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Issue(s): MISO Transmission
Settlements
Witness: Michael L. Stahlman
Sponsoring Party: MoPSC Staff
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Case No.: EA-2022-0099
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MISSOURI PUBLIC SERVICE COMMISSION

INDUSTRY ANALYSIS DIVISION

TARIFF/RATE DESIGN DEPARTMENT

REBUTTAL TESTIMONY

OF

MICHAEL L. STAHLMAN

AMEREN TRANSMISSION COMPANY OF ILLINOIS

CASE NO. EA-2022-0099

Jefferson City, Missouri
April 2022

1 **REBUTTAL TESTIMONY**

2 **OF**

3 **MICHAEL L. STAHLMAN**

4 **AMEREN TRANSMISSION COMPANY OF ILLINOIS**

5 **CASE NO. EA-2022-0099**

6 Q. By whom are you employed and in what capacity?

7 A. I am employed by the Missouri Public Service Commission (“Commission”) as a
8 Regulatory Economist in the Tariff/Rate Design Department in the Industrial Analysis
9 Division.

10 Q. Please describe your educational and work background.

11 A. Please see Schedule MLS-r1.

12 Q. What is the purpose of your testimony?

13 A. The purpose of my direct testimony is to discuss the Direct Testimony of
14 Sean Black and to provide the Commission with information about Midcontinent Independent
15 System Operator, Inc.’s (“MISO”) transmission settlements.

16 Q. Why are you discussing the transmission settlements of MISO in this case?

17 A. From Ameren Transmission Company of Illinois’s (“ATXI”) application, MISO
18 will have functional control of the new transmission line and part of the new substation.¹ These
19 components are located in Ameren Missouri’s (“AMMO”) Pricing Zone and the cost of the
20 project will be allocated to all transmission customers in the AMMO Pricing Zone.²

21 Q. Is MISO’s transmission settlement the same thing as the market settlement?

¹ ATXI’s Application and Motion for Expedited Treatment, paragraph 11.

² Direct Testimony of Sean Black, p. 28, ll. 13-15.

1 A. No. The market settlement process, which includes day-ahead and real-time energy
2 markets, is a separate and distinct settlement process.³

3 Q. Which of MISO’s Open Access Transmission Tariff (“OATT”) schedules are
4 subject to the transmission settlement processes?

5 A. The schedules under the transmission settlement process can generally be grouped
6 into four broad categories.⁴ These categories are ancillary services,⁵ transmission services,⁶
7 schedules to recover MISO operating costs,⁷ and a loose category of other schedules and
8 attachments included in the transmission settlement processes.⁸

9 Q. On page 28 of his direct testimony, Mr. Black discusses recovery of the Project
10 cost through MISO Schedule 9.⁹ Could the Project cost recovery also come through other
11 MISO tariff rate schedules?

12 A. Yes. Depending on how a transmission customer would utilize the transmission
13 system in this zone, other transmission service schedules such as Schedule 7 (Firm point-to-
14 point transmission service) and Schedule 8 (non-firm point-to-point transmission service) could
15 provide ATXI with cost recovery.

16 Q. Mr. Black also mentions the MISO Schedule 9 rate in line 13 of page 28 of his
17 direct testimony. Can you describe this rate more?

³ MISO Transmission Settlements Business Practices Manual, Manual Number 12, revision 19, Effective Date: JAN-01-2022, p. 19 of 136.

⁴ MISO Transmission Settlements Business Practices Manual, Manual Number 12, revision 19, Effective Date: JAN-01-2022, p. 37 of 136.

⁵ This category includes Schedules 1 and 2.

⁶ This category includes Schedules 7, 8, 9, 26, 26-A including Schedule 39, Schedule 26-B, 26C, 26D, 37, 38, and 45.

⁷ This category includes Schedules 10, 10-FERC, 10-D, 10-G, 23, and 35.

⁸ This category includes Schedules 11, 12, 20, 33, and 34. There are also two Attachments: BB and JJ included in this category.

⁹ Direct Testimony of Sean Black, p. 28, ll. 7-15.

