

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Rock Island Clean Line LLC)
)
Petition for an Order granting Rock Island)
Clean Line LLC a Certificate of Public)
Convenience and Necessity pursuant to)
Section 8-406 of the Public Utilities Act as a) Docket No. 12-0560
Transmission Public Utility and to Construct,)
Operate and Maintain an Electric Transmission)
Line and Authorizing and Directing Rock)
Island Clean Line Pursuant to Section 8-503 of)
the Public Utilities Act to Construct an)
Electric Transmission Line.)

DRAFT ORDER SUBMITTED BY

ROCK ISLAND CLEAN LINE LLC

<p>Cary Kottler General Counsel Erin Szalkowski Corporate Counsel Clean Line Energy Partners LLC 1001 McKinney Street, Suite 700 Houston, TX 77002 (832) 319-6320 (CK) (832) 319-6323 (ES) ckottler@cleanlineenergy.com eszalkowski@cleanlineenergy.com</p>	<p>Owen E. MacBride Diana Z. Bowman Katherine G. Cisneros Schiff Hardin LLP 233 South Wacker Drive, Suite 6600 Chicago, IL 60606 (312) 258-5680 (OEM) omacbride@schiffhardin.com dbowman@schiffhardin.com kcisneros@schiffhardin.com</p>
--	--

ATTORNEYS FOR ROCK ISLAND CLEAN LINE LLC

MARCH 6, 2014

TABLE OF CONTENTS

I.	INTRODUCTION, STATEMENT/SUMMARY OF POSITION, DESCRIPTION OF PETITIONER AND THE PROJECT	1
A.	Introduction and Procedural History.....	1
B.	Description of Petitioner and of the Project.....	1
1.	Rock Island’s Position	1
2.	IAA’s Position	5
3.	ILA’s Position.....	5
4.	ComEd’s Position	5
5.	IBEW’s Position	5
6.	Wind on the Wires’ Position.....	5
7.	ELPC-NRDC’s Position	5
8.	Staff’s Position.....	5
C.	Summary of Parties’ Positions.....	5
1.	Rock Island’s Position	5
2.	IAA’s Position	15
3.	ILA’s Position.....	15
4.	ComEd’s Position	15
5.	IBEW’s Position	15
6.	WOW’s Position	15
7.	ELPC-NRDC’s Position	15
8.	Staff’s Position.....	15
II.	REVIEW OF ALJ RULINGS ON MOTIONS.....	16
A.	ILA and IAA Motions to Dismiss (Ruling dated March 18, 2013).....	16
1.	ILA and IAA’s Position	16
2.	ComEd’s Position	16
3.	Rock Island’s Position	16
a.	Rock Island’s Response to IAA and ILA	16
b.	Rock Island’s Response to ComEd.....	19
4.	IBEW’s Position	20
5.	WOW’s Position	20
6.	Commission’s Conclusion	20

B. ILA Renewed Motion to Compel the Commission to Consult with the Illinois Department of Natural Resources (Ruling dated December 4, 2013)21

1. ILA’s Position21

2. Rock Island’s Position21

3. Staff’s Position27

4. ComEd’s Position27

5. Commission’s Conclusion27III.

A. Rock Island’s Position28

1. Rock Island’s Response to IAA and ILA30

2. Rock Island’s Response to ComEd30

3. Rock Island’s Response to Staff36

B. IAA’s Position41

C. ILA’s Position41

D. ComEd’s Position41

E. IBEW’s Position41

F. Staff’s Position41

G. Commission’s Conclusion42

IV. PUBLIC UTILITIES ACT §8-406(b) REQUEST FOR CERTIFICATE FOR THE ROCK ISLAND PROJECT44

A. Statutory Prerequisites for Public Convenience and Necessity44

Rock Island’s Position44

IAA’s Position47

ILA’s Position47

ComEd’s Position47

IBEW’s Position47

WOW’s Posiiton47

ELPC-NRDC’s Position47

BOMA Chicago’s Position47

Staff’s Position47

1. Necessary to Provide Adequate, Reliable, Efficient Service or Will Promote Development of an Effectively Competitive ElectricityMarket.47

a. Rock Island’s Position47

PUBLIC

- i. Need for the Project and Promotion of an Effectively Competitive Electricity Market.....47
 - ii. Necessary to Provide Adequate, Reliable and Efficient Service.....61
 - iii. Least Cost.....66
 - iv. Proposed CPCN Condition Regarding Cost Allocation ...71
 - v. Proposals to Delay Issuing the CPCN for the Project Until the Interconnection Processes are Completed.....74
 - vi. Rock Island’s Responses to IAA’s Arguments.....80
 - vii. Rock Island’s Responses to ILA’s Arguments82
 - viii. Rock Island’s Responses to ComEd’s Arguments.....88
 - ix. Rock Island’s Responses to Staff’s Arguments97
 - b. IAA’s Position102
 - c. ILA’s Position.....102
 - d. ComEd’s Position102
 - e. IBEW’s Position102
 - f. WOW’s Position.....102
 - g. ELPC-NRDC’s Position102
 - h. Staff’s Position.....102
 - i. Commission’s Conclusion102
- 2. Capable of Efficiently Managing and Supervising the Construction Process106
 - a. Rock Island’s Position106
 - b. IAA’s Position114
 - c. ILA’s Position.....114
 - d. ComEd’s Position114
 - e. IBEW’s Position114
 - f. Staff’s Position.....114
 - g. Commission’s Conclusion114
- 3. Capable of Financing the Proposed Construction.....116
 - a. Rock Island’s Position116
 - b. IAA’s Position127
 - c. ILA’s Position.....127
 - d. ComEd’s Position127

	e.	IBEW’s Position	127
	f.	ELPC-NRDC’s Position	127
	g.	Staff’s Position.....	127
	h.	Commission’s Conclusion	127
4.		Other factors bearing on public convenience and necessity	128
	a.	Rock Island’s Position	128
	b.	IAA’s Position	133
	c.	ILA’s Position.....	133
	d.	ComEd’s Position	133
	e.	IBEW’s Position	133
	f.	ELPC-NRDC’s Position	133
	g.	Commission’s Overall Conclusion Concerning the §8-406(b) Requirements	133
B.		Route of the Project / Land Acquisition	134
	1.	Proposed Route	134
		a. Rock Island’s Position	134
		b. ILA’s Position.....	146
		c. ComEd’s Position	146
		d. Staff’s Position.....	146
		e. Commission’s Conclusion	147
	2.	Proposed Easement Widths	147
		a. Rock Island’s Position	147
		b. IAA’s Position	151
		c. ILA’s Position.....	151
		d. Staff’s Position.....	151
		e. Commission’s Conclusion	151
	3.	Easement Acquisition and Landowner Compensation	152
		a. Rock Island’s Position	152
		b. IAA’s Position	156
		c. ILA’s Position.....	156
		d. ComEd’s Position	156
		e. Commission’s Conclusion	156

C.	Design and Construction of the Project	156
1.	Proposed Structures and Other Components	156
a.	Rock Island’s Position	156
b.	ILA’s Position.....	159
c.	ComEd’s Position	159
d.	Staff’s Position.....	159
e.	Commission’s Conclusion	159
2.	Landowner Concerns about Impacts of Construction of the Project	159
a.	Rock Island’s Position	159
i.	Agricultural Impact Mitigation Agreement	159
ii.	Soil Compaction.....	160
iii.	Drainage Tile	164
iv.	Aerial Application Activities	165
v.	Limitations on Land Use.....	167
vi.	Impacts to Existing Wetlands, Forests, Historical Sites and Conservation Areas.....	168
vii.	Visual Impacts	168
viii.	Individual Landowners’ Property-Specific Concerns.....	169
	Mr. Larry Gerdes’ Property-Specific Concerns.....	169
	Mr. Steve Gerdes’ Property-Specific Concerns.....	170
	Mr. James Bedeker’s Property-Specific Concerns	170
	Dr, Paul Marshal’s Property-Specific Concerns.....	171
	Mr. Bill Cole’s and Mr. Ed Simpson’s Property-Specific Concerns	171
	Mr. Curtis Jacobs’ Property-Specific Concerns.....	173
	Mr. Randy Rosengren’s Property-Specific Concerns.....	174
ix.	Other Concerns Regarding Impacts to Landowner Property.	175

- b. IAA’s Position177
 - c. ILA’s Position.....177
 - d. Commission’s Conclusion177
- V. PUBLIC UTILITIES ACT §8-503 – ORDER AUTHORIZING AND DIRECTING CONSTRUCTION.....177
 - A. Rock Island’s Position177
 - B. IAA’s Position184
 - C. ILA’s Position.....184
 - D. ComEd’s Position184
 - E. ELPC-NRDC’s Position184
 - F. Commission’s Conclusion184
- VI. ROCK ISLAND’S ACCOUNTING-RELATED REQUESTS185
 - A. System of Accounts185
 - 1. Rock Island’s Position185
 - 2. Staff’s Position.....186
 - 3. Commission’s Conclusion186
 - B. Maintaining Books and Records Outside of Illinois.....186
 - 1. Rock Island’s Position186
 - 2. Staff’s Position.....187
 - 3. Commission’s Conclusion187
 - C. Request for Proprietary Treatment of Certain Information188
 - 1. Rock Island’s Position188
 - 2. Commission’s Conclusion189
- VII. FINDINGS AND ORDERING PARAGRAPHS189
 - A. Rock Island’s Proposed Findings and Ordering Paragraphs.....189

By the Commission:

I. INTRODUCTION, SUMMARY OF POSITIONS, DESCRIPTION OF PETITIONER AND THE PROJECT

A. Introduction and Procedural History

On October 10, 2012, Rock Island Clean Line LLC (“Rock Island” or “Petitioner”) filed its Petition in this docket requesting an order from the Illinois Commerce Commission (“Commission”) (1) granting Rock Island a Certificate of Public Convenience and Necessity (“CPCN”) pursuant to §8-406 of the Public Utilities Act (“PUA”), 220 ILCS 5/8-406, to operate as a transmission public utility in the state of Illinois; (2) granting Rock Island a CPCN pursuant to §8-406 to construct, operate and maintain a proposed electric transmission line, as described in the Petition, known as the Rock Island Clean Line Project (“Rock Island Project” or “Project”); (3) authorizing and directing Rock Island to construct the proposed transmission line pursuant to §8-503 of the PUA, 220 ILCS 5/8-503; and (4) granting Rock Island certain other relief in connection with its operations as a public utility, including authority to maintain its books and records in accordance with the Federal Energy Regulatory Commission (“FERC”) Uniform System of Accounts and authority, pursuant to 83 Ill. Admin. Code §250.20 and §250.40, to maintain its books and records at a location outside of Illinois. Petition at 1, 38-41; Rock Island Initial Brief (“IB”) at 1.

During the course of this proceeding Rock Island submitted the testimony and associated exhibits of the following 12 witnesses: (1) Michael Skelly, President of Rock Island and President and Chief Executive Officer of Rock Island’s ultimate parent company Clean Line Energy Partners LLC (“Clean Line”); (2) Dr. Wayne Galli, Executive Vice President – Transmission and Technical Services of Clean Line; (3) Gary Moland, Director of Power Markets & Transmission Analysis at GL Garrad Hassan; (4) Dr. Karl McDermott, Ameren Distinguished Professor of Business and Government at the University of Illinois, Springfield (“UIS”), Acting Director of the Center for Business and Regulation in the College of Business and Management at UIS, and Special Consultant to National Economic Research Associates, Inc. (“NERA”); (5) Dr. David G. Loomis, Professor of Economics at Illinois State University, Director of the Center for Renewable Energy and Executive Director of the Institute for Regulatory Policy Studies; (6) Leonard Januzik, Senior Director and Midwest Regional Manager of Quanta Technology, LLC; (7) Hans Detweiler, Director of Development for the Rock Island Project; (8) Matthew Koch, a project manager and environmental consultant with HDR Engineering, Inc.; (9) Pierre M. Adam, a Vice President of Kiewit Power Constructors Co. (“KPC”); (10) David Berry, Executive Vice President – Strategy and Finance of Clean Line; (11) Neil Wallack, President of ZBI Ventures, LLC, and a limited partner in ZAM Ventures, L.P. (one of the owners of Clean Line), and a member of the Clean Line Board of Directors; and (12) Rudolph L. Wynter, Jr., President of FERC Regulated Businesses at National Grid USA (also one of the owners of Clean Line) and a member of the Clean Line Board of Directors.

B. Description of Petitioner and of the Project

1. Rock Island’s Position

Rock Island is a Delaware limited liability company and is qualified to do business in Illinois. Rock Island is a wholly owned subsidiary of Rock Island Wind Line, LLC, a Delaware limited liability company, which is in turn a wholly owned subsidiary of Clean Line, also a Delaware limited liability company. Petition ¶¶1, 2 and 3; Rock Island Ex. 1.0 at 12-13; Rock Island IB at 2. The owners of Clean Line are GridAmerica Holdings Inc., Clean Line Investor Corp., Michael Zilkha, and Clean Line Investment LLC. Rock Island Ex. 1.1 Rev.; Rock Island IB at 2. GridAmerica Holdings Inc. is a subsidiary of National Grid USA, a major owner and operator of electric transmission and distribution facilities and natural gas distribution systems in New York, Massachusetts, and Rhode Island. Rock Island Ex. 10.12 at 1-2; Rock Island Ex. 12.0 at 2; Rock Island IB at 2. National Grid USA is a subsidiary of National Grid plc, which owns and operates the high voltage electric transmission system in England and Wales and natural gas transportation and distribution systems in Great Britain and is part owner of high voltage direct current (“HVDC”) transmission links to France and the Netherlands. Rock Island Ex. 10.12 at 1-2; Rock Island Ex. 12.0 at 2-3; Rock Island IB at 2-3. Clean Line Investor Corp. is a subsidiary of ZAM Ventures, which is the principal investment vehicle for ZBI Ventures, a subsidiary of Ziff Brothers Investments, L.L.C. Rock Island Ex. 1.0 at 13; Rock Island IB at 3. Michael Zilkha is an energy industry investor and was a primary investor in Horizon Wind Energy, one of the leading U.S. wind energy companies, during its initial growth. Rock Island Ex. 1.0 at 2, 13; Rock Island IB at 3. Finally, Clean Line Investment LLC is owned by Clean Line employees and service providers. ComEd Cross Ex. 4; Rock Island IB at 3. When National Grid completes the funding of its initial investment commitment, it will own approximately 40% of the voting units in Clean Line; ZAM Ventures will own more than 50% of the voting units; and the balance of the equity investment in Clean Line (less than 10%) will be owned by Michael Zilkha and by Clean Line employees and service providers through Clean Line Investment LLC. Rock Island Ex. 10.12 at 3; ComEd Cross Ex. 4; Rock Island IB at 3.

Rock Island seeks authority to construct, operate, and maintain the Illinois portion of the Rock Island Project. Rock Island explains that the Project will consist of (i) a nominal ± 600 kilovolt (“kV”) HVDC electric transmission line that will extend approximately 500 miles from a location in O’Brien County, Iowa, to a direct current (“DC”)-to-alternating current (“AC”) converter station in Channahon, Illinois, and (ii) approximately 3.2 miles of AC transmission line facilities from the converter station to the Collins Substation in Grundy County, where it will interconnect with the 765 kV transmission system of Commonwealth Edison Company (“ComEd”). Because the Project will use HVDC technology, rather than AC technology, to move power from O’Brien County, Iowa to Grundy County, it will include an AC-to-DC converter station at its western terminus in O’Brien County, Iowa, and the DC-to-AC converter station in Grundy County. Rock Island states that the Project will have the capacity to deliver 3,500 megawatts (“MW”) to the Collins Substation. The route proposed by Rock Island for the Project in Illinois (referred to as the “Preferred Route”) crosses the Mississippi River at Princeton, Iowa, enters Illinois south of Cordova, Illinois, and traverses parts of Rock Island, Whiteside, Henry, Bureau, LaSalle, and Grundy Counties to the eastern converter station. From the eastern converter station, AC transmission facilities will be constructed to the interconnection with the PJM Grid at the Collins Substation.¹ Petition, ¶¶6 and 58; Rock Island Ex. 7.0 Revised

¹ The portion of the Project route from the western converter station to the eastern converter station is referred to as the “DC Section.” In Illinois the DC section of the Preferred Route is approximately 117 miles long. The portion of the Project route from the eastern converter station to the Collins Substation is

at 6-7; Rock Island IB at 3-4. Rock Island's estimated total cost to develop and construct the Project (both the Iowa and Illinois portions) is \$1.833 billion, which includes the costs for the two converter stations (each approximately a \$285 million investment) as well as the transmission facilities. Rock Island Ex. 10.26 at 37; Rock Island IB at 4.

Rock Island states that it is proposing to construct and operate the Project in order to connect wind generation facilities that will be built in northwest Iowa and nearby areas in South Dakota, Nebraska, and Minnesota (referred to as the "Resource Area") with electricity markets in northeast Illinois and elsewhere in the PJM grid. According to Rock Island, the Resource Area has some of the best wind resources in the U.S. and can support construction of thousands of MW of new, high-capacity wind generation facilities; however, there is presently inadequate transmission capacity between the Resource Area and more populated, electricity-consuming areas such as northeast Illinois to justify the construction of significant new wind generating facilities in the Resource Area. Rock Island contends that developers of wind generation facilities will not construct new wind farms in the Resource Area unless and until improved transmission capacity and service become available to connect the new wind generation facilities to market areas such as northeast Illinois and PJM. Rock Island Ex. 1.0 at 5-7, 31-32; Rock Island Ex. 10.0 at 4-11; Rock Island IB at 4-5.

