

DIRECT TESTIMONY  
OF  
JANIS FREETLY

Finance Department  
Financial Analysis Division  
Illinois Commerce Commission

Ameren Illinois Company

Petition for a Certificate of Public Convenience and Necessity,  
Pursuant to Section 8-406.1 of the Act, and an Order  
Pursuant to Section 8-503 of the Act, to Construct, Operate  
and Maintain a New High Voltage Electric Service Line in  
Peoria County, Illinois

Docket No. 13-0115

April 10, 2013

1 **Q. Please state your name and business address.**

2 A. My name is Janis Freetly. My business address is 527 East Capitol Avenue,  
3 Springfield, Illinois 62701.

4 **Q. What is your current position with the Illinois Commerce Commission**  
5 **(“Commission”)?**

6 A. I am currently employed as a Senior Financial Analyst in the Finance Department  
7 of the Financial Analysis Division.

8 **Q. Please describe your qualifications and background.**

9 A. In May of 1995, I earned a Bachelor of Business degree from Western Illinois  
10 University. I received a Master of Business Administration degree, with a  
11 concentration in Finance, from Western Illinois University in May of 1998. I have  
12 been employed by the Commission in my present position since September of  
13 1998. I was promoted to Senior Financial Analyst on August 31, 2001.

14 **Q. What is the purpose of your testimony in this proceeding?**

15 A. On February 7, 2013, Ameren Illinois Company (“AIC” or “Company”) filed a  
16 petition for the issuance of a certificate of public convenience and necessity  
17 authorizing AIC to construct, operate and maintain a new 345 kilovolt (“kV”)  
18 electric transmission line in Peoria County, Illinois, pursuant to Section 8-406.1 of  
19 the Illinois Public Utilities Act (“Act”). I will present my evaluation of AIC’s  
20 financial ability to construct, the proposed project (“Project”).

21 **Q. What does Section 8-406.1(f)(3) of the Act require?**

22 A. Section 8-406.1(f)(3) of the Act requires that, before issuing the requested  
23 certificate of public convenience and necessity, the Commission find “that the  
24 utility is capable of financing the proposed construction without significant  
25 adverse financial consequences for the utility or its customers.” (220 ILCS 5/8-  
26 406.1(f)(3))

27 **Q. Please summarize your conclusion.**

28 A. AIC is capable of financing the proposed construction without significant adverse  
29 financial consequences for the utility or its customers.

30 **Q. Please describe the proposed construction and estimated cost.**

31 A. AIC requests authority to construct, operate and maintain approximately 15.7  
32 miles of new 345 kV electric transmission line. AIC also plans to construct a new  
33 345 kV switching station and to modify facilities at the existing Fargo Substation.<sup>1</sup>  
34 The total estimated cost of the Project is \$62.6 million for the Primary Route and  
35 approximately \$79.8 million for the Alternate Route.<sup>2</sup>

36 **Q. How will AIC finance the cost of the proposed construction?**

37 A. AIC states that the immediate construction capital requirements will be financed  
38 with short-term debt. Permanent financing will be obtained through long-term  
39 debt and common equity.<sup>3</sup>

40 **Q. How does the estimated cost of the Project, i.e. \$62.6 million - \$79.8 million,**  
41 **compare to AIC’s existing utility assets and revenues?**

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<sup>1</sup> AIC Petition, at 2.

<sup>2</sup> AIC Petition, at 6.

<sup>3</sup> AIC Ex. 4.0, at 3-4.

42 A. AIC's electric utility plant had a net value of \$6,611,492,808 as of December 31,  
43 2011; its electric utility operating revenues for the twelve months ended  
44 December 31, 2011, was \$1,941,533,594.<sup>4</sup> The total cost represents 0.99% -  
45 1.26% of the Company's net utility plant and 3.22% - 4.11% of the Company's  
46 total utility operating revenue. In addition, the projected capital expenditures for  
47 this Project represent 1.64% - 2.08% of AIC's total capital expenditures budgeted  
48 for the years 2013 through 2017.<sup>5</sup>

49 **Q. Is AIC capable of financing the Project without significant adverse**  
50 **consequences for the utility or its customers?**

51 A. Yes. AIC has access to a variety of funds to finance this Project. In November  
52 2012, AIC renewed its short-term credit facilities, which provide direct borrowing  
53 ability for up to \$800 million within a credit facility of \$1.1 billion that extends  
54 through 2017, throughout the construction timeframe of the Project.<sup>6</sup> In addition,  
55 AIC can draw funds from the Ameren Utility Money Pool and additional liquidity  
56 can be provided directly by its parent company, Ameren Corp. As of December  
57 31, 2012, on a consolidated basis, in the form of cash on hand and amounts  
58 available under existing credit agreements, Ameren Corp. has liquidity of  
59 approximately \$2.3 billion available after outstanding commercial paper.<sup>7</sup> In  
60 addition, as of December 31, 2012, AIC had cash and cash equivalents of \$209

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<sup>4</sup> AIC Form 21 ILCC, December 31, 2011, at 2a and 7a.

<sup>5</sup> AIC Response to Staff Data Request JF-1.01.

<sup>6</sup> AIC SEC Form 10-K for the Year ended December 31, 2012, at 35.

<sup>7</sup> *Id.*

61 million.<sup>8</sup> Hence, AIC has adequate funds to finance the Project without  
62 significant adverse consequences for the utility or its customers.

63 **Q. What is AIC's current credit rating?**

64 A. On March 14, 2013, in response to Ameren Corp's definitive agreement to sell its  
65 remaining merchant assets, Standard & Poor's Ratings Services ("S&P") raised  
66 its corporate credit rating on Ameren Corp., AIC and Ameren Missouri to BBB  
67 from BBB-. In addition, S&P raised the rating on AIC's senior secured debt to A-  
68 from BBB+ and raised the short-term rating to A-2 from A-3. Further, S&P  
69 placed the corporate credit and long-term debt ratings on CreditWatch with  
70 positive implications reflecting the high probability of a further upgrade following  
71 the completion of the merchant sale.<sup>9</sup> This improved rating and positive outlook  
72 support AIC's ability to raise external funds at reasonable cost if necessary.

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

74 A. Yes, it does.

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<sup>8</sup> *Id.*

<sup>9</sup> Standard & Poor's Ratings Direct, *Research Update: Ameren Corp. and Subsidiary Corporate Credit Ratings Raised to BBB, Placed on CreditWatch Positive*, March 14, 2013.