1 A. Yes. This rate is the monthly zonal rate which is a formula rate calculated in
2 Attachment O of MISO's OATT. This rate is also used in Schedules 7 and 8 for Drive-In
3 and Drive-Within ISO Transmission Service. The monthly zonal rate is equal to the annual
4 zonal rate divided by 12. The annual zonal rate is essentially the sum of the transmission
5 owner's revenue requirements in that zone divided by the sum of the 12 monthly peaks of
6 that zone.¹⁰

7 Q. Mr. Black also states that the Project will not initially affect the AMMO Pricing
8 Zone customer's rates. What conditions would need to hold in order for that to be true?

9 A. From the formulas given in attachment O, there would need to be an increase in
10 the monthly demands so that the sum of twelve months of increased demand multiplied by the
11 zone rate is equal to the revenue requirement of the Project. In the event that the monthly
12 demands do not increase in a manner that mitigates the revenue requirement of the Project,
13 other entities in that zone, including ATXI's affiliate Ameren Missouri, may see higher
14 transmission rates. Staff witness Sarah Lange further discusses the economic feasibility of the
15 Project in her testimony.

16 Additionally, in order to not impact the ultimate rates that Ameren Missouri's
17 customers pay, there would need to be no change in the revenues distributed to Ameren
18 Missouri. According to MISO Transmission Settlements Business Practices Manual, Manual
19 Number 12, revision 19, a designated Transmission Owner will receive all revenues
20 collected by MISO for Schedules 7, 8, and 9 and is charged with distribution of those revenues
21 pursuant to a separate agreement of the Transmission Owners within the zone. Since these

¹⁰ MISO OATT, Attachment O – Rate Formulae, Effective Date: 2/14/2022, p. 9 of 2024.

1 revenues flow through Ameren Missouri's fuel adjustment clause ("FAC"), the revenues that
2 Ameren Missouri receive for transmission services would also need to remain constant to not
3 impact Ameren Missouri customers.

4 Q. Will ATXI's revenue requirement include the Federal Energy Regulatory
5 Commission ("FERC") incentive adders?

6 A. Yes the FERC incentive adders would be included in ATXI's revenue requirement,
7 which will be factored into the AMMO zonal rate. Currently Ameren Missouri's participation
8 in MISO is subject to the conditions set forth in the Third Order Modifying 2012 Report and
9 Order in Case No. EO-2011-0128. Paragraph 2R of that Report and Order states:

10 For transmission facilities located in Ameren Missouri's certificated
11 service territory that are constructed by an Ameren affiliate and that are
12 subject to regional cost allocation by MISO, for ratemaking purposes in
13 Missouri, the costs allocated to Ameren Missouri by MISO shall be
14 adjusted by an amount equal to the difference between: (i) the annual
15 revenue requirement for such facilities that would have resulted if
16 Ameren Missouri's Commission-authorized ROE and capital structure
17 had been applied and there had been no construction work in progress
18 (CWIP) (if applicable), or other FERC Transmission Rate Incentives,
19 including Abandoned Plant Recovery, recovery on a current basis
20 instead of capitalizing pre-commercial operations expenses and
21 accelerated depreciation, applied to such facilities and (ii) the annual
22 FERC-authorized revenue requirement for such facilities. The
23 ratemaking treatment established in this provision will, unless otherwise
24 agreed or ordered, end with the Commission's report and order at the
25 conclusion of the case to be filed by Ameren Missouri on or before
26 March 15, 2023, regarding its continued participation in MISO, switch
27 to participation in another RTO, or operation as an ICT.

28 Since these transmission facilities are located outside of Ameren Missouri's certificated service
29 territory, I am unaware of any cost allocation adjustments that would need to be performed by
30 Ameren Missouri.

31 Q. Does MISO control how revenues from Schedules 7, 8, and 9 are distributed
32 between Ameren Missouri and ATXI?

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1 A. No. MISO distributes these revenues to the designated Transmission Owner for
2 that zone, and the designated Transmission Owner is charged with distribution of those
3 revenues pursuant to a separate agreement of the Transmission Owners within the zone.¹¹

4 Q. Can the revenue requirement for this Project be isolated from the AMMO
5 Pricing Zone?

6 A. Yes. MISO's OATT allows for the addition of new zones.¹² A separate pricing
7 zone would isolate the revenue requirement from the AMMO Pricing Zone, and the rates would
8 only impact Ameren Missouri customers to the extent Ameren Missouri utilized transmission
9 services on that line.

