the SPP Qualified RFP

⁹ See, SPP Tariff at Attachment Y §III(1).

¹⁰ Under SPP Tariff Attachment Y §III(1)(b)(ii)(2), an applicant can demonstrate that it meets SPP's financial criteria for an entity that desires to participate in the Transmission Owner selection Process by submitting a "bonding indication letter from an insurance or surety company...indicat[ing] a...willingness to provide a surety bond in the amount of at least \$25,000,000. See, also, Id. (Bonding indicating letters acceptable to the Transmission Provider must be issued by an insurance or surety company with a minimum financial strength rating of A- and a minimum financial size category of X from the A.M. Best Company.).

Participant process, which requires an applicant to show that it has the requisite expertise by describing its capability, experience, and process with respect to managerial criteria including transmission project development; safety; transmission operations; transmission maintenance; ability to comply with good utility practice, SPP criteria, and industry standards; ability to comply with NERC reliability standards; and any other relevant project development expertise. See, SPP Tariff at Attachment Y §III(1)(b)(iii) (Managerial Criteria). Individuals involved in the planning and operation of GridLiance HP have substantial experience in areas relating to electric transmission, distribution, rates, load research, and regulatory affairs. The names and background information of GridLiance HP's management team is discussed in the Direct Testimony of Mr. J. Brett Hooton, President of GridLiance HP. In addition, as mentioned above, GridLiance HP has negotiated an operations and maintenance agreement to provide for safe and adequate operations and maintenance by Winfield. The operation and maintenance of the Assets is further discussed in the Direct Testimony of Mr. James E. Useldinger, Vice President of Operations for GridLiance HP. Also, GridLiance HP is committed to continued and improved operation of the Transmission Facilities. GridLiance HP plans to construct the NTC Project that will improve transmission reliability in the area. Mr. Hooton describes how GridLiance HP and its sister Transco companies have been successful in working with its partners to create transmission solutions that were needed and to enter into tailored arrangements that best align with the goals of those entities.

(f) the impact on existing customers and service providers that will result from granting the applicants the certificate requested.

RESPONSE: The Transaction will result in increased reliability and transmission capacity in the area. Consequently, the electric customers served in the area will receive the benefit of increased transmission reliability and capacity.

GridLiance HP's majority ownership in the Assets and in the NTC Project will produce a sector-specific benefit of adding a transmission focus entity to public service in Kansas. Unlike most market

participants, GridLiance does not own any upstream (generation) or downstream (retail delivery service) electricity facilities and does not participate through financial means or otherwise in any aspect of electric service other than the ownership and operation of transmission facilities. As a Transco, GridLiance HP is focused solely on the reliable and efficient operation and development of the transmission grid. By awarding the requested COC to GridLiance HP, the public will gain the industry participation of an entity solely focused on working within the SPP planning process to efficiently and cost-effectively address transmission infrastructure needs in Kansas and the surrounding multi-state area.

GridLiance HP will bring the financial backing of Blackstone along with the expertise of GridLiance HP's leadership team to Kansas service to support these efforts. Blackstone is a leading long-term infrastructure investor that is poised to support GridLiance HP's continued participation in SPP.

V. WITNESSES TESTIFYING IN SUPPORT OF JOINT APPLICATION

18. In support of this Joint Application, the following witnesses have prepared pre-filed direct testimony and exhibits on behalf of the Joint Applicants:

(a) Mr. Hooton will:

- (1) provide an introduction of the witnesses who are testifying in support Joint Application;
- (2) provide an introduction to GridLiance HP, including its history, organization, business model, and electric assets ownership and operating philosophy;
- (3) describe GridLiance HP's pending acquisition with Winfield;
- (4) discuss GridLiance HP's post-acquisition plan for owning and operating the Winfield Transmission Facilities and Assets;
- (5) discuss the operational and managerial qualifications of GridLiance HP to acquire, own, and operate the Transmission Facilities and the NTC Project and the success

that it and its sister Transcos have had regarding other transactions;

(6) describe GridLiance HP's involvement in the NTC Project;

(7) discuss how the proposed Transaction meets the Commission's criteria or standards relating to the acquisition of utility assets and how the public interest will be promoted by the Commission's approval of the Transaction; and

(8) explain how the granting of the certificates of convenience and authority for transmission rights only to GridLiance HP regarding the Transmission Facilities and the NTC Project will promote the public interest.

(b) Mr. Zymbak will provide a financial overview of GridLiance HP and specific considerations particular to the Transaction and the NTC Project. He will also discuss accounting issues related to the Transaction.

(c) Mr. Useldinger will provide an overview of GridLiance's operational capabilities.

(d) Mr. Gus Collins, Director of Utilities for Winfield, will explain why Winfield elected to sell a majority interest in its transmission facilities to GridLiance HP under the terms and conditions set forth in the APA and why the Transaction is beneficial to the citizens of Winfield.

