

**ILLINOIS COMMERCE COMMISSION**

**DOCKET NO. 08-\_\_\_\_\_**

**REVISED DIRECT TESTIMONY**

**OF**

**RICK D. TRELZ**

**SUBMITTED ON BEHALF OF**

**ILLINOIS POWER COMPANY, d/b/a AmerenIP and**

**AMEREN ILLINOIS TRANSMISSION COMPANY**

**May 1, 2008 (Rev. January 28, 2009)**

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4 I. INTRODUCTION AND WITNESS QUALIFICATIONS

5 Q1. Please state your name, address and position ~~with Ameren Services Company~~  
6 (~~"Ameren Services"~~).

7 A. My name is Rick D. Trelz. My business address is 370 South Main Street, Decatur,  
8 IL 62523. I am the Real Estate Supervisor for the southern territories of Ameren's  
9 Illinois ~~utilities~~areas, working for ~~the~~ Ameren ~~Services Company~~ ("Ameren  
10 ~~Services~~") as agent for Illinois Utilities, including Illinois Power Company d/b/a  
11 AmerenIP ("AmerenIP") and Ameren Illinois Transmission Company ("AITC,"  
12 together with AmerenIP, "Petitioners" or "Ameren"). ~~Ameren Services is a~~  
13 ~~subsidiary of Ameren Corporation.~~

14 Q2. How long have you been employed by ~~the~~ Ameren ~~Services~~Illinois Utilities?

15 A. I have been employed by ~~the~~ Ameren ~~Services~~ and/or its subsidiary,  
16 ~~AmerenIP,~~Illinois Utilities for 29 years.

17 Q3. How long have you held your present position with ~~the~~ Ameren  
18 ~~Services~~Illinois Utilities?

19 A. I have held my present position for ~~3½~~ 4 years.

20 Q4. ~~Q4.~~ Will you state briefly your training and experience for the position you  
21 now hold?

22 A. Through my years of employment with ~~AmerenIP and~~ ~~the~~ Ameren ~~Services~~Illinois  
23 Utilities, I have 19 years of experience in land and right of way acquisition. Prior  
24 to my present position, I held the positions of Real Estate Analyst, Real Estate

25 Specialist, Real Estate and Claims Specialist, and Land Management Specialist. I  
26 have a bachelor degree in Business Administration from Millikin University in  
27 Decatur, Illinois. I am a Senior Member of the International Right of Way  
28 Association (“IRWA”) and past President of the Illinois Chapter of the IRWA.

29 **Q5. What are your duties and responsibilities in your present position?**

30 A. I am responsible for Ameren real estate acquisitions, sales and management within  
31 Ameren's southern territories in the state of Illinois, including the acquisition of  
32 rights for electric lines for AmerenIP.

33 **II. PURPOSE AND SCOPE**

34 **Q6. Are you familiar with the Petition filed by AmerenIP and Ameren Illinois  
35 Transmission Company in this proceeding?**

36 A. Yes, Petitioners are requesting eminent domain authority with respect to 10 parcels  
37 of land, owned by seven separate landowners (the “Unsigned Parcels”), to allow  
38 them to acquire necessary rights-of-way along a 7.5 mile transmission line route  
39 from the Prairie State Facility west to AmerenIP's existing Baldwin-Stallings 345  
40 kV line (the "Prairie West Line"). The Prairie West Line and the Unsigned Parcels  
41 are shown on Ameren Exhibit 1.1. The Unsigned Parcels are legally described in  
42 Ameren Exhibit 1.2. Ameren Exhibits 1.1 and 1.2 refer to the landowners by  
43 alphabetical designation only (Landowner A, Landowner B, etc.) in order to  
44 maintain the confidentiality of the individual landowner’s name and address.  
45 Ameren Exhibit 1.3 is a confidential exhibit which contains the name and address  
46 of each landowner matched to the respective alphabetical designation.

47 **Q7. What is the purpose of your testimony in support of this Petition?**

48 A. The purpose of my testimony is to provide information regarding the acquisition of  
49 the property rights for the Unsigned Parcels, Petitioners' good faith negotiations  
50 with landowners, and the need for eminent domain authority to construct the Prairie  
51 West Line.

