

## MEMORANDUM

**TO:** Missouri Public Service Commission Official Case File  
File No. EA-2024-0147  
In the Matter of the Application of Ameren Transmission Company of  
Illinois for a Certificate of Convenience and Necessity Under 393.170.1,  
RSMo Relating to Transmission Investment in Northeast Missouri

**FROM:** Claire M. Eubanks, PE, Manager, Engineering Analysis Department  
Michael L. Stahlman, Economist, Tariff/Rate Design Department  
Industry Analysis Division  
Seoung Joun Won, PhD, Manager, Financial Analysis Department  
Financial and Business Analysis Division

**SUBJECT:** Recommendation to Approve Application

**DATE:** March 19, 2024

/s/ *Claire M. Eubanks, P.E.* 03/19/24

Engineering Analysis Manager/ Date

### SUMMARY

Staff has reviewed the February 2, 2024, Application of Ameren Transmission Company of Illinois (“ATXI” or “Transmission Owner”) concerning the Fabius Switchyard in Knox County, Missouri (“Application”) and the supporting Direct Testimony of Clinton Quinn. As discussed below, Staff recommends the Commission order the issuance of a Certificate of Convenience and Necessity (“CCN”) to operate and maintain the Fabius Switchyard located in Knox County, Missouri.

### BACKGROUND

On February 2, 2024, ATXI submitted an Application for a Missouri Public Service Commission (“Commission”) CCN authorizing it to construct, own, operate and maintain the Fabius Switchyard, within Knox County, Missouri, per Section 393.170.1, RSMo. ATXI further requests the CCN to be effective on or before May 31, 2024.

The filing requirements for CCN applications for the authority to construct an asset are contained in Commission rule 20 CSR 4240-20.045(6). ATXI outlines the specific

requirements in Section D of its Application. Staff has reviewed the Application and supporting testimony and it contains the filing requirements.<sup>1</sup>

The Project consists of a 345 kV switching station and associated facilities (“Fabius Switchyard” or “Project”). A switchyard or switching station is where energy is routed either from different sources or to different customers. For example, a switching station near an energy generating facility may be able to switch some or all of its energy flow from one region to another as needed. A switching station near a city, on the other hand, might allow the city to switch between different energy providers if one provider goes offline or routes their energy to a different customer. Switching stations often contain circuit breakers and other automated mechanisms that switch or divide their output between different distribution lines when system faults occur or shut down transmission altogether in the event of a serious problem.

The Fabius Switchyard will be located along the existing Maywood-Zachary 345 kV transmission line as shown in Figure 1 below. More specifically, the Fabius Switchyard is located at \*\* [REDACTED]

[REDACTED] <sup>\*\*2</sup> ATXI reports that the Fabius Switchyard will be constructed on land that will be owned by ATXI.<sup>3</sup> Voltage will not be transformed at the Fabius Switchyard, in that \*\* [REDACTED]

[REDACTED] <sup>\*\*</sup> 345 kV Fabius substation. There is no interconnection at the point in question with the surrounding distribution system.