(e) Mr. Larry W. Holloway, Assistant General Manager- Operations for KPP, will explain why the NTC Project is in the public interest; why KPP elected to transfer the NTC Project to GridLiance HP; and why the Transaction is beneficial to KPP and its members.

VI. EXPEDITED TREATMENT REQUESTED

19. Joint Applicants intend to close the Transaction as soon as all regulatory approvals have been obtained and the assignment of the NTC Project from KPP to GridLiance HP is approved by SPP so the NTC

Project can be completed as soon as possible. It is highly desirable to have all required regulatory approvals, including approval by the Commission, in hand by August 20, 2019. Joint Applicants, respectfully submit that expedited treatment by the Commission is warranted here because GridLiance HP will have no retail customers and its rates for transmission service will be under the exclusive jurisdiction of FERC. Winfield's rates are also not regulated by the Commission. Many of the traditional state and local concerns with regard to acquisitions are not implicated by the Transaction.¹¹ Finally, Joint Applicants have shown in this Joint Application and supporting testimony and exhibits that the Transaction is consistent with the public interest and should be approved. Joint Applicants request that the Commission issue an Order approving the Transaction and the other relief requested as soon as practicable, but by no later than August 20, 2019.

VII. REQUEST FOR CONFIDENTIAL TREATMENT

20. The Joint Applicants request that the APA, including all exhibits to the APA, and the Pro Forma Financial information contained in *Appendix F* to this Joint Application be designated as confidential pursuant to K.S.A. 66-1220a. The information contained in the APA and the exhibits attached to the APA and in *Appendix F* contain confidential commercial information that has not been disclosed to the public and if disclosed to the public would result in harm to the Joint Applicants.

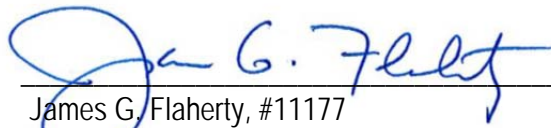
WHEREFORE, Joint Applicants respectfully request that the Commission issue an order (1) approving the purchase from Winfield by GridLiance HP of an undivided 65% interest in Winfield's existing electric transmission facilities located in Cowley County, Kansas, (Transmission Facilities) and other Assets as fully described in the APA and exhibits and schedules thereto attached to this Joint Application as *Appendix A* (Transaction) and finding that said Transaction is in the public interest; (2) issuing GridLiance HP a Transmission Rights Only Certificate of Convenience and Authority relating to the Transmission Facilities as

¹¹ See, Docket No. 16-ITCE-512-ACQ, (Fortis Inc./ITC Holdings Corp. merger), Order Approving the Transaction with Conditions, filed October 11, 2016, page 8, paragraph 21 (Commission's limited role in regulating Transcos warrants a more limited application of the merger standards than a transaction involving utilities fully regulated by the Commission).

described in this Joint Application; (3) issuing GridLiance HP a Transmission Rights Only Certificate of Convenience and Authority relating to the upgrade of those Transmission Facilities pursuant to the NTC Project as more fully described and referred to in this Joint Application ; and (4) for such other relief necessary to complete the Transaction and NTC Project.

Dated: February 20, 2019

Respectfully submitted,



James G. Flaherty, #11177
ANDERSON & BYRD, LLP
216 S. Hickory ~ P.O. Box 17
Ottawa, Kansas 66067
(785) 242-1234, telephone
(785) 242-1279, facsimile
jflaherty@andersonbyrd.com

N. Beth Emery
Jason A. Higginbotham
GridLiance High Plains LLC
201 E. John Carpenter Freeway, Suite 900
Irving, Texas 75062
(469) 718-7050, telephone
bemery@gridliance.com
jhigginbotham@gridliance.com

Attorneys for GridLiance High Plains LLC

/s/ William E. Muret

William E. Muret, # 12014

William E. Muret LLC

103 E. 9th Ave., #208

Winfield, Kansas 67156

(620) 221-7200, telephone

(620) 221-0020, facsimile

muret@winfieldattorneys.com

Attorneys for the City of Winfield, Kansas

/s/ Amy Fellows Cline

Amy Fellows Cline, #19995

Triplett Woolf Garretson, LLC

2959 N. Rock Road, Suite 300

Wichita, Kansas 7226

(316) 630-8100, telephone

(316) 630-8101, facsimile

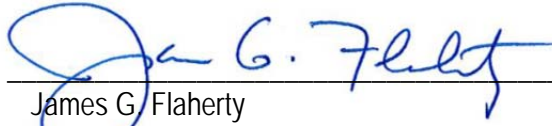
amycline@twgfirm.com

Attorneys for Kansas Power Pool

VERIFICATION

STATE OF KANSAS
COUNTY OF FRANKLIN, ss:

James G. Flaherty, of lawful age, being first duly sworn on oath, states that he is the attorney for GridLiance High Plains LLC; that he has read the foregoing Joint Application, and the statements contained therein are true.