Rock Island states that its objective in constructing the Project is to provide a direct transmission connection between the Resource Area and northeast Illinois and thereby to provide a basis for the development and construction of high capacity factor wind generation facilities in the Resource Area that can serve Illinois and other parts of the PJM region. According to Rock Island, the Project will be capable of providing access to the electricity market in northeast Illinois for more than 4,000 MW of generating facilities in the Resource Area and will be able to deliver over 15,000,000 megawatt hours ("MWh") of electricity per year to northeast Illinois, which is equal to the annual usage of approximately 1,400,000 homes. Rock Island Ex. 1.0 at 6-7; Rock Island Ex. 10.13 at 14-15; Rock Island IB at 5. According to Rock Island, the new, high capacity factor wind generation in the Resource Area enabled by the Project will be cost-effective resources (compared to other alternatives) for meeting the increasing demand for electricity from renewable resources in Illinois and other PJM states. Rock Island states that this demand is driven by state renewable portfolio standard ("RPS") requirements, by a generally increasing demand for electricity from renewable resources in addition to RPS requirements, and by a need for clean energy sources to replace retiring fossil-fueled generation. Rock Island Ex. 10.0 at 14-25; Rock Island Ex. 10.14 Rev. at 34, 38, 47; Rock Island IB at 5-6.

Rock Island states that the Project is a "merchant" transmission project. Rock Island states that it believes the Project is the first merchant electric transmission project to be constructed in Illinois, and therefore is the first merchant transmission project for which a CPCN has been requested from the Commission. Rock Island explains that, as a merchant transmission

referred to as the "AC Section" and is approximately 3.2 miles long. Rock Island Ex. 7.0 Rev. at 4, 6 and 8; Rock Island IB at 4, footnote 4. Attachment 5 to the Petition and Rock Island Exhibits 7.1 and 8.1 are maps showing the Preferred Route of the Project in Illinois; narrative descriptions of the DC Section and AC Section of the Preferred Route in Illinois are provided at pages 6-8 of Rock Island Exhibit 7.0 Rev.; and legal descriptions of the DC Section and AC Section of the Preferred Route in Illinois are provided as Attachment 4 to the Petition and in Rock Island Exhibits 7.2 and 7.4.

project, it will recover its costs of construction and operation solely through the revenues it receives from the specific transmission customers that purchase capacity and take transmission service on the Project. Rock Island contends that Rock Island and its investors – not the retail electric ratepayers of Illinois or other states – will bear any risks that the Project cannot be successfully constructed and completed or that the revenues received by the Project will prove to be insufficient to provide Rock Island’s investors with an adequate rate of return on their investment. Rock Island Ex. 10.13 at 11; Rock Island Ex. 10.14 Rev. at 28-29, 30-31, 35; Rock Island Ex. 10.26 at 8, 10, 14; Tr. 647-48, 951-52, 1007-08; Rock Island IB at 6. According to Rock Island, in granting its request for negotiated rate authority, the Federal Energy Regulatory Commission (“FERC”) specified: “Rock Island has agreed to bear all the risk that the Project will succeed or fail based on whether a market exists for its services. Rock Island has no ability to pass on any costs to captive ratepayers.” 139 FERC ¶ 61,142 at P 16; Rock Island Ex. 10.26 at 20 fn. 23; Rock Island IB at 6. Rock Island contends that, consistent with this condition in its FERC negotiated rate order, it has no plans to recover the costs of the Project from retail customers by cost allocation to load through regional transmission organizations’ (“RTO”) cost recovery processes; in fact, Rock Island believes there is presently no cost allocation mechanism by which the costs of an inter-regional transmission line such as the Project can be recovered. Rock Island Ex. 1.0 at 15-16; Rock Island IB at 7. Rock Island has proposed including a condition to its CPCN specifying that Rock Island would not be allowed to recover any portion of its costs through regional cost allocation to load unless it first made a new filing with this Commission for approval to recover its costs through cost allocation to load and received such approval from the Commission. Rock Island Ex. 10.14 Rev. at 29-30; Rock Island Ex. 10.26 at 21-22; Rock Island IB at 7.

Rock Island plans, as a merchant project, to finance construction of the Project using a project finance approach, which Rock Island states has been frequently employed for energy and infrastructure projects including electric generation plants, electric transmission facilities and natural gas pipelines. Rock Island summarizes the project financing plan as follows: after obtaining the necessary regulatory approvals for the Project and completing the necessary pre-construction development activities, Rock Island will enter into long-term transmission capacity and service contracts with customers of the line and then will raise equity and debt capital for construction based on the revenue streams from the contracts. Rock Island Ex. 10.0 at 30-41; Rock Island IB at 7. Rock Island has also accepted a condition to its CPCN, proposed by Commission Staff, which specifies that Rock Island will not begin construction of the transmission line on easement properties in Illinois until it has secured binding financial commitments for the entire cost of constructing the Project and has submitted documentation to Staff showing that Rock Island has satisfied this condition. Rock Island Ex. 10.13 at 2-4; Rock Island Ex. 10.14 Rev. at 5; Rock Island IB at 7-8.

Rock Island has committed that for tangent structures (*i.e.*, straight-line, non-turning structures) on the transmission line, it will use only single, drilled pier-type concrete foundations or direct embed-type foundations that are typical of single pole-type structures, and will only use multi-foundation lattice type structures for turns, long spans such as river crossings, and similar situations where specific engineering and environmental challenges are present. Rock Island Ex. 7.28 at 3; Rock Island IB at 8. Rock Island states that typical span lengths between the single pole structures will be approximately 1,200 feet, resulting in 4 to 6 structures per mile, with

longer spans used where needed, such as at river crossings and to avoid placing structures in sensitive areas. Rock Island Ex. 2.0 at 28, 30-31; Rock Island Ex. 7.30 at 15; Rock Island IB at 8. Rock Island is requesting authority for a 200-foot right-of-way (“ROW”) for the DC Section of the Project, with a wider ROW requested at certain identified locations. Rock Island Ex. 2.0 at 29; Rock Island IB at 8. For the AC Section, Rock Island is requesting authority for 270 feet of ROW based on construction of a single circuit 345 kV AC line and a separate, double circuit 345 kV AC line from the eastern converter station to the Collins Substation. *Id.* at 30; Rock Island IB at 8. Rock Island has entered into an Agricultural Impact Mitigation Agreement (“AIMA”) with the Illinois Department of Agriculture (“IDOA”). Rock Island Ex. 7.28.

Rock Island’s Petition does not request a grant of eminent domain authority pursuant to §8-509 of the PUA (220 ILCS 5/8-509.) Rock Island states that, upon receiving its CPCN, it will attempt to acquire all necessary easements in Illinois through negotiations and voluntary agreements with landowners. Rock Island states that it will not return to the Commission to seek eminent domain authority unless and until it has exhausted reasonable efforts to obtain easements through voluntary negotiations and agreements, and then (if at all) only for eminent domain authority on those parcels for which it has been unable to acquire easements through voluntary agreements. Rock Island Ex. 1.0 at 5; Rock Island Ex. 7.0 Rev. at 39; Rock Island IB at 8. Rock Island believes this approach is consistent with the Commission’s view expressed in other transmission line and pipeline certificate cases that meaningful negotiations between the utility and landowners for easements cannot occur until the route of the facility has been approved by the Commission (which occurs in a CPCN order), and therefore that it is preferable not to grant eminent domain authority in the same proceeding and order in which construction of the project and its route are approved. Rock Island IB at 9.

- 2. IAA’s Position**
- 3. ILA’s Position**
- 4. ComEd’s Position**
- 5. IBEW’s Position**
- 6. Wind on the Wires’ Position**
- 7. ELPC-NRDC’s Position**
- 8. Staff’s Position**

C. Summary of Parties’ Positions

1. Rock Island’s Position

Rock Island states that it has demonstrated that the construction and operation of the Rock Island Project will promote the public convenience and necessity and that Rock Island meets the statutory requirements for issuance of a CPCN for the Project under §8-406(b) and for

an order authorizing construction of the Project pursuant to §8-503. According to Rock Island, 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. Rock Island states that the Project will enable more than 4,000 MW of new generation, expected to be exclusively wind generation, to access the northeast Illinois electricity market, and is expected to transmit more than 15,000,000 MWh of electricity annually from the Resource Area to northeast Illinois. According to Rock Island, the new generation supply introduced into the Illinois wholesale electric market by the Project will increase competition, lower prices in the wholesale electric market and lower the cost of serving load, and can be expected to reduce the costs of renewable energy credits (“RECs”) in Illinois and elsewhere in PJM. Rock Island Ex. 1.0 at 7, 26; Rock Island Ex. 2.11 at 39-40; Rock Island Ex. 3.0 at 9-10; Rock Island Ex. 3.3; Rock Island Ex. 4.0 Rev. at 31-34, 36; Rock Island Ex. 10.0 at 3, 14, 17; Rock Island Ex. 10.14 Rev. at 47, 62; Rock Island Ex. 10.26 at 23, 31-32; Rock Island IB at 9. Based on analysis of several scenarios of future economic and energy market conditions, Rock Island estimates the present value of consumer benefits in Illinois resulting from construction and operation of the Project and the associated wind generation over the 2016-2020 period to range from \$667 million to \$1,221 million. Rock Island Ex. 4.0 at 22; Rock Island IB at 10. Rock Island states that the electricity from new renewable resource generation that the Project will enable to access the Illinois and PJM markets will help to meet, in a cost-effective manner, the demand for electricity from renewable resources that is driven by state RPS requirements and by the increasing demand (in addition to RPS requirements) for clean electricity. Rock Island Ex. 10.0 at 14-25; Rock Island Ex. 10.14 Rev. at 38; Rock Island Ex. 10.26 at 31-32; Rock Island IB at 10. Further, Rock Island states that analyses conducted using the revenue requirements model developed by Staff and evaluating a wide range of assumptions show that constructing and operating the Project and the associated wind farms in the Resource Area is a lower cost alternative to both (i) doing nothing and allowing customers and suppliers to continue to purchase energy from the existing wholesale electric market; and (ii) constructing new wind generation facilities in Illinois to provide the same amount of renewable energy as is enabled by the Project. ICC Staff Ex. 3.0 at 16-42; Rock Island Ex. 10.14 Rev. at 49-54; Rock Island Ex. 10.24; Rock Island Ex. 10.26 at 37-41; Rock Island Ex. 10.29; Rock Island IB at 10.

Rock Island contends that the Project is needed to provide an efficient, high capacity, direct transmission link from the wind-rich Resource Area to the northern Illinois electricity markets and to enable the development of new, cost-effective wind generation in the Resource Area that can supply demand in Illinois and PJM. Rock Island IB at 31, 36-38; Rock Island RB at 2-3. Rock Island also contends that the Project will provide specific reliability benefits for Illinois and will enable new wind generation capacity to access the Illinois market as fossil-fueled generation in the region is retired due to age, operating costs, and environmental concerns. Rock Island Ex. 2.11 Rev. at 6-7; Rock Island Ex. 6.0; Rock Island Ex. 10.0 at 22-24; Rock Island IB at 10.

Rock Island states that the Project will also promote the public convenience and necessity by reducing emissions of carbon dioxide, sulfur dioxide, particulates and organic compounds, reducing waste by-products, and reducing water usage, as compared to the production of comparable amounts of electricity from fossil-fueled generation. Rock Island Ex. 3.0 at 9-10; Rock Island Ex. 3.4; Rock Island Ex. 10.0 at 29-30; Rock Island IB at 10. Additionally, Rock

Island states that construction of the Project in Illinois and of the new wind farms it will enable in the Resource Area will drive increased employment and economic activity in Illinois. According to Rock Island, construction of the Project in Illinois is projected to create a demand for approximately 1,450 construction jobs per year for three years. Construction of the new wind farms in the Resource Area is projected to create 2,800 or more jobs in Illinois (as the result of the production of various components in Illinois and related supply chain impacts) during the construction period for the wind farms. Rock Island asserts that construction of the Project will also result in increased tax revenues for the State of Illinois and local governments in the Project area. Rock Island Ex. 5.0 at 3-6; Rock Island Ex. 5.2 at 15-16, 19, 31-33; Rock Island IB at 11.

Rock Island states that, because the Project is a merchant transmission line, it will convey the numerous public benefits described above without imposing any offsetting costs on Illinois retail ratepayers. Rock Island states that as a merchant project, Rock Island and its investors will bear the risks of delay, cost overruns, lower than expected revenues and incorrect financial forecasts that typically are borne by retail ratepayers for a transmission or other project of a traditional incumbent utility. Rock Island Ex. 10.13 at 11; Rock Island Ex. 10.14 Rev. at 28-29, 30-31, 35; Rock Island Ex. 10.26 at 8, 10, 14; Tr. 647-48, 951-52, 1007-08; Rock Island IB at 11. According to Rock Island, the Project will facilitate cost-effective compliance with RPS requirements and enable a cleaner electric generation mix to serve retail customers in Illinois without the costs of the Project being allocated to retail load through RTO cost allocation processes. Rock Island states that merchant transmission lines like the Project play a particularly important role in PJM because there is no regional planning process designed to meet state RPS requirements at a reasonable cost; without merchant transmission lines such as the Project, Illinois and other PJM states may fail to meet their RPS requirements or may turn to more expensive sources of electricity from renewable resources, thereby increasing customer costs. Rock Island Ex. 10.14 Rev at 58-59; Rock Island IB at 11.

Rock Island states that it has demonstrated that it is capable of efficiently managing and supervising the construction process for the Project and has taken sufficient action to ensure adequate and efficient construction and supervision thereof. According to Rock Island, it has demonstrated that it is capable of efficiently managing and supervising the construction process through the selection of qualified and experienced contractors, the development of appropriate contract terms, the establishment of an internal construction management organization for the Project (including retaining a qualified engineering firm as the owner's engineer to assist Rock Island in monitoring the Project's contractors), and the project management experience of its management team. Rock Island IB at 11-12.

Rock Island also states that it has demonstrated that it is capable of financing the construction of the Project without significant adverse financial consequences for Rock Island and its customers. Rock Island states that it has a credible plan for raising the capital to construct the Project, using the project finance approach which is frequently used for projects in the energy industry and other infrastructure projects. Rock Island Ex. 10.0 at 30-41; Rock Island Ex. 10.13 at 3-4; Rock Island Ex. 10.26 at 6; Rock Island IB at 12. Further, Rock Island has accepted a condition to its CPCN, proposed by Commission Staff, specifying that Rock Island will not begin construction of the transmission line on easement property in Illinois until it has secured binding financial commitments for the entire cost of constructing the Project and has submitted

documentation to Staff showing that Rock Island has satisfied the condition. Rock Island Ex. 10.13 at 2-4; Rock Island IB at 12.

Rock Island states that the Commission should approve the proposed route of the Project in Illinois (referred to as the “Preferred Route”). Rock Island states that the Preferred Route was developed through a comprehensive, structured route development process that included extensive outreach to stakeholders, including federal, state, and local governmental authorities and agencies, landowners in the areas studied for possible location of the transmission line, and other members of the public. Rock Island states that the route development and selection process was based on the application of a detailed set of routing criteria for which data were collected and evaluated in order to identify the route that minimizes impacts to homes, businesses, land uses, sensitive areas, environmental concerns, and other relevant considerations. Further, Rock Island states that no witness or party proposed using any routes other than the Preferred Route. Rock Island IB at 12-13.

Rock Island contends that the record establishes that the Project is the least-cost option to accomplish its objective of enabling the development of new, high-capacity factor wind generation plants in the wind-rich Resource Area and delivery of their output into Illinois. Rock Island explains that O’Brien County in northwest Iowa was carefully selected as the optimum location for the Project’s western terminus, based on the quality of the wind resources, wind generation developer activity, and proximity to a 345 kV line that can provide voltage support. Rock Island Ex. 2.0 at 12-13; Rock Island Ex. 8.2 at 19; Rock Island Ex. 10.0 at 5-6; Rock Island Ex. 10.14 Rev. at 40-41; Rock Island Ex. 10.26 at 29; Rock Island Reply Brief (“RB”) at 6. Rock Island states that the Project will use HVDC technology, which is recognized as a superior and more efficient technology to alternating current (“AC”) technology for delivering bulk amounts of electricity long distances, particularly electricity from variable generation resources. Rock Island states that a cost comparison of a 500-mile HVDC transmission line to a series of AC transmission line alternatives showed that the HVDC line is overwhelmingly lower cost, both in terms of capital costs and the cost of electrical losses. Additionally, Rock Island states that the record demonstrates that the Preferred Route of the Project in Illinois is the optimal route taking into account both construction costs and other relevant routing criteria typically considered by the Commission, such as avoiding impacts to homes, schools, other buildings, natural areas and other environmentally sensitive areas, and threatened and endangered species habitats. Rock Island states that from an economic perspective, the revenue requirements analyses conducted using Staff’s financial model show that building the Project and the associated wind farms in Iowa has a lower present value revenue requirement than would building new wind generation facilities in Illinois to produce a comparable amount of electricity. Rock Island IB at 68-75; Rock Island RB at 6-7. Finally, Rock Island states that as explained by its witness Dr. Karl McDermott, the Project ultimately must be least-cost in order to be built, because if transmission customers conclude that it is not the least-cost option for transporting their output or the power they have purchased, they will not contract for transmission service on the Project and therefore it will not be built. Rock Island Ex. 4.2 at 10; Rock Island IB at 72-73; Rock Island RB at 7.

