

Exhibit No.	Project Updates
Issue(s)	Sean Black
Witness	ATXI
Sponsoring Party	Supplemental Testimony
Type of Exhibit	EA-2022-0099
Case No.	March 11, 2022
Date Testimony Prepared	

**MISSOURI PUBLIC SERVICE
COMMISSION**

FILE NO.

EA-2022-0099

SUPPLEMENTAL DIRECT TESTIMONY

OF

SEAN BLACK

ON

BEHALF OF

**AMEREN TRANSMISSION COMPANY
OF ILLINOIS**

St. Louis, Missouri
March 11, 2022

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Submitted on behalf of

AMEREN TRANSMISSION COMPANY OF ILLINOIS

1

I. INTRODUCTION

2

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

3

A. My name is Sean Black. My business address is 1901 Chouteau Avenue,
4 St. Louis, Missouri 63103. I am the Director of Transmission Business Development for
5 Ameren Services Company. My testimony is offered on behalf of Ameren Transmission
6 Company of Illinois (ATXI).

7

**Q. Are you the same Sean Black who submitted direct testimony in this
8 proceeding?**

9

A. Yes. I submitted direct testimony with ATXI's December 21, 2021
10 Application.

11

II. PURPOSE OF TESTIMONY

12

Q. What is the purpose of your supplemental direct testimony?

13

A. I explain two recent developments that affect the Project and describe
14 certain limited updates to the Project scope that have arisen since my December 21 direct
15 testimony.

1 **Q. Are you sponsoring any schedules with your supplemental direct**
2 **testimony?**

3 A. No.

4 **III. RECENT DEVELOPMENTS & PROJECT UPDATES**

5 **Q. What recent developments have affected the Project?**

6 A. There are two. First, the City of New Madrid has announced certain new
7 economic development in the City in 2022. Second, ATXI has now received bids for
8 Project work, and those bids are slightly higher than what ATXI originally estimated.
9 As a result, ATXI is proposing a few limited Project updates to help mitigate the overall
10 cost increase.

11 **Q. Please explain the new economic development in New Madrid.**

12 A. A February 18, 2022 Missouri Department of Economic Development
13 release titled “Circular SynTech to expand in New Madrid, investing more than \$91
14 million and creating 45 new jobs”¹ indicates that Circular SynTech, LLC (CST) is
15 expanding to New Madrid and will invest up to \$91.4 million to construct a new, 200-
16 acre campus that will convert municipal solid waste and construction and demolition
17 debris into valuable renewable chemicals. According to the release, the facility is
18 expected to begin operations before the end of 2022 and is expected to initially create
19 45 new jobs, and CST is planning future expansions following its initial investment.

¹ The release is available at <https://ded.mo.gov/content/circular-syntech-expand-new-madrid-investing-more-91-million-and-creating-45-new-jobs>.

1 **Q. How does this new economic development affect the Project?**

2 A. From an electric load perspective, ATXI believes the new development
3 represents 5-10 MW of initial load growth, with possible increases as the CST plant
4 expands operations in the future.

5 **Q. How does this development affect the economics of the Project?**

6 A. The addition of this load helps the overall Project economics. It will create
7 additional revenues, which will flow back to the Midcontinent Independent
8 Transmission Operator, Inc. (MISO) Ameren Missouri (AMMO) Pricing Zone and help
9 offset the cost of the Project for the other customers in the transmission pricing zone.
10 ATXI has revised the Net Present Value (NPV) analysis that I referred to in my
11 December 21 direct testimony (see ATXI Exhibit 1.0 at 30-31), and that ATXI provided
12 to Staff in response to data request MPSC 0001, to model the effects of both 5 MW and
13 10 MW load additions, at the revised Project cost described below. The revised NPV
14 analysis shows that the addition of the load will advance the "break even" point of the
15 Project by several years. Specifically, assuming 5 MW of additional load, Year 6 (2029)
16 will be the first positive year, as opposed to Year 9 (2032) under ATXI's original NPV
17 analysis, and generates net positive revenues in Year 13 (2036), as opposed to Year 22
18 (2045) under the original analysis. Assuming 10 MW of additional load, Year 3 (2026)
19 will be the first positive year and generates positive revenues in Year 6 (2029).
20 Simultaneous with its submission of my supplemental direct testimony, ATXI is
21 submitting a supplemental response to data request MPSC 0001 that attaches the revised
22 NPV analysis.

1 **Q. Please explain the second development regarding bids for Project work.**

2 A. As ATXI witness Stephanie Thomson explained on pages 10-11 of her
3 direct testimony (ATXI Exhibit 2.0), while ATXI believed its initial Project cost
4 estimate to be accurate at the time of filing, there has been some fluctuation as ATXI
5 competitively bid the Project elements in a generally rising-cost environment. After
6 receiving quotes and bids from suppliers and contractors, costs have increased, likely
7 due to supply chain issues, scarcity, and inflation, affecting, for example, the prices of
8 steel structure materials, control enclosure materials, and construction labor.