James G Flaherty

SUBSCRIBED AND SWORN to before me this 20th day of February, 2019.




Notary Public

Appointment/Commission Expires:

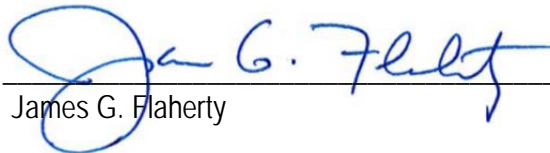
CERTIFICATE OF SERVICE

I hereby certify that a copy of the above and foregoing was sent via U. S. Mail, postage prepaid, hand-delivery, or electronically, this 20th day of February, 2019, addressed to:

Westar Energy, Inc.
818 S Kansas Ave., P.O. Box 889
Topeka, KS 66601-0889

Sumner Cowley Electric Cooperative
2223 North A Street, P.O. Box 220
Wellington, KS 67152-0220

Caney Valley Electric Cooperative Association
401 Lawrence, P.O. Box 308
Cedar Vale, KS 67024



James G. Flaherty

APPENDIX A

CONFIDENTIAL

APPENDIX B

KRIS W. KOBACH
Secretary of State



Appendix B

Memorial Hall, 1st Floor
120 S.W. 10th Avenue
Topeka, KS 66612-1594
(785) 296-4564

STATE OF KANSAS

July 16, 2018

JANET VIRGA
GRIDLIANCE HIGH PLAINS LLC
201 E. JOHN CARPENTER FWY
SUITE 900
IRVING TX 75062

RE: GRIDLIANCE HIGH PLAINS LLC

ID #: 495-672-8

A certified copy of the document that you recently filed in the Corporations Division of our office is enclosed.

Every limited liability company authorized to do business in Kansas is assigned an identification number. Use of this number on any correspondence with our office will give us immediate access to your file and enable us to offer you faster, more efficient service. Your limited liability company identification number is at the top of this letter.

mm

CL
53-14

KANSAS SECRETARY OF STATE
Limited Liability Company
Certificate of Amendment

Kansas Office of the Secretary of State:

Memorial Hall, 1st Floor (785) 296-4564
120 S.W. 10th Avenue kssos@sos.ks.gov
Topeka, KS 66612-1594 www.sos.ks.gov

3550 01
053 015
\$35.00

FILED BY KS SOS
07-16-2018
04:25:41 PM
FILE#: 4956728



05224926

This form must be complete and accompanied by the correct filing fee or the document will not be accepted for filing.

1. Business entity ID number

Not Federal Employer ID Number (FEIN).

4956728

2. Name of limited liability company

Must match name on record with Secretary of State.

South Central MCN LLC

3. The limited liability company amends its articles of organization as follows:

South Central MCN LLC amend its articles of organization to reflect to a new entity name of:

GridLiance High Plains LLC

4. Future Effective date

Must be within 90 days of filing date.



Upon filing



Future effective date:

Month

Day

Year

5. I declare under penalty of perjury under the laws of the state of Kansas that the foregoing is true and correct, and that I have remitted the required fee.

Signature of Authorized Person

X

Name of Signer (printed or typed)

J. Calvin Crowder, CEO

Phone Number

(469) 718-7050

Month

Day

Year

7

10

2018



I hereby certify this to be a true and correct copy of the original on file.

Certified on this date:

July 16, 2018

KRIS W. KOBACH
Secretary of State

Kris W. Kobach

MM

KRIS W. KOBACH
Secretary of State



Memorial Hall, 1st Floor
120 S.W. 10th Avenue
Topeka, KS 66612-1594
(785) 296-4564

STATE OF KANSAS

October 06, 2015

TAMMY EDDINGS
HUSCH BLACKWELL
4801 MAIN ST STE 1000
KANSAS CITY MO 64112

RE: SOUTH CENTRAL MCN LLC

ID. # 4956728 (USE IN ALL CORRESPONDENCE WITH OUR OFFICE)

Enclosed is certified copy of the foreign limited liability company application for registration in the state of Kansas. Your foreign limited liability company's business entity identification number is at the top of this page. This business entity identification number should be used in all correspondence with our office.

Every foreign limited liability company must file an annual report with our office and pay a filing fee. The annual report and fee are due together on the 15th day of the fourth month following the tax closing month. (For example, if the tax closing month is December, the due date is April 15 of the following year). The annual report may be filed as early as January 1. An annual report is not required if the company has not been incorporated for six months prior to its first tax year end. If the company operates on a tax year end other than the calendar year, you must notify our office in writing prior to December 31.

