

**STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION**

ILLINOIS POWER COMPANY,)	
d/b/a AmerenIP and AMEREN ILLINOIS)	
TRANSMISSION COMPANY)	
)	Docket No. 06-0706
Petition for a Certificate of Public Convenience and)	
Necessity, pursuant to Section 8-406 of the Illinois)	
Public Utilities Act, to construct, operate and maintain)	
new 138,000 volt electric lines in LaSalle County,)	
Illinois.)	

**INITIAL BRIEF OF ILLINOIS POWER COMPANY D/B/A AMERENIP
AND AMEREN ILLINOIS TRANSMISSION COMPANY**

Dated: February 29, 2008

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I. SUMMARY OF PETITIONERS' POSITION

Illinois Power Company d/b/a AmerenIP (“AmerenIP”) and Ameren Illinois Transmission Company (“AITC,” together, “Ameren” or “Petitioners”) are seeking (i) issuance by the Illinois Commerce Commission (“Commission”) of a Certificate of Public Convenience and Necessity (“Certificate”) pursuant to § 8-406 of the Public Utilities Act (“Act”), 220 ILCS 5/8-406, authorizing AmerenIP and AITC to construct, operate, and maintain new 138 kilovolt (“kV”) electric lines (the “Transmission Lines”) in LaSalle County, Illinois; (ii) an order authorizing the construction of the Transmission Lines pursuant to Section 8-503 of the Act; and (iii) such other relief as may be necessary.

Petitioners have demonstrated that the Transmission Lines meets the statutory requirements for a Certificate under Section 8-406. No party has questioned the need for the Transmission Lines or challenged the granting of a Certificate to AmerenIP. The issues in this proceeding are (i) the selection of the route of the LaSalle-Wedron transmission line (“LaSalle-Wedron Line”, described below); (ii) the granting of a Certificate to AITC and approval for it to participate in the funding of the transmission line project, and (iii) whether it is appropriate for Petitioners to seek an order under Section 8-503 of the Act in this proceeding.

With regard to the LaSalle-Wedron Line route, Petitioners have determined, after a long and in-depth study, that the primary route (the Green Route) is the preferred route. Petitioners have demonstrated that the Green Route represents the best balance of routing factors of all of the alternative routes proposed for the LaSalle-Wedron Line. The Green Route for the LaSalle-Wedron Line is supported by Ameren and Staff, and interveners SHOCK, the LaSalle-Peru School District, and the City of Ottawa (“Ottawa”). The Green Route is opposed by interveners PROTED 80, the Village of North Utica (“North Utica”) and SOLVE. As discussed below, however, the alternate routes supported by these groups are not superior to (and are in fact

inferior to) the Green Route. Thus, the Green Route should be selected as the route for the LaSalle-Wedron Line.

With regard to AITC, AITC received a certificate to act as a public utility and approval to participate in a financing plan similar to the one at issue in this case in Docket 06-0179. Ameren has shown that AITC's participation in the financing of the project in this case would be beneficial to AmerenIP and represents a no-cost option for customers. Petitioners have also shown that Staff's arguments regarding the so-called "risks" to the Commission and ratepayers of AITC's participation should be rejected (as they were in Docket 06-0179.)

With regard to a Section 8-503 order, Petitioners have demonstrated that the requirements of Section 8-503 have been met, and therefore should receive an order authorizing the project under Section 8-503. Staff's concerns that a Section 8-503 order amounts to a grant of eminent domain authority are unfounded because (i) Ameren has not requested eminent domain authority in this proceeding, and (ii) for the Commission to grant eminent domain authority, the utility must show both a Section 8-503 order and that it has negotiated in good faith with affected landowners.

II. ARGUMENT

A. Background.

AmerenIP is a public utility within the meaning of § 3-105 of the Act, 220 ILCS 5/3-105, is an electric utility within the meaning of § 16-102 of the Act, 220 ILCS 5/16-102, and is engaged in the business of supplying electric power and energy throughout its certificated service territory within the State of Illinois. AmerenIP is a wholly-owned subsidiary of Ameren Corporation. AITC is a newly-formed Illinois corporation that will fund, construct and operate the Transmission Lines in conjunction with AmerenIP. AITC is a wholly-owned subsidiary of

Ameren Corporation. AITC was granted a Certificate to operate as a public utility under the Act. in Commission Docket 06-0179.

As described in more detail below, the proposed Transmission Lines are necessary for Petitioners to provide adequate, reliable, and efficient service to consumers in the LaSalle/Ottawa area. The proposed Transmission Lines and new substation facilities (together, the “Project”) will facilitate meeting transmission and sub-transmission system reinforcement needs in this area. More specifically, these facilities are needed to improve voltages in the LaSalle area and minimize the risk of loss-of-load in the Ottawa, Marseilles, and Wedron areas during contingency conditions. Voltages in the area are projected to be below planning criteria by year 2006 during the outage of one of the existing 138 kV lines serving the area. (Am. Pet., p. 3.) In addition, the 138/34.5 kV, 93 MVA transformer at Ottawa and the 138/34.5 kV, 112 MVA transformer at Marseilles are loaded near capacity during contingency conditions. (*Id.*) The Project will provide improved voltages, capacity for future load growth and improved reliability of service to the Ottawa, Marseilles and Wedron areas. (*Id.*) During contingency conditions, the current power system faces high risk of loss-of-load in the Ottawa, Marseilles and Wedron area. (*Id.*, p. 5.) Capacity for future load growth is another concern. There have been several recent large load additions in the Ottawa and Wedron area, contributing to projections of above-average load growth in that sector. (*Id.*, p. 3.) The potential for large commercial and industrial load additions heightens the case for creating excess capacity now. (*Id.*) Finally, the bulk of the transmission lines in the area are over 40 years old, having been constructed in the 1950s and early 1960s. (*Id.*) The Transmission Lines will connect the sector’s radial facilities, thereby expanding the 138 kV transmission network and creating a loop around the LaSalle area, which will distribute normal and contingency flows more efficiently. (*Id.* at 22, 25.) These

system improvements will enhance the capacity and voltage support needed to serve both current and projected future loads, while also addressing voltage-collapse concerns. (*Id.* at 25.)

Petitioners therefore seek a Certificate allowing them to construct, operate and maintain the Transmission Lines, which will consist of two segments of 138 kV line in the Company's LaSalle service area extending from the North LaSalle and Ottawa Substations to the new Wedron Fox River Substation. (Am. Pet., p. 7.) The first segment, approximately 24 miles in length, would be between AmerenIP's North LaSalle Substation and the Wedron Fox River Substation ("LaSalle-Wedron Line"). (*Id.*) The second segment, approximately 9 miles in length, would be between AmerenIP's Ottawa Substation and the Wedron Fox River Substation ("Ottawa-Wedron Line"). (*Id.*) Ameren proposed a primary and two alternate routes for each of the Transmission Lines. In this Brief, the respective primary route is referred to as the Green Route.

For the Ottawa – Wedron Line, Petitioners' proposed primary route ran along Illinois Route 71. Intervener IL 71 Resistor also proposed an alternate route, the IL 71 Route, which is substantially similar to Ameren's second alternate Red route. Ottawa supported the IL 71 Route. Following the hearing in this case, Ameren, IL 71 Resistor and Ottawa ("Stipulating Parties") negotiated a Stipulation, in which the Stipulating Parties agreed to support the IL 71 Route for the Ottawa-Wedron Line. (Stipulation Ex. 1.) The IL 71 Route runs parallel to a CSX Railroad rail corridor along the Fox River, for 7 of the 9 miles. It is thus consistent with the common utility practice of siting transmission lines along existing transportation corridors, and is least intrusive to the Ottawa community. (AmerenIP Ex. 2.0, p. 5.)

For the LaSalle – Wedron Line, the Green Route is the shortest, the least-cost, and has an impact on the fewest number of occupied structures of Ameren's proposed routes. (AmerenIP

Ex. 3.0, p. 5.) It crosses the Fox River in parallel with an existing overhead distribution line and gas transmission pipelines. (*Id.*) It avoids passing directly through the town of Wedron. (*Id.*) The first alternate Brown route, however, passes by three separate elementary schools, and will require the relocation or overbuilding of 12 miles of 12 kV distribution lines. (*Id.*) The second alternate Red route is the most expensive option, affecting the greatest number of occupied structures and farm buildings. (*Id.*) It also runs right through the town of Wedron. (*Id.*)

Intervener PROTED 80 (supported by SOLVE) proposed, in their Direct Testimony, three alternate routes (PROTED 80 Alts. 1, 2 and 3.) These routes were opposed by intervener SHOCK, due to their potential impact on farming communities north of I-80, and partly opposed by the LaSalle Peru School District, which is concerned about impacts of transmission lines to its proposed playing fields.

B. The Criteria for Issuance of a Certificate of Public Convenience and Necessity Under Section 8-406 of the Act Have Been Met.

Section 8-406(b) of the Act, 220 ILCS 5/8-406(b), requires that, in pertinent part:

The Commission shall determine that proposed construction will promote the public convenience and necessity only if the utility demonstrates: (1) that the proposed construction is necessary to provide adequate, reliable, and efficient service to its customers and is the least-cost means of satisfying the service needs of its customers; (2) that the utility is capable of efficiently managing and supervising the construction process and has taken sufficient action to ensure adequate and efficient construction and supervision thereof; and (3) that the utility is capable of financing the proposed construction without significant adverse financial consequences for the utility or its customers.

As explained below, Petitioners have demonstrated that the Project meets these three criteria, and therefore the public convenience and necessity require that the Project be constructed by Petitioners.

1. The Proposed Construction Is Necessary To Provide Adequate, Reliable, and Efficient Service.

Petitioners' evidence demonstrates that the Transmission Lines are necessary to provide adequate, reliable and efficient service to consumers in the LaSalle/Ottawa area. (*See* AmerenIP Ex. 1.0, pp. 25-26.) Staff witness Linkenback testified that the Transmission Lines are necessary to provide adequate and reliable service (ICC Staff Ex. 1.0, p. 7), and several other parties, including the Illinois Municipal Electric Agency ("IMEA") (IMEA Ex. 1.0), IL 71 Resistors (IL 71 Res. Ex. 1.0, pp. 7-11) and SHOCK (SHOCK Ex. 1.0, p. 3) have supported the need for the Project. No party has questioned the need for the Transmission Lines. (AmerenIP Ex. 7.0, p. 2.)

Existing facilities in the Project area face low-voltage and equipment-overload concerns, and are insufficient to meet the meet the growing needs of the sector. (AmerenIP Ex. 1.0, pp. 13-14.) A further concern is the load on the 138/34.5 kV bulk supply transformers at the Ottawa and Marseilles Substations. (*Id.* at 14.) This evaluation is based on planning criteria established by AmerenIP (through Ameren Services Company ("AMS")). (*Id.* at 5.) The contingency-flow criterion is derived from the reliability standards promulgated by the North American Electricity Reliability Council ("NERC"). (*Id.* at 7.) The voltage criteria used are consistent with 83 Illinois Administrative Code Part 410, Standards of Service for Electric Utilities. (*Id.*) Together, these criteria are used to evaluate the AmerenIP electricity transmission and distribution system. A number of studies using these criteria, performed by AMS, led to the conclusion the proposed Transmission Lines are necessary to supply adequate, efficient and reliable service to the Ottawa/LaSalle customer base, would meet the service needs of the LaSalle/Ottawa area, and would be the least-cost alternative. (*Id.* at 22-23, 25, 29.)

AMS conducted a study of the facilities currently supplying the Marseilles, Ottawa and Wedron area. (*Id.* at 10.) The study indicated that the supply uses a networked 34.5 kV system,

supplied by 138/34.5 kV transformers at the Marseilles, Ottawa and North LaSalle substations, which are in turn supplied by radial tap lines stemming from another 138 kV network. (*Id.*) The primary generation source in the area is the Hennepin Power Station. (*Id.*) Were one of these transformers, or one of the radial supply lines, to stop operating, local-area voltage would deteriorate. (*Id.* at 10-11.)

AMS reviewed the upgrade history of the region, determining that the last major upgrade was in 2004, and was intended to meet load growth in the area and to help prevent the Marseilles transformer from overloading during an outage at the Ottawa bulk supply transformer. (*Id.* at 11.) AMS learnt that most of the transmission line facilities in the area were constructed in the 1950s and early 1960s. (*Id.*) The most recent line to be constructed was installed in 1981. (*Id.*)

Upon review of the area's load-growth profile, AMS determined that while load has grown by about 1.5% per year in LaSalle, there have been several large load additions in Ottawa and Wedron, with the area around Interstate 80 and Route 23 north of Ottawa showing signs of rapid growth. (*Id.* at 12.) The entire region has seen growth in the form of large-scale commercial and residential development. (*Id.*) The review led AMS to project above-average growth in the region. (*Id.*)

AMS performed a study of the electrical supply system serving the LaSalle Area. (*Id.*) The study indicated concerns regarding low voltage and equipment overload. (*Id.* at 13.) the low power factor of the LaSalle are loads results in the area's large reactive-power, or Volt-Ampere-Reactive ("VAR"), requirement. (*Id.*) This large VAR requirement has caused the Hennepin Power Station to reach maximum VAR output and thus have difficulty in supporting 138 kV system voltages. (*Id.*) AMS found that despite recent completed and scheduled system reinforcements, the continued load growth will result in low voltage and the risk of voltage

collapse during emergency conditions, leading to loss of customer load and possible widespread system outages. (*Id.* at 14, 16.) The risk is intensified because the LaSalle/Ottawa area is at the edge of the AmerenIP system, a substantial distance from the bulk supply substations, and because the radial structure of the system means that there are no alternative transmission paths. (*Id.* at 17.) Further, the study indicated that at the peak of summer demand, the bulk supply transformers at the Ottawa and Marseilles substations would be loaded at near emergency-capacity levels. (*Id.* at 14.)