Rock Island contends that none of the objections raised by other parties to granting Rock Island the authorizations it seeks warrant denying the authorizations requested by Rock Island.

Rock Island contends that the Commission should reject the argument that it should not rule on the request for a CPCN until the interconnection studies for Rock Island at PJM and MISO are completed, in order to ensure that the Project will be interconnected to the existing grid in a reliable manner. Rock Island states that the PJM and MISO interconnection processes, which are implemented pursuant to PJM's and MISO's FERC-jurisdictional tariffs and other rules and procedures, are designed to, and will, ensure that the Project will be interconnected to the grid in a reliable manner and will not adversely impact the reliable operation of the network. Rock Island Ex. 2.11 Rev. at 8, 24, 30-31; Rock Island Ex. 2.15 at 6-7, 9, 14-15, 32-33, 38; Rock Island Ex. 10.14 Rev. at 30, 35, 37; Rock Island IB at 14. Rock Island states that it is required by law to complete the interconnection processes, and could not complete its permanent financing, begin construction, or operate the Project to inject power into the PJM grid, unless and until it has completed the interconnection processes and has signed the necessary interconnection agreements. Rock Island Ex. 10.14 Rev. at 19, 35, 37; Rock Island IB at 14. Therefore, Rock Island explains, there is no basis to delay the order in this case until Rock Island has completed the PJM and MISO interconnection processes. Rock Island contends that, to the contrary, because receipt of a CPCN is a predicate to numerous other Project development activities, delaying issuance of the CPCN would delay the realization of the economic, environmental and reliability benefits of the Project. Rock Island IB at 14. *See* §IV.A.1.a.v below.

Rock Island also contends that the Commission should reject the argument that because Rock Island, its parent company, and its sister companies have never constructed a transmission line before, Rock Island has not demonstrated that it is capable of efficiently managing and supervising the construction of the Project. Rock Island states that to hold that a petitioner cannot be granted a CPCN unless it has constructed a transmission line previously would preclude new entrants from constructing transmission facilities in Illinois and would graft an additional requirement onto §8-406(b). Rock Island contends that it 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, through the selection of qualified and experienced contractors, the development of appropriate contract terms, the establishment of an internal construction management organization for the Project (including retaining a qualified engineering firm as the owner's engineer to assist Rock Island in monitoring the Project's contractors), and the project management experience of its management team. In addition, Rock Island explains that it will draw on the technical capabilities and construction experience of its major shareholder National Grid USA, one of the most experienced transmission constructors and operators in the country. Rock Island Exs. 1.4 through 1.9 and Rock Island Ex. 12.0 at 7, 13-14; Rock Island IB at 15-16.

Rock Island also contends that the Commission should reject the argument that Rock Island cannot be granted a CPCN because it has not currently secured binding financial commitments for the cost to construct the Project. Rock Island contends that it has demonstrated that, as specified by §8-406(b), it is capable of financing the proposed construction without significant adverse financial consequences to the utility or its customers. Rock Island states that it has a well-conceived plan to finance the construction of the Project using the project financing model, which is commonly employed to finance energy and other infrastructure projects. Rock Island explains that its plan for project financing entails raising capital to construct the Project based on and secured by the revenues to be received from customer contracts for transmission

capacity and service on the Project, rather than based on its balance sheet as would typically be the case for an incumbent utility. Rock Island Ex. 10.0 at 31-32, 33-35, 37; Rock Island Ex. 10.13 at 3-4; Rock Island Ex. 10.16; Rock Island Ex. 10.26 at 6; Tr. 1007-1008; Rock Island IB at 16-17. Rock Island explains that, as is common for projects using the project finance approach, completion of permanent financing will not occur until necessary project development activities have been completed, including the receipt of important regulatory authorizations (such as those requested by Rock Island in this docket), regulatory approval of a route for the transmission line (which typically is provided in a CPCN order), and detailed engineering and development of a definitive cost estimate for the Project (which can only be completed based on an approved route for the Project). Rock Island agrees that its plan for financing construction of the Project may be different from the approach that would typically be employed by an incumbent utility, which can use balance sheet financing secured by its existing rate-based assets. However, according to Rock Island, that difference does not render it incapable of financing the proposed construction. Rock Island IB at 17.

Rock Island states that the parties opposing the Project, including the IAA, and ILA and ComEd, argue that the Project may not get built, because Rock Island may not be able to sign up sufficient transmission customers or may not be able to raise sufficient capital for construction, or the PJM interconnection study process may result in restrictions being imposed on the operation of the Project that will render it uneconomic. These opponents also point to the fact that Rock Island has not unconditionally committed to constructing the Project, but rather will build it only if (consistent with the Staff financing condition) there are sufficient customers contracting for transmission service on the Project to support raising the capital needed to construct it (which is a necessary aspect of the project financing approach.) IAA IB at 2-3; ILA IB at 2; ComEd IB at 6-7, 8, 9; Rock Island RB at 8. Rock Island states that while the opponents treat this market test as a vice of Rock Island's proposal, the Commission should consider it a virtue of the proposal. Rock Island states that any request for a CPCN for a transmission line or pipeline project to meet a future need is necessarily based on projections that when the project is constructed and placed into service several years in the future, the projected need on which certification of the project was based will in fact exist. Rock Island explains that incumbent utilities like ComEd can "unconditionally commit" to build a rate-based transmission line because the utility passes through almost all of the risks involved – including unexpected cost increases, financing costs, costs of delays, and changed economic conditions – to captive transmission customers. For a rate-based project built by an incumbent utility, if the projections on which the transmission line was premised prove to be inaccurate, retail customers may wind up paying for an unneeded project (or paying for it before it is needed). Rock Island states that in contrast, a merchant project like Rock Island avoids this risk; the project is built only if transmission customers, in advance of construction, contract for service in sufficient numbers to justify the project and to support raising the capital to construct it. The risks of failure to sign up sufficient transmission customers, finance the Project, construct the Project and place it into operation, are borne by the Project's investors and lenders. Moreover, the costs of a merchant project like the Project are paid for by the transmission customers who contract to use it, rather than through a broad allocation of the costs to load throughout the PJM or MISO footprint. Rock Island IB at 6-7, 11; Rock Island Ex. 10.14 Rev. at 27-29, 30-31, 35; Rock Island RB at 8-9.

With respect to the concerns expressed in this case by landowner groups and witnesses

about potential impacts of the construction of the Project on their properties, Rock Island states that these concerns are not unique to the Rock Island Project. Rather, they are the type of concerns (such as potential soil compaction, potential damage to drainage tiles, soil erosion, and difficulties of farming around transmission structures) that can arise with respect to any transmission line project that will cross agricultural properties. Rock Island states that, typically, these concerns are addressed in an Agricultural Impact Mitigation Agreement (“AIMA”) with the Illinois Department of Agriculture (“IDOA”), such as the AIMA that Rock Island has entered into (Rock Island Ex. 7.28) and which will be incorporated into each easement agreement. Rock Island explains that it does not state this to minimize the landowners’ concerns, but rather to point out that there are established ways to address these concerns that are implemented for transmission lines and other linear infrastructure projects. Rock Island states that it has presented extensive evidence in this case on how it will address the landowners’ concerns, for example through due diligence activities to identify drainage tile locations in advance of construction, by implementing measures to avoid or minimize soil compaction, and by repairing or remediating (or paying the landowner to repair or remediate) damaged drain tiles or compacted soil after construction. Many of these measures are embodied in the AIMA. Rock Island IB at 142-161. Rock Island states that, additionally, landowners are fairly compensated for the use of their land and for any damages caused by construction of the Project. The law requires this. While the Commission does not set or rule on landowner compensation, Rock Island states that it will be offering landowners compensation equal to 90% of the fair market value of the easement area (*i.e.*, a payment equal to almost the full fee value of the easement area), even though the landowner will be able to continue to farm within virtually all of the easement, plus a separate payment for each structure placed on the landowner’s property, plus payments for crop losses and damages during construction, plus compensation for other damages such as damage to drainage tiles and costs to remediate compacted soil. *Id.* at 139-141, 146-148; Rock Island RB at 11. Finally, Rock Island states that the Commission must consider the potential impacts that the landowners cite (and for which they will receive compensation) in the context of a project that can reduce electricity prices in Illinois by hundreds of millions of dollars per year, to the benefit of all electricity consumers; and will also generate hundreds of jobs for the landowners’ fellow citizens who may be having difficulty finding employment in the current economy. Rock Island RB at 11.

Rock Island contends that it has fully addressed and refuted the objections of other parties to granting it the authorizations and approvals it requests in this case, as summarized below.

1. Rock Island has “chosen” not to participate in the PJM regional transmission planning process (ComEd IB at 5) because PJM does not have such a process for merchant transmission projects. The PJM regional transmission planning process is for projects whose owners are seeking to recover their costs from customers in the PJM footprint through cost allocation to load via PJM’s tariffs, which Rock Island, as a merchant transmission project, is not seeking. Rock Island RB at 14-15.

2. Contrary to ComEd’s argument (ComEd IB at 5), there is no need, requirement or reason for Rock Island to complete the PJM interconnection process before requesting or receiving a CPCN for the Project from this Commission. The interconnection studies will be completed by PJM and MISO and will establish the requirements for a reliable interconnection.

Rock Island IB at 81-85. Further, although Rock Island would be precluded in any event, by both law and financial marketplace realities, from completing and energizing the Project until the interconnection study processes are completed and Rock Island has complied with the resulting requirements, Rock Island is willing to have completion of the PJM and MISO interconnection processes included as a condition to its CPCN. Rock Island Ex. 10.14 Rev. at 5, 35; Rock Island RB at 12-13, 15.

3. Rock Island is not a “shell company” (ComEd IB at 5). It is a single-purpose legal entity organized to finance, own and operate the Project, which is the normal, preferred mode of organization for project financing, as ComEd’s financial witness readily agreed. Rock Island Ex. 10.14 Rev. at 15; Rock Island Ex. 10.26 at 13-14; Tr. 1015; Rock Island RB at 115. Investors have already invested a significant amount of at-risk development capital, unsubsidized by ratepayers as the transmission project of an incumbent utility would be, in Rock Island’s parent Clean Line, and a substantial portion of that investment has been spent on development costs for the Rock Island Project. Rock Island Ex. 10.14 Rev. at 10; ComEd Cross Ex. 2; Rock Island RB at 15, 115-16.

4. Contrary to IAA’s unsupported assertion (IAA IB at 2-3), Rock Island is capable of beginning construction of the Project within two years after receiving a CPCN. Rock Island’s milestone schedule shows execution of transmission customer contracts and completion of construction financing (the last steps before beginning construction) approximately 18 months (6 quarters) after receiving a CPCN from this Commission. ComEd Cross Ex. 3, Attachment 01; Rock Island RB at 15, 79-80, 160.

5. Rock Island does not have contracted transmission customers at this time (IAA IB at 2; ComEd IB at 8) because customers will not spend the time and resources to enter into contracts for service from a transmission project until the project owner has obtained the key regulatory approvals that demonstrate to potential customers that the owner has received legal authority to construct and operate the Project. The same is true of binding commitments for construction financing; as ComEd’s financial witness acknowledged, obtaining binding commitments for construction financing prior to receipt of key regulatory approvals (including approval of a route) is not the norm in the financial marketplace. Rock Island IB at 112-114; Rock Island Ex. 10.14 Rev. at 21-23; Rock Island Ex. 10.26 at 2-4; Tr. 991-92, 1015; Rock Island RB at 13-14, 15, 63-64, 74-75.

6. Further, contrary to the opponents’ arguments (IAA IB at 2-3; ComEd IB at 8), there is ample evidence that if Rock Island is authorized to construct the Project to provide a transmission link from northwest Iowa to northern Illinois, wind generation developers have strong economic incentives to construct new wind farms in the Resource Area to generate electricity that can be delivered and sold into northern Illinois. Rock Island Ex. 10.0 at 4-11, 24-25; Rock Island Ex. 10.14 Rev. at 33-34; Rock Island RB at 15, 61.

7. There is also ample evidence that the generators that would connect to the Project at its western end will be wind generators, not fossil-fueled generators, even though Rock Island’s open access transmission service obligations preclude it from giving a preference to customers using the Project to transmit electricity from renewable resources. The record shows

that only wind generators, not other types of generators, have a cost advantage to locating in the Resource Area. Rock Island IB at 49-53; Rock Island RB at 16, 75-77-78.

8. Rock Island's open access transmission tariff will allow wholesale and retail customers in Illinois to purchase transmission capacity and service on the Project to transport electricity that they purchase from the Resource Area. Rock Island's eligible customers will include customers at the eastern end of the transmission line who can purchase transmission service from Rock Island, not just users of the electricity delivered by the Project into Illinois (ComEd IB at 8). Rock Island RB at 16, 36-39.

9. Section 8-406(b)(3) of the PUA does not require Rock Island to demonstrate that it can "currently finance" the Project (ComEd IB at 7), but rather that it "is capable of financing the proposed construction;" The record establishes that Rock Island is capable of financing the proposed construction of the Project. Rock Island IB at 104-117; Rock Island RB at 16, 114-22.

10. The financing condition to the CPCN required by Staff and accepted by Rock Island prevents the commencement of construction of transmission facilities on easement properties if the Project is unable to be adequately subscribed or fully financed. In such a scenario, any adverse consequences to retail customers and other affected parties, such as landowners, would be prevented by the Staff financing condition. The only parties suffering "adverse financial consequences" would be Clean Line's investors, who would lose that portion of their investment that had been spent on developing the Rock Island Project. Rock Island Ex. 10.14 Rev. at 5, 27-29; Rock Island Ex. 10.26 at 10-11; Rock Island IB at 115-117; Rock Island RB at 7-9, 16, 70, 76, 122, 147-48.

10. Although opponents question Rock Island's capabilities to construct the Project (IAA IB at 2-3; ComEd IB at 11), Rock Island has designed and is staffing a comprehensive construction management organization for the Project, is working with experienced engineering and construction contractors, will utilize appropriate contract provisions, some of which are already in place, has a management team with experience in developing, constructing and placing into operation large projects in the energy industry, and can draw on the expertise and experience of one of its principal owners, National Grid, which is one of the nation's and the world's largest developers, owners and operators of transmission facilities, including HVDC transmission facilities. Rock Island IB at 94-104; Rock Island RB at 16, 105-112.

11. ComEd argues that Rock Island lacks experience in constructing DC transmission (ComEd IB at 11), but there are no meaningful differences in constructing an HVDC transmission line as compared to an AC transmission line. The construction practices and processes applicable to both types of line are similar. With respect to the technology aspects of an HVDC transmission line, Rock Island has already retained and is working with one of the world's leading providers of HVDC technology, Siemens, and can draw on the HVDC experience and expertise of National Grid. Rock Island Ex. 2.0 at 16; Rock Island Ex. 1.4 at 15-16; Rock Island Ex. 9.0 Rev. at 4; Rock Island RB at 16, 112-13.

12. Contrary to ComEd's assertion (ComEd IB at 10), the Project addresses a clear deficiency in the existing transmission grid: the lack of adequate transmission infrastructure

between the Resource Area and northern Illinois, which is preventing the development of new, low-cost, high capacity factor wind generation facilities to take advantage of the rich wind resources of the Resource Area that could provide additional supplies of clean, lower-cost electricity to Illinois. Rock Island IB at 4-6, 30-31, 34-42; Rock Island Ex. 10.26 at 31-32; Rock Island RB at 17, 45-46, 74-75.

13. Contrary to ComEd's characterizations (ComEd IB at 9), the operating procedures that may be required for the Project as part of PJM's interconnection requirements are feasible and achievable, as demonstrated by the testimony of Rock Island's witness Dr. Wayne Galli, who holds a Ph.D. in Electrical Engineering and has 15 years of experience in the transmission industry including engineering and operating experience with a Regional Transmission Organization ("RTO"), and the analyses conducted by Siemens, one of the world's leading HVDC technology providers. Further, PJM has stated, in writing, that these operating procedures are achievable and that similar operations have been successfully implemented by PJM. PJM's interconnection studies and the other evidence in the record show that the "alternative" of "hundreds of millions of dollars of additional network upgrades" (ComEd IB at 9) will not be required; only \$24 million of network upgrades, which are already included in the Project cost estimate, will be needed. Rock Island IB at 83-84, 88-89; Rock Island Ex. 1.3 at 2-3; Rock Island Ex. 2.0 at 1-3; Rock Island Ex. 2.15 at 23-32; Rock Island Ex. 2.17 at 3; Rock Island RB at 17, 57, 58-59, 83-89.

14. Further, the record shows that additional fast-acting voltage support equipment that Rock Island will install on the Project, and has included in its capital cost estimate, will likely eliminate the need for any operating restrictions on the Project. In any event, any operating restrictions would only be necessary, if at all, under limited circumstances, not during typical or common operating conditions, and would not materially reduce the economic benefits of the Project. Rock Island IB at 89-93; Rock Island Ex. 2.15 at 23-24, 25-26, 34-37; Rock Island Ex. 10.26 at 16-18; Rock Island Exs. 3.7-3.8; Rock Island RB at 17, 57, 83-89.

