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MISSOURI PUBLIC SERVICE COMMISSION

FILE NO.

EA-2021-0087

DIRECT TESTIMONY

OF

SEAN BLACK

ON

BEHALF OF

AMEREN TRANSMISSION COMPANY OF ILLINOIS

**St. Louis, Missouri
April 28, 2021**

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DIRECT TESTIMONY

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1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is Sean Black. I work for Ameren Services Company (“Ameren
4 Services”) at 1901 Chouteau Avenue, St. Louis, Missouri 63103.

5 **Q. What is your position with Ameren Services?**

6 A. I am the Director of Transmission Business Development for Ameren Services
7 which is a subsidiary of Ameren Corporation (“Ameren”). In this role, I am responsible for
8 exploring transmission development opportunities for Ameren entities, including Ameren
9 Transmission Company of Illinois (“ATXI”).

10 **Q. Please describe your educational background and employment experience.**

11 A. I have over 30 years of experience in the engineering, energy and electric utility
12 industry, working primarily in the areas of engineering, marketing and business development.
13 During my career, I have participated in numerous transactions to acquire assets through the
14 development of both asset and stock purchase agreements. I worked for over 20 years with ABB
15 and ALSTOM, developing proposals and agreements to support development of capital projects
16 for electric utility clients. During this period, I initially held positions in applications engineering
17 and project cost engineering and was eventually promoted to leadership positions in Marketing
18 and Business Development. From 2006 through 2009, I was the Global Director of CO2 Programs
19 with ALSTOM, a position in which I led a group that was responsible for the development of new
20 technology to capture CO2 emissions from fossil-fired boilers. I was also responsible for leading
21 the successful development and commissioning in 2009 of a \$200 million demonstration project
22 at the Mountaineer Power Plant, owned and operated by American Electric Power. Since 2014, I
23 have held the position of Director of Transmission Business Development at Ameren Services. I

1 received a bachelor’s degree in Mechanical Engineering from the University of Delaware in 1988
2 and an MBA from the London Business School in 1998.

3 **Q. Have you previously provided testimony before the Missouri Public Service**
4 **Commission (“Commission” or “MPSC”)?**

5 A. Yes. I previously provided testimony to the Commission on behalf of ATXI in File
6 No. EA-2018-0327, regarding ATXI’s acquisition of certain transmission assets from the City of
7 Rolla, Missouri and the associated construction of a new substation.

8 **Q. What is the purpose of your testimony?**

9 A. My testimony will provide an overview of a transmission project ATXI is
10 proposing to construct in cooperation with Citizens Electric Cooperative (“Citizens”) and Wabash
11 Valley Power Alliance (“Wabash Valley”) in Perry and Cape Girardeau Counties in Southeast
12 Missouri (“the ATXI-Wabash Development”). The portion of the ATXI-Wabash Development
13 for which ATXI is seeking a Certificate of Convenience and Necessity (“CCN”) in this case
14 consists of a 15-mile, 138 kV greenfield transmission line (the “Transmission Line”) and a 138 kV
15 to 161 kV switching station (the “Whipple Substation” referred to collectively with the
16 Transmission Line as “the Project”). The balance of the ATXI-Wabash Development does not
17 require a CCN, since it will be constructed and owned by Wabash Valley. I will discuss the
18 benefits of the Project as part of the ATXI-Wabash Development and provide an overview of how
19 the Project satisfies the criteria used by the Commission when determining whether to grant a
20 CCN. I will also introduce the other witnesses testifying on behalf of ATXI in this case.

21 **Q. Are you sponsoring any schedules as part of your direct testimony?**

22 A. Yes. I am sponsoring the following schedules:

- 23
- Schedule SB-01 – Joint Development Agreement

- Schedule SB-02 – Fiber License Agreement (Public and Confidential)
- Schedule SB-03 – Option Agreement

II. OTHER WITNESSES

Q. Please provide an overview of the other witnesses and the subject matter of their testimony.

A. Certainly. The table below lists the individuals testifying on behalf of ATXI in this proceeding and the subject matter they will cover:

