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Witness: John E. Grotzinger  
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Case No.: EM-2007-0374  
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**MISSOURI PUBLIC SERVICE COMMISSION**  
**CASE NO. EM-2007-0374**  
**CROSS-SURREBUTTAL TESIMONY**  
**OF**  
**JOHN E. GROTZINGER**  
**ON BEHALF OF**  
**THE MISSOURI JOINT MUNICIPAL ELECTRIC UTILITY COMMISSION**

**Columbia, Missouri**  
**November 2007**

**CROSS-SURREBUTTAL TESTIMONY**

**OF**

**JOHN E. GROTZINGER**

**CASE NO. EM-2007-0374**

1   **Q:    Please state your name and business address.**

2   A:    My name is John E. Grotzinger. My business address is 2407 West Ash Street,  
3       Columbia, Missouri 65203.

4   **Q:    By whom and in what capacity are you employed?**

5   A:    I am employed by the Missouri Joint Municipal Electric Utility Commission  
6       ("MJMEUC") as Executive Director for Engineering Operations.

7   **Q.    What is MJMEUC?**

8   A:    MJMEUC is a political subdivision of the state of Missouri. It aggregates  
9       municipal utility electric loads and resources to provide economical supply  
10      options for municipal utilities and their ratepayers. In this role, MJMEUC  
11      administers Missouri Public Energy Pool #1 ("MoPEP") and provides the long  
12      term planning and day to day power supply operations for MoPEP. Our role is  
13      similar to that of Associated Electric Cooperative, Inc. ("AECI") with respect to  
14      its member rural electric cooperatives. MJMEUC currently has fifty nine (59)  
15      member municipalities and thirty-two (32) of those municipalities are members of  
16      MoPEP.

17   **Q:    What are your specific responsibilities at MJMEUC?**

18   A:    I am responsible for engineering and system planning for MJMEUC and  
19      operations of MoPEP. My responsibilities include planning for power supply and

1 transmission needs of MoPEP and securing power supplies and associated  
2 transmissions arrangements.

3 **Q: Please describe your education, experience and employment history.**

4 A: After receiving my Bachelor of Science degree in Electrical Engineering from the  
5 University of Missouri—Columbia in 1979, I began my career at Kansas City  
6 Power & Light as an Engineer in the System Planning Department, doing both  
7 transmission and generation planning. In 1980 I began work for City Utilities of  
8 Springfield, Missouri as an Engineer in the System Planning Department, and for  
9 the next fourteen years I performed electric transmission, electric generation,  
10 electric distribution, gas distribution, and water distribution planning studies. In  
11 1994 I began working for MJMEUC and in 1999 I became Executive Director for  
12 Engineering & Operations. I am a Registered Professional Engineer in the State  
13 of Missouri.

14 **Q: Have you previously testified in a proceeding before the Missouri Public**  
15 **Service Commission?**

16 A: Yes. I testified previously in Case No. EA-2005-0180.

17 **Q: Have you participated in any workshops or other informal proceedings at the**  
18 **Missouri Public Service Commission, and if so, in what capacity?**

19 A: Yes. I participated in several Commission roundtables and workshops including  
20 the roundtable on electric deregulation in the late 1990's and the subsequent RTO  
21 & transmission discussions over the last 5 years.

22 **Q: What is the purpose of your testimony?**

1 A: MJMEUC believes that the Commission should consider the interests of  
2 municipal utility ratepayers as it conducts its public interest analysis of the  
3 proposed merger in this case. The purpose of my testimony is to respond on  
4 behalf of MJMEUC and its member municipalities to the Rebuttal Testimony  
5 filed by City of Independence, Missouri and Dogwood Energy. First, I will  
6 address MJMEUC's position with respect to the issue raised of Joint Applicants'  
7 Regional Transmission Organization ("RTO") participation. RTO participation is  
8 very significant in terms of the potential negative impacts on MJMEUC,  
9 regardless of whether the proposed merger is approved, in that splitting across  
10 different RTOs is problematic for MJMEUC. Second, transmission planning and  
11 available transmission capacity likewise is a major concern of MJMEUC,  
12 especially if the proposed merger is approved. Third, as a participant in the Iatan  
13 Unit 2 project we also have concerns with any changes the proposed merger may  
14 have with respect to our share of and participation in that generation unit.

15 **Q: PLEASE BRIEFLY SUMMARIZE YOUR TESTIMONY.**

16 A: We support the testimony by Independence and Dogwood that asks for a decision  
17 by the Joint Applicants, and if necessary by the Commission, on RTO selection  
18 prior to any approval of the proposed merger. We concur with the results of  
19 Aquila's RTO study that indicates that SPP offers greater benefits in RTO  
20 operation than does MISO. From MJMEUC's perspective, SPP should be the  
21 RTO if the proposed merger is approved and we urge the Commission to use this  
22 opportunity to provide guidance to the Joint Applicants. We also have certain

1 concerns about transmission and generation-related issues, which I will address in  
2 more detail.

