

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

**In the Matter of the Joint Application of Entergy)
Arkansas, Inc., Mid South Transco, LLC, ITC Midsouth)
LLC, Transmission company Arkansas, LLC, and ITC)
Holdings Corp. to Enter Transactions Resulting in a) File no. Eo-2013-0396
Certificate of Convenience and Necessity for a New)
Arkansas Utility to Own EAI's Electric Transmission)
Facilities)**

SURREBUTTAL TESTIMONY

OF

JON E. JIPPING

EXECUTIVE VICE PRESIDENT AND CHIEF OPERATING OFFICER

ITC HOLDINGS CORP.

ON BEHALF OF ITC MIDSOUTH LLC

JUNE 2013

TABLE OF CONTENTS

I.	INTRODUCTION.....	3
II.	PURPOSE OF TESTIMONY.....	3
III.	SURREBUTTAL TESTIMONY.....	3-9

SURREBUTTAL EXHIBIT LIST

Exhibit JEJ-SR-1: Rebuttal Testimony – Jon E. Jipping – Arkansas

1 **Q1. PLEASE STATE YOUR NAME.**

2 **A.** My name is Jon E. Jipping.

3 **Q2. ARE YOU THE SAME JON E. JIPPING WHO FILED DIRECT TESTIMONY IN**
4 **THIS DOCKET?**

5 **A.** Yes.

6

7 **Q3. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?**

8 **A.** The purpose of my testimony is to respond to the testimony of and attempt by Empire
9 witness Bary K. Warren, to incorporate in this proceeding a recent filing by the General
10 Staff of the Arkansas Public Service Commission (“APSC”) in Docket 12-069-U and to
11 respond to a portion of the testimony of Charles J. Locke regarding power flows across
12 Missouri transmission facilities, and to respond to the testimony of Mr. Warren and John
13 R. Carlson regarding the benefits of the Transaction.

14

15 **Q4. HOW TO YOU RESPOND TO MR. WARREN’S STATEMENT AND EFFORT**
16 **TO INCORPORATE THE FILINGS OF THE ARKANSAS STAFF IN THIS**
17 **PROCEEDING?**

18 **A.** Mr. Warren attached the APSC General Staff filing as Schedule BKW-2 to his rebuttal
19 testimony which includes the testimony of Daniel S. Peaco and the report of his
20 company, LaCapra Associates. ITC believes that the Commission should not consider
21 Mr. Warren’s Schedule BKW-2 and the testimony and report of Mr. Peaco included in it,
22 and that it should be excluded from the record as unsworn hearsay evidence and
23 irrelevant to this proceeding because, *inter alia*, a different approval standard is required

1 in Arkansas and the facts and circumstances in Arkansas differ in many respects from
2 those in this proceeding. Nevertheless, in the event the Commission does not exclude the
3 testimony, I am attaching as Exhibit JEJ-SR-1 and incorporate as a part of my testimony
4 in this proceeding, a true and correct copy of my testimony in the Arkansas proceeding,
5 Docket No. 12-069-U, responding to Mr. Peaco's testimony and the report of his
6 company, LaCapra Associates in that proceeding, redacted, to remove those portions of
7 my testimony responding to the testimony of other witnesses.
8

9 **Q5. KCPL/GMO WITNESS LOCKE, AT PAGE 6 OF HIS REBUTTAL TESTIMONY,**
10 **TESTIFIES ABOUT HIS EMPLOYER'S CONCERNS REGARDING**
11 **RELIABILITY, SAFETY AND COST THAT HE ASSERTS WOULD RESULT**
12 **FROM POWER FLOWS ACROSS MISSOURI TRANSMISSION FACILITIES.**
13 **HOW DO THESE CONCERNS ABOUT PURPORTED NEW POWER FLOWS**
14 **RELATE TO THE TRANSACTION BETWEEN ITC AND ENTERGY?**

