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Witness: Shawn E. Schukar
Sponsoring Party: Ameren Transmission
Company of Illinois
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MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. EA-2018-0327

DIRECT TESTIMONY

OF

SHAWN E. SCHUKAR

ON

BEHALF OF

AMEREN TRANSMISSION COMPANY OF ILLINOIS

**St. Louis, Missouri
August 23, 2018**

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DIRECT TESTIMONY

OF

SHAWN E. SCHUKAR

CASE NO. EA-2018-0327

1 **I. INTRODUCTION**

2 **Q. Please state your name, business address, and present position.**

3 A. My name is Shawn E. Schukar. My business address is 1901 Chouteau Avenue,
4 St. Louis, Missouri 63103. I am the Chairman and President of Ameren Transmission
5 Company of Illinois ("ATXI").

6 **Q. Please summarize your professional experience and educational**
7 **background.**

8 A. I have more than 30 years of experience in the utility industry. I joined Illinois
9 Power Company ("Illinois Power") in 1984 and worked for several years in plant performance,
10 operations and engineering management. From 1996 through 2000, I served in various roles in
11 which I was responsible for generation controls, energy trading and marketing, and retail
12 pricing and risk management. From 2000 to 2004, I managed Illinois Power's transmission
13 and gas storage assets. From 2004 to 2005, I worked in a role in which I was responsible for
14 many of the operational aspects of Illinois Power's electric and gas distribution assets. In June
15 2005, I became Vice President of Ameren Energy, where I was responsible for the management
16 of the generation and load portfolio for Union Electric Company d/b/a AmerenUE (now
17 "Ameren Missouri"). In 2008, I joined Ameren Services Company ("Ameren Services"), where
18 I worked until 2011 as the Vice President of Strategic Initiatives, a role in which I was
19 responsible for coordinating corporate activities associated with climate change, regional

1 transmission organizations, energy efficiency and demand response, research and
2 development, and other key corporate strategic initiatives. From 2011 to 2013, I was the Senior
3 Vice President of Marketing and Trading at Ameren Energy Marketing, where I was
4 responsible for marketing, sales trading, dispatch and asset management activities. In 2013, I
5 returned to Ameren Services as the Senior Vice President of Transmission Operations,
6 Constructions & Project Management. In that role, I also had oversight of transmission
7 business development. In 2017, I became Chairman and President of ATXI. The
8 responsibilities associated with that position are provided below.

9 I received a degree in Mechanical Engineering from the University of Illinois in 1984
10 and an MBA from the University of Illinois in 1991. I am also a Professional Engineer in the
11 State of Illinois.

12 **Q. What are your duties and responsibilities in your present position?**

13 A. In 2017, I became Chairman and President of ATXI. In general, I am
14 responsible for the operations, maintenance, planning and policymaking associated with
15 approximately 7,800 circuit miles of high-voltage transmission lines in Missouri and Illinois.

16 **Q. Have you previously provided testimony before the Missouri Public**
17 **Service Commission (the "Commission")?**

18 A. Yes. I have testified in two Ameren Missouri rate cases. In File No. ER-2007-
19 0002, I testified on topics including off-system sales and Midcontinent Independent System
20 Operator, Inc. ("MISO") market charges. In Case No. ER-2008-0318, I testified on topics
21 associated with off-system sales. I have also testified in several non-rate-case proceedings. In
22 File No. ES-2007-0474, I testified before the Commission regarding the Taum Sauk Pumped
23 Storage Project. In File No. EA-2017-0345, I testified in the application of ATXI for a

1 Certificate of Convenience and Necessity ("CCN") to construct the Mark Twain Transmission
2 Project.

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

4 A. As the President of ATXI, I am responsible for the project for which ATXI is
5 seeking a CCN in this case. This project includes the acquisition of certain existing facilities
6 from the City of Rolla, acting by and through its Board of Public Works (sometimes referred
7 to as Rolla Municipal Utilities, or "RMU"), and the construction of a new substation, the Dillon
8 Substation, designed to network the to-be-acquired facilities with assets in the area owned by
9 Ameren Missouri and Sho-Me Power Electric Cooperative ("Sho-Me"). The project also
10 includes certain work within RMU's existing Alfermann Substation. For purposes of my
11 testimony, I will refer to the facilities we are proposing to acquire from RMU as the "RMU
12 Assets" and the proposed project as a whole, including the acquisition and additional
13 construction work, as the "Project."