Name	Subject Matter
Jim Jontry	Mr. Jontry is the Project Manager assigned to the Project and will generally testify about the Project's schedule. He will also provide additional detail about the estimated cost of the Project.
Jessica Timmermann	Ms. Timmermann is a Supervising Engineer in the Transmission Line Design Department. Ms. Timmermann will generally testify to the design of the Transmission Line.
Curtiss Frazier	Curtiss Frazier is a Supervising Engineer in the Transmission Substation Design Department. Mr. Frazier will generally testify to the design of the Whipple Substation.
Craig Hiser	Mr. Hiser is a Supervisor in the Real Estate Department. Mr. Hiser will generally testify as to the real estate aspects of the Project, including ATXI's proposed easement acquisition strategies.
Dan Schmidt	Mr. Schmidt works for HDR, Inc. ("HDR"), a consulting firm ATXI hired to perform several tasks related to the Project. Mr. Schmidt will generally testify about how ATXI developed its proposed transmission line route and will sponsor the related route study.
Emily Hyland	Ms. Hyland also works for HDR and will generally testify about ATXI's pre-filing open house and public engagement efforts, as well as the environmental and cultural impacts of the Project and related coordination with local, state and federal agencies.

III. PROJECT BACKGROUND

Q. What is ATXI?

A. ATXI is what is referred to as transmission-only utility. It was initially created to help facilitate additional transmission development in Illinois. Today, ATXI generally pursues and develops transmission opportunities that create value for end-use customers, and the region in

1 general, but that might not best fit into the project development portfolios of Ameren’s traditional
2 incumbent utilities like Union Electric Company d/b/a Ameren Missouri (“Ameren Missouri”) or
3 Ameren Illinois Company d/b/a Ameren Illinois (“Ameren Illinois”). ATXI was first recognized
4 by the Commission as a public utility in File No. EA-2015-0145. ATXI has a successful track
5 record in developing Multi-Value Projects¹ and has also recently expanded its project portfolio to
6 include opportunities like the one ATXI has recently developed in conjunction with the City of
7 Rolla (File No. EA-2018-0327). ATXI is a subsidiary of Ameren and an affiliate of Ameren
8 Missouri and Ameren Illinois.

9 **Q. Please provide some background on the Project for which ATXI is seeking a**
10 **CCN in this case.**

11 A. First, I believe it’s important to start with an understanding of the parties that are
12 involved. In addition to ATXI and Ameren Missouri (the role of which will be described in further
13 detail below), a portion of the ATXI-Wabash Development involves two other utility cooperative
14 entities—Citizens and Wabash Valley. Citizens is the local distribution cooperative in the Project
15 area. Citizens serves approximately 28,000 members in Southeast Missouri in the Counties of Ste.
16 Genevieve, Perry, St. Francois, and Cape Girardeau. Wabash Valley is the affiliated Generation
17 and Transmission (“G&T”) cooperative that serves Citizens with power and transmission needs in
18 its area of Southeast Missouri. As the transmission-owning entity, Wabash Valley is ATXI’s
19 primary counterparty in the ATXI-Wabash Development and related transactions.

20 Ameren Services was approached by Wabash Valley in 2018 about the prospect of
21 pursuing a transmission project in Southeast Missouri intended to provide a new source of

¹ In File No. EA-2015-0145, ATXI received a CCN to construct the 7-mile Missouri portion of a 345 kV transmission line in Marion County known as the “Illinois Rivers Project.” In File No. EA-2017-0345, ATXI received a CCN to construct a 96-mile, 345 kV transmission line through Marion, Lewis, Knox, Adair and Schuyler Counties, known as the “Mark Twain Project.”

1 transmission-voltage supply to the area. This evolved into the ATXI-Wabash Development. The
2 general purpose of the ATXI-Wabash Development, which is described in more detail below, is
3 to strengthen local grid reliability to the benefit of the local distribution companies—Ameren
4 Missouri and Citizens—and their customers. In particular, one main driver of the ATXI-Wabash
5 Development is to provide an additional networked transmission source to support a critical
6 distribution substation (called Trail of Tears) in Citizens’ distribution system, as well as a large
7 manufacturing facility in the area. That facility sits in Citizens’ retail service territory. Wabash
8 Valley communicated that they intended to pursue a project with or without ATXI or Ameren
9 Missouri’s involvement, but offered us the opportunity to partner in the endeavor in an effort to
10 leverage our experience in the transmission development business.