10 Q. If the Commission approves ATXI's request for a CCN, do you have any
11 recommended conditions?

12 A. Yes. I would recommend that the Commission condition ATXI's CCN approval
13 on ATXI receiving a separate MISO pricing zone for this Project. This condition would provide
14 protection to other entities in the AMMO Pricing Zone if the benefits of the Project do
15 not develop.

16 Q. Does this conclude your rebuttal testimony?

17 A. Yes it does.

¹¹ MISO Transmission Settlements Business Practices Manual, Manual Number 12, revision 19, Effective Date: JAN-01-2022, p. 89 of 136.

¹² MISO Schedule 9, p. 6 of 13 reads:

Additional zones may be added if a) additional Transmission Owners transfer control of their facilities to the Transmission Provider. Such additional zones may be added only if consistent with the requirements of Appendix C, Section II, Paragraph A.1 of the ISO Agreement, or b) an Independent Transmission Company ("ITC") transfers control of their facilities to the Transmission Provider and files with the Commission a proposal to form an ITC consistent with the framework provided under Appendix I of the ISO Agreement. An additional ITC zone may be added only if consistent with the requirements of Appendix C, Section II, Paragraph A.1 of the ISO Agreement.

Similar language is also included in other MISO Schedules.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

In the Matter of the Application of Ameren)
Transmission Company of Illinois for a) File No. EA-2022-0099
Certificate of Convenience and Necessity Under)
Section 393.170 RSMo Relating to Transmission)
Investments in Southeast Missouri)

AFFIDAVIT OF MICHAEL L. STAHLMAN

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

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 *Rebuttal Testimony of Michael L. Stahlman*; 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 7th day of April 2022.

DIANNA L. VAUGHT
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: July 18, 2023
Commission Number: 15207377



Notary Public

Michael Stahlman

Education

- 2009 M. S., Agricultural Economics, University of Missouri, Columbia.
2007 B.A., Economics, Summa Cum Laude, Westminster College, Fulton, MO.

Professional Experience

- 2010 - Regulatory Economist, Missouri Public Service Commission
2007 – 2009 Graduate Research Assistant, University of Missouri
2008 Graduate Teaching Assistant, University of Missouri
2007 American Institute for Economic Research (AIER) Summer Fellowship Program
2006 Price Analysis Intern, Food and Agricultural Policy Research Institute (FAPRI), Columbia, MO
2006 Legislative Intern for State Representative Munzlinger
2005 – 2006 Certified Tutor in Macroeconomics, Westminster College, Fulton, MO
1998 – 2004 Engineering Watch Supervisor, United States Navy

Expert Witness Testimony

- Union Electric Company d/b/a AmerenUE GR-2010-0363
In the Matter of Union Electric Company d/b/a AmerenUE for Authority to File Tariffs Increasing Rates for Natural Gas Service Provided to Customers in the Company's Missouri Service Area
- Union Electric Company d/b/a Ameren Missouri GT-2011-0410
In the Matter of the Union Electric Company's (d/b/a Ameren Missouri) Gas Service Tariffs Removing Certain Provisions for Rebates from Its Missouri Energy Efficient Natural Gas Equipment and Building Shell Measure Rebate Program
- KCP&L Great Missouri Operations Company EO-2012-0009
In the Matter of KCP&L Greater Missouri Operations Company's Notice of Intent to File an Application for Authority to Establish a Demand-Side Programs Investment Mechanism
- Union Electric Company d/b/a Ameren Missouri EO-2012-0142
In the Matter of Union Electric Company d/b/a Ameren Missouri's Filing to Implement Regulatory Changes Furtherance of Energy Efficiency as Allowed by MEEIA
- Kansas City Power & Light Company EO-2012-0323
In the Matter of the Resource Plan of Kansas City Power & Light Company
- KCP&L Great Missouri Operations Company EO-2012-0324
In the Matter of the Resource Plan of KCP&L Greater Missouri Operations Company
- Kansas City Power & Light Company EO-2012-0135
KCP&L Great Missouri Operations Company EO-2012-0136
In the Matter of the Application of Kansas City Power & Light Company [KCP&L Great Missouri Operations Company] for Authority to Extend the Transfer of Functional Control of Certain Transmission Assets to the Southwest Power Pool, Inc.

