

ILLINOIS COMMERCE COMMISSION

DOCKET No. 12-0598

SURREBUTTAL TESTIMONY ON REHEARING

OF

MAUREEN A. BORKOWSKI

Submitted On Behalf

Of

AMEREN TRANSMISSION COMPANY OF ILLINOIS

December 10, 2013

TABLE OF CONTENTS

	Page No.
I. INTRODUCTION.....	1
II. PURPOSE AND SCOPE.....	1
III. KINCAID CONNECTION	2
IV. ROUTES	7
V. SUBSTATIONS.....	8
VI. RESPONSE TO PDM WITNESS, MR. LONG.....	10
VII. CONCLUSION	12

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8 **I. INTRODUCTION**

9 **Q. Please state your name, business address and present position.**

10 **A. My name is Maureen A. Borkowski. My business address is One Ameren Plaza, 1901**
11 **Chouteau Avenue, Saint Louis, Missouri 63103. I am Senior Vice President at Ameren Services**
12 **Company (Ameren Services) and I serve as the President and Chief Executive Officer of Ameren**
13 **Transmission Company of Illinois (ATXI).**

14 **Q. Are you the same Maureen A. Borkowski who previously sponsored testimony in**
15 **this proceeding?**

16 **A. Yes, I am.**

17 **II. PURPOSE AND SCOPE**

18 **Q. What is the purpose of your surrebuttal testimony on rehearing?**

19 **A. My testimony addresses certain positions taken by Illinois Commerce Commission**
20 **(Commission) Staff witness Mr. Greg Rockrohr and provides an overview of ATXI's surrebuttal**
21 **position on substations and rehearing routes. I also respond to the Coalition of Property Owners**

22 and Interested Parties in Piatt, Douglas and Moultrie Counties (PDM) rebuttal testimony on
23 rehearing of Mr. Dan Long. Specifically, with regard to Mr. Rockrohr's position on the
24 possibility of a route connection at Commonwealth Edison Company's (ComEd) Kincaid
25 substation, I explain that a connection at Kincaid is technically inferior to ATXI's proposed route
26 and connection through Pana, as well as more costly for Ameren Illinois area customers.
27 Further, there is no reason to further study a Kincaid connection for the Project, as any studies
28 will not justify a Kincaid connection when compared to the Pawnee to Pana to Mt. Zion
29 connection, but will instead identify more costs, making a Kincaid connection even more costly.
30 Finally, I explain that there is more than adequate evidence in the record for the Commission to
31 determine that the Pawnee to Pana to Mt. Zion route is the least cost means of satisfying the
32 service needs of Ameren Illinois area customers.

33 **III. KINCAID CONNECTION**

34 **Q. What is Mr. Rockrohr's rebuttal position on Kincaid?**

35 **A.** His opinion is that the Pawnee to Kincaid to Mt. Zion connection "potentially represents
36 a lower cost route, overall". He contends that further study of this option is needed and that the
37 Commission does not have enough information to make a decision at this time.

38 **Q. What is your general response to Mr. Rockrohr's position?**

39 **A.** I disagree with Mr. Rockrohr. As I understand it, one of the criteria for consideration by
40 the Commission is whether the Project is "the least cost means of satisfying the service needs of
41 the public utility's customers" or "the least cost means of satisfying [market] objectives". I do
42 not understand this criterion to be same as determining whether a Project route segment is
43 "lowest cost" in dollar terms. The "lowest cost" route in most situations would inevitably mean

44 the shortest line, irrespective of reliability impacts, cost sharing responsibilities, construction
45 sequencing, and impacts on landowners, residences and the environment. But this proceeding
46 must necessarily consider more factors than simply line length and per-mile construction cost.