3 **I. RTOs**

4 **Q. Does MJMEUC concur with the pre-filed testimony of the City of**  
5 **Independence and Dogwood Energy?**

6 A. Yes. We certainly agree with their testimony that the decision on RTO selection  
7 should be made prior to the approval of the proposed merger and that SPP should  
8 be the resulting RTO should the merger take place.

9 **Q. Why?**

10 A. The RTO operation is critical to understanding the functioning of a merged  
11 KCPL- Aquila system. MJMEUC is unique in that we currently operate in both  
12 the Southwest Power Pool (“SPP”) and the Midwest Independent System  
13 Operator (“MISO”) RTOs. We also operate outside any RTO through Associated  
14 Electric Cooperative Inc. (“AECI”). This split operation was not sought by  
15 MJMEUC but rather was forced on MJMEUC by the transmission owners. It was  
16 never our desire to split because operation in a single RTO is much less difficult  
17 operationally and in terms of overall costs than operating under multiple RTOs.  
18 Each and every day, transmission providers and customers scheduling across  
19 transmission systems must check out, or verify that schedules match what was  
20 scheduled versus what was actually delivered. With multiple entities involved,  
21 adding another layer such as a second RTO significantly complicates the process  
22 and increases the cost. We view it as absolutely essential for MJMEUC to know,  
23 upfront, under which of the two RTOs the merged company will operate in order

1 to properly and fully analyze the affects of the merger on MJMEUC, be they  
2 negative or positive, and for MJMEUC to know what changes it must  
3 accommodate should the merger be approved. MJMEUC believes that this  
4 information also is necessary in order for the Commission to properly conduct its  
5 required overall public interest analysis of the proposed merger, which obviously  
6 includes the interests of municipal utility ratepayers.

7 **Q. Based on your experience and available information to date, can you describe**  
8 **some of these possible affects on MJMEUC?**

9 A. Our experience in trying to serve across the MISO/SPP interface is that access out  
10 of MISO to the west is very difficult, if not impossible. This raises the question of  
11 including Aquila in MISO as an integrated system if there really is not any  
12 available transmission capacity from MISO to western Missouri. We also agree  
13 with the reasons cited in Dogwood Energy witness Janssen's testimony regarding  
14 the study supplied by Aquila indicating the savings from SPP membership greatly  
15 exceeding those under MISO RTO membership. While MJMEUC does not  
16 contract with either Aquila or KCPL for ancillary services, it does utilize those  
17 services from an SPP company and this too must be considered.

18 **Q. What are ancillary services?**

19 A. Ancillary Services are those including regulation and frequency control, spinning  
20 reserves, and the like that are required to run an interconnected electrical grid.  
21 These provide the necessary responses to keep the system balanced, running at the  
22 correct frequency, and with enough reserves to react to changing load  
23 requirements.

1   **Q.    Based on the information currently available to you, is it MJMEUC's**  
2       **position that the Commission in this case should require the merged**  
3       **company to become a member of SPP?**

4    A.    Yes. I'd also note that the Joint Applicants historically have participated in SPP  
5       as a reliability council.

6   **Q.    Do you have any other RTO-related concerns?**

7    A.    Yes. MJMEUC also is concerned about the operational complexities involved  
8       should either Aquila or the merged company become a member of MISO.  
9       MJMEUC has member cities currently connected to the Aquila system as direct  
10      transmission customers. Changing that to distribution, as is typical treatment by  
11      MISO of its members, would have detrimental impacts on those cities. SPP on  
12      the other hand, treats 69 kV as transmission and would not require a change in the  
13      operation for those cities.

14   **Q.    Why is the possible treatment 69kV as distribution rather than transmission**  
15      **detrimental to those cities?**

16   A.    In addition to added cost for transmission service, treating 69kV as distribution  
17      can limit resources connected at this level for use as designated resources.  
18      MJMEUC understands that MISO does not permit resources connected at 69 kV  
19      or below to be considered as designated resources. SPP's treatment of 69kV as  
20      transmission, on the other hand, eliminates this designated resources concern.

21   **Q.    Can you please provide a specific example?**

22   A.    Yes. An example is the 69kV line from Trenton to Chillicothe that is owned by  
23      Aquila and serves and isolated island of approximately 200 Aquila distribution

1 customers inside the City of Trenton with the City serving the bulk of the  
2 remaining customers inside the City. This 69kV line is not directly  
3 interconnected with the remainder of Aquila's transmission system but rather  
4 interconnects with AECL. While the City considers this line as a transmission  
5 line, it would not be treated as a transmission line according to MISO's RTO  
6 standards. Unless the merged company becomes a member of SPP, the only other  
7 way for the City to mitigate the problem of the merged company becoming a  
8 MISO member and keep the costs down for its customers would be the  
9 acquisition of this 69kV line by the City, or possibly even partial ownership of the  
10 line by the City. Not knowing what RTO scenario may ultimately result or  
11 whether the proposed merger will be approved, but still needing to protect the  
12 interests of its municipal customers, the City has approached both Aquila and  
13 KCPL about the possible sale of the line and hopes to address this option in the  
14 near future.

