

ILLINOIS COMMERCE COMMISSION

DOCKET NO. 12-0598

DIRECT TESTIMONY

OF

**DAN E. LONG
SPI ENERGY GROUP**

Submitted on Behalf

Of

**The Coalition of Property Owners and Interested Parties in Piatt, Douglas, and
Moultrie Counties (“PDM”), the Channon Family Trust, and the Village of Mt. Zion**

November 13, 2013

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1 I was responsible for developing and filing the first FERC open access transmission tariff
2 for the joint entity to be known as Ameren.

3

4 At IMEA I held the position of Assistant General Manager.

5

6 I have testified before the Illinois Commerce Commission many times and also before the
7 Federal Energy Regulatory Commission, as well as before various committees and
8 sessions of the Illinois legislature.

9

10 SPI Energy Group is a firm that provides utility related consulting services. In this
11 proceeding, SPI is providing assistance to the Coalition of Property Owners and
12 Interested Parties in Piatt, Douglas and Moultrie Counties (“PDM”), the Channon Family
13 Trust and the Village of Mt. Zion (“Mt. Zion” or “Village”).

14

15 For purposes of testimony in this proceeding, use of the term “We” refers to all parties
16 listed above. If any portion of the testimony does not reference all three, I will use the
17 individual references listed above.

1 **INTRODUCTION**

2 Q. What is the purpose of your testimony?

3 A. My testimony will address the structure of the ATXI proposal and the effect it has
4 on the requirement of the Commission to act in the public interest. The petition and its
5 structure may preclude the Commission from making a determination of whether the
6 assets at issue are “used and useful” for cost recovery at some future date from retail
7 customers. This proceeding may be the only opportunity the Commission has to evaluate
8 whether the cost of these assets should be borne by retail ratepayers. We believe this is
9 the most important single issue facing the Commission in this proceeding.

10

11 My testimony will also address the need, or lack thereof, for a 345kv substation proposed
12 to be located adjacent to Mt. Zion, as well as an appropriate route for the proposed 345kv
13 line between Pana and the Village, and between the Village and Kansas, as those line
14 segments are generally described in the record thus far in this proceeding. We share a
15 concern that the ATXI proposed route and substation location are not an efficient use of
16 resources and would result in costs that are higher than if a more efficient route were
17 chosen. In addition, we believe there has been no proof shown that a substation
18 supporting the Decatur area is required now or in the future. As ratepayers that will
19 eventually pay higher rates because of this project, we ask that those costs represent a
20 reasonable expenditure and that the project not interfere with economic growth in the
21 area in which ATXI insists it is designed to support.

22

23 A portion of my testimony will also address the route recently submitted by Commission
24 Staff in response to direction by the Commission. If the Commission chooses not to
25 support our position on other issues, then We, in the alternative, support the route and
26 substation location provided by Staff.

27 Q. Is your testimony being submitted in conjunction with testimony submitted by
28 anyone else?

29 A. Yes. In addition to this testimony, testimony is being submitted by Ms. Julie
30 Miller, the Village Administrator for the Village of Mt. Zion, and also by Ms. Mary
31 Burns, a landowner.

1 Q. What is the focus of Julie Miller's testimony?

2 A. Ms. Miller will discuss the concerns of the Village and the harm that could be
3 borne by the Decatur area if the ATXI proposed route and substation location become a
4 reality. She will also discuss the economic conditions of the Macon County area in
5 general as they relate to the need, or lack thereof, for a substation located in close
6 proximity to the Village for future load growth and system support. These factors impact
7 the cost of the project and again, ultimately what We will be asked to pay for as
8 ratepayers.

9 Q. What is the focus of Mary Burns testimony?

10 A. Ms. Burns will discuss the general concerns of the PDM group and Channon
11 Trust, and the differences between ATXI's routing and MCPO's routing.

12

13 **ECONOMIC IMPACT ON THE DECATUR AREA**

14 Q. What is your objection to the line and substation site locations adjacent to the
15 Village?

16 A. We are convinced that the close proximity of these facilities adjacent to the
17 Village limits will hinder growth in a southwesterly direction and place at risk taxpayer
18 funds spent on assets in that location. In addition, portions of the ATXI preferred line
19 route actually traverse through the Village limits. The Village has had on its books for
20 over 40 years an ordinance that prohibits utility structures in excess of 50 feet tall. It is
21 our understanding that the 345kv structures will necessarily exceed that statutory limit.

22

23 Additionally as rate payers, we feel that anything that hinders growth in the area in which
24 the project is supposed to provide benefit becomes contradictory in nature, as the
25 hindrance to growth tends to lower the base over which the costs are ultimately spread.
26 This implies a theoretical increase in rates due to the siting proposal by ATXI rather than
27 an alternative that provides the required system support but does not stifle economic
28 growth.

29

30 Q. What are the assets in the southwestern part of the Village that would be placed at
31 risk by the proposed location of the line and substation?

1 A. Because any potential growth the Village believes it may experience would be in
2 the southwesterly direction, the Village has extended a water main in that area. A portion
3 of the water main runs along the north side of Sulphur Springs Road, directly in front of
4 the proposed substation location and just feet from the proposed line route. The Proposed
5 ATXI line and substation site are on the south side of Sulphur Springs Road.

