

Exhibit No.:  
Issue: AmerenUE/GridAmerica  
Integration with Midwest ISO  
Witness: Roger C. Harszy  
Type of Exhibit: Surrebuttal Testimony  
Sponsoring Party: Midwest ISO  
Case No.: EO-2003-0271  
Date Testimony Prepared: June 2, 2003

**MISSOURI PUBLIC SERVICE COMMISSION**

**CASE NO. EO-2003-0271**

**SURREBUTTAL TESTIMONY**

**OF**

**ROGER C. HARSZY**

**ON**

**BEHALF OF**

**MIDWEST ISO**

**Carmel, Indiana**

**June 2, 2003**

Surrebuttal Testimony of

ROGER C. HARSZY  
On behalf of Midwest ISO

Case No. EO-2003-0271

1 Q. Please state your name, occupation and educational background.

2 A. My name is Roger C. Harszy. I am Director of Area Operations for the Midwest  
3 Independent Transmission System Operator, Inc. ("Midwest ISO" or "MISO"), an  
4 intervenor in this proceeding. I earned a bachelor of science degree in electrical engineering  
5 from the University of Illinois in 1969.

6 Q. Are you the same Roger C. Harszy who presented Direct Testimony on March 10, 2003,  
7 that was sponsored by applicant Union Electric Co., d/b/a AmerenUE ("AmerenUE")?

8 A. Yes.

9 Q. Who is sponsoring this Surrebuttal Testimony?

10 A. This testimony is sponsored by Midwest ISO, which was granted intervenor status by this  
11 Commission on April 9, 2003.

12 Q. Staff witness Dr. Michael S. Proctor, in recommending that the application of AmerenUE to  
13 join Midwest ISO via a contractual relationship with GridAmerica be granted subject to  
14 certain conditions, states at pages 3 and 6-9 of his Rebuttal Testimony that AmerenUE's  
15 inclusion within the MISO footprint will bring benefits to AmerenUE's ratepayers and  
16 customers. Do you agree?

17 A. Yes, I do. From a reliability standpoint, AmerenUE's inclusion within the MISO footprint  
18 via GridAmerica will increase AmerenUE's current ability to transfer power into and out of  
19 its service territory and to manage reliability issues within MISO as they arise. MISO will

also provide enhanced Available Transmission Capability ("ATC") coordination with neighboring regions resulting in consistent ATC calculation methodology and less over-subscription of the transmission grid. These enhanced abilities will occur because of MISO's expanded ability to manage the grid and facilitate transmission access over a wider area, optimize use of the transmission grid over a wider area, and allow access by AmerenUE customers to more generation resources during normal conditions, as well as during energy deficiencies or emergencies. MISO has a well-trained staff of experienced operators that utilize advanced power flow applications in their state-of-the-art Control Center to provide this greater access to generation, transmission and energy. This results in the enhanced reliability of the operation of the grid and, ultimately, lower costs to the consumer. MISO's capability to oversee the big picture, combined with AmerenUE's local operating expertise, will result in more efficient and more reliable operations of the AmerenUE transmission facilities and will result in savings to customers. If AmerenUE is permitted to join MISO, it will have access to lower cost generation, which it will be able to purchase at lower transmission costs without exposure to pancaked transmission rates. Being a part of the larger footprint of MISO will afford AmerenUE through the GridAmerica contract the opportunity to use network resources from the entire footprint to bring in more economical resources for their customers.

Q. Are there other benefits in addition to those noted by Dr. Proctor in his Rebuttal Testimony at pages 6-9?

A. Yes. Improved facility maintenance coordination over a wider area will result in greater opportunities to perform required maintenance with fewer costly delays or complications.

42 During equipment failures and storms, MISO's ability to manage outages over a large area  
43 results in better coordination to deal with local problems. MISO also provides power  
44 system restoration coordination that will allow more rapid restoration of power for  
45 customers in the event of major disturbances such as tornadoes or ice storms. In addition,  
46 MISO's transmission facility planning coordination will result in more effective and  
47 efficient enhancements to the grid. AmerenUE's membership in MISO will also eliminate  
48 seams issues that have adversely affected the State of Missouri for years.

49 Q. When you speak of seams issues, what do you mean?

50 A. Seams issues arise when a utility's transmission system is impacted by neighboring and  
51 regional parallel flows, uncoordinated maintenance activities, uncoordinated ATC  
52 calculations, and uncoordinated granting of transmission service. MISO's ability to  
53 coordinate all of these functions over a large area helps to mitigate these seams issues.  
54 While the MAIN (Mid-America Interconnected Network) Coordination Center in suburban  
55 Chicago presently provides some of these coordination functions, its ability to continue  
56 these responsibilities in the future is expected to be limited with the departure of Illinois  
57 Power Co. (which has indicated it plans to join MISO) and Commonwealth Edison (which  
58 has indicated it plans to join PJM).

