

ICC Docket 12-0560
Rock Island Clean Line Response to
ICC Staff Data Request RJZ 1.02

Question 2: On pages 6-8, Mr. Skelly states that “The Rock Island Project will be able to connect over 4,000 MW of wind turbine capacity in the wind-rich Resource Area and to deliver up to 3,500 MW of this power to Illinois, to meet the demand for electricity from renewable resources and the demand for electricity generally in Illinois. The Project will have the capability to deliver approximately 15 million megawatt-hours (“MWh”) of electricity per year from the Resource Area to Illinois.”

- a) How much firm transmission capacity does Mr. Skelly believe that the Company will be permitted to schedule and sell for any given month or annual time period?
- b) How much firm transmission capacity does Mr. Skelly believe that the Company will be permitted to schedule and to sell on a firm basis for any given month or annual time period to:
 - i) The Company’s capacity subscribers? If the answer is not 3,500 Megawatts (“MW”), then please explain why Company Exhibit 10.8 shows project capacity of 3,500 MW available for sale.
 - ii) Other customers?
 - iii) In total? If the answer is not 3,500 MW, then please explain why Company Exhibit 10.8 shows project capacity of 3,500 MW available for sale.
- c) How much transmission capacity does Mr. Skelly believe the Company will actually sell to:
 - i) The Company’s capacity subscribers? If the answer is not 60% of 3,500 MW, then please explain why Company Exhibit 10.8 shows project capacity sales equal to 60% of 3,500 MW.
 - ii) Other customers? If the answer is not zero for the first 25 years and 3,500 MW thereafter, then please reconcile the answer with what is shown in the “Uncontracted Revenue” rows of Company Exhibit 10.8.
 - iii) In total? If the answer is not 3,500 MW, then please explain why Company Exhibit 10.8 shows project capacity sales reaching 3,500 MW.

Certain capitalized terms in this data request response have the meaning set forth in the Glossary included as **Attachment A** to the Direct Testimony of Michael Skelly, Rock Island Exhibit 1.0.

Response:

a) – c) Rock Island intends to sell 3,500 MW of transmission capacity to subscribers on a firm basis. In the event that not all 3,500 MW of transmission capacity is used by firm subscribers--for example, because the connected wind farms are not producing near their rated capacity--the unused capacity will be available for purchase on a short-term, non-firm basis. Both long-term subscribers and other customers will be able to buy this short-term, non-firm capacity. However, we expect the most likely users of this non-firm capacity to be firm subscribers who, in certain hours, generate a higher amount of wind power than they have purchased firm transmission capacity. In addition, firm subscribers will be able to sell their firm transmission capacity that they are not using in the secondary market, and customers in need of capacity can purchase such transmission capacity in the secondary market. The existence of a secondary market for transmission capacity allows the efficient allocation of transmission capacity to customers who need it in a given hour, reducing overall transmission cost.

Exhibit 10.8 is not intended as a base case revenue projection. As noted in Mr. Berry's testimony, Exhibit 10.8 provides a hypothetical example to illustrate his statement that "if lenders were willing to make 20-year loans so long as contracted revenues provide a 1.25 times debt service coverage ratio, the Project would need to contract about 60% of its transmission service in order to raise 70% of its initial capital costs through debt" (lines 813-816). While Rock Island fully intends to contract a higher percentage of capacity than 60%, Exhibit 10.8 demonstrates that Rock Island may still be able to raise adequate financing with only 60% (and potentially less) contracted. Years 21-40 in Exhibit 10.8 are not relevant to the example being presented, i.e., to the calculation of how much long-term (20-year) debt the transmission service contracts can support, and, therefore, not all the values for the "out" years have been populated in the table.

Person responsible for preparing response: David Berry, Vice President of Strategy and Finance at Clean Line Energy Partners LLC, 832-319-6310

Applicable witnesses: Michael Skelly, President of Clean Line Energy Partners LLC, 832-319-6310, David Berry

Date submitted: 11/20/12

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