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MISSOURI PUBLIC SERVICE COMMISSION

FILE NO. EA-2022-0099

SURREBUTTAL TESTIMONY OF

GREG GUDEMAN

Submitted on Behalf of
Ameren Transmission Company of Illinois

April 29, 2022

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AMEREN TRANSMISSION COMPANY OF ILLINOIS

1 I. INTRODUCTION

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

3 A. My name is Greg Gudeman. My business address is 1901 Chouteau Avenue, St. Louis,
4 Missouri 63103. I am the Director of Transmission Financial & Regulatory Services for Ameren
5 Services Company (Ameren Services), which is the services company subsidiary of Ameren
6 Corporation (Ameren). My testimony is offered on behalf of Ameren Transmission Company
7 of Illinois (ATXI).

8 Q. Please describe your educational and professional background.

9 A. I graduated from Illinois State University with a Bachelor of Science degree in Finance
10 in 1987. In 1993, I received my MBA, also from Illinois State University. I began working for
11 Illinois Power Company (Illinois Power) in 1988. While employed by Illinois Power, I worked
12 in the company's Rate Department, its Financial Services Group, and served as its Director of
13 Investor Relations. Following Illinois Power's merger with Dynegy, I worked in Business
14 Development Services, Customer Value Management, Transmission Analytics, and Energy
15 Supply Management. Following Ameren's acquisition of Illinois Power, I began working in
16 Ameren Services' Transmission Department as a Transmission Performance Specialist. I was
17 promoted to Supervisor – Transmission Regulation and Policy in June 2007, and to Managing

1 Supervisor – Transmission Regulation and Policy in January 2008. I was promoted to my
2 current position in September 2013.

3 **Q. What are your responsibilities as Director of Transmission Financial & Regulatory**
4 **Services?**

5 A. My duties and responsibilities include participating in the development of transmission
6 policy and strategy, and performing related analysis for the transmission business, including the
7 calculation of transmission revenue requirements. My duties also include the preparation and
8 review of internal and external financial reporting information for Ameren’s transmission
9 segment. In addition, I am also responsible for overseeing transmission billing and Alternative
10 Retail Electric Supplier arrangements.

11 **Q. Have you previously testified in regulatory matters?**

12 A. Yes. I have testified numerous times before the Missouri Public Service Commission,
13 the Illinois Commerce Commission, and the Federal Energy Regulatory Commission (FERC).

14 **II. PURPOSE OF TESTIMONY**

15 **Q. What is the purpose of your Surrebuttal testimony in this proceeding?**

16 A. The purpose of my Surrebuttal testimony is to respond to the Rebuttal testimony of
17 Missouri PSC Staff (Staff) witness Stahlman regarding MISO rate mechanisms.

18 **Q. Who are the other witnesses providing Surrebuttal testimony on ATXI’s behalf?**

19 A. Sean Black provides ATXI’s overall response to Staff and responds specifically to other

1 Staff witnesses.

2 **Q. Are you sponsoring any schedules with your Surrebuttal testimony?**

3 A. No.

4 **III. RESPONSE TO STAFF WITNESS STAHLMAN**

5 **Q. Does Staff have specific commentary on the rate mechanisms by which the Project**
6 **costs will be recovered?**

7 A. Yes. Staff witness Stahlman states that for the Project to not initially affect the Ameren
8 Missouri (AMMO) Pricing Zone customer's rates, the following conditions would need to hold:
9 "From the formulas given in attachment O, there would need to be an increase in the monthly
10 demands so that the sum of twelve months of increased demand multiplied by the zone rate is
11 equal to the revenue requirement of the Project. In the event that the monthly demands do not
12 increase in a manner that mitigates the revenue requirement of the Project, other entities in that
13 zone, including ATXI's affiliate Ameren Missouri, may see higher transmission rates." He also
14 states that "Additionally, in order to not impact the ultimate rates that Ameren Missouri's
15 customers pay, there would need to be no change in the revenues distributed to Ameren
16 Missouri."

17 **Q. Is this accurate?**

18 A. No, it is not accurate, as it does not factor in all of the zonal rates that would be paid by
19 the new incremental load. Mr. Stahlman appears to be focusing on Schedule 9 revenues, since
20 that is where these specific Project costs will be recovered by ATXI and MJMUEC. But he is
21 overlooking the additional benefits of adding new load to the Ameren Missouri Pricing Zone.
22 In addition, to paying the Schedule 9 rate, as discussed by Mr. Stahlman, the new load will also

1 pay the Ameren Missouri Pricing Zone Schedule 1, 2 and 26 charges. These additional revenues
2 will decrease the charges to be paid by all other customers in the Ameren Missouri Pricing
3 Zone, including Ameren Missouri retail customers. Schedule 1, 2 and 26 charges will account
4 for approximately 19% of the total Ameren Missouri Pricing Zone charges that the new load
5 will pay under these four Schedules. Note that in practice, Ameren Missouri does not actually
6 directly pay all of these charges for its native load reservation. However, Ameren Missouri
7 would see additional revenue from this new wholesale load under Schedules 1, 2, 9 and 26 and
8 these revenues are treated as a revenue credit in Ameren Missouri retail rate cases, thus lowering
9 retail rates. In addition, Mr. Stahlman is also ignoring the projected growth in the total Ameren
10 Missouri transmission revenue requirement over the next few years, which new load revenues
11 would help offset, as well the prospect of additional future load at New Madrid. Both of these
12 factors provide further benefits of additional load in the Ameren Missouri Pricing Zone. That
13 is why we believe the NPV analysis attached to Sean Black's Surrebuttal testimony provides a
14 more comprehensive analysis of the effects of the transaction, as compared to a standalone
15 "Year 1" snapshot. I would also note that the new load will pay other MISO charges, such as
16 Schedule 26A and Schedule 10. However, these are not charges specific to the Ameren
17 Missouri Pricing Zone, so they would have minimal impacts on the amounts to be paid by load
18 in the Ameren Missouri Pricing Zone.

