STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Ameren Illinois Company d/b/a Ameren Illinois	:	
Petition for a Certificate of Public Convenience and Necessity, pursuant to Section 8-406.1 of the Illinois Public Utilities Act, and an order pursuant to Section 8-503, to construct, operate and maintain a new 345,000 volt electric line in Bloomington, Illinois.	:	**12-0154**

ORDER

By the Commission:

I. PROCEDURAL HISTORY AND BACKGROUND

On February 29, 2012, Ameren Illinois Company d/b/a Ameren Illinois ("AIC" or "the Company") filed a verified Petition with the Illinois Commerce Commission ("Commission") seeking approval for a Certificate of Public Convenience and Necessity ("Certificate") authorizing AIC to construct, operate, and maintain a new 345 kilovolt ("kV") electrical transmission line between its Brokaw and South Bloomington Substations (the "Transmission Line"), in an area southeast of Bloomington, Illinois. Substation modifications at the Brokaw and South Bloomington substations (which modifications, together with the Transmission Line and all appurtenant land rights, constitute the "Project") will also be required. AIC filed the Petition pursuant to Section 8-406.1 of the Illinois Public Utilities Act ("Act"), 220 ILCS 5/1-101 et seq., which provides for an expedited procedure. AIC also requested an order pursuant to Sections 8-503 and 8-406.1(i) of the Act, 220 ILCS § 5/8-503, § 5/8-406.1(i), directing that the Project be built.

The Staff of the Commission ("Staff") participated in the proceeding. Landowner John Capodice requested and was granted leave to intervene.

On March 6, 2012, AIC filed an Amended Petition, with a correction to the caption of the pleading. On March 6, 2012, Staff filed a Motion to Extend the 150-day Deadline, which was granted by the Commission on March 21, 2012. Pursuant to due notice, a prehearing conference was held in the matter on March 20, 2012. A schedule was set, providing for direct, rebuttal and surrebuttal testimonies.

AIC presented the testimony of John Sullivan, a Consulting Engineer – Transmission Planning in the Transmission Policy and Planning Department of Ameren Services Company ("AMS"), Roger Nelson, the AMS Real Estate Supervisor working for AIC, Anthony Meier, Ameren Transmission Project Engineer/Line Design Engineer, Donell Murphy, a Partner with Environmental Resources Management ("ERM"), who works on power generation and linear facility siting projects, and Darrell E. Hughes, Supervisor Valuation and Cost of Capital – Corporate Finance for Ameren Corporation and its affiliates. Staff presented the testimony of Yassir Rashid, an Electrical Engineer in the Energy Engineering Program of the Safety and Reliability Division of the Commission and an affidavit by Michael McNally, a Senior Financial Analyst in the Finance Department of the Financial Analysis Division of the Commission.

The record was marked "Heard and Taken" on June 29, 2012. A Draft Order was filed by AIC on August 1, 2012, with an indication that Staff had no objections to the Draft Order.

II. DESCRIPTION OF PETITIONER AND THE PROJECT

AIC is a public utility within the meaning of Section 3-105 of the Act, is an electric utility within the meaning of Section 16-102 of the Act, and is engaged in the business of supplying electric power and energy throughout its certificated service territory within the State of Illinois. The Project for which AIC seeks authority to construct, operate, and maintain is a new 345 kilovolt (kV) electrical transmission line between its Brokaw and South Bloomington Substations, as well as substation modifications at the Brokaw and South Bloomington substations, and all appurtenant land rights. The Company also seeks authority to acquire easements, including necessary and appurtenant land rights, for approximately 5.5 miles. In addition, AIC seeks, pursuant to Sections 8-503 and 8-406.1(i) of the Act, an order directing that the Project be built.

III. RELEVANT STATUTORY PROVISIONS

Section 8-406.1 of the Act provides an expedited procedure for considering a request for a Certificate. The statute sets forth in detail the information required to be filed in support of the application for a Certificate. The statute further provides:

> (f) The Commission shall, after notice and hearing, grant a certificate of public convenience and necessity filed in accordance with the requirements of this Section if, based upon the application filed with the Commission and the evidentiary record, it finds the Project will promote the public convenience and necessity and that all of the following criteria are satisfied:
>
> (1) That the Project is necessary to provide adequate, reliable, and efficient service to the public utility's customers and is the least-cost means of satisfying the service needs of the public utility's customers or that the Project will promote the

development of an effectively competitive electricity market that operates efficiently, is equitable to all customers, and is the least cost means of satisfying those objectives.

(2) That the public utility is capable of efficiently managing and supervising the construction process and has taken sufficient action to ensure adequate and efficient construction and supervision of the construction.

(3) That the public utility is capable of financing the proposed construction without significant adverse financial consequences for the utility or its customers.

Section 8-406.1(g) states:

(g) The Commission shall issue its decision with findings of fact and conclusions of law granting or denying the application no later than 150 days after the application is filed. The Commission may extend the 150-day deadline upon notice by an additional 75 days if, on or before the 30th day after the filing of the application, the Commission finds that good cause exists to extend the 150-day period.

In addition, the statute requires that a decision granting a Certificate under Section 8-406.1 shall include an order pursuant to Section 8-503 of the Act:

(i) Notwithstanding any other provisions of this Act, a decision granting a certificate under this Section shall include an order pursuant to Section 8-503 of this Act authorizing or directing the construction of the high voltage electric service line and related facilities as approved by the Commission, in the manner and within the time specified in said order.