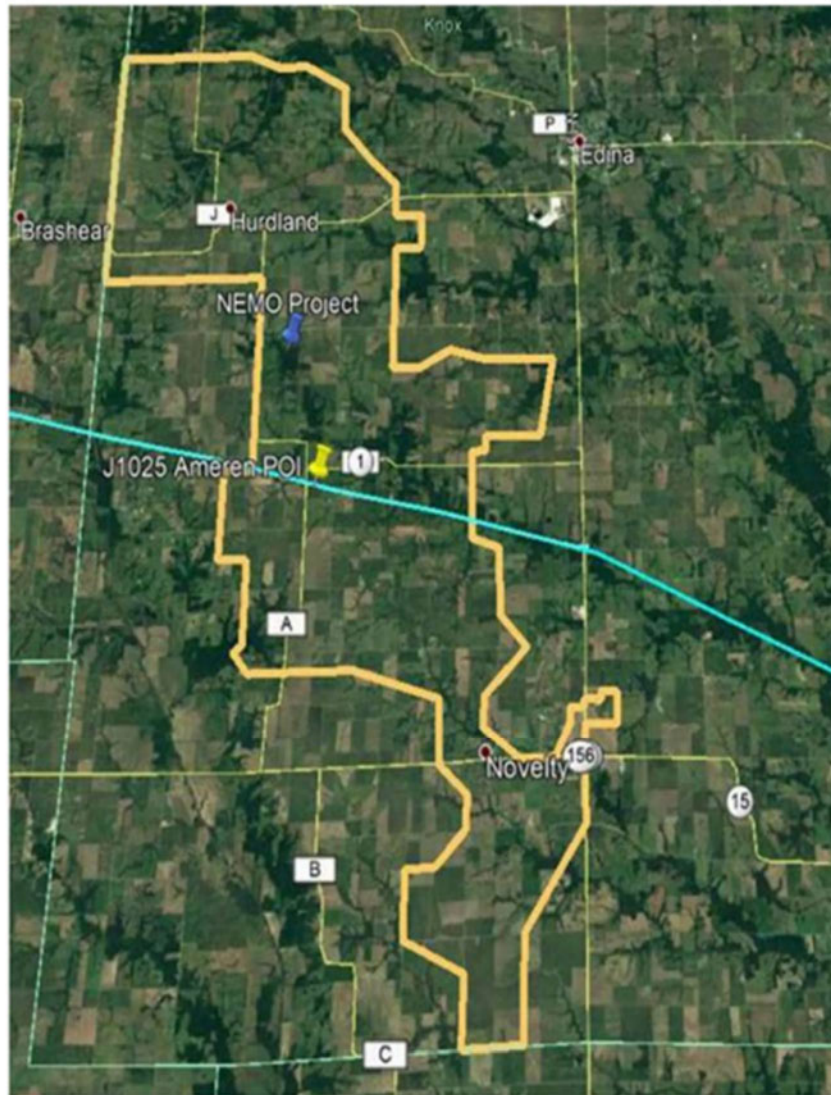
---

<sup>1</sup> 20 CSR 4240-20.045(6)(E), 20 CSR 4240-20.045(6)(G), and 20 CSR 4240-20.045(6)(K) are not applicable in this case.

<sup>2</sup> 20 CSR 4240-20.045(6)(A), “A description of the proposed route or site of construction;” contained in Appendix D of the Application and presented in Figure 1 below.

<sup>3</sup> Direct Testimony of Clinton Quinn, page 2, lines 12-14.

Figure 1 – Interconnection Customer Generating Facility Site Map



The purpose of the new switching station is to interconnect a 290 MW wind project in northeast Missouri being developed by ATXI’s interconnecting customer, Northeast Missouri Wind, LLC (“NEMO Wind”). The Project will be the point-of-interconnection for the 290 MW wind project. The Commission has not received a CCN application for the interconnecting wind project. As long as the wind project is operated by an Independent Power Producer, Staff does not expect the Commission to receive a CCN application for the interconnecting wind project.

When a generation project seeks to interconnect with the Midcontinent Independent System Operator’s (“MISO”) transmission system it follows MISO’s Generation Interconnection

Procedures, documented in the attachment X to its Federal Energy Regulatory Commission (“FERC”) Electric Tariff. The result of that procedure may include an executed Generator Interconnection Agreement (“GIA”). Generally, a GIA details the necessary system upgrades and associated costs resulting from the generator interconnection request. There are three possible parties to a GIA. In this case, the Transmission Provider (i.e. MISO), the Transmission Owner (i.e. ATXI), and the Interconnection Customer (i.e. NEMO Wind). The Amended and Restated GIA, attached to ATXI’s Application as Confidential and Public Appendix C, outlines the agreement amongst parties to facilitate the requested transmission interconnection.

