

Exhibit No.:
Issue: Ameren Missouri
Transmission Alternatives
Witness: Adam C. McKinnie
Sponsoring Party: MO PSC Staff
Type of Exhibit: Second
Supplemental
Rebuttal Testimony
Case No.: EO-2011-0128
Date Testimony Prepared: November 18, 2011

MISSOURI PUBLIC SERVICE COMMISSION
REGULATORY REVIEW DIVISION
TARIFF, SAFETY, ECONOMIC AND ENGINEERING ANALYSIS

SECOND SUPPLEMENTAL REBUTTAL TESTIMONY

OF

ADAM C. McKINNIE

UNION ELECTRIC COMPANY d/b/a AMEREN MISSOURI

CASE NO. EO-2011-0128

Jefferson City, Missouri
November 2011

**** Denotes Highly Confidential Information ****

PR

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of the Application of Union)
Electric Company for Authority To)
Continue the Transfer of Functional)
Control of Its Transmission System to the)
Midwest Independent Transmission)
System Operator, Inc.)

Case No. EO-2011-0128

AFFIDAVIT OF ADAM McKINNIE

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

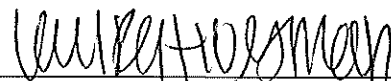
Adam McKinnie, of lawful age, on his oath states: that he has participated in the preparation of the following Second Supplemental Rebuttal Testimony in question and answer form, consisting of 6 pages of Second Supplemental Rebuttal Testimony to be presented in the above case, that the answers in the following Second Supplemental Rebuttal Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true to the best of his knowledge and belief.



Adam McKinnie

Subscribed and sworn to before me this 18th day of November, 2011.

LAURA HOLSMAN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: June 21, 2015
Commission Number: 11203914



Notary Public

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SECOND SUPPLEMENTAL REBUTTAL TESTIMONY

AND

**TESTIMONY IN SUPPORT OF NON-UNANIMOUS
STIPULATION AND AGREEMENT**

OF

ADAM McKINNIE

UNION ELECTRIC COMPANY d/b/a AMEREN MISSOURI

FILE NO. EO-2011-0128

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1 **SECOND SUPPLEMENTAL REBUTTAL TESTIMONY**

2
3 **AND**

4
5 **TESTIMONY IN SUPPORT OF NON-UNANIMOUS**
6 **STIPULATION AND AGREEMENT**

7
8 **OF**

9
10 **ADAM McKINNIE**

11
12 **UNION ELECTRIC COMPANY d/b/a AMEREN MISSOURI**

13
14 **FILE NO. EO-2011-0128**

15
16
17 Q. Are you the same Adam McKinnie who filed Rebuttal and Supplemental
18 Rebuttal Testimony in this docket?

19 A. Yes, I am.

20 Q. What is the purpose of your Second Supplemental Rebuttal Testimony and
21 Testimony respecting the Non-unanimous Stipulation and Agreement filed on November 17,
22 2011?

23 A. The purpose of my Second Supplemental Rebuttal Testimony and Testimony
24 respecting the Non-unanimous Stipulation and Agreement is to supplement my Rebuttal
25 Testimony, filed on September 14, 2011, and my Supplemental Rebuttal Testimony, filed on
26 October 31, 2011, by (1) providing additional information respecting certain Midwest
27 Independent Transmission System Operator (MISO) activity regarding obtaining regulatory
28 approval of Entergy joining MISO, as I generally indicated I would in certain places in my
29 Rebuttal and Supplemental Rebuttal Testimony; and (2) providing information respecting
30 Staff's support for the Non-unanimous Stipulation and Agreement entered into by Staff,