15. Rock Island intends to connect its eastern converter station in Grundy County to ComEd's Collins Substation by constructing two 345-kV lines (one single-circuit and one-double circuit), as proposed in its Petition. Rock Island IB at 125; Rock Island RB at 133. Although ComEd complains that Rock Island has not yet acquired land near the Collins Substation on which to locate Rock Island's transformers (ComEd IB at 10), this is an unremarkable observation; Rock Island has also not purchased all the easements across Illinois needed to build the Project, and has no reason to do so until the Commission grants a CPCN including an approved route for the Project. Nor will the physical location of Rock Island's transformers outside Collins Substation affect PJM's requirements for the Project's electrical connection to Collins. Rock Island Ex. 2.15 at 41-42; Rock Island RB at 17, 76-77.

16. Rock Island has clearly stated that it has no plans to seek recovery of the costs of the Project through RTO cost allocation to load processes, and has proposed a condition to its CPCN under which Rock Island would have to initiate a new proceeding before the Commission to obtain authority to use regional cost allocation processes. In such a proceeding, were it to ever occur, Rock Island would have to demonstrate that the benefits of the Project outweighed its costs, and the Commission could deny Rock Island's request to use regional cost allocation

processes. Rock Island would also have to obtain regional cost allocation authority through the PJM and/or MISO processes. There is no likelihood of the Project being cost-allocated by PJM without Rock Island's involvement, which would require Commission approval per the condition. Rock Island IB at 75-79; Rock Island Ex. 10.26 at 18-20; Rock Island RB at 62, 67-69, 122-23.

17. The Commission should issue its order granting a CPCN and authorization under §8-503 to construct the Project, in this proceeding – which was filed over 16 months ago – rather than staying the Petition or dismissing it without prejudice as proposed by ComEd (ComEd IB at 12). Receipt of the requested approvals now will enable Rock Island to proceed with necessary project development activities for which receipt of these approvals is a necessary prerequisite, such as survey access to property, detailed engineering, determining structure locations, detailed cost estimating, and easement negotiations. Delaying issuance of a CPCN will delay the Project and the realization of the benefits it will provide for Illinois. Rock Island IB at 93-94; Rock Island RB at 13-14, 18.

In summary, it is Rock Island's position that, based on the record in this case, the Commission should find that the public convenience and necessity require the operation of Rock Island's proposed electric transmission business and that Rock Island should be issued a CPCN as a public utility; that the construction and operation of the Rock Island Project will promote the public convenience and necessity and that Rock Island has met the specific statutory criteria in §8-406(b) and therefore should be granted a CPCN to construct, operate, and maintain the Rock Island Project (subject to the conditions to the CPCN discussed in this Order); that construction of the Project will promote the security and convenience of the public, promote the development of an effectively competitive electricity market, and secure adequate service and facilities, and therefore that an order should be issued pursuant to §8-503 of the PUA authorizing Rock Island to construct the Project; that the Preferred Route of the Project presented by Rock Island in this case is reasonable and should be approved; and that Rock Island's requested easement widths and proposed structure types are reasonable and should be approved.

2. **IAA's Position**
3. **ILA's Position**
4. **ComEd's Position**
5. **IBEW's Position**
6. **WOW's Position**
7. **ELPC-NRDC's Position**
8. **Staff's Position**

II. REVIEW OF ALJ RULINGS ON MOTIONS

A. ILA and IAA Motions to Dismiss (Ruling dated March 18, 2013)

1. ILA and IAA's Position

2. ComEd's Position

3. Rock Island's Position

a. Rock Island's Response to IAA and ILA

Rock Island states that it filed a comprehensive response, dated February 21, 2013, to the IAA and ILA Motions to Dismiss, and it incorporated that response by reference into its briefs. Rock Island states that the essence of ILA's and IAA's motions to dismiss was that, according to ILA and IAA (i) an applicant for orders under §8-406 and §8-503 must already be a "public utility" as defined in the PUA, (ii) the definition of "public utility" specifies that the applicant must own, control, operate or manage, within this State, plant, equipment or property used or to be used for or in connection with the provision of a utility service, and (iii) since Rock Island does not already own, control, operate, or manage, within this State, plant, equipment, or property used or to be used for or in connection with the provision of a utility service, it cannot be granted a CPCN under §8-406 or authority under §8-503. Rock Island IB at 19. Rock Island states that the ALJ Ruling denying the Motions to Dismiss was correct and that ILA and IAA have provided no reasons for the Commission to overturn the ALJ Ruling. *Id.* at 25.

According to Rock Island, ILA's and IAA's arguments set up an impossible construction of the PUA under which only existing, incumbent utilities, or entities that acquired and operated significant transmission infrastructure in Illinois before applying for and obtaining a CPCN or a §8-503 order – which itself would arguably be a prohibited action under these PUA sections – could apply for and receive a CPCN or a §8-503 order. Rock Island explains that, as the ALJ correctly ruled, the issue for this case is whether the Commission can determine, based on the record, that Rock Island meets the requirements of §8-406 to be issued a CPCN as a public utility and to construct, operate, and maintain the proposed Project. According to Rock Island, if and when the Commission finds the requirements of the PUA are satisfied, then only at that time will Rock Island be authorized to construct, operate, and maintain its proposed transmission line and to conduct a public utility business in the State of Illinois. *Id.* at 20-21.

Rock Island states that ILA's and IAA's proposed construction of §3-105 and §8-406 is unreasonable and implausible. Rock Island asserts that the Legislature cannot have intended that an applicant for a certificate to construct new public utility facilities or to transact a public utility business must already be a public utility; that such an applicant must, at the time of its application, already own plant, equipment or property used or to be used to provide public utility service (an ownership that would arguably violate §8-406); and that no new entrants could ever apply for, let alone be granted, certificates to construct new public utility facilities and to transact a public utility business. Rock Island explains that under the movants' construction of the statutory provisions, an entity cannot apply for a certificate to construct public utility facilities and transact public utility business unless it already owns public utility plant, equipment or

property, but constructing the public utility facilities needed (according to movants) in order to apply for a certificate, without already possessing a certificate authorizing construction of those facilities, is prohibited by §8-406(b) (“no public utility shall begin the construction of any new plant, equipment, property or facility . . . unless and until it shall have obtained from the Commission a certificate that public convenience and necessity require such construction”). Rock Island asserts that movants’ argument violates the principle of statutory construction that a statute should not be construed so as to produce an absurd result or lead to consequences that the legislature could not have contemplated or intended.² Rock Island RB at 20.

Rock Island further states that statutory language should be given the fullest, rather than the narrowest, meaning to which it is susceptible.³ According to Rock Island, movants’ construction of the statutory provisions would provide a narrow, rather than a broad, scope of authority for the Commission by limiting it to considering applications by, and granting CPCNs to, only entities that are already public utilities, and prohibiting it from considering applications from, and granting CPCNs to, new entrants that are not public utilities at the time of their applications (even though the new entrant could meet the substantive criteria for a certificate specified in §8-406(b)). Rock Island asserts that statutory language must be given a reasonable and sensible construction, rather than a construction that would lead to consequences the legislature could not have contemplated and cannot have intended.⁴ Rock Island RB at 20-21.

Rock Island argues, moreover, that although the movants contend their argument is based on a literal reading and “plain meaning” of §3-105 and §8-406, movants in fact are reading into these sections words that are not there. According to Rock Island, movants are reading these sections as though they stated: “Only an entity already owning plant, equipment or property in this State that is used or to be used for the transmission of electricity can apply for and be granted a certificate of public convenience and necessity to construct new facilities and transact business.” Rock Island states that the statute simply does not say that. Contrary to Movants’ argument, nothing in §8-406(a) or (b) states that an entity must already meet the definition of “public utility” in order to apply for a CPCN to transact business (subsection (a)) or for a CPCN to construct new plant, equipment, property or facilities (subsection (b)). Rock Island states that the ALJ was correct in stating that, “despite Movants’ repeated assertions that the applicant must have qualifying transmission infrastructure in place in order to satisfy Section 3-105 before it may file an application under Section 8-406, a reading of Section 3-105 reveals no references to such a term or anything similar to it.” Rock Island RB at 21.

Rock Island states that §8-406(a), in providing that “no public utility. . . shall transact any

² Rock Island cites *Adams v. N. Ill. Gas Co.*, 211 Ill. 2d 32, 64, 809 N.E.2d 1248, 1268 (2004); *People ex rel. Sherman v. Cryns*, 203 Ill. 2d 264, 290, 786 N.E.2d 139, 157 (2003); *State Farm Fire & Cas. Co. v. Yapejian*, 152 Ill. 2d 533, 542, 605 N.E.2d 539, 543 (1992); *Stewart v. Indus. Comm’n*, 115 Ill. 2d 337, 341, 504 N.E.2d 84, 86 (1987); *Harris v. Manor Healthcare Corp.*, 111 Ill. 2d 350, 363, 489 N.E.2d 1374, 1379 (1986); *In re Marriage of Eltrevoog*, 92 Ill. 2d 66, 70, 440 N.E.2d 840, 842 (1982).

³ Rock Island cites *People ex rel. Sherman v. Cryns*, 203 Ill. 2d at 279, 786 N.E.2d at 151; *Lake Cnty. Bd. of Review v. Property Tax Appeal Bd.*, 119 Ill. 2d 419, 423, 519 N.E.2d 459, 461 (1988).

⁴ Rock Island cites *Wade v. City of N. Chi. Police Pension Bd.*, 226 Ill. 2d 485, 510, 877 N.E.2d 1101, 1116 (2007); *Adams v. N. Ill. Gas Co.*, 211 Ill. 2d at 64, 809 N.E.2d at 1268 (2004).

business in this State until it shall have obtained a certificate from the Commission”, prohibits an entity from engaging in the transmission of electricity for the public (which would make it a “public utility” per the §3-105 definition) unless and until it obtains a CPCN from the Commission that the public convenience and necessity require the transaction of the public utility business by the entity. Similarly, §8-406(b), which states that “no public utility shall begin the construction of any new plant, equipment, property or facility. . . unless and until it shall have obtained from the Commission a certificate that public convenience require such construction . . .”, prohibits an entity from beginning to construct any new plant, equipment, property or facility to provide utility service to the public (which, again, would make the entity a “public utility”) unless and until it obtains a CPCN from the Commission that public convenience and necessity require such construction. Rock Island asserts that §8-406(a) prohibits the construction of facilities or the transaction of business in Illinois until the entity has obtained a CPCN from the Commission that the public convenience requires the construction of the facilities and/or the transaction of the business; but it is the receipt of the CPCN from the Commission that authorizes the applicant to construct the proposed facilities and transact the proposed business as a public utility. Rock Island RB at 21-22.

Rock Island also contends that movants’ argument ignores the affirmative grant of authority to the Commission in §8-406(b): “Whenever after a hearing the Commission determines that any new construction or the transaction of any business by a public utility will promote the public convenience and is necessary thereto, it shall have the power to issue certificates of public convenience and necessity.” Rock Island asserts that this provision affirmatively authorizes the Commission to grant CPCNs when it finds that the proposed construction and/or the proposed transaction of business will promote the public convenience and necessity. According to Rock Island, nothing in this affirmative grant of authority to the Commission requires that the applicant satisfy the definition of “public utility” at the time it files its application, or even at the time of the Commission’s order. Rock Island states that it is the Commission’s order granting the CPCN that authorizes the applicant to proceed with the proposed construction and the proposed transaction of business, which makes the applicant a “public utility.” Rock Island RB at 22.

Rock Island contends that movants’ argument also ignores the last sentence of §8-406(f): “Unless exercised within a period of 2 years from the grant thereof authority conferred by a certificate of convenience and necessity issued by the Commission shall be null and void.” According to Rock Island, §8-406(f) expressly recognizes that an entity can be granted a CPCN by the Commission, but still have things to do before it can “exercise” the authority granted by the CPCN, such as actually constructing the facilities in Illinois that the public utility will use to transact business. Rock Island asserts that movants’ argument that Rock Island must already have transmission facilities and customers in place in order to be granted a CPCN is defeated by §8-406(f), which gives Rock Island two years to begin exercising its certificate authority. Rock Island states that the last sentence of §8-406(f), would be superfluous if, as movants argue, it were necessary for the applicant to already own the plant, property and equipment it will use to provide public utility service before applying for a CPCN. Rock Island argues that a statute must be read in its entirety and construed so that no part of it is rendered superfluous or meaningless.⁵

⁵ Rock Island cites *People ex rel. Sherman v. Cryns*, 203 Ill. 2d 264, 280, 786 N.E.2d 139, 151 (2003); *Harris v. Manor Healthcare Corp.*, 111 Ill.2d 350, 362-63, 489 N.E.2d 1374, 1379 (1986); *Bd. of*

Rock Island RB at 22-23.

Rock Island states at pages 18-27 of its Response to the ILA and IAA Motions to Dismiss, it discussed numerous previous orders in which the Commission granted CPCNs, or certificates of service authority under the comparable provisions of Article XIII of the PUA, to applicants that owned no property, plant or equipment in Illinois at the time of their applications. Rock Island notes that the ALJ's Ruling correctly stated that, "It is also observed, as noted by Rock Island and others, that the Commission has not limited the application process in Section 8-406 to those entities who are already certificated utilities." ALJ Ruling, March 18, 2013, at 3. Rock Island RB at 23. In its Reply Brief, Rock Island further discusses the order in *Illinois Power Company d/b/a AmerenIP and Ameren Illinois Transmission Co.*, Docket 06-0179 (May 16, 2007). Rock Island states that in that case, the Commission's Order stated that the applicant for a CPCN, Ameren Illinois Transmission Company ("Ameren Transco"), was "a newly-formed Illinois corporation that Petitioners propose will fund, construct and operate the Project in conjunction with AmerenIP;" that "currently, Ameren Transco has no other service obligations; it provides no other service but to construct the Project; and it has no current need to make or fund other capital expenditures to maintain other assets;" and that Ameren Transco had no current assets. Order in Docket 06-0179 at 3, 19, 20. The Commission granted a CPCN to Ameren Transco to construct the proposed new transmission line. Rock Island RB at 23-24.

Rock Island also points out in its Reply Brief that while Staff did not directly address the ILA and IAA Motions to Dismiss in Staff's Initial Brief, Staff's argument in §III of its Initial Brief (concerning Rock Island's request for a CPCN as a public utility) rejects the basis for ILA's and IAA's Motions to Dismiss. Rock Island IB at 24-25. Rock Island agrees with the statements at page 10 of Staff's Initial Brief that "it would be illogical to suggest that an entity cannot apply for a certificate to construct public utility facilities and transact public utility business unless it already owns public utility plant, equipment or property" and that, "[t]o restrict entities seeking to engage in utility business in Illinois in such a manner would reach the undesired and absurd result of erecting barriers of entry from participation in the industry or imposing requirements on existing public utilities in Illinois from which non-certificated entities would effectively be exempt. Therefore, a more logical assessment of the provision is that the Commission may assess whether a petitioner's proposal would meet the CPCN criteria of the statute if and when applied. Such provides the Commission with the flexibility of assessing an application and any public need for particular projects on a case by case basis."

b. Rock Island's Response to ComEd

Rock Island notes that ComEd opposed ILA's and IAA's Motions to Dismiss Rock Island's request for CPCNs under §8-406(a) and (b) of the PUA, but not their motion to dismiss Rock Island's request for an order under §8-503. ComEd's argument on the latter point was that a Section 8-503 order is a mandate when issued and that the Commission has no authority to issue a Section 8-503 Order to a non-utility. Rock Island states that beyond making these assertions, ComEd provided no basis to distinguish its position regarding §8-503 from the ILA's

Trustees of Teachers Ret. Sys. v. West, 395 Ill. App. 3d 1028, 1035, 916 N.E.2d 648, 654 (4th Dist. 2009); Rock Island RB at 23, footnote 9.

and IAA's erroneous argument that an applicant must already meet the definition of "public utility" in order to apply for a CPCN. Rock Island contends that ComEd's construction of §8-503, in conjunction with §8-406 would not be logical or reasonable or lead to a logical or reasonable result. Rock Island referred to its Reply to Section III of the Response of Commonwealth Edison to the Motions to Dismiss, filed March 7, 2013, at 2-3. Rock Island RB at 25. Rock Island notes that in its Reply, it cited several cases in which the Commission, in a single order, has granted both a CPCN under §8-406, or a certificate in good standing under §15-401 of the Common Carrier by Pipeline Law, and a §8-503 order, to an applicant that was not already a public utility or a certificated common carrier by pipeline at the time of the order. Rock Island further stated that the portion of §8-503 governing Rock Island's request in this case does not even use the term "public utility."

Rock Island states that in denying the Motions to Dismiss with respect to §8-503 as well as §8-406, the ALJ noted Rock Island's acknowledgement that the Commission could not grant a §8-503 order to a new entity if the Commission were not simultaneously granting a CPCN to the new entity under §8-406 (as Rock Island is requesting in this case). ALJ Ruling at 3; Rock Island RB at 26.

Rock Island states that ComEd's argument is based on the fact that in its Petition, Rock Island requested an order "authorizing and directing" (*i.e.*, "mandate[ing]" to use ComEd's term) Rock Island to construct the Project. Rock Island explains that it has subsequently made it clear in both its testimony (Rock Island Ex. 10.14 Rev. at 67) and its Initial Brief (at pages 166-67 and 172) that Rock Island is only seeking an order *authorizing* Rock Island to construct the Project. Rock Island notes that §8-503 provides for the Commission to issue an order "authorizing **or** directing" a proposed project. Rock Island RB at 26.