Based on these studies, Petitioners propose constructing approximately 33 miles of new 138 kV transmission line, extending from the North LaSalle and Ottawa substations to the Wedron Fox River Substation, which is a new substation that will supply the 34.5 kV network serving the Marseilles, Ottawa and Wedron area. (*Id.* at 22.) The proposed lines will result in a complete 138 kV loop around the Ottawa and Wedron area, and will thus distribute normal and contingent flows more efficiently. (*Id.*) By extending the 138 kV system closer to the load and adding transformer capacity, the proposal reduces system impedance and improves voltage during contingency conditions, thereby effectively tackling voltage-collapse concerns. (*Id.* at 23.)

Reliability necessitates that both lines be constructed; otherwise, an outage would result in heavy load on the remaining on-line transformers, and would thus reduce reliability. (*Id.* at 24.) On the other hand, having multiple lines means that a single-line outage would not create equipment overloads. (*Id.* at 26.) System voltage would remain within criteria. (*Id.*) The new Wedron Fox River Substation would continue to supply power along the active line, and would therefore avoid creating the low-voltage scenario predicted under the system's current configuration. (*Id.*) In fact, the Transmission Lines and new substation are necessary to avoid low voltages in contingency outage conditions during summer peak-load periods. (*Id.*)

Petitioners reviewed possible alternatives to constructing the Transmission Lines, but none proved viable in comparison. It was determined that installing additional capacitor banks would not adequately address the voltage concerns in the area. (AmerenIP Ex. 1.0, p. 19.) Conversion of the existing 34.5 kV lines to a higher voltage was considered, but eliminated because the cost of converting the lines and associated substations was projected at over \$40 million. (*Id.* at 31.) Various combinations of dispatching customer generation in the area, adding capacitor banks, and adding a dynamic voltage regulating device were also rejected, for either cost or long-term reliability concerns. (*Id.* at 31-32.) Three alternate 138 kV-line options were evaluated using the same criteria discussed above. (*Id.* at 30.) A line from North LaSalle Substation to ComEd's Mendota Substation would not provide adequate voltage support, and would result in large power flows out of the LaSalle area. (*Id.*) A line from Ottawa Substation, through Wedron, to ComEd's Sandwich Substation would increase the load on the AmerenIP system, while reducing local voltage. (*Id.*) Finally, a new line from Ottawa Substation to Marseilles Substation would create numerous overloads, would not address the low-voltage concerns in the Wedron area, and would require the reconductoring of 37 miles of line, mostly belonging to ComEd. (*Id.*)

2. The Proposed Transmission Lines Represent the Least Cost Option.

As detailed in the previous section, Petitioners considered several alternatives to building the Transmission Lines. As Staff witness Linkenback agrees, Petitioners' proposal is the least-cost means of satisfying the identified service needs in the Ottawa/LaSalle area. (ICC Staff Ex. 1.0, p. 7; AmerenIP Ex. 1.0, p. 29.) Petitioners studied "the logical options," and the proposed project was deemed by staff "to be the most reasonable under the circumstances." (ICC Staff. Ex. 1.0, p. 8.) No other party asserted the proposed Project was not the least-cost option for addressing the transmission needs of the LaSalle-Ottawa area. Several alternatives considered

did not meet the twin goals of reinforcing the existing system and providing capacity to serve future growth in load; the proposed Transmission Lines do meet these goals, and are the least-cost means of doing so. (AmerenIP Ex. 1.0, p. 29.)

3. Petitioners Are Capable of Efficiently Managing and Supervising the Transmission Lines' Construction Process.

Petitioners are capable of efficiently managing and supervising construction of the proposed lines. AmerenIP and AITC will have full management control of the construction of the Project, and therefore will be able to ensure that the Project will be constructed in accordance with all applicable federal and state regulations and orders of the Commission, including 83 Ill. Admin. Code Part 305, and the National Electrical Safety Code. (Am. Pet., p. 10.) Petitioners have testified that contractors hired for the project will be managed via field inspection and construction review, provided by AMS. (AmerenIP Ex. 4.0, p. 9.) As a team, the AMS personnel have significant experience in managing this sort of project, and are qualified to ensure that all work meets the various legal and regulatory specifications, and is completed in a competent manner. (*Id.*) No party has questioned Petitioners' ability to efficiently manage and supervise the proposed construction., and Staff agrees that Ameren is capable of efficiently managing and supervising the Project's construction as evidenced by the other similar projects completed by Petitioners in their service territory. (ICC Staff Ex. 1.0, p. 13.)

4. AmerenIP and AITC Are Jointly Capable of Financing the Proposed Construction Without Significant Adverse Financial Consequences for AmerenIP or its Customers.

Under Section 8-406 of the Act, a utility must demonstrate that the project it intends to undertake will not have "significant adverse financial consequences for the utility or its customers." 220 ILCS 5/8-406(b)(3). In this case, AmerenIP was concerned that if it undertook the Project on its own, it would face a risk of adverse impacts on its financial condition. Rather

than take such a risk, AmerenIP proposed to undertake the Project with AITC. Under Petitioners' proposal, AmerenIP would own 10% of the Project and AITC would own 90%.

The only party opposing this solution is the Staff, who takes the position that Ameren has not shown that AITC is capable of funding 90% of the Project, and therefore cannot recommend approval of Petitioners' financing proposal for the Project. (ICC Staff Ex. 6.0, p. 14.) Staff believes that AmerenIP can fund 100% of the Project without significant adverse financial consequences for the utility or its customers. (*Id.*) However, in Docket No. 06-0179, the Commission approved a financing arrangement whereby AITC financed 90% of the Project in that case and AmerenIP financed 10%. (AmerenIP Ex. 12.0, p. 2.) The Commission found that such an arrangement was reasonable. The Commission also granted AITC authority to operate as a public utility. Because the Commission has found that a financing arrangement substantially similar to the one here is reasonable, most if not all, of Ms. Phipps' concerns are moot. (AmerenIP Ex. 12.0, p. 2.)

Petitioners' proposal is a superior alternative to AmerenIP funding 100% of the Project. It is true that AmerenIP alone could meet the statutory test of Section 8-406, 220 ILCS 5/8-406, that the utility is capable of financing the proposed construction without significant adverse financial consequences for the utility or its customers. This is so because given the recent enactment of the Illinois rate relief legislation and the rating agencies' actions with respect to the rating outlooks of AmerenIP (specifically Moody's change from review for possible downgrade to positive outlook and Fitch's change from negative watch to positive watch), AmerenIP could finance 100% of the Project without causing a significant material adverse financial effect in the form of a ratings downgrade. (AmerenIP Ex. 19.0, pp. 1-2.) However, 1) the rating agencies have only improved the outlooks assigned to AmerenIP's ratings – they have not raised the

actual ratings; 2) the only AmerenIP ratings which are above sub-investment grade, or “junk,” are its senior secured/first mortgage bond ratings; and 3) as Staff’s analysis acknowledges, the financing of the Project will result in some deterioration of key financial measures important in the ratings agencies’ analysis of the creditworthiness of AmerenIP and the assignment of its credit ratings. (*Id.*) However, notwithstanding the level of erosion evident in AmerenIP’s financial condition, a ratings downgrade is not a likely result of AmerenIP financing 100% of the Project. (*Id.*)

Whether AmerenIP should finance 100% of the Project is a different question. (AmerenIP Ex. 19.0, pp. 2-4.) In fact, the conclusion that AITC should finance 90% of the Project with AmerenIP financing the remaining 10% remains unchanged. Despite the fact that AmerenIP’s ratings would not be lowered if it were to finance 100% of the Project, it remains the case that important AmerenIP financial ratios are eroded as a result of financing the Project. (*Id.*) This could have the result of delaying the timing of any future rating upgrade, limiting the level of upgrade (i.e. the number of ratings notches), and/or increasing the level of any improvement in financial performance (which is offset by the instant degradation) the rating agencies would need to observe in order to facilitate any upgrade. (*Id.*) After Ameren’s acquisition of AmerenIP in 2004, there was a \$865 million equity infusion for the purpose of reducing debt at AmerenIP and improving its financial health. (*Id.*) Before Ameren’s acquisition, senior secured rating was B for S&P and B1 for Moody’s. After Ameren’s acquisition, S&P’s issuer credit rating for AmerenIP was A-; Moody’s senior secured credit rating was Baa1. (*Id.*) Both of these were solid investment grade ratings. Since this time, AmerenIP has experienced a significant decline in its credit ratings and its current ratings remain precariously low. (*Id.*) The recent actions of Moody’s and S&P have removed negative credit watch and review for possible downgrade for

the existing ratings, but have not raised the ratings from their sub-investment grade status (except for the senior secured notes). (*Id.*) Financing 90% of the Project at AITC alleviates a source of negative influence on the ability of AmerenIP's ratings to improve and thus its cost of capital to be reduced. This also will enhance AmerenIP's ability to fund other investments in its infrastructure and do so at lower cost. (*Id.*) Since AITC is a no cost option to AmerenIP, its customers, or any future transmission customers, the Commission should approve AITC for this Project. Simply stated, there is no downside to having 90% of the Project funded by AITC. However with 100% funding by AmerenIP, financial metrics will be adversely affected and there is the potential that the improvement of ratings could be hindered, thereby increasing costs for customers. Approval of AITC keeps debt at lower levels than they would be otherwise. (AmerenIP Ex. 12.0, p. 5-6.) It also helps improve cash flow because it lowers the amount of interest expense necessary to fund the debt. This helps support ratings metrics. Thus that approval of AITC's financing of 90% of the Project helps eliminate a potentially negative influence when the ratings agencies review AmerenIP's credit rating. (AmerenIP Ex. 12.0, p. 5.)

The capability of AmerenIP to finance 100% of the Project is further challenged because its construction overlaps the completion of the Prairie State transmission project for which AmerenIP received approval in Docket 06-0179. (AmerenIP Ex. 6.0, p. 4.) Prairie State obligates AmerenIP to fund generator interconnection service at an estimated cost of \$87 million. The combined financial obligation of both projects increases the incremental debt at AmerenIP, provides no incremental cash flow during the construction period and erodes the ability of AmerenIP to maintain investment grade ratings from Moody's and S&P.

AmerenIP can support the construction and related financing of 10% of the Project without experiencing significant adverse financial consequences as a result. (AmerenIP Ex. 6.0,

pp. 5-6.) AmerenIP will experience a negligible level of degradation of its financial condition, for the 10% (or \$2.9 million) of the Project it intends to finance and construct itself (due to the fact that it will be incurring debt, albeit minimal in amount, during the construction phase of the Project but will not benefit from any incremental cash flow associated with the Project during this time). (*Id.*) All else being equal and taken by itself, this should not cause AmerenIP to experience significant adverse financial consequences. Also, this amount is small relative to AmerenIP's anticipated level of capital expenditures during this period. Given that the other 90% (or \$26.1 million) of the Project will be financed and constructed by AITC, a separate legal entity, the effects of the related financing will not be reflected on AmerenIP's balance sheet. (*Id.*)

Once the Project is generating cash flow and assuming it is earning an adequate return on equity, that cash flow will be helpful in offsetting the negative effects on key financial measures of the related additional indebtedness and interest obligations. (AmerenIP Ex. 6.0, pp. 6-7.) It is important to note, however, that AITC is not obligated to transfer its portion of the Project to AmerenIP upon completion, nor is AmerenIP obligated in any way to accept any such transfer. (*Id.*) A large part of the deleterious effects on these metrics during construction is the fact the construction expenditures are funded with debt (which accordingly results in additional interest payment obligations) and are not offset by incremental cash flow generation. (*Id.*) AmerenIP's ability to acquire the 90% ownership share of the Project once it is placed in service without resulting in financial harm or degradation in its financial performance will depend on how much indebtedness AmerenIP would assume when acquiring this ownership interest and AmerenIP's debt levels, cash flows (both from the Project and otherwise) and capital expenditure plans, among other factors, at that time. (*Id.*)

AITC can finance and construct the other 90% of the Project without significant adverse financial consequences for it or its customers. (AmerenIP Ex. 6.0, p. 7.) AITC is a special purpose entity formed to construct a portion of the Prairie State transmission project, for which AmerenIP and AITC received approval in Docket 06-0179. Currently, it has no other service obligations; it provides no other service but to construct transmission projects (which, in the case of Prairie State, is financed through advances from that project's sponsor); it has no need to make or fund other capital expenditures to maintain other assets. (AmerenIP Ex. 12.0, p. 7.) AITC has no outstanding public securities and/or is not rated. (*Id.*) In other words, there aren't any adverse consequences to AITC resulting from the levels of debt, revenue or size of assets on its balance sheet or income statement. This entity's funding will be provided by project sponsors (like Prairie State), or under Ameren's non-state-regulated subsidiary money pool and/or other sources of financing available to Ameren Corporation as described in Notes 5 and 6 to the financial statement contained in Ameren's 2006 10K. (*Id.*)

There are no costs to AmerenIP for the establishment of AITC to support the construction of the Project. (AmerenIP Ex. 6.0, p. 8.) Ameren Corporation has created and paid for the establishment of AITC as a registered company in the state of Illinois. No legal fees, accounting fees or any other charges will be accrued or billed to AmerenIP or its customers as a consequence of the day-to-day operations of AITC. (*Id.*) AITC will not add to the project costs in any way. (*Id.*) The formation, establishment and use of AITC is done solely for the benefit of AmerenIP and its customers. (*Id.*) AITC serves to benefit AmerenIP by enhancing the ability of the Company to maintain its investment grade credit ratings. AITC will have assets under construction, but the magnitude or strength of its balance sheet and income statement is not relevant. (AmerenIP Ex. 12.0, p. 7.)