52 **III. BACKGROUND**

53 **Q8. Please describe the background of the Prairie West Line.**

54 A. The Prairie West Line was one of three 345 kV transmission lines (Prairie South  
55 Line, Prairie West Line and Baldwin - Rush Island Line, which, with related  
56 facilities, are referred to as the "Project") for which Petitioners sought and received  
57 a Certificate of Public Convenience and Necessity ("Certificate") in Docket No.  
58 06-0179. Prairie State is constructing a coal-fired base load generating station with  
59 a generating capacity of approximately 1,650 megawatts in the southwest corner of  
60 Washington County, Illinois, about four miles east of the City of Marissa, Illinois.  
61 The three transmission lines and related facilities are necessary to provide reliable  
62 interconnection service to the Prairie State Facility. In Docket No. 06-0179, the  
63 Commission granted Petitioners a Certificate authorizing and ordering the  
64 construction, operating and maintenance of the three transmission lines, including  
65 the Prairie West Line. The Commission found that the proposed transmission line  
66 project was necessary to provide adequate, reliable, and efficient service to  
67 Petitioners' customers and ordered that the Prairie West Line be built on the route  
68 proposed by Ameren in that case (which is the same as the route shown on attached  
69 Ameren Exhibit 1.1). Petitioners were also authorized to construct the Project  
70 pursuant to Section 8-503 of the Act.

71 **Q9. What is the current status of the Prairie West Line?**

72 A. As described by Petitioners' witness Ms. Tracy Dencker, the design of the line is  
73 complete and Ameren is seeking to acquire the necessary easements to begin  
74 construction of the line. The Prairie West Line crosses 35 parcels of land. Ameren  
75 has acquired easements from eight landowners covering eight parcels of land, and  
76 is in the process of finalizing easements for 17 parcels owned by subsidiaries of the  
77 Project's sponsor, Prairie State. Ameren is now seeking eminent domain authority  
78 with respect to the Unsigned Parcels.

79 **Q10. Does Ameren believe eminent domain authority may be needed for the Prairie**  
80 **South and Baldwin - Rush Island Lines?**

81 A. Petitioners have acquired necessary land rights for the Prairie South Line.  
82 Petitioners believe that it may be necessary to seek eminent domain authority for  
83 some of the parcels on the Baldwin-Rush Island Line.

84 **Q11. Why are Petitioners only seeking eminent domain authority for the Prairie**  
85 **West Line in this case?**

86 A. As Ameren witness Ms. Tracy Dencker discusses in her testimony, the construction  
87 schedule for the Prairie West Line (with a planned in service date of November 20,  
88 2009) requires that Ameren begin the process of obtaining eminent domain  
89 authority for rights of way for that line now. Because the in service date for the  
90 Baldwin-Rush Island Line is not until October 1, 2010, Ameren intends to pursue  
91 further negotiations for the needed rights of way on that line before seeking  
92 eminent domain authority from the Commission.

93 **Q12. Are Petitioners seeking expedited relief in the proceeding?**

94 A. Yes. As discussed by Ms. Dencker, the construction schedule for the Prairie West  
95 Line requires that this Petition be heard on an expedited basis. As Petitioners have  
96 already received a Certificate for the Prairie West Line and a Section 8-503 order  
97 authorizing that the line be built, the need for the line has been demonstrated, and so  
98 an expedited hearing to consider the reasonableness of Petitioners' landowner  
99 negotiations is requested.

100 **Q13. Please generally describe the Unsigned Parcels.**

101 A. The Unsigned Parcels are primarily parcels of agricultural land, ranging from 40 to  
102 80 acres in size. Petitioners are seeking rights of way approximately 150 ft. in  
103 width across the Unsigned Parcels for the construction of the Prairie West Line, as  
104 well as construction easements where necessary.

105 **IV. LANDOWNER CONTACTS**

106 **Q14. Please describe Petitioners' process for contacting the landowners of the**  
107 **parcels on the Prairie West Line.**

108 A. Prior to Petitioners' filing for a Certificate in Docket No. 06-0179, landowners on  
109 Prairie West Line (and the other lines), were invited to an informational workshop  
110 December 7, 2005, to view and discuss the proposed line route, the need for the  
111 transmission line, the proposed facilities and the area and alternatives considered  
112 by Petitioners in defining the proposed routes. The workshop was for  
113 informational purposes only and no easement negotiations were permitted.  
114 Petitioners began efforts to contact landowners and acquire the necessary  
115 easements in early 2006.

