

Exhibit No.: _____

Issue: Benefits of Project

Witness: John Grotzinger

Type of Exhibit: Surrebuttal Testimony

Sponsoring Party: MJMEUC

File No.: EA-2022-0099

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

FILE NO. EA-2022-0099

SURREBUTTAL TESTIMONY

OF

JOHN GROTZINGER ON BEHALF OF

**THE MISSOURI JOINT MUNICIPAL ELECTRIC
UTILITY COMMISSION (MJMEUC)**

APRIL 29, 2022

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1 **I. INTRODUCTION AND BACKGROUND**

2 **Q. Please state your name, title, and business address.**

3 A. My name is John Grotzinger. I am the Chief Operating Officer (COO) of the Missouri
4 Joint Municipal Electric Utility Commission (MJMEUC). MJMEUC's business address
5 is 2200 Maguire Boulevard, Columbia, MO 65201.

6 **Q. Please describe your professional background.**

7 A. I joined MJMEUC in 1994 as the Planning Engineer. I was the Director of Engineering
8 and Operations for MJMEUC before being named COO in 2008. Prior to that, I worked
9 at City Utilities in Springfield, Missouri for over 14 years, with my last position at City
10 Utilities being a System Planning Engineer. In that position, I led the planning and
11 design of a 161kV transmission loop around Springfield that contributed to better
12 reliability and capacity expansion. Prior to working at City Utilities, I was a planning
13 engineer at Kansas City Power & Light from 1979-1980. I hold a Bachelor of Science in
14 Electrical Engineering from the University of Missouri-Columbia, and am a licensed
15 electrical engineer in the state of Missouri. I have over 40 years of utility experience in
16 planning electrical distribution and transmission systems and in planning for and meeting
17 the generation needs of customers. My curriculum vitae is attached as Schedule JG-1.

18 **Q Do you have any recent experience in developing transmission projects in Missouri?**

19 A. Yes. I have worked extensively on the development of the Grain Belt Express project,
20 and have previously testified before this Commission in support of the Certificate of
21 Convenience and Necessity (CCN) for that project.

22 **Q. On whose behalf are you testifying?**

23 A. I am testifying on behalf of MJMEUC, an intervenor in this proceeding.

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

2 A. I am testifying in support of the project. I will explain the benefits that the project will
3 provide to Missouri citizens if were to receive a CCN and the project is completed.

4 **Q. Please summarize your testimony.**

5 A. I will testify that the project causes no harm to customers in the Southwest Power Pool
6 (SPP), provides multiple benefits to Missouri customers in Sikeston and other parts of the
7 State, and that the project provides reliability and market access to New Madrid.

8 **II. THE PROJECT CAUSES NO HARM TO SPP AND AVOIDS**

9 **PANCAKED RATES**

10 **Q. Have you reviewed the Staff's Rebuttal Testimony and Staff's Responses to**
11 **Ameren's Data Requests in this case?**

12 A. Yes.

13 **Q. Do you agree with Staff's Rebuttal Testimony that customers of SPP will be**
14 **harmed?**

15 A. No

16 **Q. Why not?**

17 A. Currently, the Sikeston Board of Municipal Utilities (SBMU) pays no transmission
18 charges to SPP. Since they currently pay no charges to SPP, and SBMU does not intend
19 to use SPP assets to serve its load, no harm occurs to customers of SPP.

20 **Q. How do you know that SBMU currently pays no transmission charges to SPP?**

21 A. I reviewed the affidavit of Rick Landers, the General Manager of SBMU, attached to this
22 testimony as Schedule JG-2. In that affidavit, Mr. Landers affirmatively states that
23 SBMU pays no SPP charges.

1 **Q. Were you able to independently verify Mr. Lander's affidavit?**

2 A. Yes. SPP maintains an Open Access Same-Time Information System (OASIS) as part of
3 the compliance that came from FERC Order 889. The OASIS website allows generation
4 units within utilities to obtain information regarding their transmission system without
5 violating standards of conduct. SPP's OASIS website can be accessed by anyone, and
6 includes market information from prior years. SPP's OASIS shows that SBMU has not
7 paid transmission charges to SPP since the implementation of Day 2 markets in SPP. The
8 SPP OASIS can be found at <https://www.oasis.oati.com/SWPP/index.html>.

9 **Q. If SBMU currently does not pay any SPP charges, and it does not pay SPP charges**
10 **in the future, do you consider that harm to SPP?**

11 A. No. This is a straw man argument. Neither SPP, nor the customers within SPP, are
12 harmed by not receiving future revenues that they do not currently receive.

13 **Q. Do you believe the customers of SBMU should subsidize SPP?**

14 A. No. There is no logical reason for them to do so. SBMU's primary source of energy and
15 capacity is within the Sikeston city limits, and neither SBMU's generator nor SBMU's
16 load are located within SPP. As such, there is no reason for SBMU's customers to pay
17 SPP transmission fees unless they use SPP's transmission system, much as there is no
18 reason for SPP to pay SBMU unless they use SBMU's transmission system.

19 **Q. Does the project contemplate SBMU bypassing the SPP/SWPA transmission**
20 **system?**

21 A. Yes.

22 **Q. Is that a prudent utility decision?**

1 A. Yes. Per Mr. Lander's affidavit, the prior transmission agreement that SWPA and SBMU
2 operated under is concluding, and those two parties can no longer trade services for use
3 of each other's transmission facilities, due to SWPA operating under the SPP tariff.

4 **Q. What are pancaked rates?**

5 A. A pancaked rate is when a transmission customer, such as SBMU, would be charged a
6 separate access charge for each utility service territory that SBMU's contract path
7 crosses.

8 **Q. Do you agree with Mr. Lander's affidavit in that he would face pancaked rates if he
9 does not complete the project?**

10 A. Yes. He will begin paying a 'new' pancaked rate to SPP for use of facilities that SBMU
11 currently does not pay to use under its existing contract. This extra charge will be paid
12 by SBMU customers, but will provide no additional reliability or market access
13 improvement.

14 **Q. Are pancaked rates disfavored by FERC and other regulatory bodies?**

15 A. Yes. Pancaked rates increase costs to consumers with no additional benefit, versus a
16 single non-pancaked rate to access the same load.

17 **Q. Should SBMU, or any utility, avoid paying pancaked rates whenever possible?**

18 A. Yes.

19 **Q. Are you surprised with Mr. Lander's position that SBMU will complete their part of
20 this project by themselves if ATXI does not obtain a CCN to participate?**

21 A. No. It would be a prudent utility decision.

1 **III. NEW MADRID BENEFITS**

2 **Q. Have you reviewed Richard McGill’s affidavit, attached to this testimony as**
3 **Schedule JG-3?**

4 A. Yes.

5 **Q. Have you personally inspected the transmission and distribution facilities at New**
6 **Madrid?**

7 A. I have.

8 **Q. Do you agree with the factual statements in R. McGill’s affidavit, attached to this**
9 **testimony as JG-3, regarding the transmission and distribution system at New**
10 **Madrid?**

11 A. I do.

12 **Q. Do you agree with Shawn Lange’s testimony at p. 9 where he claims that the project**
13 **will result in no reliability improvement for New Madrid?**

14 A. No.

15 **Q. Do you believe the project will increase reliability to New Madrid?**

16 A. Yes

17 **Q. Do you believe that with the current limited transmission capabilities at New**
18 **Madrid that industrial load will invest there?**

19 A. It’s not likely. There is very limited ability to serve new load, and reliability in the
20 current configuration needs to be improved.

21 **Q. Can you explain why reliability in the improved configuration will be better?**

22 A. In the proposed project, New Madrid will have access to 161kV transmission and the
23 increased capability from the higher voltage. This will provide New Madrid with a

1 second transmission connection, with the SWPA connection remaining as a back-up
2 connection. Currently, SWPA owns and operates the one 161/69kV transformer that
3 serves not only New Madrid, but also the local electrical cooperative load. I am not
4 aware of any SWPA plans to upgrade or expand the one transformer, which limits both
5 capacity and reliability. A single transmission source is more susceptible to outages and
6 reliability issues, versus the proposed project, which will give New Madrid two
7 connections to the wholesale transmission system, which will improve system reliability
8 and capability.

9 **Q. How does New Madrid's distribution system operate?**

10 A. New Madrid's distribution system operates at 13kV. With the improved configuration,
11 New Madrid would have the option to add transformers in either a 161/69kV or
12 161/13kV configuration to serve both existing city load or to serve new capacity needs.
13 Again, the proposed project would add additional reliability and flexibility.

14 **Q. What are the power supply options currently available to New Madrid?**

15 A. Currently, New Madrid is limited to taking power from AECI. While this has been a
16 long-standing arrangement, it does have certain limitations related to the amount of
17 power available to New Madrid, as well as the source of that power. For instance, New
18 Madrid's access to renewable or diversified fuel sources is limited.

19 **Q. What are the power supply options available to New Madrid if it has access to the
20 MISO market?**

21 A. They are significantly different. New Madrid will be able to solicit competitive bids for
22 energy and capacity, as well seek diversified fuel sources. Major projects such as the
23 Grain Belt Express will be available for consideration. As detailed in Mr. McGill's

1 affidavit, the ability of New Madrid to obtain an economical and diversified energy
2 supply is important to New Madrid's future.

3 **Q. Is it important for utilities such as New Madrid to have a diversified portfolio?**

4 A. Yes. This is a primary way a utility such as New Madrid can mitigate risk and remain
5 competitive. Additionally, pressures from industrial customers to meet their
6 sustainability goals increases New Madrid's need to diversify into more renewable
7 resources which is limited with their current supply options.

8 **Q. Does this conclude your pre-filed surrebuttal testimony in this case?**

9 A. Yes.