The site of the future Fabius Switchyard will be acquired by NEMO Wind and transferred to ATXI.<sup>4</sup> ATXI represents that there are no electric, gas, or telephone lines of regulated or nonregulated utilities or underground facilities where the Fabius Switchyard will be constructed.<sup>5</sup> \*\* [REDACTED]

\*\*<sup>6</sup> As mentioned in the Direct Testimony of Clinton Quinn, NEMO Wind will begin site preparation in April 2024 prior to the issuance of a CCN. ATXI intends to begin construction on July 1, 2024 and be ready to provide transmission service by June 1, 2025.<sup>7</sup>

In its application, ATXI provided the originally estimated total cost of the interconnection<sup>8</sup> in 2020 dollars, \$10,997,000. ATXI further noted that due to inflationary pressures, ATXI estimated the costs to be between \$13 million - \$14.95 million at the time of the application.<sup>9</sup> In response to Staff Data Request No. 0011, ATXI updated its cost estimate based on the bid responses received since this case was filed. The total cost of interconnection is now expected to be \$14,039,649.

The Interconnection Customer is responsible Transmission Owner’s Interconnection Facilities (“TOIF”). Additionally, ATXI will collect 90% of its transmission revenue requirement (non-TOIF components) and other identified network upgrades from the Interconnection

---

<sup>4</sup> Direct Testimony of Clinton Quinn, page 7, line 18.

<sup>5</sup> 20 CSR 4240-20.045(6)(B). Application, paragraph 18 and response to Staff Data Request No. 0012.

<sup>6</sup> 20 CSR 4240-20.045(6)(C).

<sup>7</sup> 20 CSR 4240-20.045(6)(D). Application, paragraph 20.

<sup>8</sup> 20 CSR 4240-20.045(6)(C).

<sup>9</sup> Application, paragraph 14.

Customer. Ameren Missouri’s MISO pricing zone will be allocated the remaining 10%.<sup>10</sup> ATXI will recover approximately \$12,770,387 from the Interconnection Customer and approximately \$1,269,261 will be allocated to the Ameren Missouri pricing zone. The table below presents the most recent cost estimate provided in response to Staff Data Request No. 0011:

<b>Type</b>	<b>Facilities to be Constructed by the Transmission Owner</b>	<b>Cost Estimate</b>	<b>Recovery</b>
Interconnection Facilities	Transmission Owner’s Facilities at 345 kV Fabius Substation	\$1,347,031	<ul style="list-style-type: none"> <li>• 100% from Interconnection Customer</li> </ul>
Stand Alone Network Upgrade	Construct 345 kV Fabius Substation	\$11,232,253	<ul style="list-style-type: none"> <li>• 90% of revenue requirement from Interconnection Customer</li> <li>• 10% Attachment FF (i.e., MISO Ameren Missouri Pricing Zone)</li> </ul>
Network Upgrade	Cut the Maywood-Zachary 345 kV transmission line to connect 345 kV Fabius Substation	\$1,125,570	<ul style="list-style-type: none"> <li>• 90% of revenue requirement from Interconnection Customer</li> <li>• 10% Attachment FF (i.e., MISO Ameren Missouri Pricing Zone)</li> </ul>
Network Upgrade	Upgrade Terminal Equipment at the Zachary substation	\$334,795	<ul style="list-style-type: none"> <li>• 90% of revenue requirement from Interconnection Customer</li> <li>• 10% Attachment FF (i.e., Ameren Missouri Pricing Zone)</li> </ul>
<b>Total:</b>		<b>\$14,039,649</b>	

<sup>10</sup> 20 CSR 4240-20.045(6)(C). Application, paragraph 14.

ATXI further indicates that NEMO Wind is responsible for all land acquisition costs.<sup>11</sup> ATXI represents the Fabius Switchyard will be constructed using funds from ATXI's treasury and which, as noted above, will be covered by the charges addressed in the GIA.