IV. CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

A. Filing Requirements: Engineering Data, Application Fee, Alternative Routes, Notice Requirements, and Website

Section 8-406.1 (a), (d), and (e) contain specific requirements including generally: a provision of a complete description of the Project, engineering data, an application fee, notice requirements, and establishment of a dedicated website. Subsections 8-406.1(a)(1) and (2), contain requirements regarding engineering data, and an application fee that a utility must include in or with its application. AIC avers that it provided the engineering data required by Subsection 8-406.1(a)(1) and Staff testifies that it appeared to be provided. In addition, AIC asserted, and Staff agrees, that AIC paid the application fee of $100,000 required by Subsection 8-406.1(a)(2). Section 8-

406.1(a)(1)(B)(viii) requires that AIC select two alternate routes for a project: "applicant shall provide and identify a primary right-of-way and one or more alternate rights-of-way for the Project . . . ." In compliance with that requirement, AIC proposed both a Primary and an Alternate Route. Staff concurs with AIC's assertion that AIC held at least three public meetings to receive public comments about the Project within six months of filing the Petition pursuant to Subsection 8-406.1(a)(3). AIC and Staff agree that AIC published notice about the Project in the official state newspaper within 10 days of filing the Petition as Subsection 8-406.1(d) requires. AIC testified, and Staff agrees, that, as required by Section 8-406.1(e), AIC established a dedicated website about the proposed project at least three weeks prior to holding its first public meeting.

B. Criteria Necessary for Grant of Certificate

Subsection 8-406.1(f) provides that the Commission shall make a finding that the Project will promote the public convenience and necessity. It also lists three criteria which must be satisfied before a Certificate may be granted. First, the Commission must find that the Project is necessary to provide adequate, reliable, and efficient service and is the least-cost means of satisfying the utility customers' service needs or will promote the development of an effectively-competitive electricity market that operates efficiently, is equitable, and is the least-cost means of satisfying those objectives. Second, a finding must be made that the utility is capable of, and has taken action to efficiently manage and supervise the construction process. Finally, there must be a finding that the utility is capable of financing the proposed construction without significant adverse financial consequences for the utility or its customers.

1. Necessary and Least-Cost

a. AIC's Position

AIC stated the proposed Project is needed for AIC to provide adequate, reliable and efficient service to the Bloomington area. As discussed by AIC witness Mr. Sullivan, the transmission system in the Bloomington regional area is heavily dependent on one substation, and a single transmission corridor. The Bloomington area may be viewed as a single pocket of load, with primary supply from the Brokaw 345/138 kV Substation, and a double-circuit 138 kV line from Brokaw to the South Bloomington Substation. Review and analysis by AIC indicates the Bloomington regional area could experience a voltage collapse following the loss of two bulk electric system elements. As such, both North American Electric Reliability Council ("NERC") criteria and the Ameren Transmission Planning Criteria require that system reinforcements be implemented. There is approximately 480 MW of load at risk, which exceeds the 300 MW threshold prescribed by AIC's transmission planning criteria filed with FERC, and thus requires mitigation.

In determining the need for the Project, AIC performed a contingency analysis for forecasted 2015 summer peak load conditions in the Project Area, as prescribed by the NERC planning standards and the AIC transmission planning criteria. Based on the

potential impact from an outage to the double-circuit Brokaw-South Bloomington line, or the coincident outage of two 345/138 kV transformers, or the coincident outage of two 345 kV circuits at Brokaw Substation, AIC determined that system reinforcements are needed. Power flow simulations indicated that transmission facility overloading and voltage collapse would occur as a result of any of the contingency events discussed. Under these conditions, in excess of 300 MW of load served in the Bloomington area will be dropped. AIC noted that, although the need for system reinforcements is based on analyses of 2015 loads, because those loads represent only a slight increase over current loads, the need for the project is essentially immediate.

AIC explained that it considered alternative transmission projects as described in detail in the Bloomington Area Transmission Study (the "Study") presented in Ameren Exhibit 1.22. The Study discusses the upgrades required by each transmission project and the estimated cost to implement each project. All of the transmission alternatives included expansion of the Brokaw substation to a 345 kV ring bus configuration. The five transmission alternatives considered were: (1) extend a 345 kV line from Brokaw Substation to South Bloomington Substation and install a 345/138 kV, 560 MVA transformer at South Bloomington Substation, requiring approximately 7 miles of new 345 kV transmission line; (2) extend a 345 kV line from Brokaw Substation to West Washington Street Substation and install a 345/138 kV transformer at West Washington Substation, requiring approximately 14 miles of new 345 kV transmission line; (3) extend a 345 kV line to West Washington Street Substation eastward from Peoria and install a 345/138 kV transformer at West Washington Substation, requiring approximately 30 miles of new 345 kV transmission line; (4) extend a 345 kV line to West Washington Street from Commonwealth Edison's Powerton Substation and install a 345/138 kV transformer at West Washington Substation, requiring approximately 26 miles of new 345 kV transmission line; and (5) extend a 345 kV line to West Washington Street Substation from Commonwealth Edison's Blue Mound Substation and install a 345/138 kV transformer at West Washington Substation, requiring approximately 15 miles of new 345 kV transmission line.