14 The specific purpose of my testimony is to provide an overview of the Project, focusing
15 on why the Project is unique from a policy and public-interest perspective. In addition, I will
16 discuss why ATXI, as opposed to Ameren Missouri, is proposing to construct the Project. I
17 will also introduce the witnesses and affirm my belief in the team's ability to deliver a
18 successful Project.

19 **Q. Are you sponsoring any schedules with your testimony?**

20 A. No, I am not.

21 **II. PROJECT OVERVIEW**

22 **Q. Please give a brief overview of the Project.**

1 A. As described in further detail in the direct testimony of ATXI witness Sean
2 Black, the Project involves acquiring two 138 kV radial taps from RMU and building a new
3 substation to integrate those lines with adjacent facilities owned by Ameren Missouri and Sho-
4 Me. Once constructed, the Project will benefit the City of Rolla, Ameren Missouri, and the
5 regional electric transmission cooperative, Sho-Me, as well as the customers served by those
6 entities.

7 **Q. What is the estimated cost of the Project?**

8 A. The expected cost of the Project is approximately \$27.6 million. That cost
9 includes the RMU Asset acquisition cost of \$14.25 million, construction of the new substation,
10 and all associated integration work (i.e., work to be performed by ATXI to connect the new
11 substation to the existing lines). The Project's cost does not include the line work that will be
12 undertaken by Sho-Me to extend its facilities to the new substation site. That work, and the
13 associated cost, will be the responsibility of Sho-Me.

14 **Q. What is the planned in-service date?**

15 A. The planned in-service date for the Project is December 2020.

16 **Q. How will ATXI pay for the Project and who will ultimately bear these**
17 **costs?**

18 A. The cost of the Project will ultimately be allocated to load-serving entities
19 ("LSEs") in the Ameren Missouri Pricing Zone based upon each entity's respective load share.
20 When it is placed in service, the Project will add approximately \$3 million to Ameren
21 Missouri's annual revenue requirement. This amount will decrease annually as the assets
22 depreciate. For further discussion regarding cost allocation, please see the direct testimonies
23 of ATXI witnesses Sean Black and Greg Gudeman.

1 **III. COMPANY, MANAGEMENT AND REGULATORY REQUIREMENT**
2 **OVERVIEW**

3
4 **Q. Please describe ATXI.**

5 A. ATXI is an Illinois company dedicated to electric transmission infrastructure
6 development and investment. To date, our focus has been on regional transmission projects,
7 including the MISO Multi-Value Projects ("MVPs"). As the Commission is aware, one of these
8 MVP projects is the Mark Twain Transmission Project ("Mark Twain"), which the
9 Commission approved in File No. EA-2017-0345, and which is currently under construction.
10 In addition to Mark Twain, ATXI is responsible for other MVPs, which we group in two
11 separate projects - the Illinois Rivers Project and the Spoon River Project. The Illinois Rivers
12 Project is a 375-mile, 345 kV transmission line that runs from the Indiana border across Illinois
13 into Missouri. The Spoon River Project is a 45-mile, 345 kV transmission line running between
14 Peoria and Knox counties in Illinois.

15 **Q. Please describe ATXI's management structure.**

16 A. I serve as ATXI's Chairman and President. Ameren Services, acting as agent
17 for ATXI, provides ATXI with all required planning, engineering, construction, and other
18 professional services. With respect to the Project, there is a dedicated project team at Ameren
19 Services that will oversee and manage construction of the Project.