116 A. Landowners, as shown by the Records of the Tax Collectors, were sent a  
117 letter and “Statement of Information from the Illinois Commerce Commission  
118 Concerning Acquisition of Rights of Way by Illinois Utilities” at least fourteen (14)  
119 days prior to any contact by Petitioners’ representatives for the purpose of seeking  
120 right of way. The information contained in the letter and the Statement of  
121 Information complied with the requirements of 83 Ill. Administrative Code Part  
122 300 and was mailed certified, return receipt requested. These letters and statement  
123 were sent to landowners along the initial proposed route on January 5, 2006. No  
124 contact with these owners was initiated by Petitioners for at least fourteen (14) days  
125 subsequent to that mailing. Efforts for direct landowner contacts began in March  
126 2006. Pursuant to 83 Ill. Adm. Code § 200.150, Petitioners provided the  
127 Commission a list of landowners across whose property the proposed routes  
128 crossed.

129 **Q15. Did the landowners on the Prairie West Line receive notice of the Commission**  
130 **certificate proceeding in Docket No. 06-0179?**

131 A. Yes. Exhibit B to Petitioners’ Petition in Docket No. 06-0179, filed March 6, 2006,  
132 contained the names of all the landowners on the Prairie West Line. These  
133 landowners were sent official notice of the Docket No. 06-0179 proceeding by the  
134 Commission on March 17, 2006.

135 **Q16. Please explain the process by which Petitioners negotiated for the purchase of**  
136 **any affected properties.**

137 A. Ameren or its representatives, subsequent to the fourteen (14) day notice mentioned  
138 previously, contacted landowners, in person if possible, and discussed the project

139 in detail and informed them of the reason for the contacts and the purpose of the  
140 project. A written project purpose statement, a small scale map and aerial  
141 photocopy of the easement area, as well as information regarding the type and  
142 location of proposed facilities, were provided. Compensation was offered and the  
143 basis of that compensation explained. The dimensions of the proposed easement  
144 was explained as well as a copy of the proposed easement document. Ameren or its  
145 representatives were available for discussion and negotiations as required by each  
146 landowner.

147 **Q17. How do Petitioners plan to address construction damages to the property of**  
148 **each owner?**

149 A. Petitioners are responsible for the restoration of or payment for its damages to the  
150 property of landowners and tenants. Each landowner will be notified prior to  
151 commencement of construction, and each property will be assessed for damage by  
152 Petitioners. Each landowner will be provided an Ameren representative to contact  
153 to report damages.

154 **Q18. Is damage to drainage tile included in that to be restored or paid for by**  
155 **Ameren?**

156 A. Yes, it is. Additionally, the Illinois Department of Agriculture and Ameren have  
157 agreed on the methodology of identifying and repairing tile, if damaged. An  
158 Agricultural Mitigation Agreement concerning a broad range of agricultural  
159 concerns, including tile repair, was executed by the Illinois Department of  
160 Agriculture and Ameren on June 29, 2006.

161 **Q19. How many times have Petitioners contacted the landowners on the Prairie**  
162 **West Line?**

163 A. Each landowner has been contacted at least 14 times, by letter, phone and in person.  
164 The number of specific contacts for each of the seven landowners of the Unsigned  
165 Parcels is detailed on Ameren Exhibit 1.4.

166 **V. OFFERS OF COMPENSATION**

167 **Q20. What is Ameren's philosophy with regard to landowner compensation?**

168 A. Ameren's intent is to fairly compensate affected landowners for the impact of the  
169 transmission line so that, after the line is constructed, there is no impact upon  
170 property value beyond the compensation paid by Ameren. Payment in the form of a  
171 check is made shortly after the time of providing an executed easement to Ameren.  
172 Upon completion of construction, Ameren representatives will also assess and  
173 repair or compensate landowners for damages that may result from transmission  
174 line construction activities. This would include damages to crops, soil, fences and  
175 other property as the case may be.

176 **Q21. How is the amount of compensation determined?**

177 A. Ameren determined its initial offer of easement compensation by the following  
178 processes: First, the types of properties proposed to be crossed by the transmission  
179 line were identified and categorized. These property types or categories for this  
180 project are agricultural, rural recreational / timber, rural commercial, rural  
181 residential, and rural land development. Value ranges of property within these  
182 categories were determined by an examination of actual sales of real estate of  
183 similar type within the project area, and a representative value was chosen from the  
184 higher values within those ranges of values. Those representative values were

185 applied to the area within the proposed easement and multiplied by a factor of 0.75  
186 for arriving at the offer for an easement. Additionally, 10% of that easement offer  
187 was offered for an option to purchase that easement at a later date. The 0.75 factor  
188 represents recognition of the fact that the rights conveyed are easement rights for a  
189 specific purpose only (the transmission lines) and does not represent the full fee  
190 value of the land to be encumbered by the easement. The landowner retains all  
191 other existing property rights other than the easement rights being sought by  
192 Ameren. As examples, farming, access and all other uses that do not conflict with  
193 the transmission line rights remain with the landowner. Additional or non-typical  
194 factors that are specific to each individual property and have value impact would be  
195 considered in addition to the offer basis as determined above. In addition, Ameren  
196 determined in June, 2007 that the values of the land in the area of the Prairie West  
197 Line had increased since Ameren began negotiations. Ameren increased its initial  
198 offers accordingly at that time.