In addition to the transmission alternatives that were examined, AIC indicated distribution solutions were also considered. The possibility of installing distribution capacitors and static var compensators was considered. It was determined that this approach would cost over $35,000,000, would only defer the need to build the new transmission line, would not add robustness of the overall supply to the area, and would carry a high maintenance cost. Another distribution solution AIC considered would be to install a second 138-345 kV transformer in parallel with the existing transformer at Normal, East Substation, thereby sharing the resulting load between the two transformers. However, powerflow simulations using the same 2015 summer peak load conditions, reduced to 90% of full peak load to permit convergence of the powerflow solution, with a second 138-345 kV transformer in-service at Normal, East Substation, showed no material improvement for an outage of the double-circuit Brokaw-South Bloomington 138 kV line. Post-contingency area voltages were still near or below 90% of nominal, with thermal loading on a number of transmission facilities of between 103%

and 140% of summer emergency rating. Therefore, the addition of a second 138-34.5 kV transformer at Normal, East Substation would not be a viable solution.

According to AIC, after considering the foregoing transmission and distribution project alternatives, AIC selected transmission project option (1), extending a 345 kV line from Brokaw Substation to South Bloomington Substation, which is the Project proposed in this case. AIC stated the selected project alternative significantly improves the robustness of the transmission system in the area, eliminates the projected exposure to voltage collapse from double contingency scenarios, and can be constructed in the shortest amount of time. Therefore, it is AIC's position that the proposed Transmission Line represents the best, and least-cost option, for addressing the reliability needs and providing the required system reinforcement in the Bloomington area by 2015.

AIC also stated, based on the contingency analysis, the Project requires the reconfiguration of the 345 kV bus at Brokaw Substation, installation of a new 345/138 kV transformer at South Bloomington Substation, and installation of a new 345 kV transmission line between Brokaw and South Bloomington Substations. The 345 kV bus at Brokaw Substation will be expanded to a ring bus configuration through the installation of four new 345 kV breakers. The existing 345 kV transmission line connection to Brokaw Substation from Commonwealth Edison Company's Pontiac-Lanesville 345 kV line will be split into two separate incoming lines. The new 345/138 kV transformer at South Bloomington Substation will be connected via a 138 kV breaker to the South Bloomington Substation west 138 kV bus.

With these improvements, including the addition of a 345 kV transmission line between the Brokaw and South Bloomington Substations, the post-contingency loading and voltage issues associated with the outage of the double-circuit 138 kV Brokaw-South Bloomington line would be resolved. Following the addition of these system improvements, transmission voltages in the Bloomington area would be between 99% and unity following an outage of this double-circuit 138 kV line. Post contingency transmission facility loadings would be within emergency ratings. Similarly, low voltage issues following double contingency 345 kV line outages or double transformer outages at Brokaw Substation would be eliminated. Thus, AIC determined that the Bloomington regional area requires more robust transmission support to comply with the NERC Reliability Standards and Ameren Transmission Planning Criteria. AIC determined that a new, 345 kV line would be necessary to provide this transmission support. Construction of the Transmission Line, therefore, will ensure continued reliable service to customers within the Bloomington regional area and effectively satisfy NERC Reliability Standard TPL-003-0 and Ameren Transmission Planning Criteria.

AIC contends that service needs require the Transmission Line be in service by June, 2015. This date was determined by AIC as an outcome of powerflow studies described by AIC witness Mr. Sullivan. Should AIC be unable to complete the proposed transmission line, customer load in the Bloomington area would be subjected to continued exposure to possible voltage collapse for the outage of the double-circuit 138

kV Brokaw-south Bloomington line, or a coincident outage of two 345/138 kV transformers at Brokaw Substation. AIC noted expansion work at Brokaw Substation is currently ongoing and is planned to be completed by the end of 2012, which will address concerns related to one of the three NERC Category C double outage events in the Bloomington area. Further, AIC's preference is to have the Transmission Line in-service as soon as possible. AIC is therefore working to expedite the current construction schedule and believes that it might be possible to get the line in-service in 2014. However, the time required for real estate acquisition may make a June 2014 in-service difficult to obtain. In the event the line is not able to be in service during the summer of 2014, the Transmission Operations and Distribution Operations groups will take appropriate measures (e.g. limiting other work, ensuring capacitors are available), when possible, to try to reduce the risk of voltage collapse conditions.

In response to Staff's concerns about the timing of the Project, AIC explained that it delayed applying for the Certificate because in Docket No. 10-0079, Staff expressed concerns that the most recent available load forecasts had not been used in the modeling undertaken to determine the need of a 345 kV transmission line certificate that AIC was pursuing in that proceeding. AIC states that in the context of Docket No. 10-0079, AIC decided to refine its powerflow modeling in conjunction with the current proceeding to reflect more distribution system detail, in order to more clearly demonstrate the risk of voltage collapse. According to the Company, in light of these developments, AIC found it prudent to review the load forecasts and modeling developed for this Project. AIC explains that system load projections used in the powerflow simulations were updated following the experience gained from the 2010 summer peak season to assure that the most recent data available, with respect to actual and projected loads, were used to update analyses related to this project, and to review the timing for the project. The Company asserts that updated powerflow models were developed as well. AIC states that its filing date for the certificate sought in this case was then selected based on expected timeframes for ICC approval and construction such that the projected June 2015 in service date could be met.