4. **IBEW's Position**
5. **WOW's Position**
6. **Commission's Conclusion**

Having reviewed the parties' original filings on the IAA and ILA Motions to Dismiss and their additional arguments in their Initial Briefs and Reply Briefs, the Commission finds no reason to depart from the ALJ's Ruling dated March 18, 2013 on the Motions to Dismiss. The Commission adopts the ALJ's Ruling as its ruling on the Motions to Dismiss, and they are therefore denied. The Commission believes that the ALJ set forth the appropriate basis for denying the Motions to Dismiss in his Ruling:

First of all, despite Movants' repeated assertions that the applicant must have qualifying transmission infrastructure in place in order to satisfy Section 3-105 before it may file an application under Section 8-406, a reading of Section 3-105 reveals no references to such a term or anything similar to it.

Furthermore, as observed by several parties, Movants' interpretation of the statute creates an unworkable "Catch-22." Under their theory, an entity could not apply for a certificate to construct public utility facilities and transact public utility

business unless it already owns public utility plant, equipment or property. Under Section 8-406(b), however, constructing the public utility facilities needed in order to apply for a certificate, without already possessing a certificate authorizing construction of those facilities, is prohibited. That section provides that “no public utility shall begin the construction of any new plant, equipment, property or facility . . . unless and until it shall have obtained from the Commission a certificate that public convenience and necessity require such construction.”

The more relevant issue is whether an applicant is able to meet the criteria in Section 8-406(b) of the Act. In fact, Movants’ concerns about qualifying transmission infrastructure appear to relate more to the criteria in 8-406(b) than to the definition of a public utility in Section 3-105. In that regard, given that the proposed line route is an issue to be considered under Section 8-406, it is difficult to see how Movants expect an applicant to already have the transmission infrastructure in place over a line route that Movants themselves are placing at issue.

To the extent that the Motions to Dismiss were directed to Rock Island’s request for an order under §8-503 of the PUA as well as the request for a CPCN under §8-406, the Commission notes (as did the ALJ) Rock Island’s acknowledgement that the Commission could not issue a §8-503 order to a new applicant such as Rock Island relating to facilities for which the Commission was not also granting a CPCN under §8-406. The Commission also notes Rock Island’s clarification that it is only seeking an order under §8-503 “authorizing” the construction of the Rock Island Project. With those points noted, the Commission sees no distinction in ILA’s and IAA’s fundamental argument, that Rock Island does not currently meet the definition of “public utility,” as those arguments would apply to §8-503 versus §8-406.

Finally, the Commission notes (consistent with the ALJ’s observations in his Ruling) that at this stage of the proceeding, with an extensive record having been compiled by the parties as to whether Rock Island meets the substantive, statutory requirements for the issuance of a CPCN for the Project under §8-406 and an order authorizing construction of the Project under §8-503, the Commission’s attention is more appropriately focused on whether the record shows that statutory requirements for issuance of the requested authorizations and approvals have been granted.

B. ILA Renewed Motion to Compel the Commission to Consult with the Illinois Department of Natural Resources (Ruling Dated December 4, 2013)

1. ILA’s Position

2. Rock Island’s Position

Rock Island argues that, as it contended in its filings in response to the ILA Motion to Compel, the statutory provisions relied on by ILA for a government agency to consult with the IDNR concerning a proposed action by the government agency do not apply to the Commission in a CPCN proceeding such as this one.⁶ Rock Island IB at 22. Rock Island also contends that, whether

⁶ Rock Island referred to its previous filings in response to the ILA Motion to Compel: Rock Island Clean Line LLC’s Response to Motion to Compel the Commission to Consult with the Illinois Department of

or not the “consultation” requirements of §11 of the IESA and §17 of the INAPA are applicable to these proceedings, Rock Island believes that the underlying, substantive objectives reflected in these two statutory provisions – that due consideration be given to the impact of a project on threatened and endangered species in Illinois and on areas designated as Illinois Natural Area Inventory sites – have been addressed in this case through Rock Island’s thorough and comprehensive route development and selection process, which included extensive interaction and consultation with the IDNR staff, and Commission Staff’s review of Rock Island’s route development and route selection activities. Rock Island IB at 22-23. Rock Island notes that the record includes correspondence and notes of meetings between the IDNR staff and Rock Island representatives concerning IDNR’s comments on the Preferred Route and Proposed Alternative Route of the Project in Illinois, Rock Island’s response to the IDNR’s comments and concerns, and the IDNR staff’s final letter (dated November 8, 2013) with comments on the Preferred Route, in which the IDNR staff stated:

While it is unlikely that the project will result in any adverse impacts to state-listed species or their habitats, it will cause further forest habitat fragmentation of the Illinois landscape, especially in the vicinity of the Mississippi River. IDNR recognizes, however, that other project planning and regulatory considerations factor into final routing.^{7]}

Consultation on the preferred route is closed. If the route changes, the Department would appreciate the opportunity to review the changes and provide comment as necessary. (Rock Island Ex. 8.12 at 1; emphasis added.)

Rock Island asserts that, upon reviewing the entire record relating to the potential impacts of the Preferred Route of the Project on Illinois listed threatened and endangered species and on areas that have been designated as Illinois Natural Areas Inventory sites, the Commission will be able to conclude that the underlying, substantive objectives reflected in §11 of the IESA and §17 of the INAPA have been fully addressed in the record of this case. Rock Island IB at 23-24.

Rock Island points out that, according to ILA, “The gist of [its] Motion it is that, because the Commission is being asked to authorize the Rock Island Project and because the Project could result in the destruction or modification of any registered natural area, and could affect protected or endangered species, the Illinois Natural Areas Preservation Act and the Illinois Endangered Species Act require that the Commission, as a state agency, directly consult with the IDNR concerning the Project, and that the consultation should occur early in the process.” ILA

Natural Resources, filed January 23, 2013; and Rock Island Clean Line LLC’s Response to Illinois Landowner Alliance’s Renewed Motion to Compel the Commission to Consult with the Illinois Department of Natural Resources, filed July 26, 2013.

⁷ According to Rock Island, in its interactions with the IDNR, it brought to IDNR’s attention other considerations that militated against using alternative routes in the areas in which IDNR was concerned about forest fragmentation, including that the alternatives would have greater impacts on avian species, parallel a designated national scenic highway, result in proximity of the transmission line to more residences, or result in greater impacts to agricultural operations, that the forested area of concern was already the location of a commercial timber harvest operation, and that the Preferred Route took advantage of paralleling existing infrastructure. Rock Island Ex. 8.9; Rock Island IB at 23, footnote 20.

IB at 8 (footnotes omitted). Rock Island asserts that, as it demonstrated in its Response to ILA's original Motion, under applicable case law, the Commission is not required to consult with the IDNR, pursuant to the two statutes on which the ILA Motion is based, in connection with considering and granting an application for a CPCN (or an order under §8-503) to construct an electric transmission line. In this regard, Rock Island states that it agrees with Staff's analysis at pages 6-8 of Staff's Initial Brief. Rock Island RB at 27.

Rock Island explains that, for a consultation by a State agency with the IDNR to be required pursuant to §11 of the Illinois Endangered Species Act or §17 of the Illinois Natural Areas Preservation Act, the action in question must be "authorized, funded, or carried out by the agency." Rock Island states that although §11 of the Endangered Species Protection Act has been in effect in its current form since January 1, 2000 (P.A. 91-556), and §17 of the Natural Areas Preservation Act has been in effect in its current form since January 1, 1994 (P.A. 88-139), ILA cited no certificate orders of the Commission in which the Commission engaged in a consultation with the IDNR under either of these statutes, nor any court decisions requiring the Commission to engage in consultation with the IDNR under these statutes in connection with review and approval of an application to construct and operate an electric transmission line. Nor has Rock Island found any such orders or court decisions. Rock Island states that, although there are no reported cases addressing whether the Commission has obligations under either statute to consult with IDNR in connection with reviewing and granting an application for a CPCN, the requirements of these statutes have been construed on two occasions by the Appellate Court. According to Rock Island, these decisions lead to the conclusion that the Commission's actions in reviewing and granting a request for a CPCN are not actions "authorized, funded, or carried out" by the Commission within the meaning of the two statutes. Rock Island RB at 27-28.

According to Rock Island, in *Pierce Downer's Heritage Alliance v. Village of Downers Grove*, 302 Ill. App. 3d 286, 704 N.E.2d 898 (2d Dist. 1998), Advocate Health and Hospital Corporation ("Advocate") had been granted approval by the Village of Downers Grove for an amended site development plan, and a certificate of need by the Illinois Health Facilities Planning Board ("HFPB"), to construct a new four-story building, a parking lot, a storm water detention pond and other facilities, on an undeveloped portion of land on which Advocate's Good Samaritan Hospital was located. The site to be developed consisted of wetlands and an oak savanna and was adjacent to a protected wooded area listed in the Illinois Natural Areas Inventory under the Natural Areas Preservation Act. An environmental group filed an action seeking to compel the Village Board and the HFPB to engage in a consultation with the IDNR, under §17 of the Natural Areas Preservation Act, concerning the proposed development. 302 Ill. App. 3d at 289-91. The Appellate Court, however, rejected the environmental group's arguments and held that a consultation with the IDNR was not required under the statute. Rock Island RB at 28.

Rock Island explains that the environmental group agreed that the Village Board and the HFPB did not "fund" or "carry out" Advocate's project, but contended that the Village Board and the HFPB had "authorized" the project, by virtue of the Village Board approving the amended site development plan and the HFPB granting a certificate of need for the new facility. 302 Ill. App. 3d at 292, 295-96. The Court, however, held that these actions of the Village Board and the HFPB were not "authorizations" under §17 of the Natural Areas Preservation Act. *Id.* at

300. The court noted the provision in §17 that public agencies should avoid the “planning” of any action that would adversely affect a protected natural area, and stated that the term “planning” required that the public agency have a role in forming the particular scheme or program. *Id.* at 296-97. The court stated that “such a role clearly requires more active participation than that which would satisfy the traditional dictionary definition of ‘authorize.’” *Id.* Rather, the court concluded:

[W]e believe that the Act was meant to apply only to an action in which the state agency or local government is a more active participant in the process. We believe that such active participation requires that the state agency or local government have a direct role in either the planning, design, funding, construction, or carrying out of the action. (*Id.* at 297; Rock Island RB at 29.)

According to Rock Island, the court also noted that legislative history of the Natural Areas Preservation Act supported the conclusion that the consultation process was intended to apply only to those actions in which the government plays a direct role in either the planning, design, funding, construction, or carrying out of the action, *i.e.*, that §17 applies “only to actions in which there is direct governmental involvement.” 302 Ill. App. 3d at 297-98. Further, the court stated that “[h]ad the legislature intended to include private projects within the scope of actions covered by section 17, it would seem reasonable that the legislature would have required the private parties planning such projects to participate in the consultation process.” *Id.* at 297. The court concluded that neither the Village Board’s approval of Advocate’s amended site development plan, or the HFPB’s issuance of a certificate of need for the new facility, was an “authorization” under §17. *Id.* at 296-97. The court reached this conclusion even though it noted that the issuance of a certificate of need by the HFPB for a new health facility represents a determination that there is an identifiable need for the health facility based on the community’s population, the number of existing medical facilities, the extent to which the existing facilities are used, the availability of medical personnel, and other factors. *Id.* at 296 (*citing* §12 of the Illinois Health Facilities Planning Act, 20 ILCS 3960/12). Rock Island RB at 29.

In contrast, explains Rock Island, in *McHenry Cnty. Defenders, Inc. v. The City of Harvard*, 384 Ill. App. 3d 265, 891 N.E.2d 1017 (2d Dist. 2008), the City of Harvard, in order to “enable the City to control the development of the area,” had entered into an agreement with a mining company to annex certain property to the City to be used for a sand and gravel mining operation, concrete recycling facility, concrete ready mix plant, and an asphalt plant; annexed the property pursuant to the agreement; involved itself in the planning for the development project; imposed many requirements on the mining company under the terms of the annexation agreement; reviewed the mining company’s construction plans and made revisions to the plans; and issued a conditional use permit and a zoning variance for the planned use of the annexed property. 384 Ill.App.3d at 276-77. The annexation agreement required the mining company to pay the city 30 cents per ton of asphalt hauled from the plant and authorized the City to order a halt to operations under certain conditions. *Id.* at 267-68, 276-77. An environmental group brought an action against the City seeking to require it to engage in an environmental consultation with the IDNR pursuant to §11 of the Endangered Species Protection Act and §17 of the Natural Areas Preservation Act. Rock Island RB at 30.

Rock Island states that the court agreed with and adopted the construction of the statutory term “authorized” in §17 of the Natural Areas Preservation Act that had been articulated in *Pierce Downer’s*. The court also concluded that the term “authorized” in §11 of the Endangered Species Protection Act should be construed in the same manner. 384 Ill. App. 3d. at 275. However, the court concluded that the City’s extensive involvement in the planning and development of the project brought its actions within the definition of “authorized” as the statutory term had been construed and applied in *Pierce Downer’s*. *Id.* at 276-77; Rock Island RB at 30.

Rock Island argues that, based on these decisions, the Commission’s review of an application for, and issuance of, a CPCN to construct and operate an electric transmission line do not constitute an “authorization” of the project pursuant to §11 of the Endangered Species Protection Act and §17 of the Natural Areas Preservation Act, as the term “authorize” has been construed by the Appellate Court. Rock Island states that the Commission’s actions in reviewing and granting the application are akin to the actions of the HFPB in granting a certificate of need and of the Village Board in approving an amendment to the site development plan in *Pierce Downer’s*. Rock Island states that the plans for the construction and operation of a transmission project, including the proposed route, are developed and executed entirely by the applicant. The Commission reviews the applicant’s proposal and either approves it (in some cases with conditions imposed) or rejects it. According to Rock Island, the Commission’s role in reviewing and approving a CPCN application is unlike the City of Harvard’s extensive involvement in the project in *McHenry County*. In that case (unlike a transmission line certificate case), the City was extensively involved in the initial planning of the project, imposed numerous requirements on the project by means of the annexation agreement and the conditional use permit, and retained certain powers of control over the operation of the facility. Rock Island argues that the facts of that case show that the City had a direct economic interest and involvement in the proposed project and had annexed the property and issued the conditional use permit for the project in order to receive tax and other revenues from it. Rock Island RB at 30-31.

Rock Island contends that, regardless of whether the two statutes are applicable to this case, the underlying objective of the two statutes, which is to obtain IDNR’s input into whether the proposed “action” will impact any Illinois listed threatened or endangered species or any designated Illinois Natural Area Inventory (“INAI”) sites, has been met in this case by Rock Island’s consultation with the IDNR, the results of which are fully reported in the record. Rock Island explains that it placed into the record the IDNR’s initial (Rock Island Ex. 8.8) and final (Rock Island Ex. 8.12) consultation letters to Rock Island on the Preferred Route and Proposed Alternative Route of the Project, as well as meeting notes (Rock Island Ex. 8.11) of Rock Island’s meeting with IDNR to discuss the consultation, all as exhibits sponsored by a Rock Island witness, Matthew Koch, who participated directly in the consultation with the IDNR. According to Rock Island, the IDNR stated in its final consultation letter that “it is unlikely that the project will result in any adverse impacts to state-listed species or their habitats.” Rock Island Ex. 8.12 at 1. Rock Island explains that the final consultation letter from IDNR identified several INAI sites that would be crossed by either the Preferred Route or the Proposed Alternative Route, and generally recommended that these sites be spanned by the transmission line and that for the INAI sites that are water bodies, no work be performed in riparian areas. Thus, through these consultation letters that have been placed into the record, the Commission

has for its consideration the IDNR's assessment of the potential impacts of the Project on the two subjects of concern in §11 of the Illinois Endangered Species Act and §17 of the Illinois Natural Areas Preservation Act. Rock Island also points out that, even assuming that the two statutes required the Commission to engage in a consultation with IDNR in connection with a transmission line case, there is nothing to preclude the Commission from requiring the applicant to consult with the IDNR and report the results in the record for the Commission's consideration, which is what has transpired here. Rock Island RB at 31-32.

ILA suggests that a consultation directly by Commission Staff with IDNR would be "more objective" than Rock Island's consultation with IDNR, and that "we certainly cannot reasonably conclude that the results would have been the same as those resulting from Rock Island's communications and interactions with the IDNR." ILA IB at 12 footnote 6. Rock Island contends that these assertions are baseless. According to Rock Island, there is no basis to suggest that the professional staff of the IDNR would have given any other or different input to Commission Staff than was provided, in writing, to Rock Island. Further, Rock Island has supplied the IDNR's actual letters for the record, so the IDNR's conclusions have not been translated or filtered by Rock Island. Rock Island RB at 32.

Rock Island responded to the ILA's assertion that "Rock Island set aside the IDNR's concerns about forest fragmentation." ILA IB at 12. Rock Island states that "forest fragmentation" is not part of the statutory basis for ILA's Motion, which is §11 of the Illinois Endangered Species Act (regarding impacts to Illinois-listed threatened or endangered species) and §17 of the Illinois Natural Areas Preservation Act (regarding impacts to listed INAI sites). According to Rock Island, the IDNR's concerns about "forest fragmentation" at several points along the route, as stated in the IDNR consultation letters, implicate neither of these statutory topics. Further, Rock Island explained in writing to the IDNR why re-routing the transmission line in the areas for which IDNR expressed concern about "forest fragmentation" could have other, adverse consequences (Rock Island Ex. 8.8 at 5-12; Rock Island Ex. 8.9); and in its final consultation letter, the IDNR stated with respect to its concerns about "forest fragmentation" that "IDNR recognizes, however, that other project planning and regulatory considerations factor into final routing." Rock Island Ex. 8.12 at 1; Rock Island RB at 32-33.