19 **Q. More specifically, on pages 2-3 on his Rebuttal testimony, Staff witness Michael**
20 **Stahlman discusses the various MISO rate schedules that could be used as mechanisms to**
21 **provide for Project cost recovery. Do you wish to offer any comments in response?**

22 **A. Yes. In his Rebuttal testimony, Mr. Stahlman notes that Mr. Black previously focused**

1 on Schedule 9 as the primary mechanism through which Project costs will be recovered. Mr.
2 Stahlman then points out that Schedules 7 and 8 could also be used. While I agree in theory
3 with Mr. Stahlman, I find it highly unlikely that when New Madrid becomes MISO load that it
4 will elect to take service under Schedule 7 (Firm Point-To-Point (PTP) Transmission Service)
5 or Schedule 8 (Non-Firm Point-To-Point Transmission Service) as opposed to Schedule 9
6 (Network Integrated Transmission Service (NITS)).

7 **Q. Why?**

8 A. Using Schedules 7 and 8 is not efficient for an entity serving load within MISO. It is
9 much better to use a Schedule 9 NITS reservation. Under NITS, New Madrid can simply take
10 power off the transmission system and pay the local Ameren Missouri Pricing Zone Schedule
11 9 charge times its load at time of system peak. So its load at peak for a month could be 12MW
12 or it could be 10MW or 14MW. New Madrid would simply pay the Schedule 9 charge times
13 whatever their monthly load is at the time of the system peak. PTP reservations require
14 specifying a specific generation source and is for fixed capacity and period. So an annual
15 12MW reservation pays for 12MWs each month regardless of the amount used that month. And
16 the 12MW is the firm amount. Any load over 12MW is not firm. Basically, no load in the
17 Ameren Missouri or Ameren Illinois pricing zones uses PTP to serve its internal load. Schedule
18 7 and 8 reservations are rarely used for transactions internal to MISO, rather they are used
19 primarily to move power through MISO or out of MISO. I would also note that regardless
20 whether New Madrid took transmission service under a NITS or a PTP reservation, it would
21 still pay the same Schedule 1, 2 and 26 charges for the Ameren Missouri Pricing Zone, thus

1 providing the benefits described above.

2 **Q. On page 3 of his Rebuttal testimony, Mr. Stahlman discusses ATXI's position that**
3 **the Project would not initially affect the rates of customers in the Ameren Missouri Pricing**
4 **Zone. Can you please provide some additional context around that position?**

5 A. ATXI was referring to the period during which the Project will be under construction.
6 ATXI does not have the authority on this Project to include CWIP in rate base. So, the Project
7 will not begin to affect zonal rates until it goes into service.

8 **Q. On page 4 of his Rebuttal testimony, Mr. Stahlman indicates that certain FERC**
9 **incentive adders will be included in ATXI's revenue requirement. Can you please clarify**
10 **which FERC adders will be included in the ATXI revenue requirement associated with this**
11 **Project?**

12 A. Certainly. To be clear, the only incentive adder likely to apply to this Project is the 50bp
13 adder for participation in an RTO. This adder is currently available to almost all MISO
14 Transmission Owners in setting their FERC jurisdictional transmission rates, including Ameren
15 Missouri. Of course, Ameren Missouri does not apply this adder in setting its retail rates. There
16 are other incentives that may apply in some other instances (CWIP in rate base, recovery of
17 abandoned plant, etc.) but ATXI does not plan to apply for those adders related to this Project.

18 **Q. Do you agree with Mr. Stahlman that this Project will not trigger the cost allocation**
19 **adjustment order by the Commission in Case No. EO-2011-0128?**

20 A. Yes. In addition to being outside of Ameren Missouri's certificated service territory, this
21 Project is also not subject to regional cost allocation (i.e., the allocation used for example on

1 the MISO MVP portfolio).

2 **Q. On page 4 and 5 of his Rebuttal testimony, Mr. Stahlman notes that MISO does not**
3 **"control" the distribution of Schedule 7, 8 and 9 revenues between Ameren Missouri and**
4 **ATXI. Can you please comment on that statement?**

5 A. While it is true that MISO does not technically "control" the distribution of those
6 revenues, said distribution is subject to a Joint Pricing Zone Revenue Allocation Agreement
7 that was approved by FERC. So the distribution of those revenues is not discretionary. Ameren
8 Missouri must distribute to ATXI and Wabash Valley the revenues to which they are entitled.

9 **IV. CONCLUSION**

10 **Q. Does this conclude your Surrebuttal testimony?**

11 A. Yes.