In response to Staff's concern about the prospect of a voltage collapse in summer 2014, AIC avers the risk of voltage collapse to the Bloomington area does not occur suddenly at a particular load level, but increases over time as load increases. According to the Company, there would be some level of risk at present following the transmission outage conditions discussed in AIC's Petition and the testimony of Mr. Sullivan. AIC states the risk would be more significant by 2014, and greater still in 2015. AIC explains the risk of exposure to voltage collapse was balanced with the feasibility of completing construction in a cost-effective manner in determining the project in-service date. AIC asserts that completing any construction project on a highly-expedited schedule is usually possible, but it can dramatically increase the cost of construction. AIC asserts that it thus must balance service needs with the costs of accelerating a construction schedule, i.e., it must also consider cost effectiveness when determining a project's in-service date.

AIC also states it is taking steps to mitigate concerns for 2014. As an example, AIC states expansion work at Brokaw Substation is currently ongoing and is planned to be completed by the end of 2012, which will address concerns related to one of the three NERC Category C double outage events in the Bloomington area. AIC further states its preference is to have the Transmission Line in-service as soon as possible. AIC asserts it is, therefore, working to expedite the current construction schedule and believes that it might be possible to get the line in-service in 2014. AIC warns, however, that the time required for real estate acquisition may make a June 2014 in-service difficult to obtain. In the event the line is not able to be in service during the summer of 2014, AIC states the Transmission Operations and Distribution Operations groups will take appropriate measures (e.g. limiting other work, ensuring capacitors are available), when possible, to try to reduce the risk of voltage collapse conditions.

Regarding the Staff recommendation on updating its forecasts, AIC asserts it is, in fact, already doing what Mr. Rashid recommends and that keeps its load forecasts current and fully compliant with the NERC requirements. The Company explains updated load forecasts are developed by AIC's Distribution System Planning Department each year. AIC states these load forecasts, in turn, are included in the annual update of the powerflow models used by it to perform annual transmission system assessments in line with NERC reliability standards and AIC transmission planning requirements. AIC asserts it will continue to review its processes to assure that the load forecasts utilized in developing powerflow models are the most current available.

b. Staff's Position

Staff states that AIC has provided evidence that the Project is necessary to provide adequate, reliable, and efficient service to its customers. Staff relies upon the testimony of AIC witness Sullivan when drawing this conclusion.

Staff stated AIC provided two major reasons for building the proposed project. First, Staff referenced AIC's claim that it has to comply with NERC Standard TPL-300-0, which addresses the system performance following the loss of two or more bulk electric system elements. Second, Staff referenced AIC's assertion that the Bloomington regional area could experience a voltage collapse from the loss of two bulk electric system elements by summer 2014. Staff explained that a voltage collapse is a situation where an area of the interconnected system experiences rapidly declining voltages followed by a total loss of electric service.

Staff agrees with AIC that requirement R1 of NERC Standard TPL-300-0 "requires that an annual assessment be developed considering both the near-term and longer-term planning horizons, and that the assessment be based on engineering studies." Staff referenced Mr. Sullivan's testimony about several points. First, it refers to Mr. Sullivan's statements regarding a Category CT contingency, the loss of any two circuits of a multiple circuit tower line. Next, Staff noted in Mr. Sullivan's statement that AIC reviews the need for system upgrades or operational solutions throughout its

service area, including in the Bloomington regional area, which includes the area southeast of Bloomington, on an annual basis. According to Staff, the AIC witness described different scenarios that may result in voltage collapse and the analysis of these scenarios. Staff states the risk of voltage collapse exists if two elements of AIC's transmission system experience simultaneous outages. Staff references AIC testimony that prominent among these scenarios is the loss of Circuits 1562 and 1596, which share common transmission structures (installed on the same poles) for approximately 2.4 miles between Brokaw and South Bloomington Substations. Staff notes AIC's assertion that the outage of these circuits during summer peak conditions results in low voltages in the Bloomington area. Staff further cites to Mr. Sullivan's statement that if the outage of these circuits occurred during an extreme heat wave, AIC's analyses show that the Bloomington area would experience a voltage collapse and loss of service to a large amount of load. According to Staff, AIC stated that although dropping of customer load is allowed under the NERC Standard and the loss of load would probably be contained within the Bloomington area, the amount of dropped load in this double-circuit outage event at time of summer peak conditions is projected to violate the Ameren Transmission Planning Criteria. Staff accepts AIC's conclusion that its planning criteria requires the proposed project if the transmission system topology and/or the transmission system's natural response would expose more than 300 megawatts ("MW") of load to intentional service interruptions lasting more than 15 minutes.

Staff witness Rashid testifies that his understanding is that "system topology" refers to the design, construction, and physical locations of the interconnected transmission system elements. Staff provides an example of a substation, which serves distribution load and has only two supplies. According to Staff, in that example, the concurrent outage of both supplies would result in the load at that substation being lost/dropped because of system topology. Staff concludes that the situation would result in customer service interruptions. Mr. Rashid explains his understanding that a "natural system response" is the reaction of circuit breakers or other devices in the system when the system is exposed to overload. He provides an example of a substation, which has three supplies. In his example, if two supplies experience a concurrent outage, then the third substation experiences a local voltage collapse. According to Staff, the load is lost/dropped as a result of the natural response of the system because of excessive voltage drop through the remaining substation supply or characteristics of the system load. Staff asserts that these events would result in customer service interruptions.