11 **Q. Why was the Project attractive from ATXI’s standpoint?**

12 A. For several reasons. First and foremost, the cost of any such project was going to
13 be allocated to the Ameren Missouri Transmission Pricing Zone (“AMMO Pricing Zone”)
14 regardless of Ameren Missouri or ATXI’s involvement. Having an Ameren entity involved in the
15 ATXI-Wabash Development allowed us to collaborate in the design and execution of the
16 development in a manner that would “unlock” additional current and future benefits for ATXI and
17 Ameren Missouri.

18 **Q. Please describe these benefits in further detail.**

19 A. At a very high level, the ATXI-Wabash Development consists of ATXI building a
20 new, 15-mile Transmission Line to connect to a new substation (the “Wittenberg Substation”) that
21 will be constructed by Wabash Valley at the northern end of the ATXI-Wabash Development area
22 and, for sake of simplicity, what I will describe as a cluster of substations that will be located at
23 the southern end of the ATXI-Wabash Development area (the Transmission Line plus the one

1 substation that ATXI will own at the southern end (the Whipple Substation) make up the “Project”
2 portion of the ATXI-Wabash Development).

3 Regarding the southern end, providing an additional source of networked transmission
4 supply to that area will strengthen the both Ameren Missouri and Citizens electric systems in and
5 around the area. It will help Citizens support adjacent retail load and provide Ameren Missouri
6 with an additional networked connection that will benefit other parts of its system. Regarding
7 those benefits, the sole transmission-voltage source to this area is an existing Ameren Missouri
8 161 kV line that is radial (non-networked) in nature. Providing an additional source of
9 transmission supply will thus convert that radial feed into a networked connection, which will
10 provide a third source of supply into Ameren Missouri’s Wedekind Substation (located between
11 Jackson and Cape Girardeau). As a result, the ATXI-Wabash Development will create a new,
12 redundant transmission network in the area and not only help support the Citizens load, but also
13 the interconnected Ameren Missouri system and the load served by Wedekind. In sum, the Project
14 helps support local reliability for both Ameren Missouri and Citizens/Wabash Valley.

15 In addition, ATXI intends to design the line in a manner that could, in the future, provide
16 additional strategic value to the region. The line (meaning conductor) that will be energized as a
17 part of the initial Project will be a single 138 kV line. But, ATXI intends to design and install
18 structures that are capable of being outfitted with an additional transmission circuit at a voltage of
19 up to 345 kV in the future. If that additional circuit becomes necessary, Wabash Valley will have
20 the option to acquire the original 138 kV circuit (meaning conductor) from ATXI and ATXI would
21 collaborate with Ameren Missouri with respect to the installation, ownership and operation of the
22 345 kV facilities. The future use and benefits case would likely determine whether ATXI or
23 Ameren Missouri would ultimately own the future facilities.

1 In conjunction with the Project, Ameren Missouri intends to sell to Wabash Valley a
2 segment of line, approximately 1.5 miles in length, that it will no longer need or use following the
3 energization of the ATXI-Wabash Development. Ameren Missouri will pursue the regulatory
4 approvals necessary to consummate that transaction.

5 **Q. Is ATXI seeking approval in this case to install the second 345 kV circuit in**
6 **the future?**

7 A. No. ATXI or Ameren Missouri would pursue supplemental authority from the
8 Commission in the future to install and energize the 345 kV circuit. However, ATXI does want to
9 be transparent with the Commission about its intent to design, construct and seek real estate rights
10 for double-circuit *structures* in conjunction with this Project. ATXI witness Craig Hiser will
11 discuss more specifically what this means from a real estate acquisition perspective.

12 **Q. Why is the 345 kV design important to Ameren from a strategic development**
13 **perspective?**