Moreover, there would be no affect on AmerenIP's customers of weak financial ratios at AITC. (AmerenIP Ex. 12.0, p. 8.) AITC is a separate legal entity from AmerenIP. AmerenIP will not be obligated in any manner to support the payment or legal obligations of AITC. (*Id.*) The obligations of AITC will be non-recourse to AmerenIP. AmerenIP will not be obligated to lend to or provide any form of capital support to AITC. AITC does not have any outstanding public securities. Finally, the possibility that AITC would default is remote and, therefore, any impact on AmerenIP is equally remote. (AmerenIP Ex. 6.0, p. 8.) AITC will be a separate legal entity from AmerenIP. (*Id.*) Accordingly, AmerenIP will not be legally obligated in any manner to support or perform the legal obligations, including obligations for the payment of debt, interest or other sums, of AITC. The obligations of AITC will be non-recourse to AmerenIP, AmerenIP will not be a guarantor of AITC, nor will AmerenIP be obligated to lend to or provide any other form of capital support to AITC. (*Id.*)

AITC would fund the Project through the following mechanism (subject to Commission approval as necessary). (AmerenIP Ex. 19.0, pp. 4-5.) AITC would first seek approval to acquire inter-company loans from Ameren Corporation. These will be short-term loans to cover construction needs of the Project. (*Id.*) These loans will be at interest rates comparable to the short-term borrowing rates that Ameren Corporation has available. (*Id.*) In addition, to the extent that AmerenIP, AmerenCIPS or AmerenCILCO have surplus funds and can lend money to the regulated money pool, AITC may seek to acquire short-term loans from this source. (*Id.*) There is no impact to AITC or its customers from this funding arrangement. There is no difference to Ameren Corporation's ratings due to this Project whether it's done at AITC or AmerenIP.

Staff recommends that if the Commission finds AmerenIP cannot fund 100% of the Project, the Commission should investigate whether to order AmerenIP to suspend dividend payments. (ICC Staff Ex. 6.0, p. 14.) Staff believes that if AmerenIP cannot fund the Project, its ability to pay dividends and still provide adequate service is questioned. (*Id.*) If AmerenIP is unable to pay dividends however, its ability, and thus Ameren Corporation's ability, to obtain equity capital will be harmed. (AmerenIP Ex. 19.0, p. 4.) Access to equity capital is an important source of capital to maintain the Company's financial health, maintain a balanced capital structure and continue to provide reliable utility service for its customers. (*Id.*) After its acquisition of the Company, Ameren Corporation made a \$865 million infusion of equity capital into the Ameren IP which it used to reduce debt, return itself to financial health and return its ratings to investment grade status. (*Id.*) Ameren Corporation obtained this equity capital from equity investors (a total of \$1.3 billion was issued) and Ameren Corporation pays a dividend on this equity capital just as it does for all of its other outstanding common equity. (*Id.*) A financially healthy utility, and one with ready access to short-term and long-term sources of capital to finance its needs, is in a better position to provide reliable utility service and make needed investments in its utility infrastructure. Moreover, as discussed above, even if AmerenIP could fund 100% of the Project, this does not mean it should.

Although dividend payments may slightly weaken some financial metrics at AmerenIP (AmerenIP Ex. 19.2 (Revised), ¶¶ 2-7), Ameren has shown that the impact of dividend payments to AmerenIP's 2006 financials would not be substantial, and the resulting financial ratios would be consistent with A or Baa credit ratings from Moody's. (*Id.*, ¶¶ 12-14.) Even with the payment of dividends, Ameren's debt to capitalization ratios would remain "balanced and

reasonable.” (Id., ¶ 12.) As a result, there is no basis to conclude that AmerenIP’s dividend payments should be restricted in any way.

C. Ameren’s Primary LaSalle-Wedron Route Represents the Best Route Option.

1. Ameren’s Primary Route Represents the Appropriate Balance of Routing Factors, and so is Reasonable and in the Public Interest.

As the Commission stated in Docket 06-0179, the selected of a route for a transmission line must be the one that “best balances the relevant factors.” Docket 06-0179, Order, p. 17. Ameren’s evidence shows that for the LaSalle-Wedron Line, Ameren’s primary Green Route represents the best balance of the relevant factors and should be the selected route. In selecting route alternatives, Ameren conducted an extensive routing study and determined that the Green Route was the preferred of the three alternates. Advantages of the proposed Green Route are that, as compared to other Ameren alternatives, it is the shortest route; it is the least cost route; and it impacts the fewest number of occupied structures. (AmerenIP Ex. 3.0, pp. 5-6.) This route crosses the Fox River in parallel with an existing overhead distribution line and gas transmission pipelines. (*Id.*) This route also avoids passing directly through the town of Wedron. (*Id.*) The alternate routes had significant disadvantages. Disadvantages of the first alternate route are: it passes by three elementary schools; and it will require the relocation or overbuilding of 12 miles of 12kV distribution. (*Id.*) Disadvantages of the second alternate route are: it is the most expensive alternative; it affects the greatest number of occupied structures and farm buildings; and it passes directly through the town of Wedron. (*Id.*) Because of the significant disadvantages to the two alternate routes, the primary Green Route was selected as preferred. The Green Route was formulated with extensive input from local government, state and federal environmental agencies, and citizens groups. The purpose of this public input process was to

balance environmental and threatened wildlife species concerns, the future economic growth of the local community, and the design constraints and cost of the transmission line.

As will be discussed below, the Green Route also represents the best balance of relevant factors where compared to the alternate routes prepared by PROTED 80.

Staff agreed that “the six routes Ameren selected to investigate in detail represent a reasonable set of possible routes.” (AmerenIP Ex. 9.0 (2nd Revised), p. 3.) Ameren has selected route alternatives that can be built, are comparable in cost, and for which the necessary permitting can be obtained in a reasonable amount of time. (*Id.*) Staff concluded that no alternative route that was better than the six routes Ameren investigated. (AmerenIP Ex. 9.0 (2nd Revised), p. 3-4.) Staff further recommended approval of Ameren’s Green Route from LaSalle to Wedron.

Ameren conducted a thorough and exhaustive routing study in this case. (AmerenIP Ex. 9.0 (2nd Revised), p. 3.) The same factors evaluated in Docket No. 06-0179 were also studied in this one, including proximity to residences, water crossings, agricultural land loss, effects on natural resources, and engineering constructability. Each individual feature or resource (individual species habitat, historic resource, wetland, forested area, agricultural area, etc.) was considered on its own merit and what the approximate cost to avoid would be, rather than grouping all the features or resources into a common category and assigning a numeric weighting factor. (AmerenIP Ex. 9.0 (2nd Revised), p. 2.) Every route segment was painstakingly evaluated by a diverse project team that included engineers, real estate agents, environmental scientists, and local customer service personnel. (*Id.*) Ameren’s routing study was an 18-month long process that commenced in June 2005 and lasted until the petition filing in November 2006. (AmerenIP Ex. 16.0 (Revised), p. 13.)

Ameren representatives worked diligently to inform or meet personally with many local officials and local groups including, but not necessarily limited to, those listed below (AmerenIP Ex. 2.0, pp. 8-9):

- City of LaSalle Mayor, Engineer and Public Works Director
- City of Ottawa Mayor and Engineer
- LaSalle County Board Chairman and Planning Department.
- LaSalle County Highway Dept. and Engineering
- Dimmick, Waltham, Wallace, Dayton, Rutland, LaSalle, Utica and Ottawa Township Highway Commissioners and Township Supervisors
- Illinois Valley area and Ottawa area Chamber of Commerce
- LaSalle County Farm Bureau Manager
- LaSalle and Ottawa local newspapers
- Illinois State Representative and Illinois State Senator serving this area
- “SHOCK” Community Group
- “SOLVE” Community Group
- Village of North Utica

AmerenIP also evaluated environmental, wetlands and other environmental impacts in establishing its line routing and siting criteria. (AmerenIP Ex. 2.0, pp. 10-12.) The purpose of this evaluation was to minimize impacts in establishing line routes and line construction. (*Id.*) Also, Ameren representatives have met or will meet with the following agencies regarding the routing proposal, agency issues, potential impacts and compliance with their regulations:

- Illinois Department of Agriculture.
- United States Army Corps of Engineers (USACE).
- Illinois Department of Natural Resources (IDNR).
- Illinois Environmental Protection Agency (IEPA).
- Illinois Department of Transportation (IDOT); Division of Highways.
- Illinois Department of Transportation; Division of Aeronautics.
- United States Fish and Wildlife Service (USFWS).
- Federal Aviation Administration (FAA).

As Ameren’s evidence shows, the primary advantages of the Green Route are that it is the best route from an engineering perspective, it utilizes the existing I-80 transport corridor, reducing maintenance issues and avoiding impacts to the farming communities north of I-80, it

crosses the Little Vermilion River in an area where it will have the least impact compared to other possible routes, and it represents the best balance of routing criteria as compared to other alternatives proposed by Ameren and the interveners.

2. PROTED 80's Alternate Routes Should Be Rejected

In proposing alternative routes to the Green Route, PROTED 80 bears the burden of showing that the public convenience and necessity require construction of the proposed transmission line along their alternate routes instead of on Ameren's proposed primary Green Route. 220 ILCS 5/8-406(b). PROTED 80 cannot make this showing. PROTED 80's three alternates are not superior to Ameren's primary route, and are in fact inferior. (AmerenIP Ex. 9.0 (2nd Revised), p. 4.) The three PROTED 80 alternate routes have environmental, land use impact and engineering concerns that need to be addressed. (*Id.*) For the reasons discussed in more detail below Ameren has chosen the most viable route alternative. Staff agrees that PROTED 80's alternates should be rejected. (ICC Staff Ex. 1.0, p. 4.) Staff stated that Staff "did not believe PROTED 80 routes are better" than Ameren's (*id.*), and that none of the alternatives proposed for the LaSalle-Wedron route were superior to the Green Route. (*Id.*, p. 6.)

PROTED 80's witness, Mr. Bennett, acknowledges that he has no training or expertise in environmental sciences or the valuation of real estate. (Tr. 718.) He also acknowledges that he has never been involved in the construction or route selection of an electric transmission line. (*Id.*) Nevertheless, Mr. Bennett presumes that the three alternate routes proposed by PROTED 80 represent viable alternative to Ameren's Green Route, despite the fact that the Green Route has been the subject of an exhaustive analysis over a period of 18 months or more. (AmerenIP Ex. 16.0 (Revised), p. 13.) In fact, the methodology used by Mr. Bennett represents the initial stages of what is otherwise required for an in-depth routing study for an electric transmission line. (AmerenIP Ex. 9.0 (2nd Revised), pp. 6-7.) The steps followed by Mr. Bennett only establish a

set of basic route segments to be studied and can not be considered complete. By contrast, Ameren started with newly flown aerial stereo photography of the entire project area so that areas of new development can be seen and environmental analysis of the potential routes could be performed. (*Id.*) Ameren then determined the various route segments that could be used to connect the termination points and obtained helicopter-based laser survey data and fly-over videos for these segments. (*Id.*) Field data and a list of potential environmental impacts in the project area were compiled. (*Id.*) Ameren then gathered a routing team of engineers, real estate agents, environmental scientists, and local district personnel with extensive knowledge of the project area to review all of this routing data, photography, videos, and environmental data for several meetings and field trips. (*Id.*) The findings of this routing team combined with comments from the public workshops, meetings with government officials, and citizens groups provided the basis for the Ameren routing study that produced the primary route and two alternatives for this project. (*Id.*) Thus, Ameren's routing study and analysis was far more in-depth and complete than Mr. Bennett's. (*Id.*) Ameren also evaluated large number of segments in the project area that were located on or near the PROTED 80 alternatives during the process of selecting a primary route and two alternative routes. (AmerenIP Ex. 9.0 (2nd Revised), p. 5.) While Ameren did not consider the PROTED 80 routes in their entirety, Ameren's review of these segments and failure to include them in their proposed routes indicate there are numerous concerns with PROTED 80's routes.

