

Issues: Financial Overview
Witness: Edward M. Rahill
Sponsoring Party: South Central MCN LLC
Type of Exhibit: Direct Testimony
Case No.: EA-2016-0036
Date Testimony Prepared: August 17, 2015

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

In the Matter of the Application of South)
Central MCN, LLC for Approval of Transfer of) File No. EA-2016-0036
Assets and a Certificate of Convenience and)
Necessity)

**DIRECT TESTIMONY OF
EDWARD M. RAHILL
ON BEHALF OF
SOUTH CENTRAL MCN LLC
AUGUST 17, 2015**

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1 I. INTRODUCTION AND PURPOSE OF TESTIMONY

2 Q 1: Please state your name.

3 A: My name is Edward M. Rahill.

4 Q 2: For whom do you work, what is your position, and what is your business address?

5 A: I am Chief Executive Officer of GridLiance Heartland, LLC (Heartland), a Delaware limited
6 partnership that in turn holds all of the membership interests in South Central MCN, LLC (SCMCN),
7 a transmission company (Transco), and in its sister Transco, Midcontinent MCN, LLC (MMCN).

8 Q 3: What is your present position at SCMCN?

9 A: My present position is President and Chief Executive Officer.

10 Q 4: Mr. Rahill, please summarize your educational and work experience.

11 A: Prior to SCMCN, I was the principal of Grid Capital Advisors, a private consulting firm. From April
12 2009 to February 2011 I was President of ITC Grid Development, LLC (ITC Grid) and Senior Vice
13 President of ITC Holdings, Inc. (ITC), where I managed the transmission development activities for
14 ITC, including the start-up of ITC Great Plains, LLC, an independent Transco operating in SPP.
15 Before moving to ITC Grid, I served as the Senior Vice President of Finance and Chief Financial
16 Officer of ITC Holdings. In that position, I had responsibility for financial operations and oversaw
17 accounting, financial reporting, treasury management, tax, and planning and analysis functions for
18 ITC and its subsidiaries, including International Transmission Company (ITC Transmission),
19 Michigan Electric Transmission Company, LLC (METC) and ITC Midwest LLC (ITC Midwest). Prior
20 to ITC, I headed the Planning and Corporate Development functions for DTE Energy Company and
21 engaged in the development and management of energy-related businesses and services in
22 Michigan, including the electric utility, gas utility, and non-utility operations. I received a Bachelor of
23 Business Administration degree from the University of Notre Dame in 1975 and a Master of

1 Business Administration degree, with a Certification in Finance, in 1978 and an additional
2 Certification in Managerial Economics in 1980, from the State University of New York at Buffalo.

3 **Q 5: On whose behalf are you testifying?**

4 A: I am testifying on behalf of SCMCN, the applicant in this proceeding.

5 **Q 6: Have you submitted testimony previously before the Missouri Public Service Commission
6 (Commission) or any other regulatory commissions?**

7 A: I have not previously submitted testimony before this Commission. I have previously submitted
8 testimony before the Federal Energy Regulatory Commission (FERC) in Docket Nos. EL09-11,
9 ER09-548 and ER09-681. I have also submitted testimony before the Illinois Commerce
10 Commission (Docket No. 07-0246); the Iowa Utilities Board (Docket No. SPU-07-11); and before the
11 Corporation Commission of Oklahoma (Cause No. PUD 200700298).

12 **Q 7: What is the purpose of your testimony?**

13 A: I will discuss the formation and business strategy of SCMCN and our financing partner.

14 **II. SCMCN AND ITS FINANCING PARTNER**

15 **Q 8: Please provide background on SCMCN.**

16 A: SCMCN was formed to develop, jointly own, operate, and maintain new or existing regulated
17 transmission assets, principally through Co-Development Agreements (CDAs) with non-jurisdictional
18 electric cooperatives, municipally-owned electric utilities, and joint action agencies (collectively,
19 Public Power Partners, or PPPs). SCMCN will enter into agreements with PPPs to develop
20 transmission projects under the functional control of SPP. SCMCN will meet the transmission needs
21 of PPPs through participation in zonal and regional planning processes and construction of needed
22 projects within the SPP footprint, and providing PPPs with an option to hedge a portion of their
23 transmission costs through participation in zonal, regional and inter-regional transmission projects.

24 **Q 9: Who operates SCMCN?**

1 A: SCMCN is managed by a small team of experienced utility executives and staff, overseeing outside
2 contractors who will perform operation and maintenance (O&M) services. The same core staff will
3 also oversee operation of MMCN, a sister Transco that will operate in the MISO region and will be
4 filing for similar approvals with FERC in the near future. The executives and staff are employed by
5 an affiliate of the upstream parent of SCMCN and MMCN. The costs of their time managing the
6 affairs of SCMCN and MMCN are and will continue to be allocated in accordance with FERC's
7 Uniform System of Accounts (USoA).

8 **Q 10: Who are the upstream parents of SCMCN?**

9 A: As stated above, SCMCN is wholly-owned by Heartland, which is owned by GridLiance Holdco, LP
10 (GridLiance HoldCo). GridLiance HoldCo is a Delaware limited partnership controlled by affiliates
11 of the Blackstone Group (Blackstone), including Blackstone Power & National Resources Holdco LP
12 (on behalf of Blackstone Capital Partners VI LP and Blackstone Energy Partners LP, and/or any
13 successor funds). Blackstone's ownership and control of GridLiance HoldCo is evidenced in the
14 Amended and Restated Limited Partnership Agreement of GridLiance Holdco, LP, which is attached
15 as **Appendix F-3** to SCMCN's application (Application) to this Commission for a certificate of
16 convenience and necessity and approval to transfer certain transmission facilities currently owned
17 by the City of Nixa, Missouri. Heartland and SCMCN are Blackstone portfolio companies that
18 operate independently with the primary goal of maximizing the amount of transmission owned by
19 SCMCN and MMCN. A copy of the Amended and Restated Limited Liability Company Agreement
20 of GridLiance Heartland LLC is attached to the Application as **Appendix F-4**, and a copy of the
21 Amended and Restated Limited Liability Company Agreement of South Central MCN LLC is
22 attached to the Application as **Appendix F-5**.

23 **III. CONCLUSION**

24 **Q 11: Does this conclude your testimony?**

1 A: Yes.