Staff agrees that AIC should take steps to mitigate the risk of voltage collapse should two of its transmission elements simultaneously experience an outage. Staff also concurs that the proposed transmission line is the least-cost of the transmission and distribution alternatives that AIC considered. In its direct testimony, Staff raised a concern that in AIC's Petition and testimony, the total cost of the proposed project ranges approximately from $26.9 million for the Primary Route to approximately $29 million for the alternate route. However, according to Staff, in supporting exhibits, AIC listed the cost of the Project at approximately $35 million. Staff states that in response to its inquiry, AIC explained the apparent discrepancy in cost. Staff states that AIC

explained the original $35 million estimated Project cost included $8.17 million for the expansion of the Brokaw substation to a 345 kV ring bus configuration including modification to the connection to the ComEd line to an “in-out” arrangement. Staff states that AIC explained the Brokaw substation modifications are not included in this filing, as they are already in process and are planned to be completed by the end of 2012. Staff does not take issue with AIC’s explanation.

Staff notes that AIC had initiated the process for applying for a Certificate for this proposed project in early 2009, but then halted the process until it applied for this Certificate in early 2012. Staff expresses concern that customers in the Bloomington area will be exposed to possible service interruptions during the summer of 2014. According to Staff, had AIC proceeded with petitioning the Commission for the proposed project after it initiated the 2009 public meetings, the Bloomington area would not be facing the prospect of a voltage collapse in the summer of 2014. In its direct testimony, Staff requested that AIC provide more details about its decision to postpone the proposed project. Staff also requested that AIC address its plans to mitigate the occurrence of a voltage collapse in the summer of 2014 if the proposed Project is not completed by then. In its rebuttal testimony, Staff notes the testimony AIC provided about its plans to mitigate a voltage collapse in the summer of 2014. Staff also opines that AIC should keep its load forecasts current by regularly reviewing them and updating them as required by NERC. Staff asserts this would enable AIC to identify the need for future reliability projects and start taking the necessary steps to implementing them and putting them in service in a timely manner.

Despite Staff’s criticism of the timing of the proposed Project, Staff concludes AIC has established the need for the Transmission Line and that its proposal is the least-cost among transmission and distribution alternatives that the Company considered. Staff recommends that the Commission approve AIC’s Petition to install, operate and maintain the Transmission Line, along the Primary Route.

2. Management and Supervision

Another criterion under Subsection 8-406.1(f) is that the utility must be capable of efficiently managing and supervising the construction process and has taken sufficient action to ensure adequate and efficient construction and supervision thereof. AIC asserts AIC is capable of efficiently managing and supervising construction of the Transmission Line. AIC witness Meier states that AIC has built lines and projects of this magnitude and has recently received approval from the Commission (Docket Nos. 06-0179, 06-0706 and 10-0079) to construct several lines in Illinois. He also asserts that, the Transmission Line will be constructed in accordance with all applicable federal and state regulations and orders of the Commission, including 83 Ill. Adm. Code Part 305 and the NESC. Staff witness Rashid notes that AIC’s testimony indicates the Company is the second largest electric utility in Illinois, supplies more than two million Illinois customers, controls a vast system of transmission and distribution networks in Illinois, and has already completed several transmission projects in the state. Mr.

Rashid indicated that he had no reason to believe that AIC will not be able to efficiently manage and supervise the construction of the proposed Project. AIC and Staff are in agreement that should AIC receive the Certificate it requests, it will be capable of successfully managing and supervising the construction of the project.

3. Financing

The third criterion is whether the utility is capable of financing the proposed construction without significant adverse financial consequences for the utility or its customers, under Subsection 8-406.1(f). Staff and AIC agree that constructing the proposed Transmission Line will not have adverse financial consequences for AIC or its customers. AIC asserts that the total estimated cost of the Project is between $26.9 million (Primary Route including substation modifications) and $29 million (Alternative Route including substation modifications). The Company provided testimony that the Project has only modest construction needs, which should be fully supported by the existing lines of credit, between now and 2013. Thus, AIC concluded any interest expense incurred between now and 2013 will be minimal. The Company asserted that after 2013, there is increased funding, but it remains a small portion of AIC's total capital expenditures and AIC's anticipated borrowing capacity, when AIC renews the Illinois credit facilities. With respect to financing costs, AIC asserts that retained earnings will supply financing for this Project. In addition, the Company claims the beneficial effect of short-term debt rates will decrease the prospective interest costs by the time the project nears completion. AIC also states that increased transmission revenue will provide adequate cash flow to fully support the amount of debt and equity. According to the Company, other costs like depreciation, maintenance, and operations will also be recovered via the transmission rates. Staff witness McNally opined that the estimated cost of construction is diminutive relative to AIC's net utility plant and operating revenues. Mr. McNally notes that the funds for the project are included in AIC's capital budget forecast, which averages approximately $584 million over the next 5 years and, of which, the project constitutes no more than 2% in any single year. AIC and Staff recommend that the Commission find that AIC is capable of financing the proposed construction without significant adverse financial consequences for the utility or its customers.