6
7 Q. Why do you believe this close proximity of the water main to the line and
8 substation will hinder economic growth in the Decatur area?

9 A. There is a new subdivision on the north side of Sulphur Springs Road. The
10 developer, as well as residents who already reside there, have expressed fear that the line
11 and substation locations would not only end construction in that subdivision, but in doing
12 so drastically affect the property value of the existing homes.

13
14 Q. Aside from the objections you have that relate directly to the line and substation's
15 impact on the Decatur area, are there any other concerns or issues your testimony will
16 address?

17 A. Yes. The Village and other residents in the Decatur area are all customers of
18 Ameren Illinois Company ("AIC"). The PDM landowners, and the Channon Trust
19 landowners are all Illinois electric consumers, served by AIC, electric cooperatives or
20 municipals. As a result, all are affected by the operations of MISO and costs incurred by
21 AIC. We are all concerned that ATXI has not developed plans which will result in the
22 most efficient and least cost use of funds. Accordingly, the costs that result may
23 eventually be recovered by AIC, ATXI or MISO from retail ratepayers such as the
24 Village and its residents, the PDM landowners and the Channon Trust landowners
25 regardless of who their electric supplier may be. We have a stake in the overall cost of
26 the project as well as concerns related to direct harm caused by the location of the line
27 and substation.

28
29
30 **THE ULTIMATE USE AND USEFULNESS OF THE SUBSTATIONS**

31

1 Q. What is your understanding of the purpose of this proceeding that was initiated by
2 ATXI?

3 A. My understanding is that ATXI filed a petition requesting certificates of public
4 convenience and necessity for the facilities described in the petition. Those
5 facilities include a 345kv line and six 345kv substations.
6

7 Q. What is your understanding of the benefit or need for such a certificate?

8 A. Traditionally, an entity such as a public utility might require such a certificate in
9 order to facilitate condemnation proceedings in order to secure property on which
10 they wish to construct facilities. If the entity seeking to undertake construction
11 cannot obtain rights of way outright, then the certificate is useful in initiating legal
12 proceedings to obtain the rights of way.
13

14 Q. Is ATXI a public utility as that term is contemplated by the Illinois Public Utilities
15 Act?

16 A. By their own description, they are not.
17

18 Q. Why does ATXI then need to secure a certificate?

19 A. ATXI plans to construct a transmission line and various substations and requires
20 property to do that. In the event they cannot secure the property willingly, the
21 certificate would aid them in acquiring property in a court of law.
22

23 Q. Is it your understanding that the line proposed by ATXI will be used to directly
24 serve retail load?

25 A. No. ATXI represents that the line is a "multi-value project" that will aid in bulk
26 electric system transactions of a wholesale nature. The line was planned in
27 association with MISO, and is now undertaken by ATXI subject to a
28 determination by MISO that this project is needed and is part of a MISO
29 sanctioned expansion plan.
30

1 Q. Would you describe your understanding of the difference between wholesale and
2 retail in the context of electric sales?

3 A. Retail sales are sales of electricity made directly to ultimate consumers, while
4 wholesale transactions occur between utilities or suppliers. Wholesale sales are
5 considered interstate commerce and as such are subject to federal jurisdiction.
6

7 Q. Who regulates retail sales in Illinois?

8 A. With respect to retail sales by a public utility, the Illinois Commerce Commission
9 regulates rates. In addition, various landowners that are parties to this proceeding
10 may be served by electric cooperatives or municipal utilities. While these
11 “customer” owned systems do not utilize rates that are regulated by the ICC, they
12 will be impacted by the costs of the ATXI project because these customer owned
13 systems are connected directly to the AIC system and pay a share of AIC system
14 costs related to delivery of power and energy over the AIC system.
15

16 Q. And who regulates wholesale transactions?

17 A. The Federal Energy Regulatory Commission, or FERC.
18

19 Q. What sort of entity is ATXI?

20 A. ATXI is not a regulated public utility in Illinois, but rather will be a transmission
21 owner under the jurisdiction of the FERC, and within the operating area of MISO,
22 a FERC creature that administers electric transmission throughout the area in
23 which the proposed line will exist.
24

25 Q. Will the substations that are a part of the ATXI petition facilitate wholesale
26 transactions?

27 A. I do not believe so, or at least not initially nor directly. It has been described by
28 ATXI that it will be necessary for Ameren Illinois Corporation to connect to these
29 substations in order to facilitate energy delivered through those substations to be
30 passed to retail end users and ultimately realize all of the benefits of the proposed
31 line and substations. However, the substations may later be used as designated

1 delivery points for wholesale delivery of power to wholesale entities within the
2 AIC area. The portion of ATXI testimony shown below illustrates this point.

3
4 **ATXI Exhibit 2.0, page 22**

5 **“Q. Please summarize, for planning purposes, how the substation sites listed**
6 **above were identified.**

7 **A. As described by MISO on pages 33, 34, 35, and 42 of the MVP Report, the MISO**
8 **studies determined that 345 kV construction was the preferred voltage level and a**
9 **central Illinois route was the preferred line location due to the performance**
10 **advantages it provided. For the benefits of the Project to be realized, the Project must**
11 **connect to the existing system and deliver energy to the load. The substations**
12 **selected provide access to numerous 138 kV lines which distribute the energy**
13 **throughout Illinois.”)**

14
15 Q. In your experience, is it typical that a non-regulated (Illinois retail jurisdiction)
16 entity would seek a certificate for facilities that will serve retail load.