One concern is the extensive use of cross-country construction traversing agricultural land required by the PROTED 80 alternatives, which would be inconsistent with Ameren's Agricultural Impact Mitigation Agreement with the Illinois Department of Agriculture (AmerenIP Exhibit 2.1). (AmerenIP Ex. 9.0 (2nd Revised), p. 5.) This agreement was entered

into by Ameren pursuant to the Illinois Farmland Preservation Act and the ICC Agricultural Land Preservation Policy. The effect of this agreement is to minimize the loss of agricultural production land and to mitigate the effect on agricultural uses when avoidance is not feasible. (*Id.*) Also, as a part of the route selection process, Ameren conducted environmental investigations both from 2005 aerial photography and from field visits where access was permitted. (AmerenIP Ex. 9.0 (2nd Revised), p. 5.) Some of the areas along these PROTED 80 alternative routes would have significant environmental impacts during the construction of an electric transmission line. (*Id.*)

PROTED 80 believes I believe that “the major shortfall of Ameren’s primary route is the adverse effect that this line will have on tourism and economic development of the areas in and around the cities of LaSalle, Utica and Ottawa” and that that “the proposed location of Ameren’s primary route passes by and through properties that have very high potential for future development.” (PROTED 80 Ex. 1.0, p. 6.) The transmission lines will not have the impact Mr. Bennett asserts. (AmerenIP Ex. 9.0 (2nd Revised), pp. 7-8.) Ameren has 138kV transmission lines such as this proposed line which traverse through communities throughout its service territory, and transmission lines do not generally prevent community growth. (*Id.*) A prime example of growth in the area of existing transmission lines is the western suburbs of the St. Louis metro area. (*Id.*) As will be discussed, commercial and residential developments have routinely been located next to existing transmission line corridors. Moreover, PROTED 80 ignores the impact that the PROTED 80 proposed routes would have on agricultural land. (*Id.*)

Ameren has chosen the most viable route alternative for this project area for the reasons discussed herein. Ameren believes that PROTED Alt 1 has environmental, land use impact and engineering concerns that would need to be addressed before constructing on the route.

(AmerenIP Ex. 16.0 (Revised), p. 2.) PROTED 80 Alts. 2 and 3 also present serious concerns. (AmerenIP Ex. 9.0 (2nd Revised), pp. 11-12.) Moreover, Staff has stated that no other proposed route is superior to Ameren's primary route and Staff rejects the positions regarding routing taken by the interveners PROTED 80, SOLVE, and the Village of N. Utica. (ICC Staff Exs. 1.0, p. 6; 5.0, pp. 2-5.)

The parties to this proceeding have generally referred to twelve criteria for route evaluation, as set forth in AmerenIP Exhibit 16.9. Although Ameren does not believe that these twelve criteria represent the universe of applicable criteria, and "that line routing cannot be reduced to weighting factors and the application of an arithmetic formula" (AmerenIP 16.9), a comparison of Ameren's Green Route from LaSalle to Wedron for these twelve criteria shows that Ameren's Green route is the preferred route for seven criteria, and that no other route is superior for four of the remaining criteria. (AmerenIP Exhibit 9.3.) As will be discussed below, the fact that the Green Route is closer to existing and planned development along the I-80 corridor, as compared to PROTED 80 Alt. 1, is an advantage of the Green Route, as the Green Route avoids PROTED 80 Alt. 1's impacts on agricultural land and farm communities.

(a) The Green Route and PROTED 80 Alts. 1, 2 and 3 Are Comparable Lengths.

The Green route is slightly shorter than PROTED 80 Alt. 1 and comparable in length to PROTED 80 Alts. 2 and 3. Thus, there is not route superior to the Green Route in terms of length.

(b) The Construction of PROTED 80's Alternate Routes Will Be More Difficult and Expensive.

PROTED 80 believes that "the terrain on any of the six proposed routes is relatively the same and therefore the difficulty of construction should be about the same on any of the routes." (PROTED 80 Ex. 1.0, p. 22.) This is not the case, and Ameren's evidence shows that

construction of the PROTED 80 alternates will in fact be more difficult. Terrain is only one factor that determines the overall difficulty of construction. (AmerenIP Ex. 9.0 (2nd Revised), p. 13.) Other factors that must be considered are environmental constraints, permit mitigation measures, and construction access and proximity to roadways. The PROTED 80 Alt. 1 route, for example, occupies 14.3 acres of wetlands and requires clearing 16.8 acres of potentially suitable Indiana bat habitat. (*Id.*) Construction in these sensitive areas will require mitigation measures that make construction more difficult than the proposed Ameren primary route. In addition, although PROTED 80 Alt 1 follows property lines for the considerable portion of the route, there are shifts in the property lines located at some section boundaries. (AmerenIP Ex. 9.0 (2nd Revised), p. 8.) These shifts would introduce a pair of expensive angle structures at each shift to keep the transmission line running parallel to the property lines. (*Id.*) It does not appear that Mr. Bennett has factored the need for these structures into his analysis.

PROTED 80 Alt 1 also crosses the Little Vermilion River (“LVR”) in more difficult terrain. As a part of its routing process, Ameren acquired aerial photography of the project area, which included digital terrain model information embedded. (AmerenIP Ex. 16.0 (Revised), p. 10.) While there are some areas of significant terrain change in the area of the Ameren primary Green Route, the location where the proposed line is to cross the LVR has an elevation change of only about 40’ (on its East bank, within 500’ of the river crossing). The maximum elevation change crossed by the line is 72’ (572’ vs. 500’) and that is 700’ away from the river crossing, and is separated by a retention pond. (*Id.*) By contrast, the PROTED 80 Alt 1 route crosses the LVR with an elevation change of 70’ (653’ vs. 583’ maximum change within 1200’). The PROTED 80 Alt 1 route raises about 55’ on its East bank, within 500’ of the river crossing.

PROTED 80's assertions that the Alt 1 route is superior to the Ameren preferred route with respect to the LVR topography are therefore without merit.

PROTED 80 also believes that "the PROTED 80 alternatives -- especially PROTED 80 Alt 1 -- will not require the construction and maintenance of access roads." (PROTED 80 Ex. 1.0, p. 18.) Mr. Bennett seems to have made this statement based on his claim that "nearly all, if not all, of a transmission line following PROTED 80 Alt 1 can be seen from roadways" that are built on a one-mile grid. (*Id.*) It is faulty to assume, however, that if you can see a location, then you can get heavy equipment needed to construct and maintain transmission lines to it. (AmerenIP Ex. 16.0 (Revised), pp. 10-11.)

PROTED 80 and SOLVE also express concerns about construction near the Illinois Cement quarry. Constructing the transmission line through the quarry will require special construction techniques in order to stabilize the soils and the poles within the reclaimed quarry, which will be more costly than installation of poles within most other areas of the project. (AmerenIP Ex. 9.0 (2nd Revised), p. 14.) However, the route alternatives of PROTED 80 do not eliminate other construction difficulties and costs, for example at their proposed crossing locations of the LVR. (*Id.*) PROTED 80's proposed crossing locations cross through forested portions that contain topographic relief of 100 feet or more in parts. (*Id.*) The LVR valley in these areas contains very unique geologic features. (*Id.*) All of these natural occurring geologic features impose additional construction challenges and costs. (*Id.*)

PROTED 80 and SOLVE also claim the entire 100' width of the right-way will need to be stabilized in order to construct and maintain the Green Route in this area. (PROTED 80 Ex. 2.0, pp. 16-17.) In fact, according to the Ameren Civil and Structural Design Group, a 20' wide access lane is all that is required for construction and maintenance in an area such as the Illinois

Cement Quarry. (AmerenIP Ex. 16.0 (Revised), p. 9.) The pole stabilization concern was addressed by Ameren's engineering approach to this area, which involves excavating down to solid soil only in the areas of the structure locations and installing a sufficiently deep concrete pier foundation to stabilize the steel transmission structure.

SOLVE also expressed concern about slumping due to shale and uncompactable soils near the Illinois Cement Company quarry. (SOLVE Ex. 2.0, p. 6.) Ameren has addressed these concerns, pointing out that there are natural corrections to stability that occurred in this area and that resolution measures were applied. (AmerenIP Ex. 16.0 (Revised), pp. 17-18.) With regard to crossing the southern end of the lake/retention pond, Ameren's transmission lines routinely span bodies of water that are much larger than this one. (*Id.*) The mid-span conductors that would be located over water require little, if no, routine maintenance and regular inspections are typically done by helicopter. (*Id.*) Thus, SOLVE's assertions do not represent valid concerns.

Finally, the Green Route will not impact any potential recreational use of the reclaimed quarry. (AmerenIP Ex. 16.0 (Revised), p. 16.) The reclaimed quarry is obviously highly disturbed due to the mining activities. (*Id.*) In contrast, the LVR area along PROTED 80's Alt. 1 route is adjacent to the dedicated Maze Woods Land and Water Reserve. (*Id.*) It simply does not make sense to argue that a former quarry contains greater environmental value because of the potential for habitat creation, when compared to an area adjacent to a dedicated nature reserve. Dr. Jasiak's own testimony seems to be contradictory in this regard as he asserts that area where PROTED 80 Alt 1 crosses over near the LVR is degraded (SOLVE Ex. 2.0, p. 15) which, if that were the case, would also provide for ample opportunity for habitat restoration, enhancement, and creation. (AmerenIP Ex. 16.0 (Revised), p. 16.) In summary, PROTED 80's alternate routes

will be more difficult to construct, and neither PROTED 80 nor SOLVE have provided any basis to conclude otherwise.

(c) Operation and Maintenance of PROTED 80's Alternate Routes Will Be More Difficult and Expensive.

PROTED 80 also asserts that “the cost of maintenance of any PROTED 80 alternative would be roughly the same as for Ameren’s primary route.” (PROTED 80 Ex. 1.0, p. 16.) This is incorrect. (AmerenIP Ex. 9.0 (2nd Revised), p. 15.) In general, routes traveling “cross country” are more expensive to maintain and repair than those constructed alongside a road or within an existing corridor. (*Id.*) Cross country routes often require the construction and maintenance of access roads along the right-of-way that may become impassible during inclement weather. (*Id.*) Most emergency maintenance will need to be performed during adverse weather conditions that include heavy thunderstorms, snow, and ice. (AmerenIP Ex. 16.0 (Revised), pp. 10-11.) Access roads will need to be built and maintained so that heavy equipment such as transmission bucket trucks, cranes, and foundation drills can reach the structure locations without becoming disabled in mud or snow or causing excess damage to fields, drainage tiles, ditches, or environmentally sensitive areas such as wetlands. (*Id.*) Having lines not visible from roadways can also lead to longer power outages in the area and higher repair costs, since it will take longer to identify the location of downed power lines and to reach the lines with repair equipment and materials. (AmerenIP Ex. 9.0 (2nd Revised), p. 15.)

The Green Route eliminates many of the concerns about maintenance of cross country lines. About 25% of the Ameren Green Route will parallel existing frontage roads, and maintenance will be performed from these roads. (AmerenIP Ex. 9.0 (2nd Revised), p. 16.) Elsewhere along the I-80 segment of the route, access rights for maintenance will be

incorporated in the easements, just as along PROTED 80 Alt 1 & 2. (*Id.*) Therefore, PROTED 80 Alts 1 and 2 do not offer any advantage over Ameren's primary route in this respect. (*Id.*)

With respect to PROTED 80 Alt 3, PROTED 80 believes this route "provides for a substantial percentage of the transmission line to be maintained from the adjacent roadway and, in this regard, PROTED 80 Alt 3 would be the least difficult to operate and maintain."

(PROTED 80 Ex. 1.0, p. 17.) However, although lines located along road rights-of-way are generally less expensive to construct, maintain, and repair, other factors can increase these costs. (AmerenIP Ex. 9.0 (2nd Revised), p. 16.) For example, most of the PROTED 80 Alt 3 route along roadways would be overbuilt on 12kV lines. (*Id.*) The overbuilding of distribution facilities not only makes initial construction more costly but also makes maintenance activities cumbersome and less efficient and introduces a higher potential for accidental electrical contacts by line personnel. (*Id.*)

(d) No Party Has Proposed a Route that Is Environmentally Superior to the Green Route.