C. Order Directing Project be Built

Pursuant to Section 8-406.1(i) of the Act, "a decision granting a certificate under this Section shall include an order pursuant to Section 8-503 of this Act authorizing or directing the construction of the high voltage electric service line and related facilities as approved by the Commission, in the manner and within the time specified in said order." 220 ILCS 5/8-406.1(i). AIC asserts that the Project is necessary and the Commission should authorize its construction pursuant to Sections 8-503 and 8-406.1(i). According to AIC, it has demonstrated that the proposed construction of the Transmission Line is necessary to provide adequate, reliable, and efficient service and is the least-cost means of satisfying the service needs of its customers, and is, therefore, in the public

interest, should be approved, and an order authorizing or directing the construction should be entered.

Staff also recommends that the Commission grant a certificate pursuant to Section 8-406.1 and issue an order pursuant to Section 8-503 of the Act directing the construction of the transmission line that AIC proposes be built along its preferred route.

D. Routing

1. Position of AIC

AIC states the Primary and Alternate routes were selected in a comprehensive process including public and stakeholder meetings, consultation with local governmental representatives, and state regulatory bodies. The Company explains that as part of the siting analysis, AIC evaluated existing linear facilities (transmission lines, pipelines, railroads, etc.) in the area to determine if the Transmission Line could be routed along the same corridor. AIC states it has also evaluated environmental, wetlands, and other land use impacts in establishing its line routing and siting criteria. According to the Company, the purpose of this evaluation was to minimize such impacts in establishing the Transmission Line routes. AIC contends the comprehensive nature of this process supports the conclusion that the Primary Route should be selected.

AIC explains the study of the potential routes associated with the Transmission Line was conducted through a comprehensive integrated process, where participation by stakeholders and the general public was incorporated into route development and selection. The Company states ERM assisted it in facilitating a process in which stakeholder engagement and public involvement was integrated with route development and selection. AIC avers the process included holding meetings associated with the stakeholder/public process, collecting input as to what factors may be considered for route development and selection (including locations of such considerations), and allowing feedback regarding routing decisions as they have been made at each milestone phase of route development. AIC asserts these meetings included the three public meetings required by Section 8-406.1(a)(3). According to the Company, each of these milestone phases of route development included a corresponding stakeholder working group meeting and at least one public open house. AIC asserts the integrated route development/selection and stakeholder/public process was intended to be an open and transparent process aimed at engaging potentially affected parties early and at regular intervals as routing decisions were being made. AIC testified this facilitated not only an understanding by stakeholders and the public of the process itself, but also the need for the Project. The Company avers the final Primary and Alternate Route for the Transmission Line were derived from this process.

AIC further explained that upon the selection of potential route alternatives for the Transmission Line, the environmental characteristics of each alternative were evaluated in conjunction with cost and constructability. According to the Company, cost

considerations generally included the assessment of existing easements, potential use of these easements, and length of the Transmission Line related to each alternative. AIC states constructability considerations generally included the assessment of existing or available access and preliminary design considerations. The Company asserts the environmental-related characteristics of the potential route alternatives were further studied to identify those alternatives having a lesser potential for environmental (human and natural) impact. AIC asserts that concurrent with this evaluation, preliminary design considerations (such as structure height or potential pole placement relative to selected existing features) and the presence of existing access and easements were also evaluated.

AIC testified that throughout the process, certain routing considerations were consistently raised for discussion by participants in the process. According to the Company, these considerations included proximity to existing residences and proximity to planned or proposed developments (schools, road extensions, and other developments). AIC states considerations associated with the Central Illinois Regional Airport and the locations of other existing utilities also influenced routing.

According to AIC, its route siting analysis determined that the Primary Route for the Transmission Line represents the best combination of engineering feasibility, least-cost, and the lowest impacts on surrounding areas. AIC asserts the Primary Route represents the least potential for impacts with regards to environmental and constructability concerns, is approximately 0.8 of a mile shorter than the Alternate Route and has fewer houses within 200 feet of the proposed Transmission Line. AIC states most of the Primary Route follows an existing established corridor, such as existing transmission lines and/or railroad corridor. For these reasons, AIC believes the record supports the selection of the Primary Route as the best and least-cost option.

With respect to land rights for the routing of the Transmission Line, AIC contends it will need to acquire new easements, including all necessary and appurtenant land rights, for approximately 5.5 miles. The Company describes the route for the Transmission Line, stating that starting at the Brokaw substation, the proposed Transmission Line would proceed south across a railroad corridor and portion of a field for approximately ¼ mile and then southwest parallel to an existing transmission corridor of ComEd for approximately ½ mile. The Company states the Transmission Line would then turn west, paralleling the southerly line of Central Illinois Regional Airport property for approximately ¾ mile. According to the Company, the Transmission Line then turns northwest and parallels an existing AIC 138 kV line for approximately ½ mile. AIC asserts the Transmission Line then turns north following a property line for approximately ¼ mile to a point near the Norfolk Southern Railway Company railroad corridor. The Company explains the foregoing portions of the route are along tillable agricultural land of level to moderately sloping ground. AIC asserts at this point the Transmission Line turns west and parallels a railroad corridor for approximately 2 miles. According to AIC, this portion of the route contains agricultural land of various types ranging from tillable to idle ground and is level to moderately sloping. Next, AIC states, the Transmission Line turns northwest and parallels another railroad corridor for