20 **Q. Does this project team have the experience and skill necessary to build and**
21 **manage this Project?**

22 A. Absolutely. ATXI will obtain oversight and construction management services
23 for the Project from Ameren Services, which has substantial experience in transmission
24 planning, construction and operations, having provided such services to Ameren Missouri and

1 other Ameren Corporation ("Ameren") operating companies since 1997. ATXI will employ
2 qualified independent contractors and consultants to construct the Project. ATXI will also
3 obtain operations and maintenance services through Ameren Services once the Project is
4 complete. Ameren Services is providing these same services to ATXI for the construction of
5 other transmission facilities owned and operated by ATXI.

6 **Q. Will ATXI comply with all applicable rules and requirements regarding**
7 **the construction of the Project and the ownership of the RMU Assets?**

8 A. Yes. ATXI will follow all local, state and federal rules and requirements
9 regarding the construction of the Project, including the new substation, as well as any ongoing
10 obligations regarding ownership of the RMU Assets.

11 **Q. Will ATXI obtain all necessary approvals for crossing railroad lines, state**
12 **highways and local roads?**

13 A. Yes, all necessary approvals required to cross railroad lines, state highways and
14 local roads will be obtained.

15 **Q. Is ATXI requesting an order in this proceeding by a certain date?**

16 A. Yes, although the CCN statute in Missouri does not impose a deadline on this
17 proceeding, as discussed in Mr. Black's direct testimony, ATXI has developed a construction
18 schedule that will allow it to meet an in-service date of December 2020. In order to meet the
19 construction schedule, ATXI is requesting that the Commission issue an order effective on or
20 before February 1, 2019, so that ATXI can begin substation construction activities later that
21 month – consistent with our construction and in-service schedule.

22 **IV. PUBLIC INTEREST CONSIDERATIONS**

23 **Q. Why is this case notable from a public interest and policy perspective?**

1 A. Our application is notable for several reasons. To begin, I think this case is on
2 the leading edge of trend we are likely to see in the industry, in general, and in Missouri in
3 particular, in the coming years. As compliance costs continue to increase and entities look for
4 ways to decrease regulatory compliance obligations and related O&M expenses, I believe we
5 will see other owners of transmission assets look to exit the market. The question then becomes
6 how do we help facilitate that exit while at the same time remaining mindful of the interests of
7 other customers? Given that ATXI is already a public utility in Missouri and has an established
8 Federal Energy Regulatory Commission ("FERC") formula rate, we believe we are well
9 positioned to help municipal and other wholesale customers find creative solutions that will
10 allow them to achieve their goals while also managing the impacts of those transactions on
11 other entities in the related transmission pricing zone.

12 And regarding creative solutions, I think this case is also a great example of how
13 different types of entities can work together to implement creative and mutually-beneficial
14 projects and solutions. In this case, we have a transmission company, a traditional investor-
15 owned utility, a municipal entity and a rural electric cooperative all working together to achieve
16 common goals. I think this type of collaboration should be encouraged.

17 **Q. Do you believe there is a benefit to ATXI constructing the Project**
18 **compared to other entities?**

19 A. Yes. As discussed in the direct testimonies of ATXI witnesses Sean Black and
20 Ross Hohlt, ATXI was previously made aware that other entities were proposing higher-cost
21 solutions to address the issues implicated by the Project. All else being equal, I assume that
22 those costs would have been passed through to other LSEs in the pricing zone. Our project
23 team worked to develop a lower-cost solution - one that produces desired benefits for RMU,

1 Ameren Missouri and Sho-Me, while remaining mindful of costs that will ultimately be borne
2 by customers.

3 **Q. Is it your understanding that ATXI was not the highest bidder for the RMU**
4 **Assets?**

5 A. That is correct. It is my understanding that ATXI was not the highest bidder
6 for the RMU Assets.

7 **Q. What is the implication of this?**

8 A. One implication is that ATXI will likely be passing on fewer costs to LSEs and
9 consumers in the transmission pricing zone. As Mr. Black explains, ATXI was concerned both
10 about the capital cost of the third-party's proposed solution as well as its ongoing O&M and
11 overhead costs. ATXI's approach delivers the desired benefits to RMU, and the other affected
12 entities, while remaining mindful of costs that will ultimately be borne by customers. I believe
13 the fact that RMU was willing to accept less consideration for its facilities stands as a testament
14 to ATXI's approach and to RMU's confidence in ATXI's ability to deliver a successful Project.