ATXI, through the services provided by Ameren Services, plans to use a competitive bidding process to secure bids for the labor necessary to construct the project.<sup>12</sup>

ATXI will operate and maintain the asset in a similar fashion to its existing Missouri assets through services provided through Ameren Services. Ameren Services will provide certified system operators, a primary control center, and continuous monitoring of the switchyard. Ameren Services provides expertise in substation maintenance through routine inspections.<sup>13</sup> In the event of an unplanned outage, Ameren Services operators will review the data and dispatch field resources to assess damage and determine whether material and labor resources are needed to restore service.<sup>14</sup>

## **DISCUSSION**

When considering a request for a CCN, the Commission applies criteria originally developed in a CCN case filed by the Tartan Energy Company<sup>15</sup> and referred to now as the "Tartan criteria." The Tartan criteria contemplate 1) the need for service; 2) the utility's qualifications; 3) the utility's financial ability; 4) the economic feasibility of the proposal; and, 5) promotion of the public interest. These factors are an over-arching general framework to organize discussion of the evidence in review of the various types of CCN applications that come before the Commission. Each CCN case must be evaluated in light of the regulatory context and operating circumstances of a project. The Commission's inquiry does not end at a surface level Tartan analysis.

---

<sup>11</sup> Application, paragraph 13.

<sup>12</sup> 20 CSR 4240-20.045(6)(H); Application, paragraph 24.

<sup>13</sup> 20 CSR 4240-20.045(6)(I); Direct Testimony of Clinton Quinn pages 12-14.

<sup>14</sup> 20 CSR 4240-20.045(6)(J); Direct Testimony of Clinton Quinn page 14, lines 5-15.

<sup>15</sup> In the Matter of the Application of Tartan Energy Company, LLC, d/b/a Southern Missouri Gas Company, 3 Mo P.S.C. 3d 173, 177 (1994).

***Is the service needed?***

Yes. In Order 2003, FERC noted that generator interconnection is a “critical component of open access transmission service.”<sup>16</sup> and found that it was appropriate to establish a standard set of generator interconnection procedures to “minimize opportunities for undue discrimination and expedite the development of new generation, while protecting reliability and ensuring that rates are just and reasonable.”<sup>17</sup> In this case, ATXI is requesting a CCN to install transmission facilities that it must make pursuant to the Amended and Restated GIA between itself, MISO, and NEMO Wind. NEMO Wind desires to deliver its 290 MW to load via the Maywood-Zachary 345 kV transmission line. As a result, this interconnection will be via an ATXI-owned Fabius Switchyard.

***Is the applicant qualified to provide the service?***

Yes. The Commission has previously found ATXI is qualified to construct, own, operate and maintain transmission projects and has granted ATXI CCNs dating back to 2015. As an affiliate of Ameren Corp., ATXI has access to Ameren Services, which also provides expertise to Ameren Missouri as discussed above. ATXI has developed several projects in Missouri including the Mark Twain Project, the Illinois Rivers Project (beginning in Palmyra, Missouri), and the Limestone Ridge Project.

***Does the applicant have the financial ability to provide the service?***

Yes. ATXI is a private company wholly owned by Ameren Corporation (“Ameren Corp.”). Considering ATXI and Ameren Corp’s financial capacity, the Applicant has the financial ability to own, operate, and maintain the Fabius Switchyard. ATXI will only need to initially fund the \$12,692,618 as the Interconnection Customer will pay for and fund the \$1,347,031 Transmission Owner Interconnection Facilities upfront.<sup>18</sup> While most capital projects are initially funded through short-term funds, ATXI will permanently finance completed projects

---

<sup>16</sup> Order No. 2003, 104 FERC ¶ 61,103 at Page 9.

<sup>17</sup> *Id.* Page 11.