PROTED 80 Alt 1 will not have fewer environmental impacts than Ameren's Green Route. (AmerenIP Ex. 16.0 (Revised), p. 2.) With respect to the LVR crossings, while the crossing locations of both PROTED 80 Alt 1 (adjacent to Maze Woods Land and Water Reserve) and Ameren's Green Route are unlikely to have significant environmental implications, Ameren's Green Route still crosses the LVR in a much more degraded portion of the LVR, with less intact forested riparian corridor. (AmerenIP Ex. 16.0 (Revised), pp. 18-19; see Public Map Ex. 1.) Moreover, the Green Route from the LaSalle substation to I-80 was sited specifically to avoid the deepest portions of the LVR valley and to avoid environmentally sensitive areas. (AmerenIP Exs. 9.0 (Revised), pp. 19-20; 2.0, pp. 5-8; 9.6, 9.7.) In particular, the Green Route from LaSalle to I-80 was selected because it was determined that no suitable Indiana Bat habitat

will be impacted by this route. (AmerenIP Ex. 9.7.) By contrast, PROTED 80 Alt. 1 will have potential environmental impacts on its eastern portion in areas like the crossing of Buck' Creek. (AmerenIP Ex. 18.0 (3rd Revised), p.12.)

SOLVE expresses concerns that the Green Route will impact a “nature preserve” near the Vermilionvue subdivision as a nature preserve. (SOLVE Ex. 2.0, p. 21.) As Ameren points out, the Outlot 1 retention pond area is not an officially designated nature preserve, and is at best open space. (AmerenIP Ex. 16.0 (Revised), pp. 19-20.) In particular, Dr. Jasiak asserts that the screen of trees that Vermilionvue designated as a “nature preserve” must be maintained and that clearing the 100 foot right of way for Ameren’s primary route will remove the screen of trees between the Vermilionvue subdivision and the proposed transmission lines. (SOLVE Ex. 2.0, p. 21.) None of the trees that would be removed during the construction of the Green Route will be located on Outlot 1 of the Vermilionvue subdivision and Ameren has determined that there will be a screen of trees remaining between the transmission line and the Vermilionvue subdivision after the construction. (AmerenIP Ex. 16.0 (Revised), pp. 19-20.) Thus, SOLVE’s concerns are baseless.

(e) No Party Has Proposed a LaSalle-Wedron Route that Is Superior to the Green Route with respect to Impacts on Historical Resources.

No party has proposed a route that is superior to the Green Route with respect to potential impacts on historical resources. The Illinois Historic Preservation Agency (“IHPA”) has approved Ameren’s primary route for the LaSalle-Wedron Line regarding historic and cultural resources. (AmerenIP Exs. 11.04; 11.0 (2nd Revised), p. 9.) The IHPA also completed a cultural resources review for all of the proposed PROTED 80’s routes and determined that these routes will not impact historic properties or cultural resources either. (*Id.*)

(f) Impact of the Green Route on Land Use and Development in the I-80 Corridor Will Be Minimal.

PROTED 80, SOLVE and North Utica share many of the same concerns regarding impacts of the Green Route on development in the project area. These concerns are, however, unjustified. The PROTED 80 group is comprised primarily of the owners of property located along the south side of I-80, between I-39 and the point the transmission line crosses to the north side of I-80 to the west of Ottawa. (AmerenIP Ex. 13.0, pp. 9-10.) The group's primary concern is that the power line will in some way limit the future utility of their property when an opportunity may arise to develop their property, or sell it for development by others, for future residential, industrial or commercial purposes. (*Id.*) Although suburban development is projected to come to area, and notwithstanding some recent property transactions that reflect rising property values, the presence of the transmission line along I-80 will have little or no influence on the type or value of investment that occurs along the I-80 frontage. (*Id.*) Transmission lines do not have a significant adverse effect on tourism and economic development. (AmerenIP Ex. 13.0, p. 8.) To begin with, sufficient and well distributed access to electric power is a primary and fundamental prerequisite to economic development and tourism. (*Id.*) This is a problem for LaSalle County today in that there is insufficient electric power resources to enable the growth and development that is occurring and anticipated. (*Id.*) Commercial (retail, office) and industrial (manufacturing, warehousing, distribution) land uses will not, however, be deterred by, or experience any reduction of value due to, the presence of the power line located adjacent and parallel to the highway or frontage roadway. (AmerenIP Ex. 20.0 (Corrected), pp. 13-14.)

One of PROTED 80's main concerns is the adverse effect that the Green Route will have on tourism and economic development of the areas in and around the cities of LaSalle, Utica and

Ottawa and that that “the proposed location of Ameren’s primary route passes by and through properties that have very high potential for future development.” (PROTED 80 Ex. 1.0, p. 6.) The Transmission Lines will not have the impact PROTED 80 asserts. Ameren has 138kV transmission lines such as this proposed line which traverse through communities throughout its service territory, and transmission lines do not generally prevent community growth. (AmerenIP Ex. 9.0 (Revised), pp. 7-8.) Commercial and residential developments have routinely been located next to existing transmission line corridors. Moreover, Mr. Bennett ignores the impact that the PROTED 80 proposed routes would have on agricultural land. Finally, to the extent that the Green Route passes through areas that are experiencing development, as discussed below, Ameren has sought to compensate landowners accordingly.

SOLVE is a group whose limited focus is on the protection of the LVR and adjacent properties (some of which will potentially be developed). However, as discussed above, Petitioners chose a route that minimized impacts on the LVR and adjacent forestation and wetlands. (AmerenIP Ex. 13.0, p. 10.) North Utica is also concerned about the impact of the transmission lines on potential development. As discussed, however, this concern is unwarranted.

A careful examination of relevant public planning documents provides no significant objection to the location of the transmission line extending from LaSalle to Wedron. (AmerenIP Ex. 13.0, pp. 11-13.) There are two specific references to electric transmission lines in the Goals and Objectives of the 2002 North Utica Comprehensive Plan and in the Community Appearance chapter of the 1969 Comprehensive Plan for the City of LaSalle, which state as follows:

Public Utilities Goal (North Utica Comprehensive Plan, 2002)

“Provide and improve public utility systems necessary to maintain the health, safety, and welfare of Utica’s population and to guide future development

“Objective 3: Assure new development has access to all available public utilities.

“Policy 1: Encourage the provision of new and existing utility lines *underground wherever possible.*”

Community Appearance (LaSalle Comprehensive Plan, 1969)

The Community Appearance section of the 1969 plan indicates that in residential neighborhoods “Overhead wires should be placed underground and street lights added” (page 118) and that First Street in the central business district should be improved by the “...removal of overhead wires ...”, among other things. In general, the plan states that “Regardless of where poles and wires are placed, they detract from appearance. However, a location in alleys or along easements on the rear of lots will at least hide poles and wires from view. The city has control over these locations and standards, and regulations for them should be included in franchise agreements. There should be a program for placing residential services underground, and in new subdivisions. Underground wires should be required in the subdivision ordinance.”

It is a practical impossibility to economically bury great lengths of 138 kV line in a rural or even a suburban setting. (AmerenIP Ex. 13.0, p. 12.) This can be justified only in the downtown business districts of major cities. (*Id.*) On the other hand, smaller distribution lines may be buried especially within subdivisions or smaller business districts. It is these types of distribution lines to which Utica’s Policy 1 and LaSalle’s Comprehensive Plan refer. (*Id.*) Thus, these Comprehensive Plans do not provide a basis for rejecting the Green Route.

LaSalle County’s 1999 Comprehensive Plan does not make any mention or indirect reference to the location of electric transmission or distribution facilities. (AmerenIP Ex. 13.0, p. 12.) All of the above referenced comprehensive plans, however, discourage inefficient urban/suburban “sprawl” and “strip commercial” development. (AmerenIP Ex. 13.0, pp. 12-13.) Compact growth at the perimeter of existing developed areas is encouraged rather than leapfrog

or linear growth along transportation corridors. (*Id.*) Thus, there may not be the type of development along much of I-80 that PROTED 80 is concerned about. And to the extent future development does occur along I-80, PROTED 80 cannot raise arguments regarding the impact of the Green Route on agricultural land. The presence of the proposed transmission line along the south edge of I-80 and around the southwest and southeast quadrants of the interchange with IL 178 also will not interfere in any way with realization of these plans for North Utica at this interchange. (*Id.*)

PROTED 80 asserts that (PROTED 80 Ex. 2.0, pp. 7-9) there is deterioration in property values along transmission lines. PROTED 80, however, has not offered any credible evidence that such deterioration would happen in this case. (AmerenIP Ex. 20.0 (Corrected), pp. 13-14.) Commercial and industrial land uses will not experience any reduction of value due to the presence of the power line located adjacent and parallel to the highway or frontage roadway. (*Id.*)

PROTED 80 also asserts that the values that Ameren is using to estimate the cost of land and right-of-way are too low. As Ameren's evidence shows, however, Ameren has adjusted its cost of land and right of way to account for recent sales and potential development. Therefore, this is no longer an issue. The costs of land and right of way shown in the cost estimates matrices for each primary and alternate routes (AmerenIP Exhibits 3.3 and 4.3) were budgetary estimates made on the basis of information available at the time Ameren's petition and direct testimony were filed (November 1, 2006). (AmerenIP Ex. 8.0 (Corrected), pp. 1-2.) As budgetary estimates, they are not intended to be the summation of appraisals of individual parcels. (*Id.*) Ameren initially valued much of the property along I-80 as agriculture. (Most of this property is still zoned for agriculture.) (*Id.*) Property values, however, have changed along Ameren's proposed Green Route in some areas. (AmerenIP Ex. 8.0 (Corrected), pp. 2-3.) Since

the summer of 2006, it has become apparent that some development along I-80 (particularly near the intersection of I-39 and I-80 and the intersection of I-80 and Route 178) and an area north and west of Ottawa has resulted in a change in likely property classification (typically from agricultural to commercial or industrial land development) and a resulting increase in land values. (*Id.*) Ameren therefore undertook a review of existing property values and is updating its estimates for the “Cost of Land and Right of Way” component of the cost of each proposed primary and alternate route to reflect recent increases in property values. (*Id.*) It is estimated that the Cost of Land and Right of Way for the primary LaSalle-Wedron Line route has increased by approximately \$600,000. (*Id.*)

However, this does not represent substantial changes to project cost. (AmerenIP Ex. 8.0 (Corrected), p. 3.) A \$600,000 increase for the LaSalle-Wedron route represents only a 30% increase in the cost of land and right of way for that route, and thus only a 3% increase in the overall route cost (and only 2% increase in the entire project cost). (*Id.*)

The fact that the LaSalle-Wedron Line Green Route may no longer be the least-cost route does not affect its status as Ameren’s primary recommended route. (AmerenIP Ex. 8.0 (Corrected), p. 4.) Ameren believes that the advantages of the primary route still make it a superior choice to the two alternate routes Ameren proposed. (*Id.*) The primary route remains the shortest route, impacts the fewest number of occupied structures, and avoids the town of Wedron. (*Id.*) Ameren Alternate #1 passes three elementary schools and is opposed by several other interveners, including SHOCK. (*Id.*) Alternate #2 remains significantly more expensive and passes near several more occupied structures. Therefore, the primary Green Route remains the preferred route. Ameren also believes that, even at this slightly higher cost, Ameren’s primary proposed route is superior to any of the PROTED 80 alternates. (AmerenIP Ex. 8.0

(Corrected), p. 4.) PROTED 80's alternate routes present significant environmental, land use impact and engineering concerns that make those alternates unsuitable. (*Id.*) The conclusion that PROTED 80's routes are unsuitable is not altered by the increase in cost of Ameren's primary LaSalle-Wedron Line route.

In summary, properties along the proposed route near LaSalle and Utica may experience development, mainly commercial, in the future, and Ameren acknowledges that land values along a portion of the primary route (particularly near the intersection of I-39 and I-80 and intersection of I-80 and Route 178) have seen an appreciation in value. (AmerenIP Ex. 8.0 (Corrected), pp. 13-14.) As discussed above, Ameren is revising its estimates of Cost of Land and Right-of-way accordingly. As also discussed above, the increase in Cost of Land and Right-of-way does not affect Ameren's selection of the primary route as the preferred route. Moreover, as addressed above, Ameren does not believe the line will have adverse effects on this development. To the extent that property values have changed, this will be reflected in the compensation offers made to individual landowners. (AmerenIP Ex. 8.0 (Corrected), p. 16.) The effect of these changes on overall project cost estimates is not expected to be significant. (*Id.*)

By contrast, family farms and farmland would be impacted negatively by the construction and location of the transmission lines and equipment along any of the three PROTED 80 routes. (SHOCK Ex. 3.0, p. 3.) In particular, PROTED 80's Alternate Route #2 would place much of the line in the middle of farmed property rather than along a road, and would interfere in even a greater manner with agricultural production on prime farmland. (*Id.*)

(g) No Party Has Proposed a LaSalle-Wedron Route that Is Superior to the Green Route with respect to Number of Landowners or Residences Impacted.

PROTED 80's Alt 1 route is essentially the same as Ameren's Green Route in terms of number of landowners and parcels impacted. (AmerenIP Exs. 8.0 (Corrected), pp. 17-18; 8.2.) PROTED 80 Alt 2 and Alt 3 (particularly Alt 2) have significantly larger numbers of landowners and parcels, as compared to Ameren's primary route. (*Id.*) Likewise, the impact of PROTED 80 Alt 1 and Ameren's primary Green Route on occupied structures is about the same. (AmerenIP Ex. 16.0 (Revised), p. 3.)

