Exhibit No. 307
Issues: Need for the Project
Witness: Joseph J. Jaskulski, P.E.
Type of Exhibit: Surrebuttal
Sponsoring Party: MO Landowners Alliance
Case No.: EA-2016-0358
Date Testimony Prepared: February 21, 2017

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. EA-2016-0358

SURREBUTTAL TESTIMONY OF

JOSEPH J. JASKULSKI

ON BEHALF OF

MISSOURI LANDOWNERS ALLIANCE

February 21, 2017

NP

Q. Please state your name.

A. Joseph J. Jaskulski

Q. On whose behalf are you testifying?

A. I am testifying on behalf of the Missouri Landowners Alliance (MLA). I am responding to the rebuttal testimony of Mr. John Grotzinger, who testified on behalf of MJMEUC.

Q. What aspects of Mr. Grotzinger's rebuttal testimony will you be addressing?

A. I will be addressing the estimate in his rebuttal testimony that the Transmission Service Agreement with Grain Belt would save MJMEUC members $10 million annually.

Q. Does the information in Mr. Grotzinger's rebuttal affect the rebuttal testimony you filed on that same date?

A. Yes. My previous testimony addressed four issues.

First, I addressed the lack of firm commitments from wind generators, potential utility customers, or load serving utilities to buy capacity on the proposed transmission line. This part of my testimony is unchanged. I also stated that there were no memorandums of understanding between wind farms and load serving customers, which to my knowledge was true at the time. Mr. Grotzinger's rebuttal included a new PPA between Infinity and MJMEUC. I discuss this PPA below.

Second, I addressed the purported $10 Million in saving MJMEUC expects under the Grain Belt Transmission Service Agreement. I contend that Mr. Grotzinger has presented no legitimate analysis of the savings that MJMEUC can expect from the

contracts with Grain Belt and Infinity. Finally, on this topic, I would like to retract my statement at Page 10 of my rebuttal testimony that MJM.13 contains an error. There is no error in MJM.13.

Third, I addressed Production Tax Credits in the context of Grain Belt's schedule. Mr. Grotzinger did not address this issue in his own rebuttal, and therefore I make no further mention of that issue here.

Fourth, I addressed whether wind power generated in Kansas and transmitted to Missouri over Grain Belt is cheaper than wind power generated in Missouri. My rebuttal testimony based this comparison on generic Kansas wind power sources. This surrebuttal now makes this comparison based on the new Infinity PPA included with Mr. Grotzinger's rebuttal. I show that power delivered under the Infinity PPA and transmitted over Grain Belt will save MJMEUC only a fraction of the $10 Million claimed by Mr. Grotzinger. Further, any savings are entirely due to MJMEUC's "first mover" discount given by Grain Belt, which presumably will be unavailable to other Missouri users of the proposed line.

Q. In your rebuttal testimony, you stated that based on the bids you reviewed, wind energy from Kansas delivered over Grain Belt was more expensive than wind energy generated in Missouri. Do you still hold that view?

A. Generally, yes. However, the pricing in the new Infinity PPA is substantially less than the Kansas wind resource used in my rebuttal testimony. But even with the new Infinity contract, MJMEUC is projected to save only $3 Million per year compared to purchasing at the least expensive Missouri wind bid price received by MJMEUC in 2016. My calculations are included as Schedule JJC-6 and discussed further below.

Q. Why does your calculation differ from the $10M per year estimated by MJMEUC?

A. MJMEUC's $10 Million annual savings is the difference between the cost of moving Kansas wind energy to Missouri under MJMEUC's Grain Belt TSA and the cost of moving Kansas wind energy to Missouri over the existing AC transmission system (Grotzinger Rebuttal, Page 5). Since these are not the only alternatives available, it would be inappropriate to conclude on this basis that MJMEUC's customers would incur $10 Million per year in additional costs if Grain Belt is not built.

MJMEUC also claims $10 Million in annual savings compared to an existing and expiring Illinois fossil fuel contract, referred to as IPM (Grotzinger Rebuttal, Page 7). Unless MJMEUC was going to extend the IPM contract at the same price by another 25 years in the absence of the Grain Belt line, which they have never said was a consideration, it would also be inappropriate to conclude on this basis that MJMEUC's customers would incur $10 Million per year in additional costs if Grain Belt is not built. If an extension of the IPM contract was not a realistic consideration, then it cannot logically be used to calculate any "savings" from the Grain Belt line.

Q. In determining any savings to members of MJMEUC from the Grain Belt contract, what do you believe is the appropriate comparison?

A. The only fair analysis is to compare the Grain Belt contract to the next best alternative available to MJMEUC.

Using this comparison, MJMEUC claims it would save $9 Million to $24 Million annually when comparing the Grain Belt contract to MISO-based renewables. While this

is the appropriate comparison, I find the savings would be only $3 Million per year as shown in Schedule JJC-6.

Q. How did you quantify this level of savings?

A. I followed the methodology utilized in MJMEUC's Schedule JG-6, bringing all values to a 135 MW Kansas wind farm basis. In my calculation of the costs of the two alternatives, I used the pricing from the Infinity PPA for the Grain Belt alternative and from the [redacted] bid for the Missouri wind alternative.