<sup>18</sup> Staff Data Request No. 0005 has been updated with information from No. 0011.

with a mix of debt and equity capital consistent with its current capital structure<sup>19</sup> ATXI has access to up to \$300 million in liquidity through Ameren Corp.'s utility money pool and has placed \$570.5 million in long-term debt with external investors.<sup>20</sup>

Over the next five years, S&P expects Ameren Corp.'s elevated capital spending to amount to roughly \$19.7 billion, projected through 2024, across its electric transmission, and electric and gas distribution businesses.<sup>21</sup> ATXI's forecasted capital expenditures for 2024-2028 total just under \*\* [REDACTED] \*\*. <sup>22</sup> S&P and Moody's have both rated Ameren Corp. as investment grade. S&P assigned Ameren Corp. a rating of "BBB+", while Moody's rated them as "Baa1".<sup>23</sup> Furthermore, ATXI demonstrates financial strength, as evidenced by its Moody's A2 issuer credit rating.<sup>24</sup>

Additionally, to investigate the financial impact of the Projects, Staff conducted pro forma analysis using financial ratios such as Debt to Earnings before Interest, Taxes, and Depreciation/Amortization (EBITDA) and Funds from Operations (FFO) to Debt. As shown in Table 2, Staff found that there is no significant change in Ameren Missouri's financial risk profile due to the Projects.<sup>25</sup>

**Table 2. ATXI Financial Ratios<sup>26</sup>**

	Dec-22	Pro Forma
Debt / EBITDA	** [REDACTED] **	** [REDACTED] **
FFO / Debt	** [REDACTED] **	** [REDACTED] **

<sup>19</sup> Staff Data Request No. 0004.

<sup>20</sup> Staff Data Request No. 0007.

<sup>21</sup> Ameren Corporation, RatingsDirect, S&P Global Ratings. March 23, 2023.

<sup>22</sup> Staff Data Request No. 0005.1.

<sup>23</sup> S&P Capital IQ Pro.

<sup>24</sup> Staff Data Request No. 0007.

<sup>25</sup> S&P's Ratings Services, RatingsDirect, "Criteria Methodology: Business Risk/Financial Risk Matrix Expanded"

<sup>26</sup> Staff's Data Request Nos. 0001 and 0002. 2023. Financial Statements will be available in April 2024.



ATXI has estimated that the final maximum estimated costs could be approximately \*\* [REDACTED] \*\*. <sup>27</sup> However, ATXI expects NEMO Wind will pay 100% of the TOIF and will pay 90% of the other costs, with the remaining 10% allocated to the Ameren Missouri Pricing Zone. <sup>28</sup> Considering the proposed cost, which is less than 1% of ATXI's capital expenditure, and the financial impact of the projects, it is reasonable to conclude that ATXI has the financial ability to own, operate, and maintain the Fabius Switchyard.

***Is the applicant's proposal economically feasible?***

Yes. With approximately 90% of the project expenditures needed to interconnect this wind project being recovered from the interconnecting customer and the remaining 10% allocated through Ameren Missouri's MISO price zone, the economic advantages are likely to exceed the economic costs.

***Does the service promote the public interest?***

Yes. The public interest assessment involves a reconsideration of the other Tartan Criteria. Staff considers the evaluation of the separate Tartan criteria and whether, on balance, the project promotes the public interest. Additionally, Staff reviews the project and whether there are any considerations not covered by the other Tartan Criteria that should be considered in the public interest assessment.

In this case, one concerned Missourian provided a consumer comment associated with this case. <sup>29</sup> The consumer was concerned about his experience in a condemnation proceeding. However, in this case ATXI represents that NEMO wind owns the land and will transfer it to ATXI prior to construction. Thus, no landowners are expected to be directly impacted by the granting of the requested CCN.

---

<sup>27</sup> Staff's Data Request Nos. 0011 and 0013. Page 7, lines 9-13, Clinton Quinn's Direct Testimony. Ameren has estimated that the final costs will be closer to \$13 million (with the potential to be 10-15% higher as we receive bids from vendors and contractors and as we progress with Project execution).

<sup>28</sup> Page 6, lines 3-4, Clinton Quinn's Direct Testimony.

<sup>29</sup> As of March 19, 2024.