Rock Island explains that in addition to the specific documents and other evidence placed into the record concerning the consultation with the IDNR, it provided other evidence pertaining to potential impacts of the Preferred Route and Proposed Alternative Route on Illinois-listed threatened and endangered species and on INAI sites. Rock Island Ex. 8.2 at 60-61, 78-81; Rock Island Ex. 8.3 Rev. at 33-37; Rock Island RB at 33. According to Rock Island, the Routing Criteria for development of the route of the Project in Illinois included minimizing impacts to INAI sites (measured by the number of INAI sites crossed by a route and the number within one-half mile of a route) and minimizing impacts to threatened and endangered species (as measured by the number of occurrences of federal and state-listed species within one mile of a route). Rock Island Ex. 8.2 at 14-15; Rock Island RB at 33.

Rock Island states, in summary, that while the Commission, in connection with its evaluation of an application to construct a transmission line, is not required to consult with IDNR pursuant to §11 of the Illinois Endangered Species Act or §17 of the Illinois Natural Areas

Preservation Act, the record includes the results of Rock Island's consultation with IDNR, as well as other evidence, on the concerns addressed underlying these two statutes, specifically, the potential impacts of the route of the Project on Illinois-listed threatened and endangered species and on INAI sites. Rock Island states that the Commission has in the record the information needed to evaluate whether the Preferred Route has unacceptable impacts to any threatened or endangered species or to any INAI sites. Rock Island RB at 33.

3. **Staff's Position**
4. **ComEd's Position**
5. **Commission's Conclusion**

Based on its review of the parties' filings during the course of the case on the ILA Motion, the parties' additional arguments in their Initial Briefs and Reply Briefs, and the relevant statutory provisions and court decisions, the Commission concludes that the ILA Motion should be denied. In comparing the Commission's review and approval of an application for a CPCN to the activities and involvement of the governmental entities in the *Pierce Downer's* and *McHenry County* cases, the Commission concludes that its activity and involvement in the Project do not rise to the levels that the Appellate Court decisions indicate is necessary for the "consultation" requirements of §11 of the Illinois Endangered Species Act and §17 of the Illinois Natural Areas Preservation Act to be triggered. Clearly, the Commission's review and approval of an application for a CPCN falls far short of the level of involvement of the City of Harvard in the *McHenry County* case. The Commission also finds it noteworthy that no party has identified any previous CPCN case or common carrier by pipeline certificate in good standing case in which the Commission has engaged in a consultation with the IDNR under §11 of the Illinois Endangered Species Act or §17 of the Illinois Natural Areas Preservation Act.

Further, the Commission observes that Rock Island has consulted with the IDNR concerning the Preferred Route and the Proposed Alternative Route of the Project with respect to both potential impacts on threatened and endangered species and potential impacts to Illinois Natural Areas Inventory sites, as well as on other topics relating to impacts on habitat and natural features, and that Rock Island has placed information concerning its consultation into the record of this proceeding. The information placed into the record includes the IDNR's final consultation letter to Rock Island concerning the Preferred Route and the Proposed Alternative Route. The IDNR's final consultation letter shows that the IDNR has not identified any potential impacts of the Preferred Route to Illinois-listed threatened or endangered species. The IDNR's final consultation letter does not indicate that the IDNR has any objections with respect to Rock Island's plans to avoid or mitigate any impacts to those Illinois Natural Areas Inventory sites that the Preferred Route of the Project may cross. The Commission does not agree with the suggestion that the IDNR would provide any different information or opinions, if it were to be consulted directly by Commission Staff, than it has provided in its consultation with Rock Island. From the Commission's viewpoint, what is important is that the IDNR's comments on the Preferred Route and Proposed Alternative Route of the Project have been obtained and placed in to the record for the Commission's consideration in evaluating and ultimately approving a route for the Project in Illinois.

III. PUBLIC UTILITIES ACT §8-406(a) – REQUEST FOR CERTIFICATE AS A PUBLIC UTILITY

A. Rock Island's Position

Rock Island requests issuance of a CPCN to operate as a transmission public utility in Illinois. Rock Island states that §8-406(a) of the PUA specifies that no public utility shall transact any business in this State “until it shall have obtained a certificate from the Commission that public convenience and necessity require the transaction of such business.” Rock Island states that in the context of this proceeding, it should be granted a CPCN for the Rock Island Project in order to also receive a CPCN to transact a public utility business, and that the determination that “the public convenience and necessity require the transaction of such business” under §8-406(a) of the PUA is dependent on a determination under §8-406(b) that Rock Island’s construction and operation of the Project will promote the public convenience and necessity in accordance with the provisions of that subsection. Rock Island IB at 24-25.

Rock Island notes that although it believes its Project will be the first merchant transmission project in Illinois, the Commission has previously granted CPCNs as transmission public utilities to at least two companies. In Docket 01-0142, the Commission granted CPCNs to American Transmission Company L.L.C. (“ATC”), which had been formed to take ownership of and operate the transmission facilities of Wisconsin electric utilities, some of which were located in Illinois, and to ATC’s affiliate ATC Management, Inc. ATC’s petition in that docket stated that ATC would own, control, operate and manage, within Illinois, facilities used for the transmission of electricity, and that its transmission lines would transmit electric energy within Illinois for use by the public to serve Illinois customers. The Commission found that the petitioners’ transmission lines were transmitting power within Illinois to serve Illinois customers and that ATC and ATC Management fell within the definition of “public utility” in the PUA. *American Transmission Company L.L.C. and ATC Management Inc.*, Docket 01-0142 (Order dated Jan. 23, 2003), at 5; Rock Island Ex. 10.13 at 16-17; Rock Island IB at 25. In Docket 06-0179, the Commission granted CPCNs to Illinois Power Company (“IPC”) and to a newly-formed entity, Ameren Illinois Transmission Company (“Ameren Transco”), to construct three new 345 kV transmission lines for the purpose of enabling electricity to be delivered from a single wholesale generation source, the Prairie State Generating Company plant (an independent power producer), into the bulk electric system. The applicants’ petition in that case stated that “Ameren Transco will own, control, operate and manage, within this State, for public use, facilities for the transmission of electricity” and that it would be “transmitting electricity for use by the public at rates, terms, and conditions subject to regulation by the FERC.” Rock Island states that the Commission found Ameren Transco to be a public utility and granted CPCNs to Ameren Transco and IPC to construct, operate and maintain the three new 345 kV transmission lines. *Illinois Power Company d/b/a AmerenIP and Ameren Illinois Transmission Company*, Docket 06-0179 (Order dated May 16, 2007); Rock Island Ex. 10.13 at 17-18; Rock Island IB at 26, fn. 24. Subsequently, in Docket 06-0706, the Commission granted CPCNs to Ameren Transco and IPC to construct, operate and maintain a new transmission line in the area of Ottawa, Illinois, with which Ameren Transco (as stated in its petition) would be “transmitting electricity for use by the public at rates, terms, and conditions subject to regulation by the [FERC].” The Commission found that Ameren Transco and its proposed transmission activities satisfied the definition of a public utility and that Ameren Transco was a public utility. Most recently, in

Docket 12-0598, the Commission granted a CPCN to Ameren Transco to build new transmission facilities in Illinois collectively referred to as the Illinois Rivers Project, finding that Ameren Transco is a public utility pursuant to the PUA. *Ameren Transmission Company of Illinois*, Docket 12-0598 (Order dated Aug. 20, 2013). Rock Island IB at 25-26.

Rock Island states that, like ATC and Ameren Transco in the cases just described, Rock Island will be owning, operating and managing transmission facilities in Illinois to transmit electricity for use by the public at rates, terms and conditions regulated by the FERC. Rock Island states that it will construct and operate the Project for public use for the transmission of electricity and will hold itself out to serve the public. Rock Island states that it will offer and provide non-discriminatory, open access transmission service to eligible customers (as defined by its Open Access Transmission Tariff (“OATT”) in conformance with FERC regulations), specifically, the service of transmitting electricity delivered to Rock Island’s western converter station in O’Brien County, Iowa, to an interconnection point with the PJM grid at the Collins Substation in Grundy County, Illinois. Rock Island Ex. 10.13 at 4-6, 14-15; Rock Island Ex. 10.26 at 35-36; Rock Island IB at 26-27. Rock Island expects that its transmission customers will fall into the three categories: First, owners of generation resources located in the Resource Area that will contract for transmission capacity to deliver the output of their plants into the PJM transmission network at the Collins Substation. These customers can be expected to have contracted with one or more suppliers to the retail market (*e.g.*, a utility, an ARES or other competitive supplier, a wholesale power marketer, a municipal electric utility, or an electric cooperative) to purchase the generator’s output; the electricity delivered to the purchasing entity would ultimately be sold to and used by thousands of individual retail electricity customers. Second, wholesale purchasers of electricity, such as electric utilities, competitive retail suppliers, municipal electric utilities, electric cooperatives, and wholesale power marketers, which would contract for their own transmission capacity and use that transmission capacity to have delivered, to northern Illinois, electricity that they purchase from generators located in the Resource Area. The electricity transmitted by the Project to northern Illinois for these customers would ultimately be sold and distributed to thousands of individual retail electricity customers. Third, although it would be impractical for residential and smaller non-residential customers to contract directly for bulk transmission service on the Project, it would be possible for larger retail customers to contract directly for transmission capacity and service on the Project to facilitate their procurement of electricity from the Resource Area, such as, for example, a large institutional electricity user or a government entity that wishes to obtain a portion of its electric supply from renewable resources and to negotiate for and purchase the renewable energy directly from the producer rather than through an intermediate supplier. Rock Island notes that the definition of “eligible customer” under the FERC pro forma OATT, to which Rock Island’s OATT will be required to conform, includes retail customers taking unbundled transmission service. Rock Island Ex. 10.13 at 5, 12-14; Rock Island IB at 27.

Rock Island states that the Project will provide 3,500 MW of transmission capacity and is projected to deliver over 15 million MWh of electricity annually from the Resource Area to northeast Illinois and the PJM grid. Rock Island explains that this amount of electricity is equal to the annual electricity usage of approximately 1,400,000 homes. Rock Island Ex. 10.13 at 15; Rock Island IB at 27.

Rock Island explains that any eligible customer under its OATT will be able to request

and, subject to the overall capacity of the Project, obtain transmission service on the Project. According to Rock Island, there will be multiple ways in which a customer will be able to obtain transmission service on the Project: (1) During Rock Island's initial process to identify and contract with anchor tenants, any eligible customer may request to negotiate a precedent agreement with Rock Island for long-term firm transmission service. (2) Any eligible customer may participate in Rock Island's enrollment process (referred to as an "open season") to award the remaining capacity on the Project, and in the open season, all eligible customers have an equal opportunity to procure long-term firm transmission service. (3) If Rock Island does not sell all of the Project's capacity during the anchor tenant and open season processes, any eligible customer may request service from the remaining firm service under Rock Island's OATT. (4) Upon expiration or termination of the initial transmission service contracts entered into during the anchor tenant and open season processes, any eligible customer may request the freed-up capacity under Rock Island's OATT. (5) Any eligible customer may request non-firm service on the Project at any time, and Rock Island is obligated to grant these requests so long as the transmission capacity is not in use by firm service customers. (6) Rock Island will create a secondary market for the Project's transmission capacity, in which holders of contracted capacity will be able to make their contracted capacity available to other eligible customers. Rock Island Ex. 10.13 at 7-10; Rock Island IB at 28.

1. Rock Island's Response to IAA and ILA

Responding to ILA and IAA's arguments that Rock Island should not be granted a CPCN as a public utility, Rock Island states that IAA and ILA rely on the same argument on which their Motions to Dismiss were based, *i.e.*, that only an entity that is already a public utility can apply for and be granted a CPCN as a public utility, and (they contend) since Rock Island does not currently own any plant, equipment or property in Illinois and has no assets or real property in Illinois that could be used to sell, transmit or deliver electricity, Rock Island is not currently a public utility and therefore cannot be granted a CPCN as a public utility. Rock Island RB at 34. According to Rock Island, the ALJ rejected this theory in denying IAA's and ILA's Motions to Dismiss. Rock Island asserts that IAA's and ILA's argument regarding Rock Island's request for a CPCN as a public utility must be rejected for the reasons stated in Rock Island's response to the IAA and ILA Motions to Dismiss.

Rock Island states that ILA cites several decisions for the unremarkable proposition that in order to grant a CPCN, the Commission must find that the proposed service is necessary for the public convenience and necessity. Rock Island notes that the cases cited by ILA emphasize that "necessity" as used in this context does not mean "indispensably requisite," that necessity has been construed to mean "needful, requisite or conducive," and that the Commission has broad discretion to determine what constitutes the public convenience and necessity in a particular case. Rock Island RB at 34-35.

2. Rock Island's Response to ComEd

Responding to ComEd's argument that Rock Island has not contracted with specific customers for the transmission line, that (according to ComEd) Rock Island will not have any customers in Illinois and that "[a]n entity without Illinois customers is not an Illinois public

utility” (ComEd IB at 14-15, 17-18), Rock Island states that ComEd’s contentions that Rock Island (or any applicant) must show exactly who its customers will be, that Rock Island will not have any Illinois customers, and that an entity must have specific customers in Illinois to be a public utility, are all unfounded and must be rejected. Rock Island states that it will be a public utility because it will hold itself and its facilities out to provide open access transmission service to eligible customers in Illinois and will use its facilities to transmit and deliver into Illinois electricity in amounts to meet the needs of some 1.4 million homes. Rock Island RB at 35.

Rock Island states that, contrary to ComEd’s assertions, it will be offering transmission service on the Project to customers in Illinois, as well as customers in the Resource Area, and expects to have customers in Illinois who take transmission service from the Project. Rock Island notes that ComEd points to the fact that Rock Island has “assumed” that all of its customers will be wind generators located outside Illinois in the Resource Area (ComEd IB at 16-17), but Rock Island states that this assumption (and Rock Island’s justification for it) was made in the context of responding to the arguments of other parties that the generator customers that will connect to the western end of the Project may not be limited to wind generators. Rock Island states that the record shows that the “eligible customers” to which Rock Island will offer transmission service on the Project will include wholesale and retail purchasers of electricity at the eastern end of the Project. Rock Island states that the FERC’s pro forma OATT requires Rock Island to offer transmission service to such customers. Rock Island explains that the FERC’s pro forma OATT requires that Rock Island’s transmission service tariff must include as eligible customers, “Any electric utility (including the Transmission Provider and any power marketer), Federal power marketing agency, or any person generating electric energy for resale.” Additionally, under the terms of the FERC’s pro forma OATT, Rock Island must, and will, offer transmission service on the Project to any retail customer taking unbundled transmission service pursuant to a State requirement for such service (which exists in Illinois under Article 16 of the PUA) or a voluntary offer of retail unbundled transmission service (which Rock Island will include in its tariff). In summary, Rock Island explains that the definition of “eligible customer” is a very broad definition that in practice requires Rock Island to offer transmission service to any buyer of transmission service, subject only to the statutory limitations on the FERC’s ability to order retail wheeling (which is not a limitation here since Illinois law provides for full retail transmission access) or sham wholesale transactions. Rock Island Ex. 10.13 at 5, 12-14; Rock Island RB at 36-37.

Rock Island states that, while ComEd relies on *Mississippi River Fuel Corp. v. Commerce Comm’n*, 1 Ill. 2d 509, 116 N.E.2d 394 (1953) to argue that Rock Island will not be a public utility because (according to ComEd) it will only serve a fixed and limited number of customers (ComEd IB at 15, 18-19), there is much to distinguish the activities of Mississippi River Fuel Corp. (“MRF”) in that case from the services Rock Island will be providing. Rock Island states that MRF, an interstate pipeline, expressly contracted with its local gas distribution company customers not to sell gas to any of their retail customers other than the specific, identified retail customers it had already contracted with (1 Ill. 2d at 511-12), and it refused requests from additional industrial gas customers to sell them gas (*id.* at 512-13), which Rock Island states is something that it could not do under the OATT. Rock Island points out that the decision emphasized that “it is entirely clear from the record that Mississippi *has never intended to assume the status of a public utility or professed to devote its property to ‘public use’*” (*id.* at

515 (emphasis added)), and that MRF “has done no act by which it has given the reasonable impression that it was holding itself out to serve gas to the public, or to any class of the public generally.” *Id.* at 518; Rock Island RB at 37.

Rock Island asserts that, in contrast to the facts in *Mississippi River*, Rock Island is expressly holding itself out to serve the public and to dedicate its property, plant and equipment to public use. Rock Island RB at 37. Rock Island quotes the testimony of Mr. Berry that:

Rock Island is constructing and will operate the Project for public use for the transmission of electricity. Rock Island is holding itself out to serve the public. . . . [A]ny eligible customers (as defined by the FERC pro forma OATT) will be able to request service on Rock Island’s facilities. Rock Island accepts regulation as a public utility by the ICC and is not attempting to structure its operations so as to avoid public utility status. Rock Island understands that the construction and operation of its Project should be regulated by the ICC because of the important service that the Project will be providing to the electricity-consuming public. The Rock Island Project will directly connect over 4,000 MW of generation to northern Illinois that would not otherwise be connected and is expected to deliver approximately 15 million MWh of electricity per year to northern Illinois. This amount of electricity is equal to the annual usage of approximately 1,400,000 homes. . . . [T]he electricity transmitted over the Rock Island Project will be sold and distributed to thousands of individual retail customers in Illinois and other states. The Rock Island Project will transmit electricity for the use of the public. The public that will be served by the power transmitted by the Project from the Resource Area to northern Illinois will be retail customers in the footprints of the PJM and MISO RTOs. (Rock Island Ex. 10.13 at 14-15.)