1 Ameren Missouri, MISO, and Midwest Industrial Energy Consumers (MIEC) filed on
2 November 17, 2011.

3 **Additional Information Respecting MISO**

4 Q. Please explain the additional information you have obtained to supplement
5 your testimony.

6 A. I would like to supplement my response to Commission question 15, regarding
7 the amount of money spent on, “consultants, contractors, outside legal counsel, media
8 consultants, public relations firms, agents and anyone else hired for the purpose of gaining
9 regulatory approval of Entergy joining MISO.” As mentioned in my Supplemental Rebuttal,
10 on page 5, lines 10-17, Staff received objections to Staff Data Request Nos. 57 and 58 on the
11 grounds that the Data Requests “call[s] for information that is not relevant and not reasonably
12 calculated to lead[s] to the discovery of admissible evidence in this proceeding.” Staff has
13 since received responses to those data requests. As indicated in the November 2, 2011
14 response to Staff Data Request No. 57, the total amount spent by MISO on consultants,
15 contractors, outside legal counsel, media consultants, public relations firms, agents and
16 anyone else hired for the purpose of gaining regulatory approval of Entergy joining the MISO
17 system is \$1,048,307.36. This amount does not include amounts related to The Registry, Inc.
18 and That’s Good HR, which were retained by MISO to recruit personnel to assist MISO in
19 transmission owner member integration efforts, including the integration of Entergy’s
20 operating utilities.¹

¹ MISO’s response to Staff Data Request No. 57 also provides the following information as to the reimbursement to MISO of certain of its costs if Entergy fails to integrate one or more of its operating utilities into MISO by December 31, 2013, and how MISO plans to defer, amortize and recover Entergy integration costs:

1 Staff Data Request No. 58 asked that MISO provide the respective amount paid to
2 each consultant, contractor, outside legal counsel, media consultant, public relations firm,
3 agent and to anyone else hired for the purpose of gaining regulatory approval of Entergy
4 joining the MISO system. Staff's summary of the MISO response follows:

5	The Registry, Inc.	\$ 28,990.26	
6	That's Good HR	\$ 21,529.19	
7	Public Strategies, Inc.	\$ 0	
8	The Sullivan Group LLC	\$ 44,960.59	
9	Wilson Engstrom Corum & Coulter	** _____	**
10	The First Group	** _____	**
11	Roberts Law Firm	** _____	**
12	The Long Law Firm LLP	** _____	**
13	Brunini Grantham Grower & Hewes PLLC	** _____	**
14	Jackson Walker LLP	** _____	**

15 Full MISO responses to Staff Data Requests Nos. 57 and 58 are attached as Schedule
16 ACM-25. This Schedule is, in part, Highly Confidential.

Pursuant to the Memorandum of Understanding between MISO and Entergy (a copy of which will be furnished to Staff), MISO costs related to planning for and executing the integration of Entergy's operating utilities into MISO will be reimbursed to MISO by Entergy if Entergy fails to integrate one or more of its operating utilities into MISO by December 31, 2013.

Under the planned FERC filing by MISO, if one or more of the Entergy operating utilities are integrated into MISO, costs that are incurred to integrate those utilities would be accumulated and deferred. Upon the date of integration, the balance of such costs would be amortized over five years and recovered from all transmission customers (including the Entergy utilities) taking service under the MISO tariff.

1 **Information Respecting Staff Support For Non-unanimous Stipulation and Agreement:**

2 Q. Would you please describe what Staff considers to be significant elements of
3 the Non-unanimous Stipulation and Agreement entered into by Staff, Ameren Missouri,
4 MISO, and MIEC filed on November 17, 2011, especially as it differs from Stipulation and
5 Agreements entered into between Ameren Missouri and various parties in previous similar
6 cases, such as EO-2008-0134 and EO-2003-0271?

7 A. First, the Non-unanimous Stipulation and Agreement in this case provides that
8 Ameren Missouri participation in MISO will extend to May 31, 2016. This extension should
9 allow for one year of information regarding Southwest Power Pool, Inc.'s (SPP) Day 2
10 Integrated Marketplace, expected to be online in April 2014, to be included in a cost-benefit
11 analysis to be filed with the Commission by November 15, 2015. A shorter extension of
12 permission for Ameren Missouri to continue to participate in MISO would not allow for
13 sufficient time to study the potential benefits of Ameren Missouri participating in the SPP
14 Day 2 Integrated Marketplace, if Ameren Missouri were to become a member of SPP.