15 **Q. Will FERC ultimately review and approve the asset acquisition costs?**

16 A. Yes. Under Section 203 of the Federal Power Act, FERC will review the
17 transaction and, as part of that review, will evaluate the proposed acquisition to ensure that it
18 does not have an adverse effect on rates. Separately, as part of FERC's responsibilities to ensure
19 that rates are just and reasonable, FERC and other stakeholders will have the opportunity to
20 review the asset acquisition costs included in the FERC-filed formula rates.

21 **Q. Will FERC have the opportunity to review and approve the total Project**
22 **costs?**

1 A. Yes. As part of the formula rate update process, FERC and other stakeholders
2 will have the opportunity to review the applicable Project costs.

3 **V. WHY ATXI AND NOT AMEREN MISSOURI**

4 **Q. Why is ATXI proposing to construct the Project as opposed to Ameren**
5 **Missouri?**

6 A. ATXI's proposal to build the Project is in line with the division of responsibility
7 discussed in some amount of depth in File No. EO-2011-0128. In that case, my predecessor,
8 Maureen Borkowski, testified fairly extensively about the intended division of responsibility
9 between Ameren Transmission Company and Ameren Missouri. The Commission did a good
10 job of summarizing that testimony in its Report and Order:

11 In 2010, Ameren Corporation formed a new subsidiary called
12 Ameren Transmission Company (ATX). Ameren Missouri's
13 witness, Maureen Borkowski, testified that Ameren Missouri will
14 continue to build transmission facilities in its service territory for
15 reliability purposes related to serving its own retail load. However,
16 ATX or another Ameren subsidiary would build other transmission
17 in Missouri, including projects the Midwest ISO designates as
18 Multi-Value Projects (MVPs), Market Efficiency Projects (MEPs)
19 and Generation Interconnection and Transmission Service Projects
20 built for customers other than Ameren Missouri. Those projects are
21 included in the Midwest ISO's Transmission Expansion Plan for
22 reasons other than the need to provide reliable service to Ameren
23 Missouri's customers. Still, the Midwest ISO would allocate a part
24 of the cost of those projects to Ameren Missouri, with the costs
25 ultimately recovered from Ameren Missouri's ratepayers, although
26 the costs would be shared with other entities.

27
28 Report and Order at 12.

29 **Q. Does the division of responsibility previously stated hold true today?**

30 A. Yes, it does. Ameren Missouri remains committed to building transmission
31 facilities that have a primary purpose intended to address a reliability issue associated with its

1 own retail load. ATXI would intend to build other projects in Missouri that do not meet that
2 criteria.

3 **Q. The previous testimony references certain classifications that MISO uses**
4 **to describe projects – MVPs, MEPs, etc. What is the classification of the Project for**
5 **which ATXI seeks a certificate in this case?**

6 A. Technically, the Project is classified by MISO as an "Other" type of project. It
7 has some characteristics of an MEP or a Transmission Service Project, but does not fit cleanly
8 into either of those categories.

9 **Q. Does this matter?**

10 A. No, not in my opinion. The point I am trying to make is that the Project is not
11 one that Ameren Missouri would otherwise build; i.e., its primary purpose is not to address a
12 reliability issue associated with Ameren Missouri's retail load.

13 **Q. Does this mean that the Project does not have reliability benefits for**
14 **Ameren Missouri customers?**

15 A. No, not at all. The Project benefits Ameren Missouri customers by segmenting
16 transmission facilities that currently exist "unbroken" for nearly 95 miles. ATXI witness Ross
17 Hohlt discusses this in further detail in his direct testimony.