17 A. No it is not. Typically, the entity seeking the certificate would be a regulated
18 public utility owning and operating the electric transmission and distribution
19 system used for serving end use load.

20
21 Q. Is it your understanding that a proceeding such as this one is designed to allow
22 cost recovery for the facilities addressed in the petition for a certificate?

23 A. No. Cost recovery is not normally dealt with in determining whether a certificate
24 should be issued.

25
26 Q. Typically, when and where is cost recovery of such projects sought?

27 A. Generally, once the facility is built, the public utility would file a request, with the
28 Commission, for cost recovery in the form of a request for a change in rates. The
29 Commission would then be tasked with determining whether the facility is used
30 and useful and whether it should be included in rates for cost recovery by the
31 utility from the end users of electricity.

32
33 Q. Would ATXI, in your opinion, file for such cost recovery?

34 A. I do not believe so, as they do not serve retail customers under Commission
35 approved rates.

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Q. Where would ATXI normally seek cost recovery for the line and substations?

A. With respect to the line portion of the project, they would seek cost recovery through some mechanism approved by or under the jurisdiction of the FERC. With respect to the substations, it is my understanding that they would not be used to facilitate interstate commerce or wholesale sales, so ATXI could not seek cost recovery from the FERC. Presumably ATXI would be paid by Ameren Illinois Corporation for their use once the project is complete.

The portion of ATXI testimony shown below demonstrates how ATXI expects various entities to pay for the project through its use. Not all of these entities are parties to this proceeding. The assumptions shown below only address how wholesale entities might compensate ATXI for the use of the line, but it does not indicate how retail customers of AIC might be impacted once this line, through the substations proposed by ATXI are connected directly to system lines owned by AIC. At that point retail end users may pay for additional use not limited to delivery of wholesale energy. It is this use and cost recovery for which the ICC may be precluded from assessing at a later date if the Commission issues certificates for the substations in this proceeding.

ATXI Exhibit 1.0, page 8

“Q. Who bears the cost of the Project?”

A. Under the MVP cost sharing approved by the Federal Energy Regulatory Commission, Illinois consumers will pay for approximately 9% of the cost of the Project, with the remainder paid for by other electricity consumers across the MISO footprint. (Ameren Illinois customers will pay approximately 7% of these costs. The remainder of the 9% allocated to Illinois consumers is paid for by the municipal and cooperative consumers in Illinois who are in MISO.) In other words, Illinois MISO customers will pay less than \$100 million for a \$1 billion project that will deliver them the wide array of benefits. How will ATXI construct and operate the Project?”

Q. Do you foresee a problem with the structure of the ATXI petition that may conflict with the normal procedure for cost recovery within each jurisdiction, those being state (Illinois Commerce Commission) and federal (FERC)?

1 A. Yes. Cost recovery through retail rates is not addressed in a proceeding such as
2 this one. Normally there would exist at a future date, an opportunity for the
3 Commission to make a determination of whether the substations at issue in this
4 proceeding are used and useful and should be included for cost recovery in say,
5 the retail rates of AIC.

6
7 Q. Even if the Commission cannot make a used and useful determination at this time,
8 does not the Commission have a later opportunity to make that determination at
9 such time as any of the substations is actually used to provide service to retail
10 jurisdictional customers?

11 A. The answer to that question may be no. We believe that the mere existence of the
12 proposed substations in this proceeding may present a problem. The ATXI
13 project has been deemed by MISO to be an MVP. MISO operates under and acts
14 within the jurisdiction of the FERC. If the Commission in this proceeding
15 provides a certificate for the substations, and they are built, they may then come
16 to exist because of a FERC jurisdictional mandate or decision. I'm not a lawyer,
17 and I'm certainly not rendering a legal opinion, but my 35 years in the utility
18 industry have provided some examples for me that illustrate that certain decisions
19 by the FERC may carry with them an inability for the ICC to act in opposition. In
20 other words, a federal pre-emption may take place that would preclude the
21 Commission from interfering with the cost recovery associated with the
22 substations.

23
24 It may be prudent for the ICC policy staff to determine whether or not this
25 proceeding is the only opportunity the ICC may have to pass judgment on the
26 need for the substations. If the Commission accedes to them in the certification
27 process, they may be precluded from rendering a decision on jurisdictional cost
28 recovery in the future.

29
30 Q. Is there any evidence in this proceeding that suggests that the Commission may be
31 precluded or pre-empted from evaluating usefulness in the future?

1 A. Yes. The Staff has provided testimony that suggests that the ultimate use of the
2 substations would be by AIC, and AIC is not a party to this proceeding. That
3 creates a question as to how use by AIC would ultimately be assured.

4
5 The portion of Staff testimony shown below provides reason enough to question
6 what ultimate impact a certificate in this proceeding may have on the ability of the
7 Commission to act later. The Staff testimony should be assessed in conjunction
8 with ATXI exhibit 1.0. In ATXI Exhibit 1.0, ATXI states that AIC and other
9 parties will be required to make connections to the 345kv line and substations due
10 to agreements and contracts they are party to that are under FERC jurisdiction.