Rock Island also notes that Mr. Berry cited numerous aspects of Rock Island’s activities, as a public utility in Illinois, that will be subject to regulation by the Commission. Rock Island Ex. 10.13 at 14; Rock Island RB at 38, footnote 23.

According to Rock Island, that the subject company disclaims any intention to be a public utility or to devote its property to the public use, as MRF did in *Mississippi River*, is also a common theme in many of the cases in which an entity has been found not to be a public utility. Rock Island states that this was the case in several of the cases cited in Staff’s Initial Brief, including *Illinois Highway Transportation Co. v. Hantel*, 323 Ill. App. 364, 55 N.E.2d 710 (3d Dist. 1944), *Highland Dairy Farms Co. v. Helvetia Milk Condensing Co.*, 308 Ill. 294, 139 N.E. 418 (1923), and *State Public Utilities Commission ex rel. Macon County Telephone Co. v. Bethany Mutual Telephone Ass’n*, 270 Ill. 183, 110 N.E. 334 (1915). Rock Island explains that this common theme in the decisions was noted by the Appellate Court in *Iowa RCO Ass’n v. ICC*, 86 Ill. App. 3d 1116 (4th Dist. 1980), in which the Court affirmed the Commission’s decision that an interstate pipeline that would transport crude oil from Illinois to a limited number of refinery customers in Minnesota (one of which was an affiliate of the pipeline company) was a “public utility” as defined in the PUA. *Id.* at 1118. Rock Island states that, in contrast, it is clearly and explicitly requesting public utility status, subjecting itself to regulation

as a public utility, committing its plant, equipment and property to public use, and offering to provide the service of transporting and delivering electricity into Illinois for the use of the public. Rock Island RB at 38-39.

Rock Island responded to ComEd's argument that the definition of "public utility" in §3-105 of the PUA requires that Rock Island "must establish that it has or will have Illinois customers" to receive a CPCN as a public utility. ComEd IB at 15. Rock Island states that §3-105 says no such thing and does not even use the word "customers." Rather, explains Rock Island, the key to public utility status under §3-105 (as ComEd acknowledges at page 14 of its Initial Brief) is that the entity will own, control, operate or manage, within this State, directly or indirectly, *for public use*, plant, equipment or property used or to be used for or in connection with (in the case of Rock Island) the transmission of electricity. Rock Island states that it will own, control, operate and manage, within Illinois, property, plant and equipment for the transmission of electricity, and will hold out the Project for use by the public. Rock Island reiterated that the Project will deliver into Illinois electricity in amounts sufficient to meet the electricity needs of approximately 1,400,000 homes on an annual basis. Rock Island Ex. 10.13 at 14-15; Rock Island RB at 39.

Rock Island also responded to ComEd's argument that a retail user or a utility or other wholesale retailer does not become a transmission customer of a transmission owner or operator simply because the power the retail user, utility or other wholesale buyer consumes or resells has been transported by the transmission owner/operator's transmission line. ComEd IB at 17. Rock Island states that it will offer transmission service on the Project to, and expects its customers to include, both (1) owners of generation resources located in the Resource Area that will contract for transmission capacity to deliver their output into the PJM transmission network at Collins Substation, and (2) wholesale purchasers of electricity, such as electric utilities, competitive retail suppliers, municipal electric utilities, electric cooperatives, and wholesale power marketers, which would contract for their own transmission capacity and use that transmission capacity to have delivered, to northern Illinois, electricity that they purchase from generators located in the Resource Area. Rock Island states it is also possible that large retail purchasers of electricity may purchase unbundled transmission service on the Project, in order to transport electricity that they purchase on an unbundled basis from sellers in the Resource Area. Petition ¶17; Rock Island Ex. 1.0 at 14-15; Rock Island Exhibit 10.0 at 18; Rock Island Ex. 10.13 at 12-14; Rock Island Exhibit 10.19; Rock Island IB at 27; Rock Island RB at 39-40.

Rock Island argues that ComEd is incorrect in asserting that purchasing customers in Illinois will have no interest in taking transmission service on the Project (ComEd IB at 17-18). Rock Island states that wholesale resellers or large retail customers in Illinois may have an interest or a requirement (contractual or otherwise) to procure electricity from renewable resources (not just unbundled RECs) for their supply portfolios. Further, electricity from new wind generation is already cost-competitive with electricity from new thermal sources, so buyers may want to purchase electricity from the wind generators in the Resource Area because it is a cost-competitive source of electricity, without regard to its renewable characteristics. Additionally, wholesale resellers or large retail customers may wish to contract for their own unbundled transmission service on the Project and negotiate directly with wind generators in the Resource Area for the purchase of electricity, with the objective of better managing and

controlling their costs. Rock Island Ex. 10.0 at 16-17, 22-25; Rock Island Ex. 10.13 at 12-14; Rock Island RB at 40. Rock Island also states that, while Illinois law allows RPS obligations to be satisfied by the purchase of RECs from sources in Illinois or adjoining states (by utilities) or from sources within PJM or MISO (for alternative retail electric suppliers (“ARES”)), many other states in the PJM region require that RPS requirements be satisfied by renewable energy delivered into that state. According to Rock Island, a wholesale buyer may purchase transmission service on the Project to take delivery in Illinois of electricity produced by wind generators in the Resource Area, which the buyer then resells for delivery into another PJM state. Rock Island Ex. 10.26 at 24; Rock Island RB at 40-41.

Rock Island states that the important fact with respect to meeting the definition of a public utility is that under its tariff, Rock Island will be holding itself out to provide transmission service to purchasing customers of the types described above in Illinois, as eligible customers, regardless of the specific numbers of such customers that actually elect to take the service. Further, Rock Island will be offering transmission service to these customers on a non-discriminatory basis. Rock Island Ex. 10.13 at 4-6, 11-12; Rock Island RB at 41. Rock Island states that transmission owners serve the public not only because they serve a specific group of shippers, who may or may not be based in Illinois, but also because they hold themselves out to serve any eligible customer who requests service, which Rock Island will do under its OATT. Rock Island also states that the public in its entirety consumes the electricity that the bulk transmission system moves and delivers. The fact that Rock Island, as a transmission provider, uses its facilities to deliver electricity into a market where the electricity will be consumed by millions of retail customers, even if the transmission provider is not in direct contractual privity with those retail customers, establishes that the transmission provider satisfies the “for public use” requirement. Rock Island states that the transmission provider is using its facilities to transmit electricity to serve the public. Rock Island RB at 41.

Rock Island disagrees with ComEd’s citation of the Commission’s order in Docket 01-0142 granting a CPCN as a transmission public utility to American Transmission Company, L.L.C. as a case in which the Commission was “assured of the existence of an Illinois customer.” ComEd IB at 18. Rock Island states that its transmission facilities will serve Illinois customers in the same manner as ATC’s facilities were indicated to do in Docket 01-0142. Rock Island points out that the allegations on the topic of “public use” in ATC’s petition in Docket 01-0142 were:

5. The Petitioners meet the definition of public utilities as set forth in the Act, Section 3-105. The Petitioners own, control, operate and manage, within this State, for public use, facilities used for the transmission of electricity.

6. The Petitioners, as public utilities, are transmitting electrical energy for use by the public. Pursuant to ATCLLC’s nondiscriminatory Open Access Transmission Tariff on file with the Federal Energy Regulatory Commission, ATCLLC’s eligible customers include any retail customer taking unbundled transmission service pursuant to a state requirement that a transmission provider offer the transmission service.

7. Because the Petitioners' transmission lines are transmitting power within Illinois to serve Illinois customers, it is in the public interest that the Commission oversee certain aspects of the Petitioners' operations as provided in the Public Utilities Act. Although many aspects of the Petitioners' operations are within the jurisdiction of the Federal Energy Regulatory Commission, other operations are subject to state supervision. (Rock Island Ex. 10.13 at 16-17, emphasis added; Rock Island RB at 41-42).

Rock Island explains that ATC's testimony on this point was that "The transmission facilities owned by the companies transmit power for public use." Rock Island contends that in addition to providing unbundled transmission service to those retail customers who elected to take it, ATC's service to the public in Illinois "for public use" consists of delivering power to its distribution company affiliate for ultimate sale and delivery to retail customers, which is a service to the public that Rock Island will also be providing. Rock Island Ex. 10.13 at 17; Rock Island RB at 42.

Rock Island responded to ComEd's argument that Rock Island cannot be a public utility because it does not yet have contracts with any customers in either the Resource Area or in Illinois or PJM. ComEd IB at 18. According to Rock Island, the reason it does not yet have contracted customers is that customers will not (and cannot reasonably be expected to) enter into contracts for transmission capacity and service before Rock Island is certificated as a public utility and its transmission line receives a CPCN. Rock Island IB at 112-113; Rock Island Ex. 10.14 Rev. at 22-23; Rock Island RB at 42. Based on §8-406, Rock Island asserts that it is questionable whether Rock Island can lawfully enter into binding service contracts with customers before it has obtained its CPCN. Rock Island states that it needs the authorization being sought in this case in order to construct the facilities and provide the service that it plans to provide. Rock Island RB at 42-43.

Rock Island argues that ComEd's reliance on the decision of the Arkansas Public Service Commission ("PSC") concerning another subsidiary of Clean Line, Plains and Eastern Clean Line LLC ("Plains and Eastern"), is unfounded.⁸ ComEd IB at 19-20. Rock Island states that in the Arkansas case, Plains and Eastern was only applying for a certificate of public utility status, and not for a certificate to build its transmission line in Arkansas (hence the references in the portions of the Arkansas PSC order cited by ComEd to the lack of information on Plains and Eastern's business plans). Rock Island explains that Plains and Eastern's filing in Arkansas stated that the company "does not seek authorization to begin construction of a transmission line, which authorization Clean Line will seek pursuant to a separate application." Arkansas PSC order at 1; Rock Island RB at 43, fn. 26. According to Rock Island, the Arkansas case is akin to Rock Island's previous filing in Docket 10-0579, in which Rock Island sought only a CPCN as a public utility and did not request a CPCN for its transmission line nor present the detailed information necessary to support a request for a CPCN for a transmission line. In Docket 10-0579, Rock Island ultimately agreed with Commission Staff that the request for a CPCN as a public utility should be considered in conjunction with a request for a CPCN for a specific public

⁸ *Application of Plains and Eastern Clean Line LLC for A Certificate of Public Convenience and Necessity*, Arkansas PSC Docket No. 10-041-U, Order No. 9 (Jan. 11, 2011).

utility project, which Rock Island has filed for in the instant docket. Rock Island RB at 43. Rock Island also states that ComEd failed to mention that Plains and Eastern, at the time of the Arkansas PSC decision, planned to construct a “through” transmission line through Arkansas to the line’s ultimate destination in a state to the east of Arkansas, with no plans to directly deliver electricity into Arkansas to wholesale or retail customers in that state through an interconnection in Arkansas. Arkansas PSC order at 2, 4, 5 and 11. Rock Island explains that the Arkansas PSC found, based on this, that it could not find that Plains and Eastern met the statutory test of transmitting power “to or for the public for compensation,” stating that its “decision is based on the fact that it cannot grant public utility status to Clean Line based on the information about its current business plan and *present lack of plans to serve customers in Arkansas.*” *Id.* at 11-12 (emphasis added.) Rock Island states that, in contrast, it will be, by tariff, expressly offering transmission service to customers in Illinois, and all of the electricity transported by the Rock Island Project will be delivered into Illinois. Rock Island RB at 43-44.

Rock Island states that, in contrast to the Arkansas PSC decision, several other states have granted certificates to Clean Line subsidiaries as public utilities and/or to construct their specific proposed transmission projects, under the laws of those states. (1) The Oklahoma Corporation Commission has granted Plains and Eastern electric transmission-only public utility status in Oklahoma.⁹ (2) The Kansas Corporation Commission has granted Grain Belt Express Clean Line LLC (“Grain Belt”) a Limited Certificate of Public Convenience to Transact the Business of a Public Utility in the State of Kansas.¹⁰ (3) The Kansas Corporation Commission has also granted Grain Belt a siting permit, which is the authorization required under Kansas law to build the Kansas portion of the Grain Belt transmission project.¹¹ (4) The Indiana Utility Regulatory Commission has granted Grain Belt the authority to operate as a transmission-only public utility in Indiana.¹² Rock Island Ex. 1.0 at 13-14; Rock Island RB at 44-45.

3. Rock Island’s Response to Staff

Rock Island responded to Staff’s reference to a statement in the prepared testimony of Rock Island witness David Berry which Staff characterizes as “Rock Island essentially concedes in its testimony that no need for the proposed Project has actually been established.” Staff IB at 9. Rock Island asserts that Staff’s characterization is incorrect and the testimony it cites is taken out of context. Rock Island explains that in the testimony cited by Staff, Mr. Berry was

⁹ Order No. 590530, Cause No. PUD 20100075, *In the Matter of the Application of Plains and Eastern Clean Line LLC, to Conduct Business as an Electric Utility in the State of Oklahoma* (Order dated Oct. 28, 2011).

¹⁰ Docket No: 11-GBEE-624-COC, *In the Matter of the Application of Grain Belt Express Clean Line LLC for a Limited Certificate of Public Convenience to Transact the Business of a Public Utility in the State of Kansas* (Order dated Dec. 7, 2011).

¹¹ Docket No. 13-GBEE-803-MIS, *In the Matter of the Application of Grain Belt Express Clean Line LLC for a Siting Permit for the Construction of a High Voltage Direct Current Transmission Line* (Order dated Nov. 7, 2013).

¹² Order of the Commission, Cause No. 44264, *Petition of Grain Belt Express Clean Line LLC* (Order dated May 22, 2013).

discussing the proposed financing condition to Rock Island's CPCN that was proposed by Staff and accepted by Rock Island:

- Q. Is this certificate condition consistent with the financing and construction plan that you described in your direct testimony?
- A. Yes, and the condition, if adopted, will formalize this plan as a requirement of Rock Island's certificate of public convenience and necessity. As I described in my direct testimony, in order for Rock Island to begin to construct and install the transmission line, it must (1) first, secure sufficient contracts for transmission service (using the processes I will describe in part II of this additional supplemental direct testimony) to support raising the capital to finance construction of the Project, (2) second, issue debt and/or obtain debt and equity commitments sufficient to finance construction of the entire Project, and (3) only then, actually commence construction and installation of the permanent transmission facilities (towers, conductor and the converter stations). The bottom line is that permanent installation of facilities cannot and will not commence unless and until the need for the Project is actually established through the market test of transmission customers contracting for sufficient service on the transmission line to support and justify financings that raise sufficient capital to cover the total Project cost. The proposed financing condition will formalize that sequence. (Rock Island Ex. 10.13 at 3-4; Rock Island RB at 45.)

Rock Island states that in characterizing this testimony, Staff confuses the need of a specific transmission customer or customers, which is what is discussed in the testimony, with the needs of wind generators in general, the needs of load serving entities, and the needs of the public. Rock Island states that it has presented ample evidence of the need to construct the Project as a new direct connection high voltage transmission facility from the Resource Area to northern Illinois in order to enable the development of the high quality wind resources in the Resource Area, which presently has inadequate transmission infrastructure to carry the output of wind generation facilities to market areas such as northern Illinois and PJM. Rock Island states that this clean electricity from new high capacity factor wind generation will help to meet the growing demand for renewable energy to meet the increasing RPS requirements in Illinois and other PJM states and to meet the growing demand for renewable energy in general, in a cost-effective manner. Rock Island IB at 4-6, 30-32, 34-49; Rock Island RB at 45-46. Rock Island also states that its merchant business model, which is the subject of the Berry testimony cited by Staff, offers many benefits to the public because it protects them from inaccurate forecasts, cost overruns and delays, and does not increase overall customer rates. Rock Island RB at 46.

Rock Island notes that Staff's Initial Brief provides a lengthy discussion of court cases on the topic of what constitutes a "public utility," along with a discussion of the FERC's requirements for merchant transmission providers such as Rock Island to provide non-discriminatory open access transmission service to eligible customers, but Staff does not reach a specific conclusion on whether Rock Island will be a "public utility." Staff IB at 10-15. Rock Island states that, as it pointed out in response to ComEd's arguments, a common theme in many

of these cases in which an entity was found not be to a public utility is that the entity disclaimed any intention to be a public utility, to hold itself out to provide service to the public, or to devote its plant, property and equipment to the public use. Rock Island RB at 46-47.