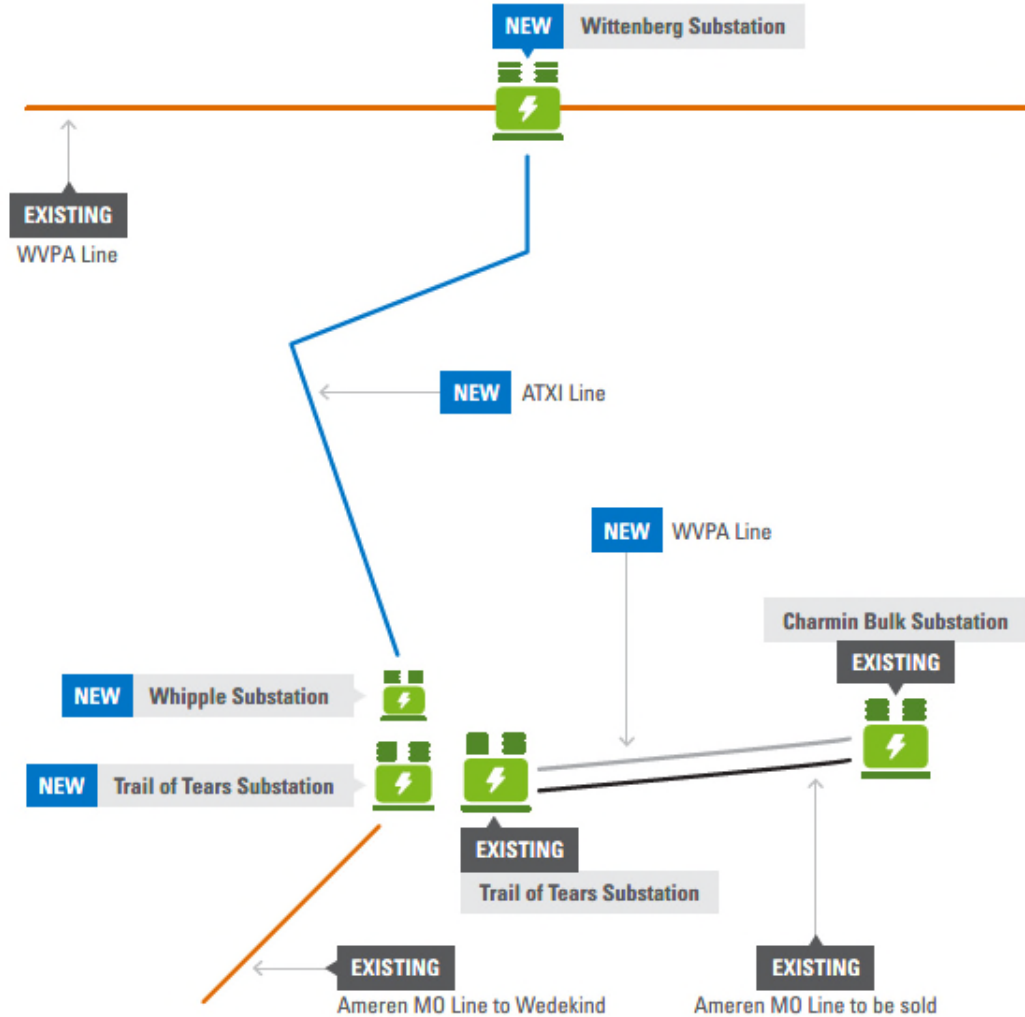
14 A. This Project could become a strategic piece of a larger regional expansion, which
15 has been under consideration for years, and which would benefit the Ameren system and the region
16 as a whole. Future expansion may also increase connectivity between MISO North and MISO
17 South, which would provide both reliability and economic benefits. The real estate rights procured
18 as part of the Project would represent substantially the only “greenfield” right-of-way needed to
19 connect the future project to the existing Ameren Missouri 345 kV system and thus efficiently
20 increase the potential of the future project to provide value to Ameren Missouri and other electric
21 providers in the region.

22 **Q. Why is ATXI and not Ameren Missouri proposing to develop the Project?**

1 A. Although the Project will provide a variety of benefits to Ameren Missouri, when
2 considering Ameren Missouri’s needs only, the Project is not directly necessary for Ameren
3 Missouri to meet NERC Reliability Standards, Ameren’s local Planning Criteria as filed with
4 FERC, or to deliver energy from Ameren Missouri generating resources. Instead, this Project is
5 more in line with ATXI’s objective to invest in regionally beneficial, and customer-focused
6 projects rather than Ameren Missouri’s goal to reliably serve its own retail load. Because the
7 overall value proposition of the ATXI-Wabash Development is driven by the needs of multiple
8 entities, and given that the majority of the Project sits outside of Ameren Missouri’s service
9 territory, it made more sense for ATXI to pursue this phase of the development.

10 **Q. You have described the Project in general terms. Can you please provide more**
11 **specific details?**

12 A. Certainly. It probably helps to do so in reference to a diagram:



1

2 Let's start at the northern end of the Project area and then jump to the southern end before
 3 returning to discuss the line connections. At the northern end of the Project area, there currently
 4 exists a 138 kV line owned and operated by Wabash Valley. Adjacent to that line, Wabash Valley
 5 plans, as a part of the ATXI-Wabash Development, to construct the new Wittenberg ring-bus
 6 switching station to which ATXI will connect its line.