PROTED 80 Alt 1, however, does not alleviate SHOCK's stated principal concerns of avoiding school and houses. (AmerenIP Ex. 16.0 (Revised), pp. 3-4.) Neither the Ameren primary route nor PROTED Alt 1 pass by any schools and PROTED 80 Alt 1 is no better with respect to avoiding houses and farm buildings than the Ameren Primary route. SHOCK, however, expresses serious concern over the disruption of the family farming communities located in the area of the PROTED 80 alternatives. (SHOCK Exs. 2.0, p. 2; 3.0, p. 3.)

(h) The Green Route's Proximity to Anticipated Development Along I-80 Avoids Impacts to Family Farms and Farmland.

As discussed above, the Green Route will not have an impact on planned or anticipated development along I-80. As SHOCK states, "the route proposed by Ameren as the primary route, which runs along Interstate 80 for a good portion of its length, will be the least disruptive route, and will locate the line closer to at least some of the commercial and industrial development that we have seen and is anticipated along and near I-80 and which is helping drive the need for additional electric power facilities such as the Project." (SHOCK Ex 3.0, pp. 2-3.) By contrast, PROTED 80's alternates would, as SHOCK indicates, have a significant impact on existing farmland uses. (*Id.*) Moreover, to the extent that PROTED 80 argues that the Green Route will

impact existing agricultural land along I-80 (PROTED 80 Ex. 2.0, p. 4), this is inconsistent with their arguments that the I-80 corridor will experience growth that could be adversely affected by the presence of transmission lines. Mr. Bennett acknowledged at hearing that the land along I-80 will change from agricultural uses. (Tr. 791-720.) PROTED 80 cannot have it both ways: either the Green Route area is experiencing growth and development, in which case any impacts to agricultural lands will be overtaken by that growth and so cannot be a basis to oppose the Green Route, or it is not, in which case PROTED 80's concerns about impacts of the Green Route or development are baseless.

Finally, with respect to existing development, PROTED 80 acknowledges that its Alt. 1 passes adjacent to a Restricted Landing Area ("RLA") at Flaherty Field. (PROTED 80. Ex. 3.0.) To address this concern, PROTED 80 proposes to modify its Alt. 1 route to avoid this existing use. (*Id.*) In addition to this being an example of the lack of in depth investigation of PROTED 80's alternate routes, Ameren has a number of concerns with the modified route. The presence of an RLA at Flaherty Field would be inconsistent with the placement of 138 kV transmission lines on the PROTED 80 Alt 1 route as originally proposed. (AmerenIP Ex. 16.15.) The proposed modifications to PROTED 80 Alt 1 in Exhibits 3.0, 3.1, 3.2 and 3.3, however, do not change Ameren's position that the Green Route is the preferred route as compared to PROTED 80 Alt 1 (and all of PROTED 80's alternate routes). (*Id.*) The proposed modifications to PROTED 80 Alt 1 in Exhibits 3.0, 3.1, 3.2 and 3.3 create additional disadvantages to the PROTED 80 Alt 1 route. (*Id.*) The disadvantages include:

- The proposed modifications to PROTED 80 Alt 1 in Exhibits 3.0, 3.1, 3.2 and 3.3 add two additional angle points which will increase the cost of the PROTED 80 Alt 1 route;
- The proposed modifications to PROTED 80 Alt 1 in Exhibits 3.0, 3.1, 3.2 and 3.3 may require overbuilding which would also increase the cost of PROTED 80 Alt;

- The proposed modifications to PROTED 80 Alt 1 in Exhibits 3.0, 3.1, 3.2 and 3.3 will require the construction of 138kV facilities in close proximity to several structures on the west side of East 3rd Road, including two residences, to avoid the Maze Woods property on the east side of the road; and
- The close proximity of the structures to the roadway and subsequently to the transmission line will require the span lengths to be shortened to maintain proper horizontal clearance to these structures, which will necessitate additional tangent structures in this area. These additional tangent structures will increase the cost of the PROTED 80 Alt 1 route.

(Id.) With or without the proposed modifications to PROTED 80 Alt 1 in Exhibits 3.0, 3.1, 3.2 and 3.3, therefore, PROTED 80 Alt 1 should be rejected.

(i) Community Groups Oppose PROTED 80's Alternate Routes.

For the LaSalle-Wedron Line, there can be no argument that the community uniformly accepts or opposes any one route. PROTED 80 nevertheless asserts that the Green Route is “in fact highly controversial to a large segment of the community which includes approximately 10 individual property owners who have interest in property adjacent to the proposed primary route exiting LaSalle.” (PROTED 80 Ex. 1.0, p.22.) Any proposed route, however, may be controversial to the landowners located along the route. Mr. Bennett acknowledged as much at hearing when he recognized that some members of the community accept the Green Route and some members of the community oppose PROTED 80's alternates. (Tr. 722.)

Moving a route from one location to another based solely on it being controversial to the property owners along the route is not a valid criterion for relocation since the property owners along the relocated route will consider the new route controversial. (AmerenIP Ex. 9.0 (2nd Revised), p. 17.) This can be seen from the testimony of various intervenors in this proceeding, who variously oppose Ameren's primary or alternate routes depending on their level of purported impact on the intervenor. For example, Mr. Frederick Blue, testifying for SHOCK, opposes Ameren's Alt 1 and 2 routes, but supports Ameren's primary route. (SHOCK Ex. 2.0.)

By contrast, Ms. Jasiak, testifying for SOLVE, opposes the primary route but has no objection to Ameren's Alt 1 and 2 routes. (SOLVE Ex. 1.0, p. 4.) As a result, there is no basis to conclude that "community acceptance" makes any route superior to the Green Route. The fact is that there is community opposition to each of the LaSalle-Wedron Line alternatives. As a result, the Commission must balance the relevant factors, which, as discussed, leads to selection of the Green Route as preferred.

(j) Visual Impact of the Lines Will Be Minimized by Their Placement Along the I-80 Corridor.

No party has claimed, nor can they, that any of the proposed transmission line routes will not have a visual impact. As discussed below, however, use the existing I-80 corridor for the Green Route will serve to mitigate visual impacts (as opposed to running the route through farm fields) and the presence of transmission lines will become less noticeable with the expected development over time. (AmerenIP Ex. 13.0, pp. 6-7.) Moreover, in order to further mitigate the visual impact, Ameren has chosen a more expensive line configuration of self-supporting, single-shaft steel poles instead of the guyed, wood-pole h-frame structures that have been historically constructed in this area. (AmerenIP Ex. 9.0 (Revised), p. 18.)

(k) From a Planning Perspective, Use of the Existing I-80 Corridor for the LaSalle Wedron Lines Is the Sensible Choice.

It is commonplace for electric transmission lines to occupy rights-of-way abutting highways throughout the country in all variety of circumstances: from rural to suburban to urban; from two lane roads to interstate highways (e.g. I-80); and abutting farmland, residential properties of all values and densities, industrial parks and properties, offices and office parks, and retail commercial shopping centers and strips. (AmerenIP Ex. 13.0, pp. 6-7.)

PROTED 80 argues against placing the transmission lines on or near existing roadways. (PROTED 80 Ex. 1.0, p. 8.) From a planning perspective, however, it makes sense to route

transmission lines along roads. (AmerenIP Ex. 13.0, p. 20.) Properties fronting existing roads, and particularly busy highways like I-80, are already impacted by the noise, vibration, odor and visual impacts associated with the highway. (*Id.*) Good land use and site planning practice would orient residential development away from the highway frontage, reinforced with linear green space and landscaping of common ground buffering along this edge. (*Id.*) The presence of an electric transmission line within a right-of-way parallel to the roadway would increase the separation of residences from the roadway and enhance the effects of buffering. (*Id.*) At the same time, commercial developments should be concentrated at major intersections or interchanges rather than spread out in a linear fashion as strip commercial development.

(I) SOLVE's Concerns Are with the Green Route's Crossing of the LVR Near the Vermilionvue Subdivision and Should Be Rejected.

SOLVE's primary stated concerns with the Green Route are related to the Green Route's constructability and purported environmental impacts on the LVR valley and surrounding wooded areas. SOLVE supports the PROTED 80 Alt. 1 route as an alternative. Ameren has addressed many of SOLVE's concerns above. Ameren notes, as well, that the Green Route passes near the Vermilionvue Subdivision, a development in which SOLVE's witness, Dr. Jasiek (and his relatives and other SOLVE members), has a property interest. (Tr. 1027-28, 1042.) Mr. Jasiek is, in fact, one of the developers of Vermilionvue. (Tr. 1075.) Thus, at least one of SOLVE's concerns in this proceeding relates to protection of its proprietary interest in Vermilionvue (Tr. 1028), as opposed to the general environmental health of the LVR.

SOLVE asserts that "the topography of the Ameren primary route west of I-39 takes it through steeply wooded, ravines, deteriorating railroad beds, through a quarry, close to neighborhood homes and two subdivisions of approximately 100 homes. Throughout, Ameren's primary route would also traverse some of the deepest portions of the Little Vermilion River

Valley.” (SOLVE Ex. 1.0, p. 6.) These do not represent valid concerns. The primary route was sited specifically from the LaSalle substation to I-80 to avoid the deepest portions of the Little Vermilion River Valley. (AmerenIP Ex. 9.0 (2nd Revised), pp. 19-20.) In fact, all of the PROTED 80 alternative routes that which have been endorsed by SOLVE transverse through wooded areas that are the deepest portions of the LVR valley. (*Id.*) Conversely, Ameren’s primary route crosses over the LVR in one of the most heavily degraded portions of the river valley within the project area. (*Id.*) The areas immediately adjacent to the proposed crossing have already been significantly impacted by the quarry operation. (*Id.*) The Green Route traverses southeast through the quarry in order to avoid a high quality, steeply wooded portion of the LVR to the south as well as the Matthiessen & Hegeler Zinc Co. Superfund Site, existing residential homes and the newly constructed residential subdivision. (*Id.*)

SOLVE also asserts that “Ameren’s primary route also ignores the existing corridors going north and northwest from the LaSalle substation through an industrial park, which is the most logical direction to get to the Wedron substation.” (SOLVE Ex. 1.0, p. 8.) This is incorrect. Ameren evaluated five route segment alternatives between the LaSalle Substation and I-39, in addition to the segment that was chosen to become a part of the primary route, and rejected the alternative segments. (AmerenIP Exs. 9.0 (2nd Revised), pp. 22-23; 9.6, 9.7.) The route that SOLVE was referring to above was considered in the route alternatives as shown in AmerenIP Exhibit 9.6 as the Northern Blue (NB) route. AmerenIP Exhibit 9.7 shows that this route was rejected for a variety of environmental concerns, access problems, and for cost (it was longest route segment).

3. Ameren's Green Route Is the Only Route that Fully Addresses the Concerns of the LaSalle Peru School District.

The LaSalle Peru School District No. 120 ("District") expressly states, in the testimony of each of its witnesses, that it supports Ameren's primary LaSalle-Wedron route (which is routed away from District property) and recommends that the Green Route be selected. (Dist. No. 120, Exs. 1.0, pp. 4, 6; 2.0, p. 6; 3.0, p. 3.) Its primary concern is with Ameren and PROTED 80 alternate routes that cross the District's property. (Dist. No. 120, Ex. 1.0, p. 6.)

The District does propose a modification of PROTED 80 Alt. 1 that it asserts also addresses its concerns. (Dist. No. 120 Ex. 1.0, p. 6; 1.1.) There are, however, engineering concerns with this route, including the following. The route shown in District No. 120 Exhibit 1.1 would require that approximately 700 feet of existing 138kV Line #1556A be rebuilt as double-circuit structures until the proposed route left the existing centerline. (AmerenIP Ex. 16.0 (Revised), p. 21.) Although this would not have a great cost impact on the project (probably less than \$100,000) it would create significant operating difficulties for the AmerenIP system in the LaSalle area. (*Id.*) The construction of the double-circuit line portion would also require an extended outage on the only 138kV source into the North LaSalle Substation and also would require an outage on the Air Products Substation located north of Raccuglia Drive that is also radially fed from Line #1556A. (*Id.*) As a result, the Green Route is the only route that satisfies, without modification, the District's concerns.

D. For the Ottawa Wedron Route, the Terms of the Stipulation Are Reasonable and in the Public Interest and Should Be Approved.

