

Exhibit No.: 106
Issue: Certificate of Convenience
and Necessity
Witness: Claire M. Eubanks, PE
Sponsoring Party: MoPSC Staff
Type of Exhibit: Surrebuttal Testimony
Case No.: EA-2018-0202
Date Testimony Prepared: September 28, 2018

MISSOURI PUBLIC SERVICE COMMISSION
COMMISSION STAFF DIVISION
ENGINEERING ANALYSIS DEPARTMENT

SURREBUTTAL TESTIMONY
OF
CLAIRE M. EUBANKS, PE

UNION ELECTRIC COMPANY
d/b/a AMEREN MISSOURI

CASE NO. EA-2018-0202

STAFF Exhibit No. 106
Date 10/21/18 Reporter SM
File No. EA-2018-0202

Jefferson City, Missouri
September 2018

** Denotes Confidential Information **

*** Denotes Highly Confidential Information ***

1 should be granted a CCN subject to the terms and conditions found in the non-unanimous
2 Stipulation and Agreement (“Stipulation”) filed on August 17, 2018 between Staff and
3 Ameren Missouri and supported by Renew Missouri.

4 **Application Requirements**

5 Q. Please generally describe the application requirements for a CCN.

6 A. Application requirements for the granting of a CCN for construction of
7 electrical production facilities are contained in 4 CSR 240-3.105(1)(B) and are generally
8 described below:

- 9 • A description of the route of construction and a list of utility crossings²
10 which the proposed construction will cross;
- 11 • The plans and specifications for the complete construction project and
12 estimated cost of the construction project;³
- 13 • Plans for financing;
- 14 • Evidence of approval of affected governmental bodies;⁴ and
- 15 • The facts showing that the granting of the application is required by the
16 public convenience and necessity.

17 Q. Please describe the information Ameren Missouri provided to support its
18 Application.

² “A description of the route of construction and a list of all electric and telephone lines of regulated and nonregulated utilities, railroad tracks or any underground facility, as defined in section 319.015, RSMo, which the proposed construction will cross”.

³ Or a statement of the reasons the information is currently unavailable.

⁴ “(C) When no evidence of approval of the affected governmental bodies is necessary, a statement to that effect; (D) When approval of the affected governmental bodies is required, evidence must be provided as follows:
1. When consent or franchise by a city or county is required, approval shall be shown by a certified copy of the document granting the consent or franchise, or an affidavit of the applicant that consent has been acquired; and
2. A certified copy of the required approval of other governmental agencies; . . .”

Surrebuttal Testimony of
Claire M. Eubanks, PE

1 A. Ameren Missouri included a list of utility crossings inside the project area in
2 Schedule B of its Application. In addition to the list of utility crossings, plans for the project
3 were included in Schedule 2 of Ajay K. Arora's Direct Testimony. Specifically, these plan
4 sheets (i.e. drawings) are *** _____

5 _____
6 _____
7 _____ ***

8 Plans and specifications were provided in Schedule 2 of Ajay K. Arora's Direct
9 Testimony. As discussed above, *** _____

10 *** Ameren Missouri provided the estimated cost of construction, excluding
11 interconnection costs, in its Application, *** _____ *** The BTA includes a
12 *** _____ *** cap on transmission costs.

13 Ameren Missouri discussed its plans for financing in its Application, specifically,
14 under the BTA in a manner consistent with its existing capital structure, using approximately
15 52% equity and 48% long-term debt. Further discussion regarding financing is provided in
16 the testimony of Staff witness Dave Murray. Ameren Missouri represents that other than the
17 Commission, there are no governmental bodies that must issue permits authorizing the overall
18 construction of the project, though there are other types of permits that are granted as
19 construction proceeds. Adair County and Schuyler County assents for road crossings were
20 provided as attachments to the Application. *** _____

21 _____ ***

Surrebuttal Testimony of
Claire M. Eubanks, PE

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6 Q. Does the Stipulation and Agreement between Ameren Missouri and Staff filed
7 on August 17, 2018 (“Stipulation”) and the *Second Non-Unanimous Stipulation and*
8 *Agreement* address filing requirements?

9 A. Yes, the Stipulation requires Ameren Missouri to file quarterly progress reports
10 on the plans and specifications, beginning on October 1, 2018, and requires Ameren Missouri
11 to file the complete plans and specifications prior to commencement of construction. Permits
12 will be included in these quarterly reports.