7

8

 Shifting to the southern end of the Project area, there currently exists two substations,
 which are owned by Wabash Valley: the Charmin Bulk Substation and the Trail of Tears

1 Substation. These substations currently provide service to Citizens’ retail load, including a large,
2 adjacent manufacturing facility. Ameren Missouri also has a single 161 kV transmission line in
3 that area that serves as the only high-voltage source to these substations. As a part of the ATXI-
4 Wabash Development, Wabash Valley will expand its existing Trail of Tears Substation (such
5 expansion referred to in the contract and planning documents as “new Trail of Tears” or “TOT
6 New Sub”). That substation is the new hub of activity at the southern end of the ATXI-Wabash
7 Development. That substation will essentially provide a break in the Ameren Missouri line that
8 currently terminates at the Charmin Bulk Substation. From the TOT New Sub, Ameren Missouri
9 will maintain the connection that runs southwest to the Wedekind Substation. As discussed in
10 more detail below, Ameren Missouri will sell to Wabash Valley the segment of line that will be
11 isolated between TOT New Sub and the Charmin Bulk Substation.² Wabash Valley will also build
12 a new and very short, second connection between TOT New Sub and the Charmin Bulk Substation
13 to provide a second source to the Charmin Bulk Substation. And, finally, ATXI will build the new
14 Whipple Substation on the edge of TOT New Sub to step-up the new 138 kV source to 161 kV.
15 The Whipple Substation, together with the 138 kV line component, make up “the Project”.

16 Regarding the line, ATXI will construct a 138 kV line that will connect the new Wittenberg
17 Substation on the northern end with the new Whipple Substation, adjacent to Wabash Valley’s
18 TOT New Sub on the southern end. As indicated above, the structures will be designed to
19 accommodate an additional 345 kV circuit in the future.

20 **Q. Can you please comment further on the design of the Project facilities and the**
21 **routing of the proposed line?**

² Ameren Missouri intends to pursue independently the regulatory approvals necessary to consummate that transaction. Ameren Missouri has already filed a 60-day notice, generating File No. EM-2021-0208, and intends to file a formal application during the pendency of this ATXI proceeding.

1 A. The design of the proposed Transmission Line is discussed in the Direct Testimony
2 of Jessica Timmermann. Routing is discussed in the Direct Testimony of Dan Schmidt. The
3 design of the Whipple Substation is discussed in the Direct Testimony of Curtiss Frazier.

4 **Q. Please describe community outreach activities and how community input was**
5 **incorporated into the route design.**

6 A. We hosted community representative forums (“CRFs”) on June 23 and 24, 2020 to
7 introduce the Project to known stakeholders such as public officials and local and state agencies.
8 Following those CRFs, we hosted five Virtual Public Meetings with afternoon and evening
9 timeslots to enable wider participation—two on August 19, 2020 (12:00 PM and 7:00 PM), two
10 on October 28, 2020 (12:00 PM and 7:00 PM), and one on January 21, 2021 (12:00 PM). We also
11 hosted a “Telephone Public Meeting” on January 21, 2021 at 6:00 PM. The route study was
12 revised and communicated to stakeholders throughout.

13 In light of the ongoing health emergency in Missouri and throughout the country as a result
14 of COVID-19, it was necessary to forego large, in-person meetings to ensure the safety of public
15 participants, ATXI participants, and any event staff. However, participation in the virtual events
16 was robust. On December 9, 2020, ATXI filed a Motion for Waiver of In-Person Meeting
17 Requirement Due to Covid-19 Concerns. The Commission granted this Motion on December 30,
18 2020. For more detail on community outreach, please refer to the Direct Testimony of Ms. Hyland.

19 **IV. PROJECT COST AND FINANCING**

20 **Q. What is the total estimated cost of the Project?**

21 A. The total cost of ATXI-Wabash Development is approximately \$68 million.
22 ATXI’s portion (*i.e.*, the Project) is estimated to cost approximately \$40 million and Wabash
23 Valley’s investment in the ATXI-Wabash Development is estimated to cost approximately \$28

1 million. For frame of reference, the plant in service included in the development of the Schedule
2 9 AMMO Pricing Zone charge has a total gross book value of approximately \$1.4 billion. ATXI
3 witness James Jontry provides a more detailed breakdown of these costs in his Direct Testimony.