199 **Q22. Do you consider the initial offers of compensation reasonable?**

200 A. Yes. Based on the conclusion of Petitioners' witness Dr. Christopher Pflaum, and  
201 given that Ameren initially offered 75% of fee value for simply easement rights, I  
202 consider the offers reasonable.

203 **Q23. Did all of the landowner on the Prairie West Line accept the initial offer of**  
204 **compensation?**

205 A. No. Five landowners accepted the initial offer or made a counter offer that Ameren  
206 accepted. The remaining landowners of the Unsigned Parcels did not accept the  
207 initial offers. Their primary concern was that the offers were too low.

208 **Q24. Did Petitioners take steps to address the concerns of landowners that the**  
209 **offers were too low?**

210 A. Yes. Ameren had appraisals performed in late 2007 / early 2008 for the Unsigned  
211 Parcels. Ameren engaged the services of Collier Appraisers, Ltd and Tade  
212 Appraisal Company. The appraisers for these firms provided summary appraisal  
213 reports for each of the Unsigned Parcels. The appraisal reports provided a detailed  
214 investigation of the real estate market and took into consideration relevant factors  
215 which affect value in developing their opinion of value for the proposed easement  
216 being sought by Ameren. In general, the appraised property values were higher  
217 than the values underlying the original offers made by Ameren as described above.

218 **Q25. Did Petitioners use the appraisals to develop revised offers of compensation**  
219 **for landowners on the Prairie West Line?**

220 A. Yes. Ameren provided the landowners of the Unsigned Parcels or their attorneys  
221 with a copy of the appraisal report and increased the easement compensation offers  
222 to reflect the amount of the appraiser's opinion of value for the easement  
223 acquisition.

224 **Q26. Were the revised offers for the Unsigned Parcels accepted?**

225 A. No, the revised offers for easements across the Unsigned Parcels have not been  
226 accepted at this time.

227 **Q27. What reasons have the landowners given for refusing Petitioners' offers?**

228 A. The primary reason given by the landowners for refusing the offers continues to be  
229 that of compensation. In addition to compensation, some of the landowners have  
230 requested language changes within the easement document.

231 **Q28. Have Petitioners sought to address the concerns landowners have raised?**

232 A. Yes. With regard to compensation, and as discussed above, Ameren engaged  
233 independent appraisers to provide an opinion of the value impact of the easement  
234 for each of the landowner's property. The offers to landowners were revised  
235 upward to reflect the appraised values.

236 A. With regard to easement language change requests, Ameren has considered  
237 each request and has been willing to make changes as long as the changes do not  
238 compromise the easement rights being sought by Ameren.

239 **Q29. Do Petitioners consider their revised offers of compensation reasonable?**

240 A. Yes. Ameren considered the initial offers (at 75% of fee) reasonable, and considers  
241 the higher, revised offers, which are based upon independent appraisal opinions,  
242 reasonable.

243 **Q30. Are the offers of compensation that have been accepted similar to those that  
244 have been rejected?**

245 A. Most of the offers that were accepted were based on the compensation  
246 methodology used for the initial offers as discussed above. In other instances,  
247 counteroffers from landowners were accepted by Ameren.

248 **Q31. Do you believe that Petitioners will be able to obtain property rights for all the  
249 Unsigned Parcels through negotiation?**

250 A. No. Petitioners have had numerous contacts with these landowners over a period of  
251 over two years and have made offers of compensation that are fair and reasonable.  
252 Even though Ameren will attempt to continue negotiating with the owners of the  
253 Unsigned Parcels, and is still seeking to acquire the rights of way for those parcels

254 through negotiation, we have no reason to believe negotiations will be successful.  
255 Given the construction schedule for the Prairie West Line, as discussed by Ms.  
256 Dencker, any delay in acquiring easements for the Unsigned Parcels will adversely  
257 impact the construction schedule of the Project. Based on the current status of  
258 negotiations, I do not believe that all of the Unsigned Parcels can be obtained in a  
259 timely manner through negotiations. Therefore, Petitioners must receive authority  
260 to exercise eminent domain for the Unsigned Parcels.

261 **Q32. Does this conclude your prepared direct testimony?**

262 A. Yes.

263

264