13 Q. How are request for CCNs typically evaluated?

14 A. Requests for CCNs are typically evaluated under the standard articulated in
15 *In the Matter of the Application of Tartan Energy Company, LLC, d/b/a Southern Missouri*
16 *Gas Company*.⁶ In the Tartan Energy Company case, the Commission’s Order listed five
17 criteria to include in the consideration when making a determination on whether a utility’s
18 proposal meets the standard of being “necessary or convenient for the public service”:

- 19
- Is the service needed?
 - Is the applicant qualified to provide the service?
 - Does the applicant have the financial ability to provide the service?
 - Is the applicant’s proposal economically feasible?
 - Does the service promote the public interest?⁷
- 20
21
22
23

⁵ ***

⁶ *In the Matter of the Application of Tartan Energy Company, LLC, d/b/a Southern Missouri Gas Company*, Mo P.S.C. 3d 173, 177 (1994). See also Section 393.170, RSMo (2000).

⁷ *Id.*

Surrebuttal Testimony of
Claire M. Eubanks, PE

1 Q. Has Staff considered the Tartan criteria in its support of the Stipulation?

2 A. Yes. My testimony will focus on Ameren Missouri's qualifications and
3 whether the service promotes the public interest.

4 Q. Is Ameren Missouri qualified to provide the service?

5 A. Yes. The proposed wind facility will be constructed pursuant to the BTA
6 between Ameren Missouri and TG High Prairie Holdings, LLC, which incorporates Ameren
7 Missouri's specifications for the project. Ameren Missouri witness Ajay K. Arora discusses
8 the expertise that wind developers, such as Terra-Gen, have in wind development, particularly
9 in the expeditious manner which is needed to take full advantage of the PTCs, noting that:
10 "This is expertise that Ameren Missouri intends to develop over time, but it is not expertise
11 that Ameren Missouri possesses today."⁸ The project structure allows Ameren Missouri to
12 leverage the experience of Terra-Gen in constructing wind generation in a timeframe that
13 corresponds with the 2020 PTC deadline. The BTA includes several provisions that are
14 intended to protect Ameren Missouri, and in turn, its customers, which Ajay K. Arora
15 discusses on Page 11, Lines 7-18 of his Direct Testimony.

16 Further, Ameren Missouri's contract development team ** _____

17 _____

18 _____

19 _____

20 _____ **⁹

21 Staff is not concerned with the qualifications of Terra-Gen because of Ameren
22 Missouri's experienced contract development team and the provisions of the BTA which

⁸ Direct Testimony of Ajay K. Arora, page 7, line 23 and page 8, line 1.

⁹ Confidential Response to Staff Data Request No. 0009.

1 protect Ameren Missouri *** _____ . *** Finally,
2 Ameren Missouri has developed the experience necessary over its long history of operating
3 generation facilities to operate the wind facility after acquisition.

4 Q. Does the service promote the public interest?

5 A. Yes. The proposed wind facility, upon certification by Division of Energy,¹⁰
6 will be eligible for compliance with the Renewable Energy Standard ("RES").¹¹ The High
7 Prairie Wind Project is needed for Ameren Missouri's compliance with the RES. The project,
8 being located in Missouri qualifies it for an additional ¼ credit per megawatt-hour generated,
9 lowering Ameren Missouri's RES compliance obligation. This wind project accounts for
10 *** of Ameren Missouri's near-term planned RES compliance activities.

11 Ameren Missouri has provided documentation of its evaluation and extensive
12 negotiations; further Ameren Missouri has specifically chosen and negotiated the BTA to
13 have the wind project built to their specifications, for the desired level of generation, and
14 completion of the project on their desired timeline. Consumer protections were included to
15 minimize the risks related to the project. As noted in Ajay K. Arora's Direct Testimony,
16 all projects of this magnitude carry risks.¹² The main risks for the High Prairie wind project
17 outlined by Ameren Missouri are:

- 18 • Transmission system interconnection;
- 19 • PTC value qualification;
- 20 • Construction and PTC value retention;
- 21 • Land control; and
- 22 • Conservation of endangered species.

¹⁰ 4 CSR-340-8.010 Certification of Renewable Energy and Renewable Energy Standard Compliance Account.

¹¹ The Stipulation provides that Division of Energy certification is required for the facility to be treated as RES compliance costs.

¹² Direct Testimony of Ajay K. Arora, page 17, line 7.

Surrebuttal Testimony of
Claire M. Eubanks, PE

1 The risks and minimization of risks associated with Transmission system interconnection,
2 PTC value qualification, and PTC value retention are discussed in Staff witness Jason Kunst's
3 surrebuttal testimony regarding economic feasibility.