59 Q. Are you familiar with seams issues in Missouri?

60 A. Yes. For 20 years, I worked at Union Electric Co. in various operating capacities, with my  
61 last position being Manager of Operations. These positions included responsibility for the  
62 dispatch of generation, the operation of the high-voltage transmission system, and the  
63 operation of transmission service functions. As Manager of Operations, I saw first-hand the

64 real-time operating problems associated with these seams issues. Examples of the lack of  
65 coordination that exists in Missouri are different standards and procedures for planning and  
66 operation of the transmission system, including uncoordinated ATC calculations and  
67 uncoordinated granting of transmission service by neighboring systems, resulting in  
68 burdensome loop or parallel flows on the AmerenUE system that present a challenge to the  
69 real-time operators to ensure that the AmerenUE system is operated in a reliable manner.

70 Q. Have events taken place to address these seams issues in Missouri?

71 A. Yes. The Mid-Continent Area Power Pool ("MAPP"), headquartered in St. Paul,  
72 Minnesota, agreed in 2000 to sell the assets of MAPPCOR, its operating entity, to Midwest  
73 ISO. This transaction was closed in November, 2001. Aquila, Inc. (through its Missouri  
74 Public Service and St. Joseph Light & Power Divisions) has joined Midwest ISO and, upon  
75 regulatory approval by this Commission, would transfer functional control of its  
76 transmission assets to MISO. MISO is working toward finalizing a coordination agreement  
77 with Southwest Power Pool ("SPP"), has signed a Memorandum of Understanding with the  
78 Tennessee Valley Authority ("TVA"), and is in the process of establishing coordination  
79 agreements with other large operating entities, which will result in unprecedented  
80 coordination of transmission operations in the Midwest. These are examples of steps in the  
81 right direction, however, the inclusion of AmerenUE within Midwest ISO will be necessary  
82 for residents of Missouri to realize these benefits.

83 Q. How would the inclusion of AmerenUE's Missouri transmission assets in the Midwest ISO  
84 footprint via the GridAmerica contract, as shown in Schedule 1 to Dr. Proctor's Rebuttal  
85 Testimony, eliminate seams issues?

86 A. Missouri transmission would be operated as if a single hand were operating the entire area,  
87 along with the rest of MISO, effectively eliminating any loop flows or negative impacts  
88 from within the area, thus providing all of the benefits previously noted.

89 Q. From an operational standpoint, as discussed by Dr. Proctor on pages 11-13 of his Rebuttal  
90 Testimony, would the failure of this Commission to approve the application of AmerenUE  
91 to join Midwest ISO through GridAmerica be better or worse for AmerenUE's bundled  
92 retail customers?

93 A. It would be worse because it would prevent AmerenUE from taking advantage of the  
94 benefits that Midwest ISO offers the transmission segment of AmerenUE's business which  
95 has traditionally benefited its Missouri bundled retail customers. It would also deprive  
96 AmerenUE of the MISO's ability to provide improved grid reliability and security  
97 coordination because AmerenUE's absence from the MISO footprint would perpetuate the  
98 "hole" in the middle of the Midwest ISO system. AmerenUE, through its relationship with  
99 GridAmerica, will provide the critical link between the western portions of the MISO  
100 system (historically part of MAPP and SPP) and the eastern portions of the system (part of  
101 MAIN and ECAR [East Central Area Reliability Council]). In that regard, I have attached  
102 Schedule RCH-1, a map that depicts the current territories of Midwest ISO, Illinois Power  
103 (which has indicated it intends to join MISO by October 1, 2003), and AmerenUE.

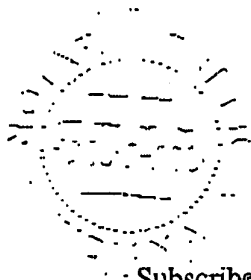
104 Q. Does that conclude your testimony?

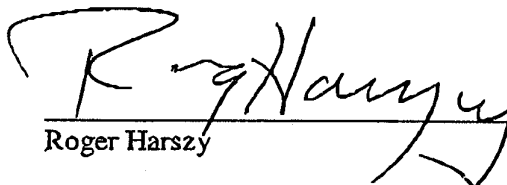
105 A. Yes.

STATE OF INDIANA       )  
                                  ) SS:  
COUNTY OF HAMILTON )

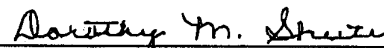
**AFFIDAVIT**

I, Roger Harszy, being first duly sworn, state that the foregoing Surrebuttal Testimony was prepared by me or under my direction. I have reviewed the foregoing Surrebuttal Testimony, and it is true to the best of my knowledge, information and belief.



  
\_\_\_\_\_  
Roger Harszy

Subscribed and sworn to before me this 2<sup>nd</sup> day of June, 2003.

  
\_\_\_\_\_  
Dorothy M. Shute  
Notary Public, State of Indiana  
My County of Residence: Hendricks  
My Commission Expires: May 8, 2009