The annual report may be filed electronically at www.sos.ks.gov or you may obtain a paper form from the Web site.

PLEASE NOTE: For information regarding taxes, contact the Kansas Department of Revenue at (785) 368-8222 or www.ksrevenue.org.

rct

KS SECRETARY OF STATE
120 SU 10TH ST
TOPEKA, KS 66612
10/06/2015 13:13:34
MID: 000000002325631
TID: 03456755
421030068884

CREDIT CARD
VISA SALE


CARD: XXXXXXXXXXXXX2671
INVOICE 0009
Batch #: 001026
APP Code: 000197
Entry Mode: Manual
Model: Online
Tax Amt: \$0.00
App Code: NYZ

SALE ANT \$185.00

CUSTOMER COPY

495-672-8

FL 51-10	KANSAS SECRETARY OF STATE
	Foreign Limited Liability Company Application
CONTACT: Kansas Office of the Secretary of State	
Memorial Hall, 1st Floor 120 S.W. 10th Avenue Topeka, KS 66612-1594	(785) 296-4564 kssos@sos.ks.gov www.sos.ks.gov

3793 01 051 010 \$165.00	4	FILED BY KS SOS 10-06-2015 12:31:25 PM FILE#: 4956728
 04274770		



INSTRUCTIONS: All information must be completed or this document will not be accepted for filing.
Please read instructions sheet before completing.

1. Name of the limited liability company:

Name of company must match the name on record with the home state

SOUTH CENTRAL MCN LLC

2. State/Country of organization:

DE

3. Date of organization in home state:

3/7/2014

Month Day Year

4. Began doing business in Kansas:

☒ Upon qualification

☐ Month Day Year

5. Name of the resident agent and address of the registered office in Kansas:

Address must be a street address
A P.O. box is unacceptable

Comstock Search Reporting Inc. 3332 SW 34th Ct.
Name Street Address
Topeka Kansas 66614
City State Zip

6. Mailing address:

This address will be used to send official mail from the Secretary of State's office

Edward M. Rahill 2 North LaSalle St., Suite 420
Attention Name Address
Chicago IL 60602 US
City State Zip Country

7. Tax closing month:

December

8. Full nature and character of the business to be conducted in Kansas:

The transaction of any or all lawful business activities as permitted under the laws of the state of Kansas.

9. If management vests with members, please provide the name and address of each member. If management vests with managers, please provide the name and address of each manager:
Do not leave blank

If additional space is needed please provide an attachment

1) Edward M. Rahill

Name

2 North LaSalle St., Suite 420

Chicago

IL

60602

US

Mailing address

City

State

Zip

Country

2)

Name

Mailing address

City

State

Zip

Country

3)

Name

Mailing address

City

State

Zip

Country

4)

Name

Mailing address

City

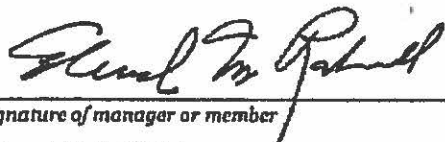
State

Zip

Country

10. The limited liability company hereby consents, without power of revocation, that actions may be commenced against it in the proper court of any county in the state of Kansas where there is proper venue by service of process on the Secretary of State of the State of Kansas; and the limited liability company stipulates and agrees that such service shall be taken and held in all courts to be valid and binding as if due service had been made upon the members of the foreign limited liability company.

11. I declare under penalty of perjury under the laws of the state of Kansas that the foregoing is true and correct and that the company is in good standing in its home state, and I have remitted the required fee.



Signature of manager or member

Edward M. Rahill, Manager

10/4/2015

Date (month, day, year)

Delaware

Page 1

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "SOUTH CENTRAL MCN LLC" IS DULY FORMED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE SECOND DAY OF OCTOBER, A.D. 2015.

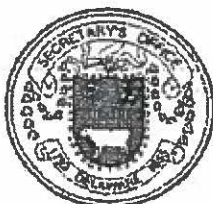
AND I DO HEREBY FURTHER CERTIFY THAT THE SAID "SOUTH CENTRAL MCN LLC" WAS FORMED ON THE SEVENTH DAY OF MARCH, A.D. 2014.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL TAXES HAVE BEEN PAID TO DATE.



I hereby certify this to be a true and correct copy of the original on file. Certified on this date: 10-6-2015

Kris W. Kobach
Secretary of State



Jeffrey W. Bullock, Secretary of State

5494533 8300

SR# 20150362276

You may verify this certificate online at corp.delaware.gov/authver.shtml

Authentication: 10172760

Date: 10-02-15

APPENDIX C

69kV Transmission Township Section Range

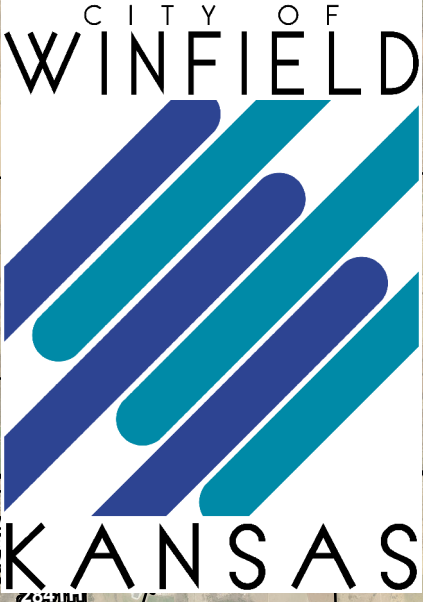
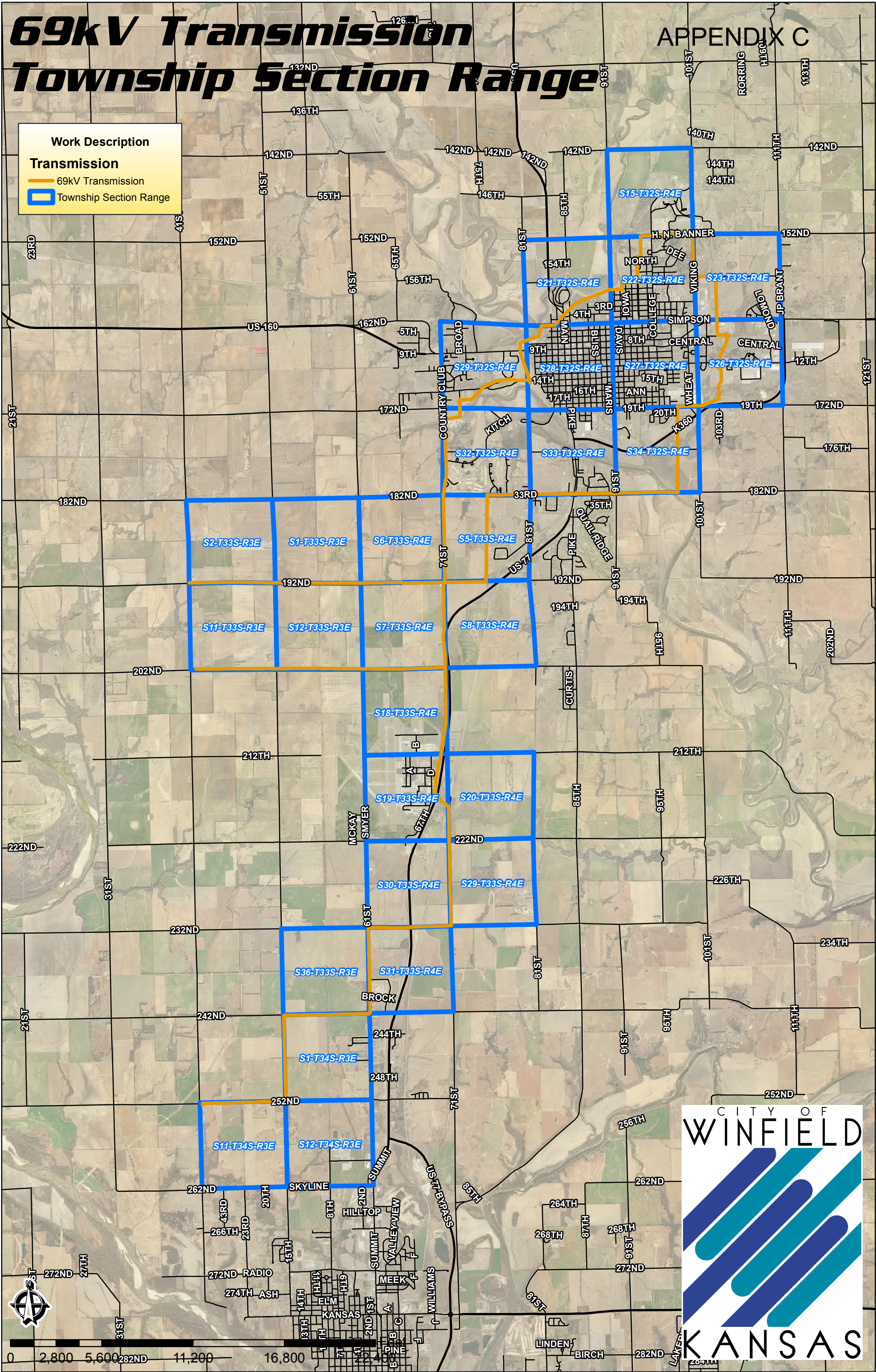
APPENDIX C

Work Description

Transmission

69kV Transmission

Township Section Range




0 2,800 5,600 11,200 16,800


APPENDIX D

69kV Transmission Township Section Range


Appendix D

Work Description

 Township Section Range

 Transmission NTC

Transmission

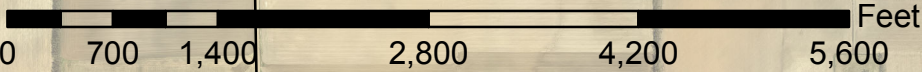
 69kV Transmission

S11-T33S-R3E

S12-T33S-R3E

S7-T33S-R4E

NTC



LEED

192ND

US 77

202ND

NINTH

APPENDIX E

DESIGNEE QUALIFICATION AND ASSIGNMENT AGREEMENT

This Designee Qualification and Assignment Agreement (Agreement) is entered into this 5th day of February, 2019 (Execution Date) by and among GridLiance High Plains LLC, a Delaware limited liability company formerly known as South Central MCN LLC (GridLiance); and The Kansas Power Pool ("KPP"), a Municipal Energy Agency (KPP); each herein referred to individually as a (Party) and collectively as (Parties). The City of Winfield, Kansas (Winfield) is a signatory hereto for the limited purposes of acknowledging that a representative of Winfield has read the terms of this Agreement and is in agreement with the substance hereof.

WHEREAS, KPP and GridLiance are signatories to the Southwest Power Pool, Inc. (SPP) Membership Agreement pursuant to which KPP and GridLiance are each Transmission Owners (TO) under the SPP Open Access Transmission Tariff and transmission using members of SPP;

WHEREAS, SPP issued a Notification to Construct designated as SPP-NTC-200479 (PID 51249, UID 71954) (the NTC), attached hereto as **Attachment A**, to KPP pursuant to the SPP Membership Agreement and Attachment O of the SPP Open Access Transmission Tariff (SPP OATT) that directs KPP to upgrade of a portion of Winfield's transmission assets, specifically, to reconductor 4 miles of 69 kV transmission line from Winfield's Tie Substation to Westar Energy, Inc.'s Rainbow Substation, defined herein and referred to as the Project;

WHEREAS, GridLiance intends to develop and co-own the Project with Winfield, a KPP member city, and in connection therewith KPP desires to assign its interest in the Project, including certain of its rights under the NTC to GridLiance as "Operator" pursuant to the JOA hereafter described; and

WHEREAS, following such assignment and subject to the receipt of all regulatory approvals, GridLiance intends to assign an undivided 35% interest in the Project to Winfield in connection with GridLiance's and Winfield's execution of a Joint Ownership Agreement (JOA) by which Winfield and GridLiance would, at their own expense, design, procure, construct, install, and operate the Project as tenants-in-common and GridLiance would act as the construction and operating agent for itself and Winfield.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

Article 1. Definitions. Wherever used in this Agreement with initial capitalization, such words shall have the meaning specified or referred to in the SPP Membership Agreement or Attachment O or Attachment Y of the SPP OATT.

Article 2. Contingency; Term of Agreement. This Agreement is contingent upon (a) the successful negotiation and execution of a JOA for the Project that is mutually agreeable to GridLiance and Winfield, and (b) approval by the SPP Board of Directors of the assignment to GridLiance of the NTC hereunder in accordance with Section VII.3 of Attachment Y of the SPP OATT. This Agreement shall become effective on the later of (i) the Execution Date, (ii) the date on which the Kansas Corporation Commission (KCC) approves this transaction, including GridLiance's authority to operate as a public utility, and grants a certificate of public convenience and authority, or (iii) such date as the Federal Energy Regulatory Commission (FERC) shall accept this Agreement and the JOA for filing and permit the same to become

Designee Qualification and Assignment Agreement

effective (or the Parties determine and agree such FERC filing is not required) (Effective Date), and, except in the event of earlier termination as expressly provided for herein, shall continue in full force and effect until such time as GridLiance has transferred functional control of the Project to SPP pursuant to the requirements of the SPP Membership Agreement. Notwithstanding the preceding in this Article 2, Article 4.3 herein shall remain in effect and survive expiration of the term of this Agreement.

Article 3. Representations and Warranties. GridLiance hereby represents, warrants and covenants as follows:

3.1 Good Standing. GridLiance is a duly organized and validly existing limited liability company in good standing under the laws of the state of Delaware, is qualified to do business and is or, as of the Effective Date will be, authorized to fulfill the terms of this Agreement in the State of Kansas.

3.2 Authority. GridLiance has the right, power and authority to enter into the JOA and this Agreement, to become a party thereto and hereto and, as of the Effective Date, to perform its obligations thereunder and hereunder. As of the Effective Date, this Agreement will be a legal, valid and binding obligation of GridLiance, enforceable against GridLiance in accordance with its terms.

3.3 No Conflict. As of the Effective Date, the execution, delivery and performance of this Agreement will not violate or conflict with the organizational or formation documents, bylaws or operating agreements, of GridLiance, or any judgment, license, permit or order or material agreement or instrument applicable to or binding upon GridLiance or any of its assets.

3.4 Solvency. GridLiance is financially solvent and is financially capable of fulfilling its obligations under this Agreement.

Article 4. Assignment of NTC for Construction of the Project.

4.1 Assignment. KPP hereby assigns to GridLiance, and GridLiance accepts assignment of and assumes, the rights, duties and obligations to design, procure, construct, and install the Project pursuant to the SPP Membership Agreement, the SPP OATT and the NTC.

4.2 Ownership and Operation of the Project. The rights, duties and responsibilities of Winfield and GridLiance with respect to ownership and operation of the Project will be governed by the JOA.

4.3 KPP's Residual Obligations. The Parties acknowledge and agree that, as provided in Section VII.4 of Attachment Y to the SPP OATT, the assignment by KPP to GridLiance pursuant to Section 4.1 of this Agreement shall not relieve KPP of its ultimate financial or legal obligations to build and own the Project pursuant to the SPP Membership Agreement (including but not limited to Section 3.3 of the SPP Membership Agreement), Attachment O of the SPP OATT, and the NTC.

4.4 Failure to Implement the Project in a Timely Manner. In the event GridLiance fails to fulfill its obligations under this Agreement, and does not proceed to construct the Project in a timely manner in accordance with the terms specified in the NTC (as may be modified in accordance with Section V.4(a) of Attachment Y of the SPP OATT), KPP shall provide written notice to GridLiance specifying such failure and provide GridLiance a reasonable opportunity, but in any event, no less than thirty (30) days, to cure. Following such notice, in the event GridLiance is unwilling or unable to cure such failure in a timely manner,

Designee Qualification and Assignment Agreement

KPP shall have the unilateral right to terminate this Agreement and resume direct responsibility to build the Project by providing written notice to the other Parties. In such event, consistent with Section V.4(a) of Attachment Y of the SPP OATT, KPP and SPP shall determine whether any modifications to the NTC are necessary to take into account ramifications of GridLiance's failure to fulfill its obligations.

Article 5. Filing.

5.3 To the extent required by law, GridLiance shall contemporaneously submit or file this Agreement with the KCC.

5.4 If KCC accepts this Agreement for filing, but subject to modification or change, and requires a compliance filing by any or all of the Parties, the Parties shall evaluate whether such required compliance filing materially changes or frustrates the intent of this Agreement. If a Party determines, in good faith, that the changes or modifications required by KCC constitute a material change or may frustrate the intent of the Agreement, the Parties agree to negotiate in good faith to establish new terms and conditions that place the Parties in the same position as bargained for in this Agreement. Any change to this Agreement required by KCC for the compliance filing shall be subject to review and approval by the Parties. If within thirty (30) days after KCC's conditional acceptance of the Agreement, or such other reasonable time period as may be mutually agreed to by the Parties, the Parties have not reached agreement on new terms and conditions or, if the amended Agreement is not subsequently unconditionally approved or accepted by KCC, this Agreement shall automatically be terminated, and no Party shall have further obligations to another Party hereunder.

Article 6. Designee Qualifications. GridLiance and SPP agree that GridLiance has established to SPP's satisfaction that GridLiance meets, or will meet as of the Effective Date, all of the conditions and qualification criteria set forth in Sections VII.1 and III.1(b) of Attachment Y of the SPP OATT.

Article 7. Termination. This Agreement shall be terminated early (i.e., prior to such time as GridLiance has transferred functional control of the Project to SPP) (i) in the event of failure of any contingency or failure to receive any required approval as set forth in Article 2 and/or Article 5, (ii) in the event that GridLiance and Winfield are unable to successfully negotiate and execute a JOA or the JOA is terminated in accordance with its terms, (iii) in accordance with Section 4.4 in the event of GridLiance's failure to meet its assumed obligations, or (iv) upon such date as the Parties mutually agree to terminate the Agreement.

Article 8. Counterparts. This Agreement may be executed in any number of counterparts by the Parties, each of which when so executed will be an original, but all of which together will constitute one and the same instrument. To facilitate execution of this Agreement, the Parties may execute and exchange facsimile counterparts of the signature pages to this Agreement.

In Witness Whereof, the Parties have each executed this Designee Qualification and Assignment Agreement as of the date first written above.