15 Second, the Non-unanimous Stipulation and Agreement in this case in Section (10)(b)
16 beginning on page 5 requires a cost-benefit analysis of not less than five years, or more than
17 ten years, evaluating Ameren Missouri's continued participation in MISO versus both (1)
18 Ameren Missouri's participation in SPP; and (2) Ameren Missouri's operation as an
19 Independent Coordinator of Transmission (ICT). I supported such a study in my Rebuttal
20 Testimony beginning on page 6, line 28. Additionally, such a study was also supported by
21 Ameren Missouri witness Mr. Ajay Arora in his Surrebuttal Testimony beginning on page 4,
22 line 4, and described more in depth beginning on page 5, line 1. This study should provide
23 the stakeholders and Commission sufficient information regarding future Ameren Missouri

1 participation in Regional Transmission Organization / Independent System Operator (RTO /
2 ISO) organizations such as MISO and SPP.

3 Third, Staff supports the Non-unanimous Stipulation and Agreement in this case
4 because the accounting treatment for the future study described in the above paragraph, as
5 requested by Ameren Missouri witness Mr. Arora in his Surrebuttal Testimony beginning on
6 page 4, line 14, is not included in the Non-unanimous Stipulation and Agreement.

7 Fourth, the Non-unanimous Stipulation and Agreement in this case, in Section (10)(i),
8 beginning on page 10, has a provision where Ameren Missouri and Ameren Transmission
9 Company (ATX) “agree to participate in an investigatory docket to be initiated by the MoPSC
10 within 60 days after the effective date of the MoPSC’s order approving this 2011 Stipulation”.
11 Ameren Missouri and ATX will participate in this investigatory docket as long as the docket
12 lasts no more than ten months. This investigatory docket is for the purpose of
13 “investigate[ing] plans during the next ten years for Ameren or another Ameren affiliate to
14 build transmission in Ameren Missouri’s service territory.”

15 Further, Section (10)(i) of the Non-unanimous Stipulation and Agreement in this case
16 has a provision where:

17 Ameren agrees not to object to discovery requests relating to plans during the
18 next 10 years for Ameren or another Ameren affiliate to build transmission in
19 Ameren Missouri's service territory on the grounds that: (a) the discovery does
20 not seek information that is relevant to such transmission issues; or (b) the data
21 request seeks information that is not in Ameren's possession if the information
22 is in the possession of an Ameren affiliate.

23
24 This Section of the Non-unanimous Stipulation and Agreement addresses concerns raised in
25 my Rebuttal Testimony on page 24, lines 1-13, regarding obtaining information relating to an
26 Ameren Missouri affiliate constructing transmission in Ameren Missouri’s service territory.

1 Fifth, the Non-unanimous Stipulation and Agreement in this case, in Section (10)(j)
2 beginning on page 11, has a provision where, with respect to facilities located in the Ameren
3 Missouri service territory that are constructed by an Ameren affiliate and subject to regional
4 MISO cost allocation, “for ratemaking purposes in Missouri the costs allocated to Ameren
5 Missouri by the Midwest ISO will be adjusted by an amount equal to the difference between:
6 (i) the annual revenue requirement for such facilities that would have resulted if Ameren
7 Missouri’s MoPSC-authorized ROE and capital structure had been applied and there had been
8 no CWIP (if applicable) applied to such facilities; and (ii) the annual FERC-authorized
9 revenue requirement for such facilities” at least until a Commission order is issued in the next
10 docket of this nature. If an Ameren affiliate that is not Ameren Missouri constructs
11 transmission in the Ameren Missouri service territory, this provision will allow Ameren
12 Missouri customers to only bear costs related to Ameren Missouri’s Commission-authorized
13 return on equity and capital structure for the transmission construction and no construction
14 work in progress (CWIP), and not bear costs greater than that which would be related to a
15 different Return on Equity (ROE), such as incentive adders, and capital structure granted to an
16 Ameren affiliate by Federal Energy Regulatory Commission (FERC) and include CWIP.