11
12 Staff Exhibit 1.0, page 39

13 **Pana to Mt. Zion**

14 **“Q. Is ATXI’s proposed location for the Mt. Zion Substation logical?”**

15 A. No. It is my opinion that, even if the 345 kV line were to supply a 345/138 kV
16 transformer near Mt. Zion, it would have been more logical for ATXI to locate the
17 Mt. Zion Substation site further south - nearer a line between Pana and Kansas.
18 Similar to the SE Quincy substation, ATXI does not plan to tie its proposed 345 kV
19 transmission line to any existing 345 kV transmission lines in the Mt. Zion vicinity.
20 The only reason for the proposed ATXI Mt. Zion Substation is to supply AIC’s 138
21 kV transmission system with an additional 345 kV source. Since no evidence exists
22 in this proceeding which demonstrates that AIC will connect its 138 kV system to
23 ATXI’s proposed Mt. Zion substation, I do not believe ATXI’s proposed Mt. Zion
24 substation site is logical. Even if AIC were to commit to connecting its 138 kV
25 system near Mt. Zion to ATXI’s 345 kV transmission line, it is my opinion that it is
26 more economical for AIC to extend two 138 kV lines further south to the 345 kV line
27 than for ATXI to extend two 345 kV north to Mt. Zion. This is due to more costly
28 structure and hardware costs for 345 kV lines, and required rights-of-way for 345 kV
29 lines are wider and therefore more costly as well. In my opinion, it would be more
30 logical for ATXI to route its proposed transmission line along the least-cost route
31 between Pana and Kansas. Again, given that no evidence exists that AIC will connect
32 to the 345/138 kV transformer that ATXI proposes to install at Mt. Zion, it is
33 currently my opinion that the Commission should exclude the proposed substation
34 and 345/138 kV transformer proposed for Mt. Zion from any CPCN that it grants. I
35 may change this opinion if ATXI demonstrates that its proposal represents the least
36 cost option when the combined cost of constructing the 345 kV lines and any future
37 138 kV connections that AIC commits to making are considered together.”

38
39
40 Q. If as you say the ultimate beneficiary of the substations is AIC, has AIC made a
41 commitment to connect to or utilize them in the future?

1 A. ATXI's initial testimony was not clear on that issue. The ICC Staff raised that
2 very question, as ATXI did not offer in its petition any evidence that AIC was
3 committed to connect to or utilize every substation ATXI has asked the
4 Commission to certificate.

5

6 Q. Has ATXI responded to this objection and offered proof that in fact AIC would
7 connect to every substation and that such use would be used and useful in the
8 sense generally considered for cost recovery?

9 A. Yes. In its rebuttal testimony ATXI states that MISO tariff's and transmission
10 owner agreements obligate transmission owners such as AIC to make connections
11 as directed by MISO in an "APPROVED TRANSMISSION EXPANSION
12 PLAN" (emphasis added). ATXI further states, "Thus AIC will be required to
13 make connections to ATXI's substations, as will any other MISO transmission
14 owner....." This portion of ATXI testimony is shown below in its entirety and
15 illustrates clearly how wholesale regulation and jurisdiction may interfere with the
16 ability of the ICC to determine, at a later date, the usefulness of the substations
17 proposed by ATXI.

18

19

20

21 ATXI Exhibit 10.0, page 10

22 **"Q. Does the absence of any current "proposals" or "commitments" mean that**
23 **ATXI or AIC have no obligation to make the connections discussed by Mr.**
24 **Rockrohr?**

25 A. Not at all. MISO's tariff and associated transmission owners agreement, of which
26 both AIC and ATXI are parties, obligate transmission owners to make connections as
27 directed by MISO in its approved transmission expansion plan. Thus, AIC will be
28 required to make connections to ATXI's substations, as will any other MISO
29 transmission owner, regardless of the existence of any "proposal" or "commitment"
30 to do so. Mr. Kramer and MISO witness, Mr. Jeffrey Webb describe further the
31 obligation of transmission owners to make needed connections.

32 **Q. Regardless of any requirements by MISO, will AIC in fact connect to and use**
33 **each of the individual substations that ATXI proposes to install as part of the**
34 **Project?**

35

36 A. Yes. Mr. Kramer and ATXI witness, Mr. Jeffrey V. Hackman explain why these
37 connections are necessary and how they are expected to occur. It should also be noted
38 that MISO has already approved the Project as an MVP project, and in so doing, has
39 already approved the in-service dates for the different transmission line segments and

1 the connections by AIC to the substations at issue. The transmission owners that are
2 affected by the Illinois River Project are fully aware of the in-service dates and, thus,
3 are fully aware of the obligations on their part to cooperate with ATXI, and to take
4 action to ensure the timely connection of the transmission line with their systems.”
5

6
7
8 Q. Is any portion of the ATXI response of concern to you?

9 A. Yes. This portion of the ATXI testimony contributes to my concern and opinion
10 that this proceeding may be the only chance the ICC has to pass judgment on the
11 existence of the substations and their necessity. If my understanding of FERC
12 jurisdiction in such matters is correct, then the ATXI testimony is not only a reply
13 that addresses the certainty that AIC will connect to the substations, it is also a
14 signal that because such connection is required by a FERC mandated agreement
15 with MISO, the Commission may be precluded from preventing cost recovery
16 from retail ratepayers at a later date.