4 **Q. How will ATXI finance the Project?**

5 A. ATXI will finance the acquisition and initial capital cash flow requirements with
6 either available cash on hand or short-term borrowings, which would be available under Ameren's
7 Utility Money Pool arrangement (the "Money Pool Arrangement"). ATXI will replace any short-
8 term borrowings with a permanent source of capital that includes a balanced blend of long-term
9 debt and common equity.

10 **Q. Is this consistent with how ATXI typically finances its capital needs?**

11 A. Yes. ATXI's capital structure is composed of short-term debt, long-term debt, and
12 common equity. ATXI specifically and continuously manages the balance of debt and equity in
13 its capital structure to minimize its overall cost of capital and, at the same time, maintain financial
14 strength and stability.

15 **Q. Does ATXI presently have access to short-term capital?**

16 A. Yes. In addition to cash on hand, ATXI has the ability to access short-term funds,
17 up to a \$300 million limit, pursuant to FERC authorization effective through July 2021.³ As
18 mentioned above, ATXI can exercise this authorization by accessing funds under Ameren's Money
19 Pool Arrangement, up to a \$300 million limit. The related amount of ATXI borrowings
20 outstanding at December 31, 2020, was \$120 million, leaving ATXI a remaining capacity of \$180
21 million

22 **Q. Does ATXI presently have access to long-term capital?**

³ ATXI requests FERC authorization for short term debt issuances every two years and will make a new request prior to July 2021.

1 A. Yes. In June 2017, ATXI issued a \$150 million principal amount of senior
2 unsecured notes and in August 2017 issued an additional \$300 million principal amount of senior
3 unsecured notes to investors through private placement offerings. As part of this process, ATXI
4 sought an investment credit rating from Moody's. ATXI received a strong A2 credit rating, based
5 in large part on the supportive FERC regulatory framework and the strength of ATXI's credit
6 metrics. Investors also showed a strong interest in this debt issuance, which resulted in a favorable
7 rate. As of December 31, 2020, ATXI also had a \$75 million 3.65% promissory note due 2025
8 outstanding, which was issued under a 2015 long-term borrowing agreement with Ameren. ATXI
9 plans to continue managing its capital structure with a balanced blend of debt and equity.

10 **Q. Does ATXI presently have sources of equity to finance the Project?**

11 A. Yes. Continued operation of its regulated business provides ATXI with on-going
12 cash and equity in the form of retained earnings. Retained earnings are a source of equity that
13 builds on the balance sheet and will provide a source of financing for the Project.

14 **Q. Are these sources of capital sufficient to finance the Project?**

15 A. Yes. ATXI has completed its three large MISO Multi-Value Projects—Spoon
16 River, Mark Twain and Illinois Rivers. Therefore, ATXI's total capital expenditures are now
17 substantially lower than the last several years. Furthermore, ATXI is now earning on these
18 investments, which creates retained earnings. The combination of retained earnings and access to
19 short-term debt through the Money Pool Arrangement will provide sufficient capital to finance
20 this asset purchase and construction of the substation.

21 **Q. Will the estimated costs for the Project impact ATXI's access to the capital
22 needed to finance the Project?**

1 A. No. The estimated cost of the Project is modest compared to ATXI’s historical
2 capital expenditures, when it spent over \$1.6 billion on the three MISO Multi-Value Projects
3 referenced above. ATXI’s projected 2021-2022 capital expenditures are less than \$125 million.
4 Also, the incremental amount of debt and interest to support this Project is small in comparison to
5 ATXI’s total borrowing capacity and related interest expense. With or without the Project, ATXI
6 will continue to have access to long-term sources of capital including external debt and equity.
7 Thus, the Project will not affect ATXI’s ability to finance or fund its on-going needs.

8 **Q. Will any individual customer or customer group directly reimburse ATXI for**
9 **the cost of the Project?**

10 A. No, no individual customer or customer groups will directly reimburse ATXI.

11 **Q. How will ATXI recover the cost of the Project?**

12 A. The ATXI Project facilities will be included in ATXI’s transmission revenue
13 requirement calculated under the MISO tariff. In addition, the Wabash Valley project facilities
14 (*i.e.*, the assets Wabash Valley will own as a part of the ATXI-Wabash Development) will be
15 included in Wabash Valley’s transmission revenue requirement calculated under the MISO tariff.
16 Both revenue requirements (ATXI’s and Wabash Valley’s) will be included in the MISO Schedule
17 9 rate for the AMMO Pricing Zone. Therefore, the revenue requirement for the Project will be
18 collected from all transmission customers in the AMMO Pricing Zone, based on relative load
19 share.