47 I understand, and do not disagree, that ATXI and the Commission must take cost into
48 account. I appreciate Mr. Rockrohr's position in exploring whether a Kincaid route will cost
49 less. But my ultimate concern with Mr. Rockrohr's position is that it is too focused on line
50 construction costs, and not the overall impact of a Kincaid connection and its cost to Ameren
51 Illinois area customers. ATXI has made clear that, just based on what is known now a Kincaid
52 connection is not least cost to Ameren Illinois area customers. I would also note that the
53 criterion discussed above requires that the Project must also be the least cost means of meeting
54 service needs. ATXI's rehearing testimony also demonstrates that the Kincaid connection poses
55 reliability concerns, such as the potential to delay the resolution of Decatur area reliability issues
56 past the necessary 2016 date, the lack of a second 345kV supply to the Pana substation, and
57 potential stability issues at Coffeen plant. A connection through Pana timely addresses all of
58 these concerns.

59 In the instance of the Kincaid connection, even Mr. Rockrohr admits: "*ATXI raises*
60 *several potentially valid concerns regarding use of a Pawnee to Kincaid to Mt. Zion connection,*
61 and repeatedly stresses that cost sharing throughout MISO means ATXI could construct a more
62 costly project that actually costs Illinois customers less." Surely that is exactly what this
63 proceeding should decide: what route costs Ameren Illinois area customers less. I question the
64 wisdom of putting off a decision affirming the Pawnee to Pana to Mt. Zion routes, and causing
65 increased costs to Ameren Illinois customers for addressing reliability concerns in the Decatur
66 area and the Pana substation relocation, as well as delay in achieving the Project benefits such as

67 lower power costs and delivery of renewable wind power to Illinois customers, just to perform
68 additional studies that will only identify more costs.

69 **Q. Is further study needed?**

70 **A.** No. Based on what we already know, a Kincaid connection will be more costly to
71 Ameren Illinois area customers than a Pana connection. Additional analysis and evaluation of
72 the Kincaid connection will not result in reductions in its total cost. Instead, additional analysis
73 will identify substation modifications and additional system reinforcements that will be needed
74 to accommodate a connection at Kincaid. In addition, as ATXI witness Mr. Hackman testified in
75 his rebuttal on rehearing, the design and construction challenges in getting a new line into
76 Kincaid will be significant due to existing industrial development, boggy land and waste ponds.
77 Further, some of the many lines and terminal structures currently at Kincaid may need to be
78 relocated to accommodate a new line. All of these factors will just further add to the cost of a
79 Kincaid connection.

80 **Q. What is the consequence of Commission approval of a Kincaid connection in this**
81 **proceeding?**

82 **A.** There at least are three significant consequences. First, the reliability and market benefits
83 of a Pana connection, explained by Mr. Dennis Kramer, will not be achieved as part of the
84 Project. Second, given the time needed to study Kincaid, and work with PJM Interconnection
85 LLC (PJM) and ComEd, ATXI will need to determine how to address Decatur area reliability
86 issues by 2016. I am not saying this is impossible to achieve - - but rather that ATXI already has
87 an appropriate solution - - the Pawnee to Pana to Mt. Zion connection. And, as Mr. Kramer
88 explained, if Kincaid is approved, ATXI may need to seek approval of a Pana to Mt. Zion line

89 anyway, to address Decatur reliability in 2016. Third, the Pana substation needs to be relocated
90 and rebuilt under either the Pana or Kincaid options. But if the Kincaid option is selected, it
91 means the cost to rebuild the Pana substation will not be part of the MVP, and thus Ameren
92 Illinois area customers will pay the full cost of rebuilding the station and relocating the
93 transmission facilities.

94 Moreover, as I stated earlier, I expect any additional analysis and evaluation of the
95 Kincaid connection to result in additional costs. Mr. Kramer's initial costs are based upon line
96 lengths from Staff's route filing and ATXI's experience in building 345 kV lines and substations
97 in Illinois. In my judgment, Mr. Kramer's cost estimates, once all the engineering and system
98 upgrades are reviewed and planned, will significantly increase.

99 **Q. Do you agree that ATXI is “inflexibly focusing on gaining expedited approval in this**
100 **proceeding for the Pawnee to Pana to Mt. Zion route segments”?**

101 **A.** Absolutely not. ATXI's reasons for recommending a Pawnee to Pana to Mt. Zion
102 connection, including the system benefits that a Pana connection will bring, and for rejecting a
103 Kincaid connection, have been thoroughly explained in rehearing testimony. This is not
104 inflexibility - - it is simply that ATXI has serious concerns about a Kincaid connection. We have
105 spelled out these concerns which run the gamut from reliability, constructability, operational and
106 cost perspectives. ATXI has no doubt that a Kincaid connection is technically inadequate and
107 inferior to a Pana connection, as well as more costly.

108 I note ATXI has been receptive to Staff and other parties' positions about the routes
109 where appropriate: ATXI has agreed to accept various recommendations of other parties, such
110 as the Moultrie County Property Owners (MCPO) northern route from Mt. Zion to Kansas, and a

111 modified Meredosia to Ipava route, and no objection to Staff's Option 1 or Option 2 Mt. Zion
112 substation locations, that have resolved landowner interests and environmental concerns. ATXI
113 is not inflexible on its proposed route selections. But a route with a Kincaid connection presents
114 significant concerns.

115 **Q. Regarding the relative cost impacts of the Kincaid versus Pana connections, Mr.**
116 **Rockrohr questions whether AIC would need to relocate its Pana substation facilities due**
117 **to mine subsidence. Can you address that?**

118 **A.** Yes. This is an important issue to the determination of least cost to Ameren Illinois area
119 customers. Mr. Hackman explains that the Pana substation and associated transmission facilities
120 need to be relocated before mine subsidence jeopardizes reliability and destroys existing
121 facilities, leading to customer outages of undetermined magnitude and duration.

122 This determination was made following consultation with Illinois Department of Natural
123 Resources mining subsidence experts and after considering options to stabilize the substation.
124 The engineering and independent expert judgment support the determination that the existing
125 AIC Pana substation needs to be relocated to an area that has not been mined. The new ATXI
126 facilities for the Project would also be located at the new location. The relocation of the Pana
127 substation will occur with or without a Project connection at Pana. However, if Pawnee to Pana
128 to Mt. Zion is the approved Project route, the cost of the relocation will be included in the Project
129 cost. Ameren Illinois area customers will pay only about 9% of the estimated \$32.9 million cost.
130 If the Commission approves a Kincaid connection, the entire \$32.9 million cost of the Pana
131 substation relocation will be borne by Ameren Illinois area customers. While this cost
132 differential is by no means the only factor that supports a Project route through Pana, it is

133 certainly a significant determinant and, on a stand-alone basis, is sufficient to justify the Pawnee
134 to Pana to Mt.Zion route as least cost when compared to the Kincaid connection.

135 **Q. Can you summarize your testimony with regard to the Pana versus Kincaid**
136 **connection issue?**

137 **A.** Yes. The Pawnee to Pana to Mt.Zion route is technically superior to a connection at
138 Kincaid and is the least cost option for Ameren Illinois area customers. A connection at Kincaid
139 would not meet Decatur reliability needs in the 2016-2018 timeframe, would impose additional
140 costs on Ameren Illinois area customers to relocate the Pana substation, would delay the in-
141 service dates of the Project, thus depriving customer of the Project benefits, and would likely
142 result in significant additional and as yet undefined costs for substation reconfiguration and
143 system upgrades. The Commission has ample evidence to find that the Pawnee to Pana to Mt.
144 Zion route is the least cost means of satisfying the service needs of Ameren Illinois area
145 customers.

146 **IV. ROUTES**

147 **Q. What is ATXI's position on the Meredosia to Pawnee Route?**

148 **A.** ATXI's position remains the same: ATXI favors the Stipulated Route, for the reasons
149 articulated by Mr. Hackman. Having the Project's Meredosia to Pawnee segment parallel an
150 existing 138 kV line between Meredosia and Pawnee for its entire length poses risks of common
151 failures, threatening the reliability of service that can be avoided by re-approval of the route that
152 the Commission approved in its August 2013 Order.

153 **Q. But paralleling existing transmission lines does occur?**

154 **A.** Yes. For this Project, about 80 miles of the Transmission Line parallels existing
155 transmission lines, and paralleling occurs elsewhere. The decision to parallel is made after
156 balancing of a variety of factors, as explained by Mr. Hackman. Paralleling lines makes both
157 lines susceptible to failure for the same cause, e.g. storms, geological events, wind-blown debris,
158 human interference, which increases the risk of outages and fails to maximize the reliability
159 benefits of the new line. The decision on whether or not to parallel lines is always a give and
160 take. But clearly customers receive more benefits, i.e. more reliable service, when lines are not
161 paralleled where possible. The interests of the property owners who prefer parallel lines should
162 be balanced with the interests of customers as a whole.

163 **Q. Can ATXI build the line along the Route?**

164 **A.** Yes, but not without the reservations other ATXI witnesses and I have expressed. It is
165 not that it can't be done, but each instance further erodes reliability.

166 **Q. What is ATXI's position regarding the Mt. Zion to Kansas route?**

167 **A.** As I explained in rebuttal, the Stipulated (MCPO Northern) resolves the concerns of the
168 clear majority of the parties affected by the various routes proposed for the Mt. Zion to Kansas
169 portion of the Project. The Stipulated Route also impacts fewer residences than the PDM hybrid
170 route - - which I understand to be a factor of significant concern to the Commission.

171 **V. SUBSTATIONS**

172 **Q. What is ATXI's position on the location of the Mt. Zion substation?**

173 **A.** ATXI still has a strong preference for its original substation site. However, after further
174 analysis described in Mr. Kramer's testimony, ATXI can accept a substation in the area of Staff's

175 witness Mr. Rockrohr's substation Option 1 or Option 2. (Note that when ATXI has indicated
176 acceptance of Option 1 or 2, ATXI is accepting the general area defined by those options rather
177 than a specific parcel of property for the substation site, as no site engineering has as yet
178 occurred.) While Staff Option 1 and Option 2 are further away from the Decatur area and do not
179 provide the same level of voltage support as ATXI's preferred site, they provide acceptable
180 support. Staff's third option, the Moweaqua option is far inferior to either of the other options
181 and will not provide the necessary voltage support to the Decatur area, placing the Decatur load
182 at greater risk of outages.

183 **Q. What is ATXI's position on Staff's recommendation for the Ipava substation?**

184 **A.** Staff witness Mr. Rockrohr's position is that ATXI does not need new property for the
185 Ipava substation as the existing Ipava site is sufficient to accommodate the connections for the
186 Project plus one spare connection location for the future. Mr. Kramer testifies that ATXI expects
187 there to be more than one additional connection at Ipava in the future and therefore plans to
188 design and layout the substation to accommodate a future breaker and a half configuration. That
189 configuration requires more space than is available at the existing Ipava substation. I believe it
190 is sensible to design and layout the Ipava substation to take into account the likely future
191 configuration in order to avoid any customer outages, disruptions of service, or construction
192 constraints in the future. ATXI has already acquired the property necessary to accommodate the
193 layout of a future breaker and a half configuration. ATXI requests that the Commission approve
194 its proposal for the Ipava substation as ATXI's proposal takes into account planned future use of
195 the substation while minimizing the future reliability impacts on customers.

196 **VI. RESPONSE TO PDM WITNESS, MR. LONG**

197 **Q. Are Mr. Long's concerns based on an accurate understanding of ATXI's proposal?**

198 **A.** No. Mr. Long's opinions or positions are based on faulty assumptions and incorrect legal
199 conclusions, as I will explain. Therefore, I believe they should be disregarded.

200 **Q. Mr. Long states that ATXI is not a public utility. Is he correct?**

201 **A.** No, he is not. ATXI was granted a Certificate of Public Convenience and Necessity
202 (CPCN) as a public utility by the Commission in Docket 06-0179. Notably in the filing ATXI
203 made in this proceeding, ATXI was identified as a public utility as well, as confirmed in the
204 Commission's August 2013 Order: "ATXI owns, operates, controls, and manages within Illinois
205 certain transmission facilities for the furnishing or delivery of electricity, and is therefore a
206 public utility within the meaning of Section 3-105 of the Act." (Order, 4) Given Mr. Long's
207 faulty understanding of ATXI's status as public utility, many of his positions and conclusions
208 drawn therefrom are erroneous.

209 **Q. Mr. Long states that the ultimate use of the substations in this proceeding are for**
210 **delivery of power and energy to retail customers. Is that correct?**

211 **A.** No. The substations in this docket are transmission substations, not distribution
212 substations. They will include transformation equipment to transform the voltage from 345,000
213 volt to 138,000 volts. Both of those voltages are transmission level voltages and provide
214 integrated, networked power flow in interstate transmission to serve retail and wholesale
215 customers and to support the regional power grid. The substations are all being built with ring
216 busses or breaker-and-a-half configurations, which allow for bidirectional power flow through
217 the lines connecting to the substations.

218 **Q. Mr. Long seems to indicate that if, as he contends, the substations are used**
219 **exclusively for retail sales, then the cost recovery for such substations is in question and is**
220 **not addressed in this proceeding. Is that correct?**

221 **A.** No. First, as I have already stated, the substations are not used to exclusively serve retail
222 load. But even if that were true, it is irrelevant. I am not an attorney, but it is my understanding
223 that as the retail load in Illinois is unbundled, i.e. customers are able to choose a power supplier
224 other than its native utility, the cost recovery for transmission facilities is under the jurisdiction
225 of the Federal Energy Regulatory Commission (FERC). Specifically, the cost of transmission
226 facilities owned by AIC and those owned by ATXI, both existing and those related to this
227 Project, are recovered under the Midcontinent Independent System Operator, Inc. (MISO) Tariff.
228 The cost recovery of the substations in this proceeding, as well as all of the lines and any of the
229 necessary connections to the existing transmission system has already been determined. The
230 costs are recovered under Schedule 26A of the MISO Tariff and, as specified in that schedule,
231 are recovered on an allocated basis from all loads, wholesale and retail, across the MISO
232 footprint, including the Ameren Illinois area customers. In fact, the Commission confirmed in its
233 August 2013 Order, that the costs of the Project as proposed by ATXI are borne by customers
234 within the MISO footprint. Based on the expected allocation, Ameren Illinois area customers
235 will pay about 9% of the Project costs.

236 **Q. Mr. Long concludes that the Commission should not grant ATXI a certificate in this**
237 **proceeding for the substations as doing so would preclude the Commission from**
238 **determining who pays for them. Do you agree?**

239 **A.** No. Mr. Long's purported reason for recommending that the substations not be included
240 in a certificate is that the cost recovery needs to be established. As I have already testified, and
241 the Commission August 2013 Order affirmed, the cost recovery for the Project, including the
242 substations, is already established. Hence the basis for Mr. Long's conclusion is false and his
243 recommendation should be rejected.

244 **Q. Is there anything of merit in Mr. Long testimony?**

245 **A.** Yes. He states that he is not challenging the need of any of the substations. He also
246 appears to agree that Staff's Option 1 and Option 2 for the location of the Mt. Zion substation
247 provide adequate support to the Decatur area.

248 **VII. CONCLUSION**

249 **Q. Does this conclude your surrebuttal testimony on rehearing?**

250 **A.** Yes, it does.