## 15 II. TRANSMISSION

16 **Q. Earlier you mentioned that MJMEUC has concerns with respect to**  
17 **transmission and transmission planning. What are those concerns?**

18 A. MJMEUC is concerned with the treatment of Joint Applicants' other transmission  
19 facilities because of joint use lines, such as the Missouri-Iowa-Nebraska  
20 Transmission ("MINT") facilities. We believe the ownership in MINT by KCPL  
21 is covered in the SPP tariff and that the Aquila MINT facilities likewise should be  
22 covered by the SPP tariff. If MISO is the RTO, however, we anticipate MISO  
23 adding additional interfaces. The coordination of these facilities are complex



1 enough and adding new interfaces between two RTOs provides yet a new split,  
2 with new modeling issues, market issues, and other avoidable complexities.

3 **Q. Are there options available that might mitigate MJMEUC's transmission**  
4 **system concerns?**

5 A. Yes. One approach for mitigating the impacts of our transmission concerns  
6 would be to allow municipal utilities greater *participation* in the transmission  
7 system. Allowing municipal utilities the opportunity to participate by way of  
8 actual transmission *ownership* would strengthen the reliability and lower overall  
9 cost to *all* customers of the transmission system. MJMEUC believes that there  
10 exists several opportunities today to allow municipal utilities to participate in the  
11 transmission system, including buying into portions or share of portions of the  
12 system for use and access by these systems. This would allow municipal utilities  
13 to participate financially in making improvements to further reliability to all  
14 transmission customers in the area while also providing benefits to the state's  
15 municipal utility customers. Historically, municipal utilities have supported the  
16 transmission systems as simply customers paying their fair share of the  
17 investments made in the system. However, municipal utilities have incurred even  
18 greater costs because local generation provided by the cities supported the  
19 transmission system but usually without any cost sharing from other non-  
20 municipal transmission customers in the area. Both KCPL and Aquila have had  
21 the benefits of municipal generation supporting local transmission without their  
22 retail customers sharing the cost. At the very minimum, MJMEUC should be  
23 allowed more participation in the transmission planning process and the

1 Commission should do whatever it can in this case and elsewhere to encourage  
2 such participation so that the overall public interest is served.

3 **Q. Do you have any recommendation for the Commission on this issue?**

4 A. Should the Commission approve the proposed merger, we suggest the  
5 Commission condition its approval on more open participation in transmission  
6 ownership by MJMEUC and its municipal utilities. This would allow greater  
7 reliability and economy with municipals as partners rather than only as captive  
8 customers of transmission owners. Should the Commission not approve the  
9 proposed merger, MJMEUC would urge the Commission to take the opportunity  
10 to encourage such participation in other appropriate proceedings which may come  
11 before it.

### 12 **III. GENERATION**

13 **Q. Please describe MJMEUC's concerns with respect to generation.**

14 A. MJMEUC's concerns with respect to generation issues with respect to the  
15 proposed merger arise out of MJMEUC's participation in KCPL's Iatan Unit 2.  
16 As already discussed, these initially include concerns with splitting Iatan 2 across  
17 two RTOs. In addition, KCPL already is the majority owner and operator of Iatan  
18 2, so adding control of Aquila's share in Iatan 2 gives KCPL a super majority for  
19 decision making. Use of Iatan 2 by the balancing authority of KCPL of course is  
20 implied for Iatan, but expanding it even further through a merger with Aquila  
21 without some sort of continuing regulatory oversight or safeguards could  
22 negatively impact operations for MJMEUC and Missouri's municipal customers  
23 throughout the state. MJMEUC's participation in Iatan 2 affects all of

1 MJMEUC's members, not only those located near the KCPL/Aquila service area  
2 in the western part of the state. Adequate transmission to receive the generation  
3 power from Iatan 2, for all parties, is necessary and essential. Today, the impacts  
4 of the merger with respect to Iatan 2 are uncertain, particularly the impacts of the  
5 potential consequences of competing or multiple RTOs. While SPP has been  
6 involved in determining availability of transmission so far, it is uncertain what the  
7 impact of MISO control of Aquila transmission would mean with respect to Iatan  
8 2 operations.

9 **Q: DOES THAT CONCLUDE YOUR TESTIMONY?**

10 A: Yes, it does.