20 **Q. How will Ameren Missouri pay for its share of the Project’s revenue**
21 **requirement?**

22 A. Ameren Missouri, ATXI and Wabash Valley are parties to a Joint Pricing Zone
23 Revenue Agreement (“JPZA”) approved by FERC. The JPZA sets forth the provisions for

1 allocating Schedule 7, 8 and 9 revenues between the multiple transmission owners in the AMMO
2 Pricing Zone. There are many such agreements in other MISO pricing zones that include more
3 than one transmission owner.⁴ In situations such as the one that will affect Ameren Missouri—
4 where all of the load in a pricing zone does not receive an invoice for Schedule 9—the JPZA will
5 impute revenues, or determine how much revenue would have been collected if all applicable load
6 in the pricing zone had paid the Schedule 9 rate. So, in the case of the AMMO Pricing Zone, the
7 total Schedule 9 revenue to be allocated will equal the amount collected from the fourteen
8 wholesale customers in the AMMO Pricing Zone, plus the Schedule 9 revenue that Ameren
9 Missouri would owe if it paid the full AMMO Schedule 9 rate. The total Schedule 9 revenue will
10 then be allocated among the three transmission owners based on their share of the total annual
11 transmission revenue requirement used in setting the AMMO Schedule 9 rate for the billing period.
12 This process will ensure that ATXI and Wabash Valley will recover their respective revenue
13 requirements related to their respective facilities in the AMMO Pricing Zone and that Ameren
14 Missouri only pays its portion based on its share of the load.

15 **Q. What is the estimated in-service date for the Project?**

16 A. The estimated in-service date is December 1, 2023. Mr. Jontry provides more
17 details around construction activities and timelines in his Direct Testimony.

18 **Q. Above, you indicate that Ameren Missouri will sell to Wabash Valley the**
19 **portion of the line between TOT New Sub and the Charmin Bulk Substation. In general,**
20 **what are the terms surrounding that sale?**

21 A. Yes. Ameren Missouri intends to sell this line section at depreciated book value
22 shortly before the ATXI-Wabash Development is placed into service. After completion of the

⁴ For example, the Ameren Illinois Pricing Zone (“AMIL Pricing Zone”) has a JPZA between the five transmission owners that have transmission facilities included in the AMIL Schedule 9 rate.

1 ATXI-Wabash Development, this short section of line will not be part of the greater transmission
2 network and will be a direct source to the Charmin Bulk Substation. The length of that line is
3 approximately 1.5 miles and the estimated purchase price at the time of closing will be less than
4 \$1 million. Ameren Missouri will pursue concurrent regulatory approval for this sale, as noted
5 above.

6 **Q. How have these details, and the relationship between ATXI and Wabash**
7 **Valley, been memorialized?**

8 A. The details of the Project and the relationship between ATXI and Wabash Valley
9 have been memorialized in three main contracts: (1) the Joint Development Agreement, attached
10 hereto as Schedule SB-01; (2) the Fiber License Agreement, attached hereto as Schedule SB-02;
11 and (3) the Option to Purchase Agreement, attached hereto as Schedule SB-03.

12 **Q. Please provide an overview of the Joint Development Agreement.**

13 A. The Joint Development Agreement (“JDA”) is a contract between ATXI and
14 Wabash Valley governing their agreement to construct their respective portions of the ATXI-
15 Wabash Development and to make commercially reasonable efforts to support each other in
16 obtaining regulatory approval for their respective sections of the development. The JDA also
17 includes commitments to enter into a number of ancillary agreements in furtherance of the
18 development. In the event that either party defaults from completing their responsibilities under
19 the JDA, the non-defaulting party may commence an action for specific performance and damages.

20 **Q. Please provide an overview of the Fiber License Agreement.**

21 A. The Fiber License Agreement governs ATXI and Wabash Valley’s use of fiber
22 optic strands between the new Wittenberg Substation and the Grand Tower Power Plant
23 Switchyard. As part of the agreement, Wabash Valley will license to ATXI use of 48 of the 96

1 fiber optic cable bundles for any lawful communication purpose for twenty years, with annual,
2 automatic renewals thereafter.