Ameren, IL 71 Resistors and Ottawa ("Stipulating Parties") negotiated the Stipulation, in which the Stipulating Parties agreed to support the IL 71 Route for the Ottawa-Wedron Line. The Stipulation resolved the respective concerns of these parties about the routing of the Ottawa-

Wedron Line. (Stipulation Ex. 1, ¶ 9.) In pertinent part, Ameren, IL 71 Resistors and Ottawa agreed in the Stipulation to the following terms:

- Petitioners do not object to the IL 71 Route. Petitioners agree that the IL 71 Route can be constructed and that there is record support for the IL 71 Route;
- Petitioners further agree that they will support the entry of a Final Order by the Commission in this proceeding that adopts the IL 71 Route for the Ottawa Wedron Line;
- IL 71 and Ottawa agree that they will support toward the entry of a Final Order by the Commission in this proceeding that adopts the IL 71 Route for the Ottawa Wedron Line;
- Ottawa withdraws all objections to the LaSalle-Wedron Green Route, including all objections set forth in the testimony and pleadings filed on Ottawa's behalf in this proceeding. Ottawa agrees that there is support in the record for the adoption of the LaSalle Wedron Green Route;
- IL 71 also agrees that there is support in the record for the adoption of the LaSalle-Wedron Green Route; and
- Petitioners agree that, for the purposes of constructing the transmission lines proposed in this proceeding (the Ottawa Wedron Line and LaSalle Wedron Line), truss style poles will not be used within Ottawa's corporate limits, and that said transmission lines within Ottawa's corporate limits will use monopoles.

The Stipulation reflects the terms deemed reasonable by the Stipulating Parties to resolve all issues of concern to these parties relating to the Ottawa-Wedron Route. The terms of the Stipulation are also supported by evidence of record. Ameren proposed a route substantially similar to the IL 71 Route as its second alternate route in this proceeding. (AmerenIP Exhibit 4.1.) Ameren noted that this second alternate route had an advantage over other routes in that it was shorter. (AmerenIP Ex. 4.0, p. 7.) Thus Ameren considered a route substantially similar to the IL 71 Route to be constructable as an alternative route.

Dr. Paul Mixon, testifying as an expert for the IL 71 Resistors, concluded that the proposed Ameren primary route along IL 71 is unreasonable when compared to the route offered by the Illinois 71 Resistors. (IL 71 Res. Ex. 1.0, p. 5.) Dr. Mixon explained in detail that the Illinois 71 Resistors' route is the least cost and only reasonable route for purposes of Section

8-406 of the Act. (IL 71 Res. Exs. 1.0, 3.0.) With specific regard to natural resource impacts of the IL 71 Route, Dr. Mixon concluded that there would be very little difference between the IL 71 Route and Green Route from the perspective of impacts on Indiana bat habitat, wetlands and waterways, and forest fragmentation. Accordingly, his opinion was that the preferred route would be either the IL 71 Route or the Green Route. Ameren acknowledged that, based on IL GAP data, there was no potential bat habitat on either the IL 71 Route or the Green Route. (Tr. 792-93.) Ameren also acknowledged that it has committed to take steps to mitigate impacts to adjacent wildlife and habitat areas during construction of the IL 71 Route. (Tr. 562.)

The IL 71 Resistors' land use expert, Mr. Joseph Abel, testified that the IL 71 Route is preferred because "(i) it is consistent with Ottawa's Comprehensive Land Use Plan to develop the Gateway to Ottawa, a "highway greenbelt" and residential developments in the area where AmerenIP proposes to place the transmission line; (ii) IL 71 Resistors' route is being placed primarily in an existing utility corridor instead of creating a new utility corridor impacting miles of land and adjoining properties not currently subject to a utility corridor; and (iii) Community will not accept AmerenIP's route as shown in the community surveys that formed the basis of the Comprehensive Land Use Plan." (IL 71 Res. Ex. 2.0, p.24.) Witnesses testifying on behalf of the Ottawa confirmed that Ottawa has a strong preference for the IL 71 Route because the "Petitioners' proposed routes from . . . Wedron to Ottawa emasculate the objectives of the Ottawa Comprehensive Plan (Ottawa Exhibit 1.1) which calls for "highway greenbelt corridors", "significant buffers or setbacks", and "greenways" along major highways, including Route 71. (Ottawa Ex. 1.0, p.4.) Ottawa's Mayor, Robert Eschbach, testified that Ottawa formally supports the IL 71 Route. (Ottawa Ex. 2.0, p. 2.) Mayor Eschbach explained in detail his position that the Green Route would adversely impact development on IL 71 and was not consistent with

Ottawa's Comprehensive Plan. For these reasons, the provisions of the Stipulations are supported by the record and in the public interest, and should be adopted by the Commission in its final order in this proceeding

E. The Commission Should Issue a Certificate of Public Convenience and Necessity for AITC.

Staff argues that AITC should be denied a Certificate, because (i) Staff does not believe that AITC participation in the Project is financially necessary, and (ii) participation of AITC presents risks that regulation in Illinois will become less effective and of the potential for affiliate abuse. (ICC Staff Ex. 4.0, pp. 5-6.) Petitioners have shown, as explained above, that AITC should be allowed to participate in the financing of the Project. Similarly, Staff's arguments about risks posed by AITC's participation are baseless.

In the Final Order in Docket No. 06-0179, the Commission found that AITC should be granted a Certificate to operate as a public utility and construct, jointly with AmerenIP, the transmission lines at issue in that proceeding. (AmerenIP Ex. 14.0, p. 4.) In the Docket 06-0179 Order, the Commission considered and rejected many of the same arguments Dr. Rearden makes on behalf of Staff regarding AITC in this case. Because the Commission has granted AITC a Certificate and deemed it to be a public utility, Dr. Rearden's arguments now appear moot. However, Ameren addresses Staff's arguments again below.

With regard to Staff's arguments about the Commission's regulatory burden, the Commission's resource requirements have varied over time irrespective of the "current regulatory framework and the regulated utilities organizational structures." (AmerenIP Ex. 14.0, pp. 4-5.) For example, in 2005 Union Electric Company d/b/a AmerenUE ceased being a regulated utility in Illinois and is no longer regulated by the Commission. (*Id.*) When Mr. Rearden testifies "An incremental Ameren utility increases the number of utilities that the

Commission must monitor”, he ignores the fact that the Commission is no longer regulating another “Ameren utility.” (*Id.*)

Moreover, over the years the Ameren Illinois utilities have strived to adopt common business practices, including their rates, terms and conditions of service. (AmerenIP Ex. 14.0, p. 5.) One of the consequences of moving to uniform tariffs is to ease regulatory oversight. Instead of three separate and different rate schedules for the Commission and its Staff to oversee and regulate, there are now common basic generation service and delivery service rates among the Ameren Illinois utilities.

The nature and extent of the Commission’s regulation of AITC will be much less than that of AmerenIP. (AmerenIP Ex. 14.0, p. 6.) AITC will not serve retail customers in the State of Illinois. AITC will not have any rate schedules. AITC will not be making rate filings, which can involve a considerable amount of time and expense for both the utility and the Staff. In addition, because AITC will not have any rate schedules and will not be providing service to retail customers, there will be no opportunity for complaint cases. In short, the extent of the Commission’s regulation of AITC is likely to be much less than other Illinois public utilities. As the Commission noted in Docket 06-0179, “issuance of a Certificate to [AITC] will actually give the Commission more oversight authority over [AITC] than is present when the affiliated interest arrangement involves an unregulated affiliate.” (Docket 06-0179 Order, p. 29.) AITC is now a regulated utility, subject to the same Commission regulation as AmerenIP. Second, provisions in the Public Utility Act (e.g., 220 ILCS 7-101, 7-102), as well as Commission rules, that govern transactions between the utility and its affiliates. Given that a utility’s affiliated interest transactions are closely supervised by the Commission and Commission approval is required with regard to many transactions with affiliates, the existence of AITC does not create an

opportunity for the utility to unfairly recover the affiliate's so-called high costs through regulated rates. (AmerenIP Ex. 14.0, p. 6.) Third, even if the utility attempted to recover these "high costs" when it was seeking rate relief, the Commission, Commission Staff and interveners have every opportunity to test the utility's right to recover these costs in the rate case. (*Id.*)

Dr. Rearden also argued that "The more project applications that include an affiliate co-owner that Ameren files, the more it appears as if the Commission is setting a policy for how transmission upgrades can be funded. AITC began as an affiliate to help finance the Prairie State transmission project, but Ameren seems to want to turn it into a full-fledged transmission affiliate. Other electric utilities in the state may view this as an invitation to finance its upgrades in this manner as well." (ICC Staff Ex. 7.0, p. 4.) Dr. Rearden's testimony, however, is speculative at best. Two filings - the Prairie State case and the instant docket - do not constitute a "policy" of the Commission. (AmerenIP Ex. 21.0, pp. 1-2.) Moreover, AITC's role in this case is wholly consistent with its role in the Prairie State case. In addition, any utility seeking to utilize a transmission affiliate must seek the Commission's approval to form the transmission affiliate and then must seek Commission approval to construct facilities, assuming a certificate of public convenience and necessity is needed. (*Id.*) Thus the Commission will consider the facts of each case and will either approve or disapprove the application. Finally, the notion that the AmerenIP and AITC filing will set the course for all Ameren affiliates is wrong. Central Illinois Public Service Company d/b/a AmerenCIPS recently made a filing with the Commission seeking a certificate of convenience and public necessity (Docket 07-0532), and AITC is not involved. Rather, it is AmerenIP's financial circumstances that compel AITC to be involved in the instant project. (*Id.*)

Dr. Rearden also argued that “the Ameren utility service areas’ transmission system threatens to become a patchwork of mixed ownership and responsibility.” (ICC Staff Ex. 7.0, p. 5.) Again, Dr. Rearden offers no facts to support his conclusion. For example, his claim that AITC’s involvement will blur responsibility for the transmission system is never explained. The Joint Ownership Agreement (“JOA”), which defines AmerenIP and AITC’s role in the Project, was filed with the Federal Energy Regulatory Commission and was accepted. (AmerenIP 21.0, p. 3.) AITC has a defined purpose for this project as a joint owner. In terms of AITC’s future role or roles, clearly the Commission can decide what’s appropriate on a case-by-case basis. In addition, the total Ameren Illinois transmission system is considered one “Control Area” under MISO. (*Id.*) Therefore, in calculating the MISO Attachment “O” rate for the Ameren Illinois, operations, all of the Ameren Illinois transmission investment and related operating expenses are combined. (*Id.*) AmerenIP and AITC are joint owners of the project. (AmerenIP 21.0, p 4.) Each owner will receive revenues commensurate with their respective ownership shares. Retail customers who make use of the Ameren transmission system pay for its use through the MISO Attachment “O” adjustment in FERC approved tariffs. The total Ameren Illinois transmission investment and related operating expenses are included in the calculation of the Attachment “O”. As a result, AmerenIP’s customers do not, as Dr. Rearden believes, pay the entirety of the project costs. As I noted earlier, AmerenCIPS will proceed with a transmission project without AITC, and so Dr. Rearden’s implication that all other Ameren companies will use AITC for additional transmission projects is simply wrong.

Disallowing the participation of AITC is not necessary to remove alleged “affiliate abuse” concerns. (AmerenIP 21.0, pp. 4-5.) As discussed above, issuance of a Certificate to AITC will actually give the Commission more oversight authority. Given that the affiliated

interest transactions of utilities like AmerenIP and AITC are closely supervised by the Commission and Commission approval is required with regard to many transactions with affiliates, the existence of AITC does not create an opportunity for affiliate abuse.

Dr. Rearden recommends that the Commission condition its approval on AmerenIP having an open-ended option to buy AITC's assets at "embedded cost." (AmerenIP 21.0, p. 5.) This recommendation is not necessary. The transfer of an owner's interest in the project is already governed by the Commission-approved JOA. (*Id.*) It provides, in part, that an owner (e.g., AITC) may transfer its interest in whole or in part to another owner (e.g., AmerenIP) at book value. (*Id.*) The JOA governs the relationship between AmerenIP and AITC as owners of the project, and as owners they can only act in manner consistent with the JOA. (*Id.*)

Dr. Rearden also recommended that "the Commission condition granting the certificate to AITC and AmerenIP on each waiving their right to seek incentive rates on the project." (AmerenIP Ex. 21.0, pp. 5-6.) His recommendation, however, should be rejected. It has never been AITC's intention to serve as a joint owner of the project for the purpose of receiving incentive rates. (*Id.*) Ameren initially formed AITC to assist AmerenIP in these projects due to AmerenIP's financial instability. (*Id.*) To the extent AITC may be entitled to incentive rates, it shouldn't be punished. (*Id.*) The same rationale holds true for AmerenIP. If FERC intends to create incentives for transmission system investment and improvements, the Commission should not seek to impede this policy. In conclusion, Staff has presented no basis to reject granting AITC a Certificate.

F. The Commission Should Issue an Order Under Section 8-503 of the Act Authorizing Construction of the Project.

Section 8-503 of the Act, 220 ILCS 5/8-503, allows the Commission to issue an order, after hearing, authorizing the construction of new facilities or improvement, repair, modification

or extension of existing facilities. The Commission must find that such construction, improvement, repair, modification or extension is necessary to promote the security or convenience of its employees or the public, or in any other way necessary to secure adequate service or facilities. A Section 8-503 order is separate and distinct from a Certificate issued under Section 8-406 of the Act, 220 ILCS 5/8-406.