9 **Q. How has this affected Project cost estimates?**

10 A. Specifically, the overall cost of the Project is expected to increase from
11 the \$20.6 million estimate in ATXI's direct case filing to \$23.5 million, with the
12 estimated cost allocated to the AMMO Pricing Zone increasing from \$10.9 million to
13 \$11.8 million. Below is an update to the table on page 10 of Mr. Thomson's direct
14 testimony that shows a breakdown of the updated total estimated cost for each
15 component of the Project and the portion of that updated total estimated cost that will be
16 allocated to customers in MISO's AMMO Pricing Zone:

1

Facility	Entity	Contribution	Cost	Cost Allocated to Zone
Comstock				
	ATXI	28.6%	\$ 5,384,201.05	\$ 5,384,201.05
	MJMUEC	27.5%	\$ 5,173,055.91	\$ 5,173,055.91
	Sikeston (SBMU)	43.9%	\$ 8,274,878.33	-
		Comstock Total	\$ 18,832,135.29	\$ 10,557,256.96
Area Connections				
	ATXI	5.5%	\$ 123,521.85	\$ 123,521.85
	MJMUEC	5.2%	\$ 118,677.86	\$ 118,677.86
	Sikeston (SBMU)	44.7%	\$ 2,022,565.19	-
		Area Connections Total	\$ 2,264,764.89	\$ 242,199.70
Existing Line (Purchase)				
	ATXI	51%	\$ 510,000.00	\$ 510,000.00
	MJMUEC	49%	\$ 490,000.00	\$ 490,000.00
		Existing Line Total	\$ 1,000,000.00	\$ 1,000,000.00
New Line				
	ATXI	51%	\$ 700,445.99	\$ 700,445.99
	MJMUEC	49%	\$ 672,977.52	\$ 672,977.52
		New Line Total	\$ 1,373,423.51	\$ 1,373,423.51
		PROJECT COST TOTAL	\$ 23,470,323.69	
			ALLOCATED COST TOTAL	\$ 11,799,456.66

2

3 **Q. Does the new CST load in New Madrid mitigate against the estimated**
 4 **Project cost increases?**

5 **A. Yes.** Again, the new load will generate transmission service revenues that
 6 offset Project costs and produce net benefits to customers in the AMMO Pricing Zone,
 7 as I explain above.

1 **Q. Is ATXI undertaking any other measures to help mitigate against the**
2 **cost increases?**

3 A. Yes. ATXI is also proposing three limited updates to the Project scope in
4 an effort to help mitigate against those estimated cost increases.

5 **Q. Please explain the first update.**

6 A. In discussing the technical specifications of the Area Connections, ATXI
7 witness Jessica Timmermann indicated on page 12 of her direct testimony (ATXI
8 Exhibit 3.0) that ATXI originally intended to install three steel deadend structures. ATXI
9 is now proposing to replace two of these structures with wood structures. This change
10 will save approximately \$433,000. One structure will be a wood monopole with down
11 guys and the other will be a wood deadend, like the structure type represented in
12 Schedule JT-D5. Both of these structures will be located on property owned and
13 maintained by the City of Sikeston, which has indicated it has no objection to the revised
14 approach. Further, this change in structure type will not affect the routes of the Area
15 Connections, as represented in Schedule JT-D5.

16 **Q. Please explain the second update.**

17 A. In discussing the technical specifications of the Comstock substation,
18 ATXI witness Curtiss Frazier indicated on page 5 of his direct testimony (ATXI Exhibit
19 4.0) that the substation will contain two relay enclosures, with one to be owned by ATXI
20 and one to be owned by the Sikeston Board of Municipal Utilities (SBMU). In an effort
21 to help manage costs, ATXI is now proposing to install and own one transmission
22 control enclosure, which will house ATXI's relay equipment as well as certain relay

1 equipment SMBU will need for its own operations.² SBMU may, in the future, install a
2 second control enclosure to house equipment related to their distribution operations.
3 This change will save approximately \$1,599,000. This proposed change has been
4 discussed with SBMU, which has indicated that it has no objection to the consolidation.
5 This control enclosure will be designed, operated, and maintain in compliance with all
6 NERC guidelines.

7 **Q. Please explain the third update.**

8 A. At page 8, footnote 3 of my direct testimony, I noted that ATXI may also
9 help facilitate the connection, to the Comstock substation, of a SBMU-owned
10 distribution line. The costs of that connection were omitted from the original Project
11 costs presented by Ms. Thomson in ATXI Exhibit 2.0 because it was uncertain at that
12 time whether the connection would be required and, if it was required, Sikeston would
13 pay for the connection. The connection site preparation costs (such as the costs to grade,
14 fill, and trench the site) were included in the original Project costs, however, (albeit on
15 Sikeston's side of the ledger) because ATXI intended to perform that scope in
16 conjunction with the other components of the Project in an effort to create construction
17 efficiencies and economies of scale. Sikeston has since agreed to include the site
18 preparation costs as a part of the separate distribution connection project, removing
19 \$836,000 from ATXI's original Project cost estimate.

² For avoidance of doubt, two control enclosures were also included on the site layout and equipment layout diagrams presented as Schedule CF-D1 (Confidential) and Schedule CF-D2 (Confidential), respectively. ATXI is proposing to eliminate what was identified on Schedule CF-D2 as the "Sikeston Control Enclosure."

1 the Project, which is in the public's interest. The Commission's approval will enable
2 ATXI to participate in a collaborative effort among ATXI, New Madrid, SBMU, and
3 MJMEUC that will simultaneously address the energy needs of New Madrid and SBMU
4 in a manner that creates (and now accelerates) potential future benefits for AMMO
5 Pricing Zone customers and the region generally.

6 **Q. Does this conclude your supplemental direct testimony?**

7 **A. Yes.**