cont'd Expert Witness Testimony

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- Kansas City Power & Light Company, KCP&L Great Missouri Operations Company, and Transource Missouri EA-2013-0098
EO-2012-0367
In the Matter of the Application of Transource Missouri, LLC for a Certificate of Convenience and Necessity Authorizing it to Construct, Finance, Own, Operate, and Maintain the Iatan-Nashua and Sibley-Nebraska City Electric Transmission Projects
- Kansas City Power & Light Company EU-2014-0077
KCP&L Great Missouri Operations Company
In the Matter of the Application of Kansas City Power & Light Company and KCP&L Greater Missouri Operations Company for the Issuance of an Accounting Authority Order relating to their Electrical Operations and for a Contingent Waiver of the Notice Requirement of 4 CSR 240-4.020(2)
- Kansas City Power & Light Company EO-2014-0095
In the Matter of Kansas City Power & Light Company's Notice of Intent to File an Application for Authority To Establish a Demand-Side Programs Investment Mechanism
- Veolia Energy Kansas City, Inc HR-2014-0066
In the Matter of Veolia Energy Kansas City, Inc for Authority to File Tariffs to Increase Rates
- Grain Belt Express Clean Line, LLC EA-2014-0207
In the Matter of the Application of Grain Belt Express Clean Line LLC for a Certificate of Convenience and Necessity Authorizing It to Construct, Own, Operate, Control, Manage, and Maintain a High Voltage, Direct Current Transmission Line and an Associated Converter Station Providing an Interconnection on the Maywood - Montgomery 345 kV Transmission Line
- Union Electric Company d/b/a Ameren Missouri ER-2014-0258
In the Matter of Union Electric Company d/b/a Ameren Missouri's Tariff to Increase Its Revenues for Electric Service
- Empire District Electric Company ER-2014-0351
In the Matter of The Empire District Electric Company for Authority to File Tariffs Increasing Rates for Electric Service Provided to Customers in the Company's Missouri Service Area
- Kansas City Power & Light Company ER-2014-0370
In the Matter of Kansas City Power & Light Company's Request for Authority to Implement a General Rate Increase for Electric Service
- Kansas City Power & Light Company EO-2014-0240
In the Matter of Kansas City Power & Light Company's Filing for Approval of Demand-Side Programs and for Authority to Establish a Demand-Side Programs Investment Mechanism
- KCP&L Great Missouri Operations Company EO-2014-0241
In the Matter of KCP&L Greater Missouri Operations Company's Filing for Approval of Demand-Side Programs and for Authority to Establish a Demand-Side Programs Investment Mechanism

cont'd Expert Witness Testimony

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- Ameren Transmission Company of Illinois EA-2015-0146
In the Matter of the Application of Ameren Transmission Company of Illinois for Other Relief or, in the Alternative, a Certificate of Public Convenience and Necessity Authorizing it to Construct, Install, Own, Operate, Maintain and Otherwise Control and Manage a 345,000-volt Electric Transmission Line from Palmyra, Missouri to the Iowa Border and an Associated Substation Near Kirksville, Missouri
- Empire District Electric Company ER-2016-0023
In the Matter of The Empire District Electric Company's Request for Authority to Implement a General Rate Increase for Electric Service
- KCP&L Great Missouri Operations Company ER-2016-0156
In the Matter of KCP&L Greater Missouri Operations Company's Request for Authority to Implement a General Rate Increase for Electric Service
- Kansas City Power & Light Company ER-2016-0285
In the Matter of Kansas City Power & Light Company's Request for Authority to Implement A General Rate Increase for Electric Service
- Union Electric Company d/b/a Ameren Missouri ER-2016-0179
In the Matter of Union Electric Company d/b/a Ameren Missouri's Tariff to Increase Its Revenues for Electric Service
- Grain Belt Express Clean Line, LLC EA-2016-0358
In the Matter of the Application of Grain Belt Express Clean Line LLC for a Certificate of Convenience and Necessity Authorizing it to Construct, Own, Operate, Control, Manage and Maintain a High Voltage, Direct Current Transmission Line and an Associated Converter Station Providing an Interconnection on the Maywood-Montgomery 345kV transmission line.
- Spire Missouri, Inc. GR-2017-0215 and GR-2017-0216
In the Matter of Spire Missouri, Inc.'s Request to Increase Its Revenues for Gas Service
- Liberty Utilities GR-2018-0013
In the Matter of Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty Utilities' Tariff Revisions Designed to Implement a General Rate Increase for Natural Gas Service in the Missouri Service Areas of the Company
- Spire Missouri, Inc. GO-2019-0058 and GO-2019-0059
In the Matter of Spire Missouri, Inc. d/b/a Spire's Request to Decrease [Increase] WNAR
- Grain Belt Express Clean Line LLC EM-2019-0150
Invenergy Transmission LLC
Invenergy Investment Company LLC
In the Matter of the Joint Application of Invenergy Transmission LLC, Invenergy Investment Company LLC, Grain Belt Express Clean Line LLC and Grain Belt Express Holding LLC for an Order Approving the Acquisition by Invenergy Transmission LLC of Grain Belt Express Clean Line LLC