approximately 1¼ miles to a point where it crosses Veterans Parkway (Business I-55). AIC explains that upon crossing Bunn Street, the route widens for approximately 0.25 miles until crossing Veterans Parkway (Illinois Department of Transportation "IDOT"). AIC states it has identified two alternative alignments in this area. According to AIC, it has not obtained the IDOT permit for crossing this highway and has not determined the final alignment for this crossing. The Company explains that an alignment will be selected pending continued engineering and design as well as coordination with affected landowners. (The landowner for this property is included on Ameren Exhibit 2.2) The Company asserts that due to the limited right-of-way corridor available immediately south of the South Bloomington substation and the close proximity of existing buildings, particularly if it is required to locate any farther east than the westerly alignment as shown on Ameren Exhibit 3.4, it may become necessary to purchase some property and/or buildings in order to maintain a safe and manageable clearance to the remaining structures. Upon crossing Veterans Parkway, the route narrows and continues north for less than a thousand feet to the existing South Bloomington Substation. The Company states the land use along this corridor varies from industrial to commercial to residential. AIC asserts that because of the constraints of the available right-of-way and proximity of existing buildings through this area, a portion of the Transmission Line will need to be located on railroad right-of-way.

AIC witness Nelson testified that, as designed, the proposed Transmission Line will require a permanent easement 150 feet in width—the minimum easement required for long span construction. The Company asserts the 150-foot wide easement is required to provide adequate clearance from the transmission line conductors to the edge of the right-of-way for operational and maintenance purposes. AIC witness Nelson discussed that possibility of exceptions to the minimum 150-foot wide easements. Mr. Nelson explained that if AIC determines that a 150-foot easement is not feasible for portions of the line that traverse urban settings, AIC will design the line with shorter spans to lessen the blow-out distance while maintaining all NESC clearances. Further, according to Mr. Nelson, on those portions of the route where the transmission line parallels existing road right-of-way or railroad right-of-way, a portion of the transmission line right-of-way may fall within those existing rights-of-way.

In addition to the easements for the Transmission Line itself, AIC asserted that it may, depending upon route designation and final design, require additional access or temporary construction easements. The Company explains that during the installation of the wires, the construction contractor may have a need to set up equipment off the 150-foot wide right-of-way. AIC asserts that depending on where this might occur, there may be a need to obtain construction easements. The Company states that if such easements are needed, the easements would be up to and including 150 feet in width.

AIC maintains that its intent is to acquire any land needed through a negotiated process. However, AIC states it cannot rule out the possibility that, should negotiations be unsuccessful, eminent domain authority could be required to obtain the property or buildings.

2. Position of Staff

Staff witness Rashid recommends that the Commission select the Primary Route, as shown on Ameren Ex. 4.1 (and individually on Ameren Ex. 8.1) and described in Ameren Ex. 2.1.

E. Commission Analysis and Conclusion

In this proceeding, AIC requests that the Commission grant a Certificate of Public Convenience and Necessity authorizing it to construct, operate, and maintain the Project, a new 345 kV electrical transmission line connecting the Brokaw and South Bloomington substations and substation modifications at the Brokaw and South Bloomington Substations, pursuant to the expedited procedure provided in Section 8-406.1 of the Act.

Subsections 8-406.1 (a), (d), and (e) contain specific requirements including generally: the provision of a complete description of the Project, engineering data, an application fee, pre-filing public meetings, establishment of a dedicated website, and publication of notice of filing of the application. AIC asserts and Staff agrees that it has complied with these requirements. The Commission finds that AIC has met the requirements set forth in subsections (a), (d), and (e) of Section 8-406.1.

Section 8-406.1(f) requires a finding that the Project will promote the public convenience and necessity as well as meet certain statutory criteria. The first of those criteria is that the Project is necessary to provide adequate, reliable, and efficient service to the public utility's customers and is the least-cost means of satisfying the service needs of the public utility's customers or that the Project will promote the development of an effectively competitive electricity market that operates efficiently, is equitable to all customers, and is the least-cost means of satisfying those objectives. AIC states that the Project is necessary to prevent loss of service due to a coincident outage of two transmission elements, and thus, necessary to provide adequate, reliable and efficient service in the Bloomington area. Staff agrees that AIC has established the need for the Project and that the Project is the least-cost means of satisfying the objectives. Based on the evidence in this case, the Commission finds that the Project will promote the public convenience and is necessary to provide adequate reliable and efficient electric power service to AIC’s customers in the Project area. Based on the record, the Commission finds the Primary Route to be the best option for mitigating the risk of voltage collapse in the Bloomington area. The Primary Route is the least-cost means to prevent the loss of electric service to the Bloomington area due to a coincident outage of two transmission elements.

Staff voiced concern that delays in pursuing this electric transmission certification increased the possibility of a voltage collapse in the Bloomington area in the summer of 2014. AIC has explained that the delay was the result of its efforts to ensure that its load forecasts and modeling were current. AIC also described steps it has taken to mitigate the risk of voltage collapse in 2014, and states it is keeping its load forecasts

current and fully compliant with NERC requirements. The Commission shares Staff's concern about timing and urges AIC to proceed with future electric transmission certificate applications in a timely manner, using the best information that AIC has available.

Based on the testimony presented by AIC and Staff, the Commission concludes that AIC is capable of efficiently managing and supervising the construction process and has taken sufficient action to ensure adequate and efficient construction and supervision thereof. The Commission also finds that AIC is capable of financing the proposed construction without significant adverse financial consequences for the utility or its customers.