17
18 As a result, it is our opinion that the ICC should evaluate the 345kv line on its
19 own merits, without consideration for any substation, and not be rushed on any
20 evaluation of whether the substations should be built or where. The evaluation of
21 the substations should be spared for a separate proceeding. This would allow the
22 Commission to render judgment for a more direct route between Pana and
23 Kansas, and then assess the need for each substation based on its individual merit.

24
25 Such a separation would also allow the Commission to determine whether it
26 believes ATXI or AIC should be seeking approval of the substations at issue.
27 One of these choices may give the Commission the opportunity to assess the need
28 and allow or disallow cost recovery, the other may not. Another proceeding
29 would also allow the Commission to require that the entity responsible for load
30 forecasting, Ameren Services, be a participant in that proceeding.
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Q. Are there factors that cause you to question the absolute need for the substations?

A. Yes. The proposal of the various substations in the ATXI plan exist because there is a supposition that not only will the project provide bulk transaction benefits on the interconnected system that already exists, but that the substations will also be beneficial in serving or supporting retail or end use load at locations along the line route in the future. This should indicate some planning overlap or cooperation between ATXI and for instance, AIC. The existence of the substations is also suggested to have a benefit to other smaller utilities such as munis and coops I discussed earlier. This would also assume some planning overlap between these entities as well. ATXI has not provided any evidence that such cooperative planning exists, and none of these stakeholders is a participant in this proceeding. As a result, it is reasonable to question the ultimate need for all of these, because the entities that either will or will not need them or use them are not part of this process. Accordingly, the Commission cannot determine whether the substations may or may not be in the public benefit, and whether or not they may be used and useful in the future.

The ATXI testimony shown below stops short of identifying the potential cost recovery from retail customers of AIC once AIC is required to connect directly to substations that may receive certificates.

ATXI Exhibit 1.0, page 9

“Q. Who bears the cost of the Project?”

A. Under the MVP cost sharing approved by the Federal Energy Regulatory Commission, Illinois consumers will pay for approximately 9% of the cost of the Project, with the remainder paid for by other electricity consumers across the MISO footprint. (Ameren Illinois customers will pay approximately 7% of these costs. The remainder of the 9% allocated to Illinois consumers is paid for by the municipal and cooperative consumers in Illinois who are in MISO.) In other words, Illinois MISO

1 customers will pay less than \$100 million for a \$1 billion project that will deliver
2 them the wide array of benefits.”
3

4 **THE ABSOLUTE NEED FOR A SUBSTATION**
5

6 Q. What is your collective opinion regarding the need for a substation, regardless of
7 its location.

8 A. It is our collective opinion that there is insufficient evidence in this proceeding
9 thus far to show that any substation is needed to support growth in the Decatur
10 area. We believe there is no growth in the Decatur area, and that the substation
11 proposals may simply be an anomaly that allows for future cost recovery of the
12 project through retail rates regardless of whether the substations are needed or
13 not. The proposed location of the substation also drives, to a large extent, the
14 northerly location of the line. The northerly location of the line adds unnecessary
15 cost to the project that could be avoided by a more direct route such as that
16 proposed by the Staff.
17

18 Q. Is there evidence in the record that there are existing 345kv facilities in the
19 Decatur area?

20 A. No.
21

22 Q. If there were existing 345kv facilities in the Decatur area, who would the likely
23 owner be?

24 A. Since this is the first project undertaken by ATXI, it is unlikely that ATXI would
25 own any existing facilities. As a result, it can be concluded that AIC would be the
26 owner of any existing facilities in the area.
27

28 Q. Is AIC a participant in this proceeding?

29 A. ATXI has stated that AIC is not a participant.
30

1 Q. With respect to retail end users in the Decatur area, who would be responsible for
2 facilities that provide electric service in that area?

3 A. AIC is the retail utility that would be responsible for those facilities.
4

5 Q. Has ATXI provided evidence of load growth in the Decatur area?

6 A. No. ATXI has alluded to “future” load growth and reliability problems in the
7 Decatur area as justification for the line and substation.
8

9 Q. In your opinion, does your experience indicate who would be responsible for
10 electric system planning for facilities serving retail end users directly?

11 A. My experience indicates that the retail utility, in this case AIC, would be
12 responsible for system planning and the need for additional facilities to serve
13 retail end users.
14

15 Q. Since AIC is not a participant in this proceeding, who, in your opinion, has
16 assessed the need for the substations proposed by ATXI in this proceeding?

17 A. ATXI has stated that they evaluated the need as well as location for each proposed
18 substation by relying on the load forecasting provided by Ameren Services.
19

20 Q. Assuming for purposes of argument that there may be a future need for some
21 system support in the Decatur area, what options does the proposed ATXI line
22 provide?

23 A. The ATXI project provides no option other than 345kv. Because the ATXI line is
24 345kv, it then follows by default that all proposed substations are 345kv. This
25 results in ATXI proposing to support load in the Decatur area with 345kv even
26 though no 345kv exists there now.
27

28 It should not be assumed that 345kv is the best way to support the Decatur area
29 simply because some excess miles of 345kv line in a northerly direction and a
30 substation in the area make it a foregone conclusion to use 345kv. ATXI should
31 be challenged to show, absent the Two Rivers project, that either ATXI found

1 through analysis, or that AIC found through analysis, that future 345kv
2 investment was the best alternative to support the Decatur area. This should be a
3 documented solution that is required on its own merits in the absence of the 345kv
4 project now under consideration.