Petitioners have demonstrated above that construction of the Project is necessary. As discussed below, Staff raises certain concerns about issuance of a Section 8-503 order, but these should be rejected. No other party has opposed a Section 8-503 order. Therefore, an order authorizing the construction of the Project, including the Transmission Lines and all necessary related facilities, should be granted under Section 8-503.

Staff has expressed concern that in seeking an Order under Section 8-503, Ameren is in fact requesting eminent domain authority. (ICC Staff Ex. 5.0, p. 14.) It is correct that a Section 8-503 order is one prerequisite for exercising eminent domain authority under Section 8-509 of the Act, 220 ILCS 5/8-509. Section 8-509 provides in relevant part:

When necessary for the construction of any alterations, additions, extensions or improvements ordered or authorized under Section 8-503 or 12-218 of this Act, any public utility may enter upon, take or damage private property in the manner provided for by the law of eminent domain.

As will be discussed, however, a Section 8-503 order is not the sole prerequisite for eminent domain authority – a utility must also show it has engaged in good faith negotiations. Moreover, Ameren has made it clear that it is not seeking eminent domain authority in this proceeding. (AmerenIP Ex. 8.0 (Corrected), p. 21.) Although Mr. Linkenback styles Ameren’s Petition as requesting eminent domain and recommends that the Commission grant AmerenIP “eminent domain” authority for certain parcels (ICC Staff Ex. 1.0, p. 17), Ameren has determined that it would be more appropriate at present to continue pursuing negotiations with

the applicable landowners. (AmerenIP Ex. 8.0 (Corrected), p. 21.) As a result, Ameren has indicated, in correspondence to the Administrative Law Judge, that it does not intend to amend its Petition to seek condemnation authority under Section 8-509 of the Act in this proceeding, and thus does not expect that a final order in this proceeding would grant such authority. (*Id.*) Ameren does agree that eminent domain could ultimately be needed to advance the public interest and that individual property owners should not be able to block projects that are in the public interest or unreasonably increase the cost of such projects. Therefore, Ameren will not hesitate to ask the Commission for eminent domain authority if such authority is needed. (*Id.*, p. 22.) It is appropriate, however, for Ameren to seek a Section 8-503 order in this proceeding, and obtain eminent domain authority, if necessary, in another. See Illinois Power Company d/b/a AmerenIP, Docket 06-0179, Order, p. 40 (authorizing Ameren to construct a transmission line project pursuant to Section 8-503 and stating “[i]f Petitioners later determine there is a need to seek eminent domain, they will need to obtain Commission authorization before doing so.”)

Staff’s concerns appear to arise from a misunderstanding of the necessary approvals required from the Commission to obtain eminent domain authority. Staff believes that Section 8-509 of Act warrants the “conclusion that a separate proceeding to apply for eminent domain authority would be limited to making a determination as to whether the Commission has entered an order under Section 8-503.” (ICC Staff Ex. 5.0, p. 14.) This is not correct.

Illinois case law confirms that Commission approval is required before a utility seeks to condemn. Illinois Bell Tel. Co. v. Lewis, 117 Ill. App. 3d 72 (4th Dist. 1983). Moreover, utilities seeking eminent domain authority must expressly request a grant of such authority pursuant to Section 8-509 of the Act, either in conjunction with a petition seeking a Section 8-503 order or in a separate proceeding. See, e.g., Central Ill. Pub. Serv. Co., Docket 95-0484

(July 17, 1996); Central Ill. Pub. Serv. Co., Docket 90-0022 (Oct. 3, 1990). Section 8-509 authorizes a utility to exercise the power of eminent domain when necessary for construction of facilities pursuant to a Section 8-503 order. Thus, under the language of 8-509 a utility must receive a Section 8-503 order to obtain approval from the Commission to exercise the power of eminent domain. A review of past Commission orders, however, shows that a Section 8-503 order is not the sole prerequisite for a Commission grant of eminent domain authority.

In order to obtain condemnation authority, a utility must, in general, demonstrate the need for the project and that the utility has engaged in good faith negotiations with the relevant landowners, but cannot obtain the necessary land rights. A showing of the need for a project can be accomplished by obtaining a Section 8-503 order. As a practical matter, however, the Commission may find that a utility's receipt of a Certificate under Section 8-406 is enough to show the need for a project. See Central Ill. Pub. Serv. Co., Docket 95-0484. Second, the utility must show that it has negotiated in good faith with the affected property owners and that the utility has diligently sought to acquire the necessary land rights. TransCanada Keystone Pipeline, Docket 06-0458 (April 4, 2007); Enbridge Energy Partners, L.P., Docket 06-0470 (April 4, 2007); Commonwealth Edison, Docket 96-0410 (May 6, 1998). The good faith negotiations inquiry has focused on the number and nature of contacts between the utility and landowners, whether the utility has explained the basis for the compensation offered to landowners, attempted to address the concerns of landowners, and made comparable offers to landowners with similar circumstances, and the likelihood that further negotiations would prove useful in arriving at negotiated settlements. Mt. Carmel Pub. Util. Co., Docket 91-0113 (May 16, 1991); Central Ill. Pub. Serv. Co., Docket 95-0484 (Jul 17, 1996); Central Ill. Pub. Serv. Co., Docket 90-0022 (Oct. 3, 1990).

The utility must typically also show that condemnation authority will be required to obtain certain properties. In many Commission cases regarding eminent domain authority, the utility has, after obtaining a Section 8-406 Certificate or Section 8-503 order, identified specific parcels where eminent domain would be required and explained why negotiations for those parcels would not be successful. See Mt. Carmel Pub. Util. Co., Docket 91-0113 (May 16, 1991); Central Ill. Pub. Serv. Co., Docket 90-0022 (Oct. 3, 1990). In a more recent ComEd case, where ComEd sought both a Section 8-406 Certificate and Section 8-509 eminent domain authority, ComEd received Section 8-509 eminent domain approval after showing only that many landowners refused to negotiate and it was “likely” that condemnation would be needed. Commonwealth Edison, Docket 96-0410 (May 6, 1998). Nevertheless, some showing that condemnation authority will in fact be needed must be made.

In summary, a Section 8-503 order is not sole prerequisite for a grant of eminent domain authority. A utility seeking eminent domain authority must expressly request such authority, and then show that there are parcels which will need to be condemned and that the utility has negotiated with parcel owners in good faith. Since the type of evidence needed to support such showings will be different from that involved in a proceeding to obtain either a Section 8-503 order or a Section 8-406 Certificate, as a practical matter, the condemnation approval proceeding may often be a separate proceeding from a Section 8-503 or 8-406 proceeding.

Staff appears to base its position that all that is required for a grant of eminent domain authority is a Section 8-503 Order on the Commission’s decision in Docket 05-0188 (see ICC Staff Ex. 5.0, pp. 17-20), which granted a Section 8-503 order and eminent domain authority, stating “the focus of Section 8-503 is whether the project is of such importance and necessity so as to direct the utility to complete it, using eminent domain if necessary.” Commonwealth

Edison, Docket 05-0188, Order, p. 6. As discussed above, however, and as Staff acknowledges in its testimony regarding TransCanada Keystone Pipeline, and Enbridge Energy Partners, L.P., (ICC Staff Ex. 5.0, pp. 21-26), the Commission has traditionally examined whether a utility has negotiated in good faith, as well as whether the need for a project has been shown and an order issued under Section 8-503. In TransCanada Keystone Pipeline, Docket 06-0458, Order, p. 24-25, and Enbridge Energy Partners, L.P., Docket 06-0470, Order, pp. 20-21, the Commission expressly considered the need for the project at issue separately from the issue of good faith negotiations. In fact, in Docket 05-0188, ComEd presented evidence regarding its good faith negotiations with landowners. Docket 05-0188, Order, p. 4. Thus, to the extent the Docket 05-0188 Order can be read as authorizing eminent domain authority based only on obtaining a Section 8-503 order, it is not consistent with the weight of Commission authority on the subject.

Ameren agrees that in some cases it may be appropriate (and even beneficial) for a utility to seek Commission approval for eminent domain in the same proceeding as the utility seeks a Section 8-406 certificate and/or a Section 8-503 order. (AmerenIP Ex. 15.0, p. 14.) Ameren must be permitted, however, to maintain flexibility with regard to when it seeks Section 8-503 authority and when it determines that eminent domain authority is needed. It may not be practical for a utility to determine what parcels will be needed for a route until a certificate has been granted and a route selected (for this reason Ameren seeks options on parcels it believes will be needed for a route.) (*Id.*) Thus, separate eminent domain proceedings are typically needed.

Staff's concern appears to be that landowners will be harmed by the grant of a Section 8-503 order separate from condemnation authority. (ICC Staff Ex. 5.0, pp. 26-27.) Staff believes that that once a Section 8-503 order is issued, a landowner cannot effectively challenge a petition

for eminent domain authority. (*Id.*) However, seeking a Section 8-503 order and eminent domain authority actually provides landowners two opportunities to challenge a grant of eminent domain. Since a Section 8-503 order is a prerequisite for eminent domain authority, including such a request in Certificate petition under Section 8-406 alerts the landowner to the possibility of eminent domain, and allows a landowner to intervene with concerns about routing or other issues. As this proceeding shows, even though Ameren is not seeking eminent domain authority, a large number of landowners have intervened in the proceeding, and it seems improbable that the “record has suffered.” The landowner can later challenge a petition for eminent domain authority before the Commission on the grounds that the utility has not negotiated in good faith. The landowner can further contest the grant of eminent domain (and the valuation of the property) in the circuit court eminent domain proceeding. In fact, a landowner’s ability to challenge an eminent domain approval in a separate proceeding provides AmerenIP with a significant incentive to begin good faith negotiations sooner. If AmerenIP can successfully conclude good faith negotiations, it avoids the time and expense of having to go to the Commission to seek eminent domain approval in a second proceeding (much less the time and expense of a circuit court eminent domain proceeding). And a separate eminent domain proceeding is also beneficial to Ameren because it will be limited to those parcels for which Ameren has concluded that good faith negotiations are likely to be unsuccessful. Thus, Ameren’s approach of seeking a certificate and Section 8-503 order now, and seek eminent domain authority later if necessary, is the right approach under the circumstances of this case.

G. Ameren Has Accepted Staff Recommendations Regarding the Joint Ownership Agreement (“JOA”) and Accounting Records and Reporting.

Petitioners have agreed to certain amendments to the JOA, and propose that the amended JOA be made a compliance filing to the Commission’s order. First, the recommended language describing the facilities in Exhibit A would be as follows:

Facilities B

The Facilities will consist of two new 138 kV lines, extending from the North LaSalle and Ottawa Substations to the new Wedron Fox River Substation., and related facilities in LaSalle County Illinois. The first 138 kV line, approximately 24 miles in length, will be between AmerenIP’s North LaSalle Substation and the Wedron Fox River Substation. The second line, approximately 9 miles in length, will be between AmerenIP’s Ottawa Substation and the Wedron Fox River Substation.

Second, with respect to inclusion of the owners and ownership interest for the facilities in Exhibit A, the language would be as follows:

Owners	Ownership Interest
AmerenIP	10%
Transco	90%

Third, Ameren accept Mr. Kahle’s recommended clarifying language regarding the sharing of O&M expenses in Article 6.3 of the JOA, with the following sentence to be added to the end of Article VI, §6.3 of the JOA: “O&M Expenses shall be allocated to and paid by the Owners in 93 proportion to their respective Ownership Interests.”

Ameren also agreed to the following Staff recommendations regarding accounting and reporting:

- 1) Ameren Transco will maintain its accounting records according to the Uniform System of Accounts for Electric Utilities, 18 CFR Part 101 as revised in FERC Order 668, until such time the Commission updates 83 Ill. Adm. Code 415;

2) The Companies will perform an annual internal audit of all charges related to this Docket under the JOA and submit the audit report to the Manager of the Commission's Accounting Department by March 31 of each year beginning March 31, 2008; and

3) The Companies will provide a report, separate from any reports submitted under Docket No. 06-0179, to the Chief Clerk of the Commission and to the Manager of the Accounting Department of the Commission, on an annual basis, beginning March 31, 2008, for the prior calendar year, containing a description of services and charges provided by the Companies to their affiliates under the JOA; a description of services and charges provided by the affiliates to the Companies under the JOA; the Companies' monthly billing to and payments received from their affiliates under the JOA; the amounts of any allocated costs under the JOA; and backup for each allocation.

III. CONCLUSION

Petitioners respectfully request that the Commission: (i) grant a Certificate of Public Convenience and Necessity authorizing AmerenIP and AITC to construct, operate and maintain two new 138 kilovolt electric lines in LaSalle County, Illinois; (ii) authorize construction of the Project pursuant to Section 8-503 of the Act; (iii) approve the Petitioners' proposed primary route for the LaSalle-Wedron Line; (iv) approve the IL 71 Route for the Ottawa-Wedron Line; and (v) reject the alternate routes proposed by SOLVE and PROTED 80.

Dated: February 29, 2008

Respectfully submitted,

ILLINOIS POWER COMPANY d/b/a
AmerenIP, and
AMEREN ILLINOIS TRANSMISSION
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