Q. What is the [redacted] Project, and what is the source of your cost data for that project?

A. The [redacted] Project submitted a bid for energy to MJMEUC in [redacted] in response to MJMEUC's Request for Proposals for wind power (MJM.10, Page 421). I used the pricing from that bid in calculating the cost of Missouri wind for MJMEUC.

Q. In comparing the cost of alternative sources of wind generation, is it necessary that both projects have the same number of installed MW capacity?

A. No, it is not. Wind energy is generally purchased to meet renewable energy goals. Often, this goal is expressed as a percent of a load serving entities total load. Sometimes, a specific customer desires that its entire energy need be met by renewable sources. In any event, what is important in comparing the cost of two sources is that the energy, the MWhs, be the same from both projects.

Q. Please explain how you made the comparison between the Missouri project and the Kansas Infinity project.

A. Since Missouri wind has a lower capacity factor [redacted]) than Kansas wind (50%, per Mr. Grotzinger's Schedule JG-6), all other things being equal Missouri wind would deliver fewer renewable MWh. To yield the same MWh, the capacity of the Missouri wind PPA can be increased. My analysis uses a [redacted] Missouri wind project, which will deliver the same annual production (531,900 MWh) as the 135 MW Infinity project.

MJMEUC's Schedule JG-6 compares alternatives at the same annual MWh production levels, but does so by adding system energy purchases to lower capacity factor sources. This is a more expensive alternative than increasing a wind resource's PPA amount (in MW) and also would not contribute toward meeting a renewable resource MWh goal.

Q. What are the results of your analysis in comparing Missouri wind to the Kansas Infinity project?

A. My analysis, attached as Schedule JJC-6, shows MJMEUC will save $3 Million per year buying Kansas wind over Grain Belt compared to buying Missouri wind.

Q. Could the savings be less than the $3 Million per year which you have calculated?

A. Yes. The $3 Million annual savings assumes that MJMEUC will purchase 135 MW of wind capacity to be delivered over the Grain Belt line. At this time, to the best of my knowledge, MJMEUC members have not committed to taking 135 MW.

Q. How much is the "first mover" discount given MJMEUC worth?

A. The discount has two components, price and losses. On price, assuming MJMEUC elects to buy 135 MW of capacity on the Grain Belt line, the discount is

worth $7.2 Million per year. Grain Belt also covers MJMEUC's conversion and transmission losses, which is worth an additional $0.6 Million per year. So, in total, Grain Belt is giving MJMEUC an annual discount of $7.9 Million per year compared to its normal rate for Kansas to Missouri service. Calculations are shown in Schedule JJC-7.

In other words, the value of the first mover discount exceeds MJMEUC's savings. Without the first mover discount, MJMEUC would find that Kansas Wind using the Grain Belt line is more expensive than Missouri wind.

Q. What does this mean regarding other potential users of the Missouri converter station?

A. Other potential users who could not avail themselves of the first mover discount would find that Missouri wind is financially more attractive than Kansas wind over Grain Belt. Under that scenario, the only user of the Missouri Converter would be MJMEUC, and the only savings to Missouri electric customers will be the $3 Million per year discussed above.

Q. Does this conclude your testimony?

A. Yes it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of Grain Belt Express Clean Line LLC for a Certificate of Convenience and Necessity Authorizing it to Construct, Own, Operate, Control, Manage, and Maintain a High Voltage, Direct Current Transmission Line and an Associated Converter Station Providing an interconnection on the Maywood-Montgomery 345 kV Transmission Line	)	Case No. EA-2016-0358

Affidavit of Joseph J. Jaskulski

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

Joseph J. Jaskulski, being first duly sworn on oath states:

1. My name is Joseph J. Jaskulski.

2. Attached hereto and made a part hereof for all purposes is my testimony submitted to the Missouri Public Service Commission.

3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein asked are true and accurate to the best of my knowledge, information and belief.

Joseph J. Jaskulski

Subscribed and sworn before me this 20th day of February, 2017.

OFFICIAL SEAL
BARBARA J EICHENLAUB
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES:05/21/17

Barbara J Eichenlaub
Notary Public

Calculation of MJMEUC Annual Savings – HIGHLY CONFIDENTIAL

Entire table is Highly Confidential

Calculation of First Mover Discount at 135 MW

		Capacity (MW)	GBE Rate (MW-month)	Cost ($/year)
MJMEUC				
Tranche 1 Price		100	$ 1,167	$ 1,400,400
Tranche 2 Price		35	$ 1,667	$ 700,140
Total		135		$ 2,100,540
Normal KS-MO Rate (Per DB.10)		135	$ 5,760	$ 9,331,200
First Mover Rate Discount				$ 7,230,660
Power delivered (135 MW @ 50% CF)		591,300	MWh	
Losses		6%	per Schedule DAB-5, Page 1	
Losses		35,478	MWh	
First Mover Loss Discount	at	$ 16.50	per MWh	$585,387
TOTAL FIRST MOVER DISCOUNT				$ 7,816,047