

Exhibit No. 308

Exhibit No.: _____
Issues: The Feasibility of
the FDIM Project which further
Promotes the Public Interest
Witness: Kenneth Reasoner
Type of Exhibit: Rebuttal Testimony
Sponsoring Party: MEC
File No.: EA-2024-0302

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

FILE NO. EA-2024-0302

REBUTTAL TESTIMONY

OF

KENNETH REASONER

ON BEHALF OF

**THE MISSOURI JOINT MUNICIPAL ELECTRIC
UTILITY COMMISSION d/b/a
MISSOURI ELECTRIC COMMISSION**

JANUARY 14, 2025

I. INTRODUCTION OF WITNESS AND TESTIMONY

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

A. My name is Kenneth Reasoner. I am the Chief Financial Officer of the Missouri Public Utility Alliance (“MPUA”), which includes the Missouri Joint Municipal Electric Utility Commission d/b/a Missouri Electric Commission (“MEC”). MEC’s business address is 2200 Maguire Boulevard, Columbia, MO 65201.

Q. Please describe your professional background.

A. I joined MPUA in June 2022 as Director of Business and Member Development. In November 2023, I assumed the Chief Financial Officer position which has responsibilities for financial reporting, financial planning and budgeting, treasury operations, and risk management. Prior experience includes 29 years at City Utilities in Springfield, Mo serving in various financial and operational roles and 1½ years at Hannibal Board of Public Works serving as the General Manager. During my 34-year professional career, I have held various executive leadership positions in the financial and operational areas of the utilities which would include financial reporting, resource management and planning, facilities management, procurement, supply chain management, and technical services. This experience covers electric, natural gas, water, wastewater, and broadband systems. I have Bachelor of Science in Business Administration (BSBA) in Accounting from Missouri Southern State University, hold a Certified Public Accountant certificate, and am a Chartered Global Management Account (CGMA). My current curriculum vitae is attached as Schedule KR-1.

Q. On whose behalf are you testifying?

A. I am testifying on behalf of MEC, an intervenor in this proceeding.

Q. Have you previously testified before the Missouri Public Service Commission?

A. No.

Q. What is the purpose of your testimony?

A. My testimony provides further explanation and information additional to the testimony of ATXI witness Tracy Dencker and Staff's witness Michael L. Stahlman regarding MEC's perspective as a Project Partner in the Fairport-Denny-Iowa-Missouri Project ("FDIM Project") on the feasibility of and benefits to the public within the MISO footprint generally, and more specifically to MISO's Missouri Zone 5 which includes MEC's members.

Q. Please summarize your testimony.

A. Based on MEC's history of successful partnerships with ATXI/Ameren, and MISO's thorough analysis, MEC has concluded that MEC's approximately \$42 Million investment in the FDIM Project is economically feasible and will be similarly successful. Further, MEC intends the financial benefits of the FDIM Project to be handled in the same manner as for MEC's other transmission partnerships with ATXI/Ameren – to benefit MEC's members and their customers who are citizens of those Missouri municipalities.

II. MEC'S SUPPORT FOR ATXI'S REQUESTED CCN FOR THE FDIM PROJECT

Q. Has MEC found the FDIM Project to be economically feasible?

A. Yes

Q. Please explain how MEC concluded that the FDIM Project is economically feasible?

A. MEC has ongoing, feasible transmission projects with ATXI/Ameren which are projected to

be ultimately-successful, and this history informed my opinion that such a partnership for the FDIM Project would be similarly feasible and successful. The Hannibal Electric Transmission Facilities were acquired by MEC in partnership with ATXI/Ameren in late 2022, and the Sikeston-New Madrid Electric Transmission Facilities in early 2024. Based on those ongoing projects, it is my opinion that MEC's approximately \$42 Million investment in the FDIM Project (for which estimated project costs total \$84 Million) is economically feasible and will be ultimately successful. ATXI's and MEC's joint ownership of the FDIM Project takes advantage of MEC's low cost of debt and tax-exempt status. ATXI's witness Tracy Dencker and I thus agree that this point evidences the feasibility of the FDIM Project. MEC will own 49% of the FDIM Project and it will flow its costs through its own FERC-approved formula rate. Both Staff witness Michael L. Stahlman and I note that MISO's Tranche 1 Projects, including the FDIM Project, have been calculated to have a Benefit/Cost ratio of 3.0 to 4.2 for Missouri Zone 5.

Q. Does ATXI's request for a CCN for the FDIM Project benefit or promote the public interest?

A. Yes.

Q. How does MEC's partnership with ATXI for construction and operation of the FDIM Project benefit or promote the public interest?

A. MEC intends the financial benefits of the FDIM Project to be handled in the same manner as for MEC's other transmission partnerships with ATXI/Ameren – to benefit MEC's members. Just as with the Hannibal Electric Transmission Facilities and the Sikeston-New Madrid Electric Transmission Facilities, all free cash flows will stay within the Project until cash or liquidity needs are met, and then MEC's Board of Directors will

authorize excess funds to be distributed on a determined equitable basis to MEC's members. Further, MEC's participation in the FDIM Project allows the Project to benefit from MEC's lower cost of debt and tax-exempt status, which lowers the overall cost of the Project. Moreover, both ATXI and MEC agreed to caps on their Project Implementation Cost, a 40-year Weighted Cost of Equity cap, and a 10-year Operations and Maintenance cap, and these were some of the reasons that MISO cited for awarding the FDIM Project to ATXI and MEC.

Q. What are the facts or data upon which you reasonably relied to form your opinions and conclusions expressed in this testimony?

A. I have relied upon my many years of education and experience within my profession and industries. Additionally, I relied on MISO's award of the competitively-bid FDIM Project to ATXI and MEC for the reasons set forth in MISO's October 27, 2023 "Selection Report." I further included in my analysis the "Missouri Public Service Commission Staff Recommendation" filed in this case on December 20, 2024.

Q. Do you hold the opinions you've expressed in this testimony to a reasonable degree of accounting certainty?

A. Yes.

Q. Does this conclude your pre-filed rebuttal testimony in this case?

A. Yes. However, I wish to preserve the right to provide additional pre-filed testimony or testimony at the hearing to rebut the testimony of any other party.