3 **Q. Please provide an overview of the Option to Purchase Agreement.**

4 A. The Option to Purchase Agreement provides the right for Wabash Valley to
5 purchase a 161/138 kV autotransformer and associated protective equipment located between the
6 Wittenberg Substation and the TOT New Sub. The Option is triggered upon receipt of all required
7 regulatory approvals for the construction of a future 345 kV transmission line utilizing the
8 Transmission Line structures associated with the Project. The purchase price is Original Cost
9 Depreciated Value.

10 **Q. Would Citizens or Wabash Valley needed to pursue a CCN from the**
11 **Commission to develop this Project on its own or to allocate the related costs to the AMMO**
12 **Pricing Zone?**

13 A. Although I am not an attorney, my understanding is that the answer is “no.” The
14 Commission does not have jurisdiction over cooperative entities like Citizens or Wabash Valley.

15 **Q. Does ATXI intend to pursue and secure all required permits prior to**
16 **construction?**

17 A. Yes.

18 **V. TARTAN CRITERIA**

19 **Q. Are you familiar with the Tartan Criteria that the Commission uses in its**
20 **evaluation of CCN applications?**

21 A. Yes. It is my understanding that, in its review of CCN applications, the
22 Commission has traditionally applied the following five criteria, known as the Tartan Criteria: (1)
23 there must be a need for the service the applicant proposes to provide; (2) the applicant’s proposal

1 must be economically feasible; (3) the applicant must have the financial ability to provide the
2 service; (4) the applicant must be qualified to provide the proposed service; and (5) the proposed
3 service must be in the public interest.

4 **Q. Please explain why there is a need for the Project.**

5 A. ATXI and Wabash Valley collaborated to evaluate the need for energy
6 reinforcements, analyzed numerous alternatives and determined this as the best solution to
7 continue providing safe, reliable, and affordable energy to all customers. The Project will improve
8 energy reliability and operational flexibility, provide additional capacity to local manufacturing
9 facilities and allow for efficient future expansion of the transmission grid.

10 **Q. Please explain how the Project is economically feasible.**

11 A. The cost to develop the Project will be shared between all Ameren Missouri and
12 Citizens Electric customers, as well as other wholesale customers connected to the Ameren
13 transmission system in Missouri. MISO will allocate and collect the costs. The customer impact
14 will be minimal and the benefits, in terms of regional reliability and strategic value, will outweigh
15 the costs.

16 **Q. Does ATXI have the financial ability to build and operate the Project?**

17 A. Yes. The total cost of the Project to ATXI is approximately \$40 million. As I
18 discuss in further detail above, ATXI will finance the Project with either available cash on hand
19 or short-term borrowings, which would be available under Ameren's Money Pool Arrangement.
20 ATXI will replace any short-term borrowings with a permanent source of capital that includes a
21 balanced blend of long-term debt and common equity. Mr. Jontry provides further detail about
22 the costs of the Project in his Direct Testimony.

23 **Q. Is ATXI qualified to build and operate the Project?**

1 A. Yes. ATXI was first recognized by the Commission as a public utility in File No.
2 EA-2015-0145. ATXI has a successful track record in developing several Multi-Value Projects
3 and has also recently expanded its project portfolio to include opportunities like the one ATXI
4 developed in conjunction with the City of Rolla (File No. EA-2018-0327).

5 **Q. Please summarize your arguments demonstrating that the Project is in the**
6 **public interest.**

7 A. This Project and the overall ATXI-Wabash Development represents the outcome
8 of a coordinated process by ATXI, Ameren Missouri, Wabash Valley, and Citizens Electric to plan
9 and develop mutually beneficial transmission upgrades in an area of overlapping interests.
10 Coordinated planning is essential to customer value in order to reduce or eliminate inefficiencies
11 that can occur when infrastructure planning on the seams of multiple parties is conducted on an
12 individual basis. The ATXI-Wabash Development aims to ensure public value to both
13 jurisdictional and non-jurisdictional entities by providing immediate reliability benefits; increasing
14 operational flexibility; efficiently positioning the Project for future system expansion; efficiently
15 aligning ownership, maintenance, and operational responsibility; and permitting economic
16 development by providing additional capacity to serve residential, commercial, and industrial
17 loads in the area.

18 **Q. Does this conclude your direct testimony?**

19 A. Yes, it does.