With regard to easements, AIC indicates generally, it will need 150-foot easements to construct the 345 kV transmission line. The Company has indicated that for certain portions of the line, existing building construction, urban setting, or inability to acquire additional right-of-way width may require a narrower right-of-way, and in some places, where the transmission right-of-way parallels existing road or railroad right-of-way, a narrower easement may be sufficient. Therefore, the Commission authorizes AIC to acquire 150-foot wide easements. To the extent a 150-foot easement is not feasible for those portions of the line that traverse urban settings, AIC is authorized to design the line with shorter spans while maintaining all NESC clearances, to decrease the necessary easement. Similarly, on those portions of the route where the transmission line parallels existing road or railroad right-of-way, AIC is authorized to locate a portion of the transmission line right-of-way within the road or railroad right-of-way, and adapt the size of the easement accordingly.

In addition to the permanent easements, AIC is authorized to acquire construction easements, as necessary, of up to and including 150 feet in width, to construct the proposed transmission line. AIC shall make every effort to acquire easements and any land needed for the Project through a negotiated purchase.

The Commission finds the Project as approved herein is necessary and thus authorizes its construction pursuant to Sections 8-503 and 8-406.1(i). AIC has demonstrated that the proposed construction of the Transmission Line along the Primary Route is necessary to provide adequate, reliable, and efficient service and is the least-cost means of satisfying the service needs of its customers, and is therefore in the public interest and should be approved.

V. FINDINGS AND ORDERING PARAGRAPHS

The Commission, having considered the entire record herein, and being fully advised in the premises, is of the opinion and finds that:

(1) Ameren Illinois Company is a public utility within the meaning of Section 3-105 of the Act and is an electric utility within the meaning of Section 16-102 of the Act;

(2) the Commission has jurisdiction over Ameren Illinois Company and the subject matter herein;

(3) the recitals of fact and conclusions of law reached in the prefatory portion of this Order are supported by the record and are hereby adopted as findings of fact and conclusions of law for purposes of this Order;

(4) Ameren Illinois Company proposes to construct, operate and maintain a new 345 kV electric line in an area southeast of Bloomington, Illinois, connecting AIC's existing Brokaw and South Bloomington substations;

(5) Ameren Illinois Company has demonstrated that the proposed Transmission Line is necessary, meets the requirements of Section 8-406.1 of the Act, and represents the best and the least-cost means of providing adequate and reliable and efficient electric service to AIC's customers;

(6) Ameren Illinois Company has demonstrated that the Primary Route, as shown on Ameren Exhibit 8.1 and legally described on Ameren Exhibit 2.1, which are both set forth in the Appendix, is the least-cost route, is reasonable, and should be approved;

(7) the 150-foot proposed minimum right-of-way width and additional construction easement widths are reasonable and appropriate and should be approved as set forth in Section IV.E.;

(8) Ameren Illinois Company has demonstrated that it is capable of efficiently managing and supervising the construction process and has taken sufficient action to ensure adequate and efficient construction and supervision thereof;

(9) Ameren Illinois Company has demonstrated that the utility is capable of financing the proposed construction without significant adverse financial consequences for the utility or its customers; and

(10) the Project, including substation modifications at Brokaw and South Bloomington substations as well as the construction of the new Transmission Line as described in this Order, is necessary and ought reasonably to be made to promote the security or the convenience of the public and to secure adequate electric service or facilities to AIC's customers, and Ameren Illinois Company should be authorized to construct the Project, pursuant to Section 8-503 of the Act.

IT IS THEREFORE ORDERED by the Illinois Commerce Commission that a Certificate of Public Convenience and Necessity shall be issued to Ameren Illinois

Company d/b/a Ameren Illinois pursuant to Section 8-406.1 of the Public Utilities Act, and that said certificate shall read as follows:

CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

IT IS HEREBY CERTIFIED that the public convenience and necessity require (1) construction, operation, and maintenance by Ameren Illinois Company d/b/a Ameren Illinois of a transmission line as legally described in and shown on the Appendix attached hereto, together with such related facilities, land rights, ties to adjacent transmission lines, or repairs, as are or may become reasonably necessary to promote the public convenience and necessity and to secure adequate service; and (2) the transaction of an electric public utility business in connection therewith, all as herein before set forth.

IT IS FURTHER ORDERED that the Transmission Line Primary Route, as legally described and the location of which is shown on the Appendix, is hereby approved, and the right-of-way width on such route shall be as set forth in the prefatory portion of this order.

IT IS FURTHER ORDERED that, pursuant to Section 8-503 of the Public Utilities Act, Ameren Illinois Company d/b/a Ameren Illinois is hereby authorized and directed to construct, operate, and maintain the Project described herein, including substation modifications at Brokaw and South Bloomington substations and the construction of the Transmission Line, on, over, along, across, and through the parcels of land along the route described in and shown on the Appendix attached hereto.

IT IS FURTHER ORDERED that Ameren Illinois Company d/b/a Ameren Illinois is authorized and directed to commence construction of the Project specified herein within three years of the date of this Order.

IT IS FURTHER ORDERED that subject to the provisions of Section 10-113 of the Public Utilities Act and 83 Ill. Adm. Code 200.880, this Order is final; it is not subject to the Administrative Review Law.

By order of the Commission this 6th day of September, 2012.

(SIGNED) DOUGLAS P. SCOTT

Chairman