cont'd Expert Witness Testimony

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- Union Electric Company d/b/a Ameren Missouri GR-2019-0077
In the Matter of Union Electric Company d/b/a Ameren Missouri's Tariffs to
Increase its Revenues for Natural Gas Service
- Union Electric Company d/b/a Ameren Missouri ER-2019-0335
In the Matter of Union Electric Company d/b/a Ameren Missouri's Tariffs to
Decrease Its Revenues for Electric Service
- Empire District Electric Company ER-2019-0374
In the Matter of The Empire District Electric Company's Request for Authority to
File Tariffs Increasing Rates for Electric Service Provided to Customers in its
Missouri Service Area
- Union Electric Company d/b/a Ameren Missouri EA-2020-0371
In the Matter of the Application of Union Electric Company d/b/a Ameren
Missouri for Permission and Approval and a Certificate of Public Convenience
and Necessity Under 20 CSR 4240-3.105
- Spire Missouri, Inc. GR-2021-0108
In the Matter of Spire Missouri Inc.'s d/b/a Spire Request for Authority to
Implement a General Rate Increase for Natural Gas Service Provided in the
Company's Missouri Service Areas
- Union Electric Company d/b/a Ameren Missouri ER-2021-0240
In the Matter of Union Electric Company d/b/a Ameren Missouri's Tariffs to
Adjust Its Revenues for Electric Service
- Union Electric Company d/b/a Ameren Missouri GR-2021-0241
In the Matter of Union Electric Company d/b/a Ameren Missouri's Tariffs to
Adjust Its Revenues for Natural Gas Service
- The Empire District Electric Company ER-2021-0312
In the Matter of the Request of The Empire District Electric Company d/b/a
Liberty for Authority to File Tariffs Increasing Rates for Electric Service
Provided to Customers in its Missouri Service Area
- The Empire District Gas Company GR-2021-0320
In the Matter of The Empire District Gas Company's d/b/a Liberty Request to File
Tariffs to Change its Rates for Natural Gas Service

Selected Manuscripts and Posters

- Stahlman, Michael and Laura M.J. McCann. "Technology Characteristics, Choice
Architecture and Farmer Knowledge: The Case of Phytase." *Agriculture and
Human Values* (2012) 29: 371-379.
- Stahlman, Michael, Laura M.J. McCann, and Haluk Gedikoglou. "Adoption of Phytase
by Livestock Farmers." Selected poster at the American Agricultural Economics
Association Annual Meeting, Orlando, FL, July 27-29, 2008. Also presented at
the USDA/CSREES Annual Meeting in St. Louis, MO in February 2009.

cont'd Expert Witness Testimony
Michael L. Stahlman

McCann, Laura, Haluk Gedikoglu, Bob Broz, John Lory, Ray Massey, and Michael Stahlman. "Farm Size and Adoption of BMPs by AFOs." Selected poster at the 5th National Small Farm Conference in Springfield, IL in September 2009.