4 Ameren Missouri considered both environmental risks, such as conservation of
5 endangered species, and land control in its RFP selection process and extensive contract
6 negotiations.¹³ Terra-Gen has already acquired *** ___ *** of the land rights needed for
7 wind turbine locations. *** _____

8 _____
9 _____
10 _____
11 _____
12 _____
13 _____

14 Terra-Gen is working with U.S. Fish and Wildlife Service to determine if any
15 mitigation measures may be required to minimize the impact of the wind farm operation on
16 endangered species. One type of mitigation measure considered generally by wind developers
17 is a minimum cut-in speed,¹⁵ which ultimately impacts generation (and REC) output and
18 therefore economics.¹⁶ *** _____

¹³ Response to Staff Data Request No. 0008.1.

¹⁴ Response to Staff Data Request No. 0041.1.

¹⁵ Cut-in speed is the minimum wind speed at which the turbine blades overcome friction and begin to rotate.

¹⁶ *** _____

In that the public interest assessment involves essentially a reconsideration of the other Tartan Criteria of need for the project, its economic feasibility, Ameren Missouri's qualifications and financial ability to construct the project, Staff's assessment concludes that the Project, as conditioned by the Stipulation, is not detrimental to the public interest.

Q. The Stipulation includes a provision regarding in-service criteria. Please explain.

A. In-service criteria are a set of operational tests or operational requirements used to determine whether a new unit is "fully operational and used for service."¹⁹ A new facility may not have any historical operating information from which the Staff could make a recommendation to the Commission of whether the new unit is "fully operational and used for service"; therefore, operational tests are established and performed in order for Staff to file its recommendation. In-service criteria are typically developed based on review of the new unit's specifications and discussions with the Company. For other construction projects, these discussions often have occurred during a general rate case though have also occurred as part of other proceedings.

17 ***

18 ***

¹⁹ Section 393.135, RSMo. 2000: "Any charge made or demanded by an electrical corporation for service, or in connection therewith, which is based on the costs of construction in progress upon any existing or new facility of the electrical corporation, or any other cost associated with owning, operating, maintaining, or financing any property before it is fully operational and used for service, is unjust and unreasonable, and is prohibited." (Emphasis added.)

Surrebuttal Testimony of
Claire M. Eubanks, PE

1 Each set of in-service criteria are developed for both a specific type of generating unit
2 (i.e. coal plant, air quality control systems, wind farm) and the specific facility. In addition to
3 criteria regarding operational tests and contract guarantees, each set of in-service criteria
4 includes confirmation that all major construction work has been completed and there is
5 sufficient transmission interconnection facilities to carry the total net electrical capacity into
6 the distribution/transmission system.

7 As discussed previously, Ameren Missouri is requesting a CCN with a Non-compliant
8 WTG exception. The BTA includes terms that reduce the purchase price if the entire
9 400 MW is not completed to the project specifications by December 20, 2020.
10 Ameren Missouri will buy the ownership interests as long as *** _____ ***
11 meet the project specifications by the project completion deadline. *** _____
12 _____
13 _____
14 _____ ***

15 The Project will be connected to Ameren Missouri's load via the new 345 kV
16 Mark Twain line which was the subject of case EA-2017-0345. Ameren Transmission
17 Company of Illinois ("ATXI") received approval of its CCN application January 10, 2018,
18 and is approaching landowners regarding easement agreements.²⁰ ** _____
19 _____
20 _____

21 ** *** _____
22 *** ** _____ 21 **

²⁰ <https://www.ameren.com/mark-twain>.

²¹ Response to Staff Data Request Nos. 0007 and 0027.

Surrebuttal Testimony of
Claire M. Eubanks, PE

1 Regarding how the Mark Twain project schedule impacts the High Prairie schedule, Ameren

2 Missouri states:

3 ** _____
4 _____
5 _____
6 _____
7 _____
8 _____ **22

9 In the event, the Mark Twain project is delayed Ameren Missouri states:

10 ** _____
11 _____
12 _____
13 _____
14 _____
15 _____ **23

16 Staff and Ameren Missouri have agreed in the Stipulation to agree upon and file with
17 Commission in-service criteria, on or before December 31, 2018, that would satisfy the fully
18 operational and used for service standard in Section 393.135, RSMo, and the applicable
19 Internal Revenue Service requirements to qualify for Production Tax Credits. This provision
20 is consistent with statutory requirements which protect consumers by requiring only a used
21 and useful facility that meets specified standards can be placed into service.

22 Q. Does this conclude your testimony?

23 A. Yes.

²² Response to Staff Data Request No. 0007.

²³ Response to Staff Data Request No. 0027.