GRIDLIANCE HIGH PLAINS LLC

By:  B.P.C.
Name: J. Calvin Crowder
Title: Chief Executive Officer

THE KANSAS POWER POOL ("KPP"), A
MUNICIPAL ENERGY AGENCY

By: Mark Chesney
Mark Chesney
General Manager and Chief Executive
Officer

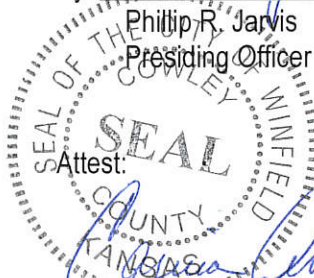
CITY OF WINFIELD, KANSAS

By:

Phillip R. Jarvis

Phillip R. Jarvis
Presiding Officer

Attest:



Carina Anderson

Carina Anderson, Deputy City Clerk

Attachment A

[See Attached]

SPP-NTC-200479**SPP
Notification to Construct**

February 27, 2018

Mr. James Ging
Kansas Power Pool
100 N. Broadway
Wichita, KS 67202

RE: Notification to Construct Approved Reliability Network Upgrade

Dear Mr. Ging,

Pursuant to Section 3.3 of the Southwest Power Pool, Inc. ("SPP") Membership Agreement and Attachments O and Y of the SPP Open Access Transmission Tariff ("OATT"), SPP provides this Notification to Construct ("NTC") directing Kansas Power Pool ("KPP"), as the Designated Transmission Owner, to construct the Network Upgrade(s).

On May 12, 2017, SPP concluded that the project is required to fulfill Transmission Service Requests as detailed in Aggregate Facility Study SPP-2016-AG2-AFS-2. On June 30, 2017, SPP received all Transmission Service Agreements associated with the upgrade listed below.

New Network Upgrade**Project ID:** 51249**Project Name:** Line - City of Winfield - Oak 69 kV Reconductor**Need Date for Project:** 6/1/2021**Estimated Cost for Project:** \$9,298,511 (this project cost contains a Network Upgrade not included in this NTC)**Network Upgrade ID:** 71954**Network Upgrade Name:** City of Winfield - Rainbow 69 kV Ckt 1**Network Upgrade Description:** Reconductor 4 miles of 69 kV transmission line from City of Winfield to Rainbow.**Network Upgrade Owner:** KPP**MOPC Representative(s):** Larry Holloway**TWG Representative:** James Ging**Categorization:** Regional Reliability

SPP-NTC-200479

Network Upgrade Specification: All elements and conductor must have at least an emergency rating of 46 MVA.

Network Upgrade Justification: Identified in SPP-2016-AG2-AFS-2.

Estimated Cost for Network Upgrade (current day dollars): \$1,467,084

Cost Allocation of the Network Upgrade: Base Plan

Estimated Cost Source: SPP

Date of Estimated Cost: 2/28/2017

Commitment to Construct

Please provide to SPP a written commitment to construct the Network Upgrade(s) within 90 days of the date of this NTC, in addition to providing a construction schedule and an updated $\pm 20\%$ cost estimate, NTC Project Estimate, in the Standardized Cost Estimate Reporting Template for the Network Upgrade(s). Failure to provide a sufficient written commitment to construct as required by the SPP OATT could result in the Network Upgrade(s) being assigned to another entity.

Mitigation Plan

The Need Date represents the timing required for the Network Upgrade(s) to address the identified need. Your prompt attention is required for formulation and approval of any necessary mitigation plans for the Network Upgrade(s) included in the Network Upgrade(s) if the Need Date is not feasible. Additionally, if it is anticipated that the completion of any Network Upgrade will be delayed past the Need Date, SPP requires a mitigation plan be filed within 60 days of the determination of expected delays.

Notification of Commercial Operation

Please submit a notification of commercial operation for each listed Network Upgrade to SPP as soon as the Network Upgrade is complete and in-service. Please provide SPP with the actual costs of these Network Upgrades as soon as possible after completion of construction. This will facilitate the timely billing by SPP based on actual costs.

Notification of Progress

On an ongoing basis, please keep SPP advised of any inability on KPP's part to complete the approved Network Upgrade(s). For project tracking, SPP requires KPP to submit status updates of the Network Upgrade(s) quarterly in conjunction with the SPP Board of Directors meetings. However, KPP shall also advise SPP of any inability to comply with the Project Schedule as soon as the inability becomes apparent.

All terms and conditions of the SPP OATT and the SPP Membership Agreement shall apply to this Project, and nothing in this NTC shall vary such terms and conditions.

SPP-NTC-200479

Don't hesitate to contact me if you have questions or comments regarding these instructions.
Thank you for the important role that you play in maintaining the reliability of our electric grid.

Sincerely,



Lanny Nickell

Vice President, Engineering

Phone: (501) 614-3232 • Fax: (501) 482-2022 • lnickell@spp.org

cc: Carl Monroe - SPP
Antoine Lucas - SPP
Jay Caspary - SPP
Larry Holloway - KPP

APPENDIX F

CONFIDENTIAL