18 **Q. Why then is this not the type of project that is needed for "reliability**
19 **purposes" and that would otherwise be constructed by Ameren Missouri?**

20 A. As Ms. Borkowski noted in her previous testimony, there is a distinction
21 between those projects that are directly necessary for Ameren Missouri to meet national and
22 local reliability requirements in order to discharge its service obligation to its retail customers
23 and those projects that generally make the overall system more reliable. This Project makes

1 the overall system (and in this case systems, in that it relates to municipal and cooperative
2 systems in addition to that of Ameren Missouri) more reliable, but it is not strictly necessary
3 to meet local or national reliability standards.

4 **Q. What would be examples of the national and local reliability requirements**
5 **to which you refer?**

6 A. Those would include, for example, projects that are undertaken for North
7 American Electric Reliability Corporation ("NERC") compliance purposes or that are needed
8 to address known National Electrical Safety Code ("NESC") issues.

9 **Q. Is the Project located in Ameren Missouri's certificated service territory?**

10 A. No, it is not.

11 **VI. IDENTIFICATION OF WITNESSES AND CONCLUSION**

12 **Q. Please identify the witnesses providing testimony on behalf of ATXI.**

13 A. In addition to my own testimony, the following witnesses are providing
14 testimony on behalf of ATXI's application:

15 **Sean Black** – Mr. Black will provide a more detailed overview of the transaction
16 and Project history. He will also sponsor several schedules,
17 consisting of deal-related contracts and documents.

18 **Ross Hohlt** – Mr. Hohlt will provide a transmission planning perspective. He
19 will discuss alternate project designs that ATXI considered, but
20 ultimately rejected, as well as the benefits of the design that was
21 ultimately chosen.

1 **Greg Gudeman** – Mr. Gudeman will discuss how ATXI proposes to finance the
2 acquisition and related Project and how the Project costs will flow
3 through to other LSEs and ultimately to customers.

4 **Luke Wollin** – Mr. Wollin will discuss the engineering and construction details
5 associated with the Project. This will include the line-related work
6 that will be needed to integrate the new substation and the
7 construction of the new substation itself. Mr. Wollin will also
8 discuss the work that will be performed by ATXI at the existing
9 RMU Alfermann Substation.

10 **Q. Please summarize your testimony.**

11 A. In summary, I believe the evidence set forth in ATXI's filing demonstrates that
12 there is a need for the Project; that ATXI is qualified to own, operate, control, and manage the
13 Project; that ATXI has the financial ability for the undertaking; that the Project is economically
14 feasible; and that the Project promotes the public interest. Therefore, the Commission should
15 determine that the Project is necessary or convenient for the public service and grant a CCN to
16 ATXI.

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

18 A. Yes, it does.

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

In the Matter of the Application of Ameren)
Transmission Company of Illinois for Authority)
To Acquire Electric Transmission Facilities from)
Rolla Municipal Utilities and for a Certificate of)
Public Convenience and Necessity to Own,)
Operate, Maintain, and Otherwise Control)
And Manage those Facilities.)

File No. EA-2018-0327

AFFIDAVIT OF SHAWN E. SCHUKAR

STATE OF MISSOURI)
) ss
CITY OF ST. LOUIS)

Shawn E. Schukar, being first duly sworn on his oath, states:

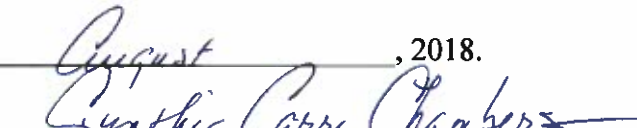
1. My name is Shawn E. Schukar. I work in the City of St. Louis, Missouri, and I am employed by Ameren Transmission Company of Illinois as Chairman and President of Ameren Transmission Company of Illinois.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Ameren Transmission Company of Illinois consisting of 12 pages, and accompanying Schedule(s), if any, all of which have been prepared in written form for introduction into evidence in the above-referenced docket.

3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct.


Shawn E. Schukar

Subscribed and sworn to before me this 16th day of August, 2018.


Notary Public

My commission expires:

