

Exhibit No.: _____
Issue: MJMEUC Contract with Grain Belt Express Clean Line LLC - CCN
Witness: Duncan Kincheloe
Type of Exhibit: Rebuttal Testimony
Sponsoring Party: MJMEUC
File No.: EA-2016-0358

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

FILE NO. EA-2016-0358

REBUTTAL TESTIMONY

OF

DUNCAN KINCHELOE

ON BEHALF OF

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

JANUARY 24, 2017

1 **I. INTRODUCTION AND BACKGROUND**

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

3 A. My name is Duncan Kincheloe. I am President and General Manager of the Missouri
4 Joint Municipal Electric Utility Commission (MJMEUC). MJMEUC's business address
5 is 1808 I-70 Drive SW, Columbia, MO 65203.

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

7 A. Prior to becoming President and General Manager at MJMEUC in 1999, I was the
8 Director of Government Relations for the Electric Power Research Institute, Inc. (EPRI).
9 Prior to working at EPRI, I was a member of the Missouri Public Service Commission,
10 where I also served as vice-chair of the Electricity Committee for the National
11 Association of Regulatory Utility Commissioners. I received a Bachelor of Arts from the
12 University of Missouri-Kansas City, and then graduated from law school at the
13 University of Missouri-Kansas City. I am a licensed attorney in the state of Missouri.

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

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

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

17 A. My testimony is in response to Grain Belt Express witnesses Michael Skelly, Mark
18 Lawlor and David Berry regarding their testimony about the transmission services
19 agreement that MJMEUC has entered into with Grain Belt Express. After describing the
20 background of MJMEUC, I will support the policy need for Grain Belt Express Clean
21 Line LLC (Grain Belt) to receive a Certificate of Convenience and Necessity (CCN).
22 Such CCN is needed for the Grain Belt Express project to be completed. If the project is
23 completed, MJMEUC members will have the opportunity to buy cheap renewable energy

1 for their customers.

2 **Q. Please summarize your testimony.**

3 A. MJMEUC is a joint action agency with 68 municipal members whose members' have a
4 peak load of almost 2,600 MW, making MJMEUC a relatively large municipal joint
5 action agency. While MJMEUC owns generation that supplies some of its members'
6 energy needs, MJMEUC has primarily used purchase power agreements (PPAs) to
7 provide renewable energy to its members. This is to optimize the cost structure of such
8 energy delivery. In the past, MJMEUC has also used transmission service agreements
9 (TSAs) with other utilities that are generally in turn administered by regional
10 transmission organizations (RTOs), such as the Midcontinent Independent System
11 Operator (MISO) and Southwest Power Pool (SPP). These TSAs are subject to RTO
12 costs, which include future costs for transmission expansion plans. The size of future
13 transmission expansion plans, and their cost impact on TSAs, is difficult to determine,
14 but highly likely to occur based on past cost increases. The TSA that MJMEUC has
15 agreed to with Grain Belt is quite affordable and will allow predictable, stable cost
16 increases in transmission well into the future. The corresponding energy contract that
17 MJMEUC has with Infinity Wind will allow low cost energy to flow across that
18 transmission path and into MISO, where our MoPEP (Missouri Public Energy Pool, a
19 committee of MJMEUC) power pool and individual MJMEUC members can deliver the
20 low-cost renewable energy to their customers.

1 **II. BACKGROUND ON MJMEUC**

2 **Q. What is a Joint Action Agency?**

3 A. It is an agency that allows non-profit utilities, such as municipal utilities, to work together
4 to achieve economies of scale in purchasing commodities (such as electric or gas) or
5 achieve economies of scale for providing services that would be difficult for the
6 individual utilities to achieve on their own.

7 **Q. Please provide some background information with respect to MJMEUC.**

8 A. MJMEUC is a joint action agency and a body public and corporate of the State of
9 Missouri authorized by legislation to: (1) construct, operate, and maintain transmission
10 and generation facilities for the production and transmission of electric power for its
11 members, (2) purchase and sell electric power and energy, and (3) enter into agreements
12 with any person for the transmission of electric power. It is organized to promote
13 efficient wheeling, pooling, generation, and transmission arrangements to meet the power
14 and energy requirements of municipal utilities.

15 MJMEUC has 68 Missouri municipal utility members, and Citizens Electric
16 Corporation, a rural electric cooperative with more than 21,000 customers, is an Advisory
17 Member of MJMEUC. Together, MJMEUC's members serve some 347,000 retail
18 customers in Missouri, and their combined peak load is approximately 2,600 MW.
19 MJMEUC has loads and/or resources located within the transmission systems of several
20 members of MISO and SPP. While MJMEUC has been successful in obtaining
21 ownership in large base load generators to serve our members, MJMEUC does not
22 presently own transmission within SPP or MISO, though some of MJMEUC's members
23 do. MJMEUC has an interest in and need for low cost energy, and in renewable energy,

1 for consumption by its members.

2
3 **III. MJMEUC SUPORT FOR THE GRAIN BELT PROJECT.**

4 **Q. Does MJMEUC support the Grain Belt project?**

5 A. Yes. If the project receives a CCN and is built, it will allow low cost and renewable
6 energy to be delivered to our members in MISO.

7 **Q. Does the Grain Belt project compare favorably to other renewable energy sources
8 available to MJMEUC?**

9 A. Yes. As discussed in the rebuttal testimony of MJMEUC's chief operating officer, John
10 Grotzinger, it is the lowest cost option for either energy or renewable energy that we have
11 been presented.

12 **Q. Does MJMEUC need the energy from this project?**

13 A. Yes. In 2021, a contract for 100 MWs of energy and capacity with Illinois Power
14 Marketing Company (IPM) (former Ameren coal plants in Illinois, now owned by
15 Dynegy) will expire. That energy and capacity will need to be replaced. That contract
16 currently serves MoPEP, a group of 35 Missouri cities for which MJMEUC provides full-
17 requirements for wholesale energy, capacity and ancillary services. The TSA with Grain
18 Belt and the power purchase agreement with Infinity Wind would allow the MoPEP to
19 replace the current 100 MWs of purchased power in MISO with more affordable energy.
20 John Grotzinger will explain in his rebuttal testimony that while the TSA and
21 corresponding contract with Infinity Wind will not by themselves replace the IPM
22 contract, these contracts will form the cornerstone of the resource mix to replace the IPM
23 contract. The MoPEP energy costs are socialized across the MoPEP footprint, so this

1 would be an opportunity for all the MoPEP cities to see an existing contract replaced with
2 a lower cost option in 2021. The list of 35 MoPEP cities is attached to my testimony as
3 Schedule DK-1. In addition to the MoPEP, a number of other Missouri cities, including
4 Columbia, Hannibal, Kirkwood and Centralia have expressed an interest in purchasing
5 power over our TSA with Grain Belt. This will also provide those cities with access to
6 economical and renewable energy.

7 **Q. Have you seen a demand from your wholesale customers for renewable energy?**

8 A. Yes, particularly if it is affordable. The current opportunity with Grain Belt provides a
9 rare opportunity to provide renewable energy to our members at an extremely
10 competitive rate. Some of our members have been leaders within the state in providing
11 renewable energy to their customers, and this will be a great opportunity for them to
12 continue those programs. The rebuttal testimony of John Grotzinger describes the current
13 renewable portfolio of the MoPEP, and how this project will enhance that.

14 **Q. Does this conclude your pre-filed rebuttal testimony in this case?**

15 A. Yes. However, I wish to preserve the right to provide additional testimony in the form of
16 sur-rebuttal or at the hearing to rebut the pre-filed testimony filed by another party.