As discussed above, the project is necessary for the interconnection of NEMO Wind's proposed project, ATXI is qualified to provide the service, has the financial ability, and the proposal is economically feasible. Through its investigation Staff has not identified other issues regarding the Project which would lead it to question whether the project promotes the public interest. Therefore, Staff concludes ATXI owning, operating, and maintaining the Fabius Switchyard promotes the public interest.

## **CONCLUSION**

Staff has reviewed the filing and information obtained through prior discussions with ATXI as well as discovery conducted as part of this matter. In this Application, ATXI is requesting and Staff supports the issuance by the Commission of a CCN for ATXI to operate and maintain the Fabius Switchyard located in Knox County, Missouri, because these transmission facilities are necessary for the interconnection of the wind farm NEMO Wind is developing.

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

In the Matter of the Application of Ameren            )  
Transmission Company of Illinois for a            )  
Certificate of Convenience and Necessity Under    )  
Section 393.170.1, RSMo. Relating to            )  
Transmission Investments in Northeast Missouri    )

File No. EA-2024-0147

**AFFIDAVIT OF CLAIRE M. EUBANKS, PE**

STATE OF MISSOURI        )  
  )        ss.  
COUNTY OF COLE        )

**COMES NOW CLAIRE M. EUBANKS, PE**, and on hers oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Recommendation, in Memorandum form*; and that the same is true and correct according to her best knowledge and belief.

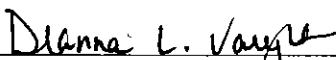
Further the Affiant sayeth not.

  
\_\_\_\_\_  
CLAIRE M. EUBANKS, PE

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 18<sup>th</sup> day of March 2024.

DIANNA L. VAUGHT  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for Cole County  
My Commission Expires: July 18, 2027  
Commission Number: 15207377

  
\_\_\_\_\_  
Notary Public

**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

In the Matter of the Application of Ameren )  
Transmission Company of Illinois for a )  
Certificate of Convenience and Necessity Under )  
Section 393.170.1, RSMo. Relating to )  
Transmission Investments in Northeast Missouri )

File No. EA-2024-0147

**AFFIDAVIT OF MICHAEL L. STAHLMAN**

STATE OF MISSOURI     )  
  )  
COUNTY OF COLE     )     ss.

**COMES NOW MICHAEL L. STAHLMAN**, and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Recommendation, in Memorandum form*; and that the same is true and correct according to his best knowledge and belief.

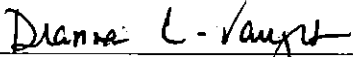
Further the Affiant sayeth not.

  
\_\_\_\_\_  
**MICHAEL L. STAHLMAN**

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 19<sup>th</sup> day of March 2024.

DIANNA L. VAUGHT  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for Cole County  
My Commission Expires: July 18, 2027  
Commission Number: 15207377

  
\_\_\_\_\_  
Notary Public

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

In the Matter of the Application of Grain Belt )  
Express LLC for an Amendment to its )  
Certificate of Convenience and Necessity )  
Authorizing it to Construct, Own, Operate, )  
Control, Manage, and Maintain a High Voltage, )  
Direct Current Transmission Line and Associated )  
Converter Station

File No. EA-2023-0017

**AFFIDAVIT OF SEOUNG JOUN WON, PhD**

STATE OF MISSOURI     )  
  )     ss.  
COUNTY OF COLE     )

COMES NOW SEOUNG JOUN WON, PhD, and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Recommendation, in Memorandum form*; and that the same is true and correct according to his best knowledge and belief.

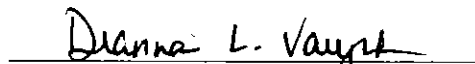
Further the Affiant sayeth not.

  
\_\_\_\_\_  
SEOUNG JOUN WON, PhD

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 19<sup>th</sup> day of March, 2023.

DIANNA L. VAUGHT Notary Public - Notary Seal State of Missouri Commissioned for Cole County My Commission Expires: July 18, 2027 Commission Number: 15207377
---

  
\_\_\_\_\_  
Notary Public