5
6 If no such documentation exists, then ATXI should not be allowed to force 345kv
7 investment as support for the Decatur area simply because it adds an additional
8 use for the line they seek to build for non-jurisdictional reasons. Use of the
9 proposed 345kv line and substation simply means that additional investment in
10 138kv facilities will be needed to complete the support ATXI suggests. Even if
11 the support for the Decatur area ultimately originates with a 345kv source, it does
12 not need to be located that far north. A more direct route, less costly and further
13 south, can provide an acceptable point of interconnection for a 138kv line
14 providing support to Decatur..

15
16 ATXI should be challenged to show that a ring of 138kv facilities around the
17 Decatur area is insufficient, particularly since that is the transmission voltage
18 predominant in the area today.

19
20 Q. Has any other party challenged the need for a 345kv substation and line to support
21 the Decatur area?

22 A. Yes. One of the landowners in Macon County provided testimony regarding
23 business closings and reductions in the Decatur area that would presumably
24 contradict the need for a 345kv source and substation in an area where there are
25 not now any 345kv facilities. This testimony was provided by means of an
26 Affidavit by Paula D. Cooley. Aside from owning land in the area, I believe she
27 is also a successful realtor. As a result, she is very familiar with development,
28 and/or growth in the Decatur area and the local economy. Ms. Cooley provides
29 evidence of at least 16 businesses or corporations that have closed or exhibited
30 downsizing in the Decatur area. These include, but are not limited to, businesses
31 of great significance to the local economy, such as:

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Bridgestone/Firestone
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ADM
Caterpillar
And even AMEREN. (Cooley Exhibit 1, number 4)

Ms. Cooley further provides evidence that between 2000 and 2010, Macon County has lost 4,000 residents according to the US census. (Cooley Exhibit 1, number 4)

Q. In your opinion, what does the evidence offered by Ms. Cooley demonstrate?

A. The data and sources cited by Ms. Cooley indicate that economic conditions in the Decatur area are poor. The data indicate that not only is there no growth; there is a loss of business activity and jobs. That typically does not translate to an increase in electric load. As a result, the future need for system support in the Decatur area cited by Ameren is illogical.

Q. Has ATXI refuted or provided evidence to contradict the testimony of Paula D. Cooley?

A. To the best of my knowledge, no.

THE ABSOLUTE NEED FOR A SUBSTATION AT MT. ZION

Q. If the Commission decides there is a need for a substation to support the Decatur area, is a location adjacent to the Village the best choice?

A. No. Even if the direct impacts on the Decatur area are set aside, the evidence in the record does not support the need for a substation at the ATXI proposed location.

Once again referring below to Staff Exhibit 1.0, it is clear that even if a need for system capacity materializes in the future, the best location for a substation is not

1 contiguous to the Village. As we have pointed out, and in agreement with Staff, a
2 more southerly line route and substation location is cheaper and more logical.
3 Such an option, combined with future 138kv lines to the Decatur area is a better
4 solution than a longer, more expensive line route just to locate a substation on a
5 site preferable to ATXI because it was offered for sale.

6
7 Staff Exhibit 1.0, page 39

8 **Pana to Mt. Zion**

9 **“Q. Is ATXI’s proposed location for the Mt. Zion Substation logical?”**

10 A. No. It is my opinion that, even if the 345 kV line were to supply a 345/138 kV
11 transformer near Mt. Zion, it would have been more logical for ATXI to locate the
12 Mt. Zion Substation site further south - nearer a line between Pana and Kansas.
13 Similar to the SE Quincy substation, ATXI does not plan to tie its proposed 345 kV
14 transmission line to any existing 345 kV transmission lines in the Mt. Zion vicinity.
15 The only reason for the proposed ATXI Mt. Zion Substation is to supply AIC’s 138
16 kV transmission system with an additional 345 kV source. Since no evidence exists
17 in this proceeding which demonstrates that AIC will connect its 138 kV system to
18 ATXI’s proposed Mt. Zion substation, I do not believe ATXI’s proposed Mt. Zion
19 substation site is logical. Even if AIC were to commit to connecting its 138 kV
20 system near Mt. Zion to ATXI’s 345 kV transmission line, it is my opinion that it is
21 more economical for AIC to extend two 138 kV lines further south to the 345 kV line
22 than for ATXI to extend two 345 kV north to Mt. Zion. This is due to more costly
23 structure and hardware costs for 345 kV lines and required rights-of-way for 345 kV
24 lines are wider and therefore more costly as well. In my opinion, it would be more
25 logical for ATXI to route its proposed transmission line along the least-cost route
26 between Pana and Kansas. Again, given that no evidence exists that AIC will connect
27 to the 345/138 kV transformer that ATXI proposes to install at Mt. Zion, it is
28 currently my opinion that the Commission should exclude the proposed substation
29 and 345/138 kV transformer proposed for Mt. Zion from any CPCN that it grants. I
30 may change this opinion if ATXI demonstrates that its proposal represents the least
31 cost option when the combined cost of constructing the 345 kV lines and any future
32 138 kV connections that AIC commits to making are considered together.”