15 **A.** They do not. Mr. Locke's testimony solely relates to purported impacts of the Entergy
16 Operating Companies joining the MISO RTO, which the Entergy Operating Companies
17 are pursuing separately and without regard to whether the transaction with ITC is
18 consummated. Further, as he testifies, these matters are under consideration before the
19 FERC.
20

21 **Q6. SOME INTERVENOR WITNESSES, MR. WARREN ON PAGE 4 AND MR.**
22 **CARLSON ON PAGE 5, CONCLUDE THAT THE TRANSACTION DOES NOT**

1 **YIELD SIGNIFICANT BENEFITS INCREMENTAL TO EAI MEMBERSHIP IN**
2 **MISO. PLEASE RESPOND.**

3 **A.**

4 Their conclusions are not correct.

5 Notwithstanding integration into MISO, it is still the responsibility of the transmission
6 owner to have in place robust and effective maintenance practices, procurement
7 strategies, and planning protocols with which to maximize transmission system
8 performance. It is the transmission owner that creates and executes the maintenance,
9 expansion and day-to-day operating plans for the transmission system. Thus, the
10 transmission owner plays a critical role for system reliability, even within the MISO
11 RTO.

12 ITC's singular focus on owning, operating, maintaining, constructing and
13 planning transmission systems has allowed it to surpass its peers in each of these
14 categories, demonstrated in part by the benchmarking studies we have put forth. As I
15 noted in my Direct Testimony, increased reliability pays dividends for customers.
16 Transmission system availability is crucial for many manufacturing and industrial
17 processes, both for maintaining a safe work environment and for minimizing loss of
18 product due to electrical reliability concerns. Transmission system availability is not
19 something that can be assured simply because EAI integrates its transmission assets into
20 MISO. The dedication and expertise of a superior transmission owner and operator, like
21 ITC, is required to bring those benefits to fruition. Moreover, ITC has significant
22 experience with integrating its best operating practices into newly acquired transmission
23 assets. My direct testimony speaks to this point. The integration process I discuss in my

1 Direct Testimony explains how ITC will bring its best practices to the EAI footprint.

2 **Q7. HAS THE INTEGRATION PROCESS REVEALED SPECIFIC EXAMPLES OF**
3 **WHERE ITC’S SINGULAR FOCUS WILL BRING BENEFITS TO EAI BEYOND**
4 **THOSE AFFORDED BY THE MOVE TO MISO?**

5 A. Yes, it has. Through the integration process that is currently in progress, ITC is learning
6 about Entergy’s maintenance practices and is comparing them to ITC’s approach. ITC’s
7 general understanding of Entergy’s maintenance practices is that they are focused on
8 completion of “high priority” maintenance tasks, especially those required by the
9 mandatory reliability standards. This focus is understandable considering Entergy’s
10 resources available to focus on transmission system maintenance. Further ITC
11 understands that there are backlogged maintenance tasks that have been created as a
12 result of this prioritization. This risk has manifested itself in lower system performance
13 from an outage perspective. ITC believes that further focus on the lower priority tasks
14 will result in better system performance, as evidenced by the performance of the ITC
15 operating companies. This is a benefit that will not be realized simply by allowing EAI
16 to integrate its transmission into MISO.

17 Another example is ITC’s centralized planned outage scheduling. ITC’s
18 operations organization includes a centralized group to coordinate scheduling of planned
19 outages for both maintenance and capital construction projects. This increases efficiency
20 by leveraging available outage windows for multiple purposes and facilitates better
21 coordination of equipment shutdowns with load serving entities and industrial customers.
22 This is a practice not performed by the EOCs, and is indicative of the types of operational
23 best practices ITC will bring to the Entergy region. ITC’s expertise in managing both

1 operations and planning of the transmission system will cause the system to be planned in
2 such a way that operational flexibility will increase, thereby providing direct benefit to
3 customers by virtue of optimal outage planning and by extension, a reduction in overall
4 system congestion.

5
6 **Q.8 DOES THIS CONCLUDE YOUR TESTIMONY?**

7 **A.** Yes.