17 Q. Do you support the Non-unanimous Stipulation and Agreement filed in this
18 current case?

19 A. Yes, I do.

20 Q. Does this complete your Second Supplemental Rebuttal Testimony and
21 testimony in support of the Non-unanimous Stipulation and Agreement filed on November 17,
22 2011?

23 A. Based on the additional information that Staff has received to date, yes it does.

Midwest Independent Transmission System Operator, Inc.

Case No. EO-2011-0128

In re Application of Union Electric Co. for
Authority to Continue the Transfer of Functional Control of its
Transmission System to Midwest Independent Transmission System Operator, Inc.

Missouri Public Service Commission

Supplemental Response to Data Request

Data Request: 0057

Requesting Party: Staff

Date of Request: 9/7/11

Date of Response: 11/2/11

Request:

Please report the total amount spent by MISO on consultants, contractors, outside legal counsel, media consultants, public relations firms, agents and anyone else hired for the purpose of gaining regulatory approval of Entergy joining the MISO system.

Response: Without waiving MISO's objection asserted on September 14, 2011 that this data request calls for information that is not relevant and not reasonably calculated to lead to the discovery of admissible evidence in this proceeding, MISO states the following: \$1,048,307.36.

This figure does not include amounts related to The Registry, Inc. and That's Good HR who were not hired for the purpose of gaining regulatory approval of Entergy Corporation's operating utilities joining the MISO system. As stated in MISO's response to Staff DR 0056.1, they were retained by MISO to recruit personnel to assist MISO on transmission owner member integration efforts, including the integration of Entergy's operating utilities.

Pursuant to the Memorandum of Understanding between MISO and Entergy (a copy of which will be furnished to Staff), MISO costs related to planning for and executing the integration of Entergy's operating utilities into MISO will be reimbursed to MISO by Entergy if Entergy fails to integrate one or more of its operating utilities into MISO by December 31, 2013.

Under the planned FERC filing by MISO, if one or more of the Entergy operating utilities are integrated into MISO, costs that are incurred to integrate those utilities would be accumulated and deferred. Upon the date of integration, the balance of such costs would be amortized over five years and recovered from all transmission customers (including the Entergy utilities) taking service under the MISO tariff.

Midwest Independent Transmission System Operator, Inc.

Case No. EO-2011-0128
In re Application of Union Electric Co. for
Authority to Continue the Transfer of Functional Control of its
Transmission System to Midwest Independent Transmission System Operator, Inc.

Missouri Public Service Commission

Supplemental Response to Data Request

Data Request: 0058

Requesting Party: Staff

Date of Request: 9/7/11

Date of Response: 11/2/11

Request:

For each of the consultants, contractors, outside legal counsel, media consultants, public relations firms, agents and anyone else hired for the purpose of gaining regulatory approval of Entergy joining the MISO system, please state the amount paid by MISO.

Response:

Without waiving its objection asserted on September 14, 2011 that this data request calls for information that is not relevant and not reasonably calculated to lead to the discovery of admissible evidence in this proceeding, MISO states the following:

The Registry, Inc.	\$ 28,990.26
That's Good HR	\$ 21,529.19
Public Strategies, Inc.	0
The Sullivan Group LLC	\$ 44,960.59
Wilson Engstrom Corum & Coulter	** _____ **
The First Group	** _____ **
Roberts Law Firm	** _____ **
The Long Law Firm LLP	** _____ **
Brunini Grantham Grower & Hewes PLLC	** _____ **
Jackson Walker LLP	** _____ **

PR