33
34 Q. If a location other than adjacent to the Village were approved, do you have an
35 opinion as to where it should be located?

36 A. Yes. It is my opinion that a location to the south would provide the possibility of
37 support to the Decatur area in the future as well as result in cost savings
38 associated with construction of the line. Such a location would also mitigate the
39 harmful impacts on the Decatur area and the other landowners who are affected
40 by the excessive length of the line resulting from its route further north than is
41 necessary.

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Q. If a location farther south were approved, how would such a location provide system support for the Decatur area in the future?

A. If a future need for support actually materialized, a more southerly substation location could have 138kv facilities added to the substation such that a 138kv line could extend north to connect to existing 138kv facilities already existing in the area.

Q. ATXI has stated that such a 138kv line would not provide sufficient support because of electric impedance problems. What is your reaction to this argument.

A. I am not an engineer, but many years of utility experience and a certain amount of education has provided me with an understanding of many electrical issues. I agree that a 138kv line extended from a more southerly location would have a higher impedance than a 345kv source located at Mt. Zion. However, a more southerly location might require a 138kv extension as short as 3 or 4 miles in order to reach the location of the proposed substation. Based on other examples of 138kv lines supporting end use load on the AIC system, this is a relatively short distance and should not result in a source that has significant deterioration of voltage en route to Mt. Zion.

Q. What examples are you referring to?

A. I have firsthand knowledge of at least one. There is a line that serves the entire retail end use load of Mt. Carmel Public Utility Co. in Southern Illinois. It is a 138kv line owned and operated by AIC that is a radial line source to MCPUC. It is a length of approximately 16 miles.

Q. Why do you believe a more southerly location would result in cost savings?

A. A more southerly location would allow a more direct route between Pawnee and Kansas. The ATXI proposed location requires that the line extend much farther north in order to “pick up” the proposed substation site, and then proceed southeast towards the Kansas location. A more direct route would traverse fewer

1 miles, leaving out excess mileage to travel to the north and then again south. A
2 more direct route would also use fewer dead end or turn structures that are more
3 expensive than the structures used in a more direct route. The Staff and ATXI
4 have both provided testimony suggesting various routes can be evaluated based
5 on distance once a “cost per mile” is developed to assess the cost of each route.
6 Both parties have indicated that dead end and turn structures contribute to a
7 higher per mile cost. As a result, a more southerly location should be able to
8 reduce total cost because of distance and cost per mile.

9
10 Q. Why has ATXI provided insufficient proof to support the specific location of the
11 proposed substation?

12 A. ATXI provided testimony that stated how they chose the proposed site. They
13 initially planned to propose a site “proximate” to an existing industrial customer
14 in the Mt. Zion area. We are certain this reference is to the PPG glass plant on the
15 west edge of the Village. ATXI then stated that during a public meeting, a
16 landowner offered his property for sale. This land suddenly became the preferred
17 substation site, even though it is south several miles from their original
18 “preferred” location. ATXI states, as shown below, “After reviewing the site, it
19 became evident that site offered very good access, as well as the opportunity to
20 keep the Project lines, as well as future Extra-High Voltage (“EHV”) circuits
21 away from more populated areas. Given its availability and these benefits, this
22 site became the preferred site.”

23
24 ATXI Exhibit 3.0, page 15

25 **“Q. How did ATXI determine the site of the Mount Zion substation?”**

26 A. A new substation site will be developed in the Mount Zion area. The preferred site
27 was initially identified to be proximate to an existing industrial customer substation
28 that is served at transmission voltage. The alternate site was south of that industrial
29 plant. After consultation with the planning engineers about future routes, as well as
30 the likelihood of economic development in the immediate area, the preferred site
31 became the alternate and the alternate (south of the plant) became the preferred.
32 During the public participation process for the Transmission Line routing, a
33 landowner who owned property south of the plant offered his property for sale. After
34 reviewing the site, it became evident that site offered very good access, as well as the
35 opportunity to keep the Project lines, as well as future Extra-High Voltage (“EHV”)
36 circuits, away from more populated areas. Given its availability and these benefits,

1 this site became the revised preferred site. It is my understanding the site has been
2 acquired.”
3

4 We find this statement to be a contradiction. The now preferred site is adjacent to
5 the Village limits. It causes the line route to not only traverse more distance while
6 adjacent to the Village limits, just a few hundred feet from existing homes, but in
7 fact passes through the village as it traverses east. There is no benefit from the
8 preferred location that keeps EHV circuits away from populated areas. Given this
9 contradiction, the preferred status assigned to the current proposed location seems
10 to only carry a benefit to ATXI because it was offered for sale, or as they stated, it
11 was available. In fact, it was purchased by ATXI prior to the filing of ATXI’s
12 petition.
13

14 **THE NEED FOR A MORE DIRECT ROUTE**

15
16 Q. Aside from considerations related to the existence or location of a “Mt. Zion
17 Substation” why is a more direct route beneficial?

18 A. A more direct, or straight line route is more cost efficient in general. A more
19 straight route (one with fewer turns or changes in angle requires fewer structures
20 that are, on average, more expensive than the structures used for portions of a line
21 that is straight. Any given route can be evaluated based upon a cost per mile
22 calculated by dividing the total cost of a given line segment by its total distance.
23 If various routes contain or require more turn structures, they will cost on average
24 more than a straighter route. This is borne out in the testimony of Staff witness
25 Greg Rockrohr on page 20 of his Direct Testimony. At that point Mr. Rockrohr
26 establishes a “rule of thumb” so to speak with which to evaluate various proposed
27 routes. He uses the length of each route, combined with the number of dead end
28 structures as a cost measure for evaluation of a given route. He uses this method
29 elsewhere in his testimony to evaluate the various routes proposed by ATXI and
30 other Parties.
31

32 Q. Are there other advantages to a more direct route?

1 A. Yes. A more direct route would likely involve fewer landowners. Any route that
2 is shorter than the proposed route is likely to involve the occupation of fewer
3 landowners and as a result, have a reduced impact on land values.

4
5 A more direct route will traverse fewer miles. Using the cost per mile standard
6 utilized by Mr. Rockrohr, this logically results in a lower cost.

7 Taking into consideration the impedance concerns voiced by ATXI that are
8 associated with longer distances, a shorter 345kv route will be more electrically
9 efficient also.

10
11 A shorter route will require less overall right of way, thereby impacting less land.

12
13 **ALTERNATE ROUTE SUBMITTED BY THE COMMISSION STAFF**

14
15 Q. Are you familiar with the Commission action on October 2, 2013 in this
16 proceeding?

17 A. Yes. The Commission acted on several pending requests for re-hearing
18 and also requested that the Commission Staff identify an alternate route for the
19 Pawnee to Mt. Zion portion of the line at issue in this proceeding.

20
21 Q. Have you reviewed the Submission by Staff in response to that direction
22 by the Commission?

23 A. Yes. On October 11, 2013, the Commission Staff submitted an alternate
24 route for the Pawnee to Mt. Zion portion of the route. This submittal was
25 supported by maps identifying the route location as well as a list of affected
26 landowners.

27
28 Q. How would you describe the route proposed by Staff?

29 A. The portion of the Staff alternate route between Pawnee and Kincaid
30 utilizes an existing 345KV line. From Kincaid, the proposed alternate route
31 travels slightly northeast in a more or less straight route which avoids towns and

1 villages along the way, traversing outside their limits. This northeasterly route
2 ends at a location approximately 3 to 3.25 miles south of the Village of Mt. Zion
3 and accordingly the same distance south of the ATXI proposed Mt. Zion
4 substation. From that point it is a little unclear what the Staff alternative assumes
5 in order to complete the route's traverse to Kansas. The final photo map
6 submitted by Staff shows the Staff route terminating at a location where the two
7 substation options previously mentioned are shown. At that point the map shows
8 only that the ATXI primary route emerges going east.

9
10 Q. Do you support use of the Staff alternate route in conjunction with the
11 ATXI primary route as a means to complete the traverse from the end of the Staff
12 alternative route to Kansas?

13 A. We would first like to refer to the testimony submitted by Mary Burns. In
14 her testimony, she has aggregated a large amount of information already in the
15 record in order to complete a route from the end of the Staff alternate route to
16 Kansas. Her option is more direct than the use of the ATXI primary route would
17 be. She lists a number of advantages to this option in her testimony. We hope
18 that Staff might evaluate and consider this as a way to complete the route.
19 Alternatively, if the route suggested by Mary Burns is not considered, Mt. Zion
20 would support the ATXI primary route.

21
22 Q. Has Staff proposed a location for a "Mt. Zion" substation?

23 A. Yes. On page 15 of Staff Exhibit A, which is a set of maps showing the
24 alternate route, Staff identifies two possible locations for the substation.

25
26 Q. Would you describe these locations?

27 A. Yes. These two locations are near the intersection of Henry Rd. and East
28 Andrew Street. The location for substation option 1 is in the southeast quadrant
29 of this intersection. The location of substation option 2 is in the northwest
30 quadrant of this intersection. This intersection is approximately 3 to 3.25 miles

1 south of the ATXI proposed substation site, and would not require the ATXI line
2 to traverse further north.

3
4 Q. Do the alternate route and substation options proposed by the Staff in its
5 Identification of Alternative Route from Kincaid to Mt. Zion still interfere with
6 the development interests in the Decatur area?

7 A. No they do not. The route identified by Staff is far enough to the south as
8 to not affect the Decatur area or the Village assuming that at the end of the Staff
9 alternate route, the route described by Mary Burns or the ATXI primary route is
10 used from Mt. Zion to Kincaid.

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12
13 Q. Do you then support the route identified by Staff?

14 A. Subject to a caveat, yes. That caveat is that We still strongly support the
15 idea that the Commission should only address the line route in this proceeding
16 and wait on certificates for the substations in order to avoid being precluded from
17 later decisions on cost recovery. However, if the Commission decides to deal
18 with both the line and substations in this docket, We support the route proposed in
19 the Staff's Identification of Alternative Route from Kincaid to Mt. Zion. To the
20 extent the Staff's Alternative route is unclear from the Mt. Zion Substation Site
21 options to Kansas, We support the route identified in the Mary Burns Testimony.
22 If the route proposed by Mary Burns is not considered, Mt. Zion would support
23 the ATXI Primary Route.

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30 Q. Does this conclude your testimony?

31 A. Yes, it does