Rock Island reiterated that it will offer transmission service on the Project on a non-discriminatory basis to all eligible customers as defined in Rock Island's tariff, in conformance with the FERC pro forma OATT. Rock Island states that Staff's statement that 75% of the capacity of the Project will be pre-subscribed to "pre-selected customers" and only 25% will be available through "open auction" (Staff IB at 15) is an incomplete description of the ways in which customers will be able to obtain transmission service on the Project. Rock Island RB at 47-48. Rock Island points out that it is authorized by the FERC to contract with anchor tenant customers for "up to" 75% of the capacity of the Project; therefore, the 75% figure is a ceiling not a floor. Petition ¶18; Rock Island Ex. 10.13 at 6; Rock Island RB at 48, fn. 36. Rock Island again noted the numerous ways in which customers will be able to obtain transmission service on the Project. Rock Island RB at 48; Rock Island Ex. 10.13 at 7-10. According to Rock Island, the overriding principles are that Rock Island will offer all eligible customers the opportunity to purchase transmission service on the Project; Rock Island will not deny any eligible customer the opportunity to purchase transmission service; and Rock Island will not unduly discriminate against any transmission customer in favor of another eligible customer. Rock Island Ex. 10.13 at 6. Rock Island notes that Staff acknowledged that the FERC requirement to provide non-discriminatory open access, which Rock Island will comply with, "could arguably overcome the public use hurdle since all customers would have an equal right to use the utility on the same terms, as required for public use under Section 3-105 of the Act." Staff IB at 13; Rock Island RB at 48-49.

Rock Island also states that while it cannot predict the total number of customers who will take transmission service on the Project, what is relevant to Rock Island's public utility status is that the service will be offered to the entire universe of eligible customers, not just to the number that actually elect to take service. According to Rock Island, this distinction is clearly expressed in cases cited by Staff.¹³ Additionally, Rock Island states that the *Iowa RCO* decision dispels any notion that an entity cannot be a public utility if it only provides service to a small, finite number of customers. In that case, the court affirmed the Commission's decision that an interstate pipeline that would transport crude oil from Illinois to a limited number of refinery customers in Minnesota (one of which was an affiliate of the pipeline company) was a "public utility" as defined in the PUA. 86 Ill. App. 3d 1116 (4th Dist. 1980). Rock Island RB at 49.

Rock Island responded to Staff's concern as to whether Rock Island can expand the size or capacity of the Project if its transmission service is over-subscribed. Staff noted that the FERC's order granting Rock Island's request for negotiated rate authority observed that Rock Island stated it would be unable to resize the Project if its customer solicitation process reveals

¹³ Rock Island cites *State Pub. Utils. Comm'n v. Bethany Mut. Tel. Ass'n*, 270 Ill. 183, 185, 110 N.E. 334, 335 (1915), and *Palmyra Tel. Co. v. Modesto Tel. Co.*, 336 Ill. 158, 164-65, 167 N.E. 860, 863 (1929). Rock Island states that each case noted that what is relevant is the offering of the service to the public "however few the number who avail themselves of it," and *Palmyra* stated that "the public character of the utility is not determined by the number resorting to its service or willing to accept it." *Id.* at 165.

market interest in excess of the planned transmission capacity. Staff also noted that the FERC's Final Policy Statement on the allocation of capacity on new merchant transmission projects, which was issued after the FERC's order granting Rock Island negotiated rate authority, specifies that "all merchant transmission developers and non-incumbent cost-based, participant-funded transmission projects become public utilities at the time their projects are energized" and therefore are subject to "the obligation to expand their transmission systems, if necessary, to provide transmission service."¹⁴ Staff stated that in this docket, Rock Island has not provided any evidence that it would be able to increase the capacity of the Project if the Project becomes oversubscribed. Staff IB at 13-15.

In response, Rock Island points out that Staff did not raise the issue described in the preceding paragraph in any testimony in this proceeding. Therefore, in stating that Rock Island has not provided any evidence that it would be able to increase the capacity of the Project if the Project becomes oversubscribed, Staff is criticizing Rock Island for not responding to an issue that Staff never raised in the evidentiary phase of this case. Rock Island states that its response to Staff's issue is as follows: Rock Island's statement, in its FERC negotiated rate application, that it would be unable to resize the capacity of the Project if market interest exceeds capacity of the Project without undue delay, is a simple fact of the line as currently proposed. As an example, if the Project's size and structure footprint were to be fundamentally altered, the relief requested in the Petition would be inadequate, and Rock Island would need to seek a further approval from this Commission. Rock Island explains that if the line were oversubscribed, it would first construct the Project as designed (the subject of the requested approvals in the instant proceeding) and then seek subsequent authorizations to expand the Project. According to Rock Island, that necessary sequence is the substance of Rock Island's position in its FERC negotiated rate authority application. Rock Island RB at 50. Rock Island states, however, that it does not object to the obligation to expand its facilities or service offering to meet an increased demand for its transmission service after the Project, as now proposed, is completed. Rock Island states that, in fact, it has that obligation based on the provisions of the FERC's pro forma OATT. *Id.* at 51. According to Rock Island, an obligation to expand a transmission provider's service offering in response to increased demand is embodied in §15.4 of the FERC's pro forma OATT:

Obligation to Provide Transmission Service that Requires Expansion or Modification of the Transmission System. If the Transmission Provider determines that it cannot accommodate a Completed Application for Firm Point-to-Point Transmission Service Because of insufficient capability on its Transmission System, the Transmission Provider will use due diligence to expand or modify its Transmission System to provide the requested Firm Transmission Service, provided the Transmission Customer agrees to compensate the Transmission Provider for such costs pursuant to the terms of Section 27. The Transmission Provider will conform to Good Utility Practice and its planning obligations in Attachment K, in determining the need for new facilities and in the design and construction of such facilities. The obligation applies only to those

¹⁴ Staff cited *Allocation of Capacity on New Merchant Transmission Projects and New Cost-Based, Participant-Funded Transmission Projects, Priority Rights to New Participant-Funded Transmission*, 142 FERC ¶61,038 (2013).

facilities that the Transmissions Provider has the right to expand or modify.¹⁵

According to Rock Island, while a transmission provider can proposed deviations in its tariff from the pro forma OATT, these must be approved by the FERC. Based on the FERC's pronouncements in the Final Policy Statement cited by Staff, Rock Island believes the FERC would not approve a tariff provision that deviated from §15.4, and therefore the obligation to expand applies to Rock Island. Rock Island RB at 51.

Rock Island points out that it would be completely unacceptable to the parties for Rock Island to propose in the context of this case that it be allowed to increase the size or capacity of the Project as conditions warrant. Rock Island states that it is requesting a CPCN to construct an approximately ±600 kV, 3,500 MW capacity transmission line, using specified types of transmission structures, with a requested easement ROW width of 200 feet in the DC Section (wider in several specified locations) and 270 feet in the AC Section, over a specific proposed route, to terminate at a connection into ComEd's Collins Substation in Grundy County. Rock Island states that the parties would have undoubtedly objected if Rock Island, instead, were requesting authority to construct a transmission line of unspecified size, capacity, voltage, and number of lines and conductors, with the final size, capacity, voltage, and number of lines to be determined based on the subscription for the Project. Rock Island RB at 51-52. However, according to Rock Island, the fact that it would be infeasible for Rock Island to request, in the context of this proceeding, open-ended authority to increase the size and the capacity of the Project as conditions warrant, does not mean that Rock Island is unwilling or unable to increase the transmission capacity it is offering in the future. To the contrary, the FERC pro forma OATT creates that obligation. Rock Island states that an increase in capacity could be implemented through various means, such as construction of a separate project, installation of additional facilities within the existing or an expanded ROW, or an engineering solution that increases the capacity of the Project using the existing facilities, some or all of which approaches would necessitate a separate, future filing with and proceeding before the Commission in which Rock Island would present and the Commission would evaluate the need for and costs and benefits of the proposed expansion. *Id.* at 52.

Rock Island also points out that the cases cited by Staff indicate that an obligation to expand the capacity of the applicant's equipment and facilities to accommodate increased demand is not necessarily a requirement for public utility status, and that the utility's obligation to offer service may be limited by the capacity of its facilities and equipment. Rock Island RB at 52. For example, states Rock Island, in *Illinois Highway Transportation Co. v. Hantel*, 323 Ill. App. 364, 55 N.E. 2d 210 (3d Dist. 1944), the Court stated: "A common carrier of passengers has been defined as one who undertakes to carry all persons indifferently who may apply for patronage *so long as there is room* . . . [T]hey serve all the public alike who apply to them for carriage, *so long as they have room* . . . carrying all who apply and refusing none *unless they have no room* or for some other legal reason may refuse." (*Id.* at 376 (emphasis added).)

¹⁵ *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, FERC Stats. & Regs. ¶ 31,241, at Appendix C, Section 15.4, *order on reh'g*, Order No. 890-A, FERC Stats & Regs. ¶ 31,261 (2007), *order on reh'g*, Order No. 890-B, 123 FERC ¶ 61,299 (2008), *order on reh'g*, Order No. 890-C, 126 FERC ¶ 61,228 (2009), *clarified*, Order No. 890-D, 129 FERC ¶ 61,126 (2009).

Similarly, in *State Public Utilities Commission ex rel. Macon County Telephone Co. v. Bethany Mutual Telephone Ass'n*, 270 Ill. 183, 110 N.E.334 (1915), the Court stated, “The words ‘public use’ mean of or belonging to the people at large, open to all the people *to the extent that its capacity may admit of the public use.*” 270 Ill. at 185 (emphasis added). Rock Island RB at 53.

Rock Island responded to Staff’s concern that Rock Island is not requesting eminent domain authority in this case, but could be granted a status that would entitle it to seek eminent domain authority. Staff IB at 15-16. Rock Island emphasized that it is seeking to obtain the necessary easements for the Project through voluntary negotiations and agreements with landowners to the maximum extent possible. Rock Island IB at 8-9, 138-39; Rock Island RB at 53. Rock Island argued, however, that there is not a distinction in the law between public utilities that are able to obtain eminent domain authority and public utilities that are not. Rock Island states that under §8-503, an order can be granted if the Commission finds the proposed project will promote the development of an effectively competitive electricity market, or will promote the security and convenience of the applicant’s employees or the public, or in any other way secure adequate services and facilities. Rock Island RB at 53.

Rock Island also responded to Staff’s statement that the Project is being built to serve only “targeted out-of-state customers through private contracts.” Staff IB at 16. Rock Island reiterated that (1) transmission service on the Project will be offered to purchasing entities in Illinois; (2) Rock Island will enter into transmission service contracts with customers, on a non-discriminatory basis that does not give undue preference to any customer, pursuant to Rock Island’s open access transmission tariff in compliance with FERC requirements; (3) all eligible customers will be offered the opportunity to contract for transmission capacity and service on the Project; (4) customers will be able to obtain non-firm service on the Project as available and to obtain transmission service on the Project from holders of contracted capacity, through the secondary market that Rock Island will establish; and (5) the Project will deliver all of its electricity into Illinois for use and consumption by the public. Rock Island RB at 53-54.

Rock Island states, in summary, that the record establishes that it will be a “public utility” as defined in the PUA and the case law and that it will own, control, operate and maintain, in Illinois, plant, equipment and property for public use in the transmission of electricity. Rock Island states that it should be granted a CPCN as a transmission public utility to carry out its public utility business using the transmission facilities for which a CPCN is granted pursuant to §8-406(b). Rock Island RB at 54.

- B. IAA’s Position**
- C. ILA’s Position**
- D. ComEd’s Position**
- E. IBEW’s Position**
- F. Staff’s Position**

G. Commission's Conclusion

Based on its review of the record and the parties' arguments relating to this issue, the Commission concludes that the public convenience and necessity require the transaction of a transmission utility business by Rock Island as described in the record of this case and that Rock Island should be issued a CPCN under §8-406 as a transmission public utility to conduct a transmission public utility business with the Rock Island transmission line. The Commission notes that this conclusion is reached in conjunction with the Commission's decision, as discussed in detail later in this Order, that a CPCN should be granted to Rock Island under §8-406(b) to construct, operate and maintain the Rock Island Project. The evidence that supports the conclusion that the public convenience and necessity require granting a CPCN to construct the Project, as discussed in §IV.A of this Order, also supports the conclusion that public convenience and necessity require granting Rock Island a CPCN as a transmission public utility. The Commission would not necessarily grant a CPCN to Rock Island as a public utility on a standalone basis in the absence of granting a CPCN for a specific transmission project.

The parties principal objections to or concerns with granting Rock Island a CPCN as a public utility appear to relate to whether Rock Island's proposed operations and service with the Rock Island Project, as described in the record, bring Rock Island within the definition of "public utility" as set forth in §3-105 of the PUA. That definition states, in pertinent part:

Public utility means and includes, except where otherwise expressly provided in this section, every corporation, company, limited liability company . . . that owns, controls, operates or manages, within this State, directly or indirectly, for public use, any plant, equipment or property used or to be used for or in connection with, or owns or controls any franchise, license, permit or right to engage in: (1) the production, storage, transmission, sale, delivery or furnishing of . . . electricity . . .

Clearly, Rock Island will own, control, operate and manage, within this State, plant, equipment and property that will be used for and in connection with the transmission of electricity. The parties question whether Rock Island will own, control, operate and manage its plant, equipment and property "for public use." For several reasons, the Commission concludes, based on the record, that Rock Island will own, control, operate and manage its plant, equipment and property "for public use." First, Rock Island is affirmatively seeking public utility status and is affirmatively stating that it will be holding out the Rock Island Project for public use. The Commission notes that in many previous cases in which an entity was found not to be a "public utility" under the statute, the entity was expressly disclaiming any intent to be a public utility or to hold out its facilities and service to the public. Second, Rock Island will be offering and providing open access transmission service on a non-discriminatory basis to a broadly-defined group of "eligible customers" as defined in its open access transmission tariff ("OATT"). The "eligible customers" will include both wholesale-level and retail-level purchasers of transmission service in Illinois. To be clear, these eligible customers would be actual purchasers of transmission service from Rock Island, not just entities in Illinois that consume electricity that is delivered into Illinois by the Project. The Commission notes that what is important is that Rock Island will be holding out and offering its service to these eligible customers, and not necessarily how many, if any, such customers actually elect to take transmission service from Rock Island.

Third, the Rock Island Project is projected to deliver some 15,000,000 MWhs of electricity into Illinois on an annual basis, which is enough electricity to meet the electricity needs of some 1,400,000 homes. Rock Island's transmission facilities and service will therefore be used to deliver into Illinois electricity that will be available for use by a significant segment of the public. As was the case in Docket 01-0142, where the Commission granted a CPCN to American Transmission Company, LLC Rock Island will be using its plant, property and equipment to transmit electricity for the use of the public. The Commission notes that for the most part, Rock Island's transmission customers will be wholesale-level entities (generators, utilities, ARES or other marketers) that are purchasing and using Rock Island's transmission service to deliver into Illinois electricity that is then resold to retail users. However, the Commission sees no functional difference between the service that Rock Island will be providing and the service that ATCLLC provides; both companies are using (or will use) their plant, equipment and property in Illinois to deliver substantial quantities of electricity for the use of the public.

The Commission does not agree with the arguments that Rock Island must show that it has actual Illinois transmission customers in order to be a "public utility." First, the Commission sees no basis for this argument in §3-105 of the PUA. Second, Rock Island has shown that the eligible customers to which its transmission service will be offered will include wholesale-level and retail-level customers in Illinois. It may prove to be the case that no such customers in Illinois are actually taking the service at any particular point in time, but the controlling consideration is that such customers are included in the eligible customers to whom Rock Island is offering the service. Second, and more significant however, is the fact that, regardless of whether any customers in Illinois are actually taking the service at any particular time, Rock Island will be using its plant, equipment and property to deliver into Illinois significant amounts of electricity for use by the public.

The Commission does not find the *Mississippi River* decision controlling in this case. There are significant distinctions between the facts of that case and the facts of Rock Island's proposal that render *Mississippi River* not controlling. The Commission notes, among other cases, that the *Iowa RCO Association* case and the Commission's order in Docket 06-0179 demonstrate that an applicant that will serve only a small number of customers can appropriately be found to be a public utility. In Docket 06-0179, the Commission granted a CPCN to Ameren Illinois Transmission Company even though its proposed transmission line would serve only a single wholesale-level customer.

The Commission notes the discussion in Staff's briefs concerning (i) the fact that Rock Island will only have a finite number of customers, and (ii) whether Rock Island has an obligation to expand its service offering if its transmission service is over-subscribed. With respect to the first point, the Commission observes, as described by Rock Island, that Rock Island is obligated to offer its service to a broad range of eligible customers, that it may not discriminate in favor or against any eligible customer, and that there are numerous ways in which an entity may be able to obtain transmission service on the Project and thereby become a transmission customer of Rock Island. With respect to the second point, the Commission notes Staff's statement in its Initial Brief that this concern may be addressed if the FERC's Final Policy Statement is applicable to Rock Island. The discussion in Rock Island's Reply Brief demonstrates that the "obligation to expand" does apply to Rock Island by virtue of this

obligation being a component of the pro forma OATT which Rock Island will adopt, and that the FERC would not likely grant deviations from the pro forma OATT on this point (were Rock Island to propose a deviation, which it does not intend to) because such a deviation would be inconsistent with the Final Policy Statement. Further, the Commission does agree with Rock Island that it would be unworkable for it to request an open-ended CPCN for a transmission line of unspecified size and capacity. The Commission and interested parties need a concrete proposal for a transmission line with specific parameters in order to determine whether a CPCN should be granted.

The Commission does, however, believe it is important that at each stage (as described by Mr. Berry) of entering into transmission service contracts, Rock Island offer to make its transmission service available to all potential eligible customers at that stage (*e.g.*, the anchor customer stage, the subsequent open season, etc.). Specifically, the Commission expects Rock Island to broadly publicize its intention to sell transmission capacity at each step of the contracting process. In order to enable the Commission to monitor Rock Island's progress in entering into transmission customer contracts, the quarterly reports that the Commission is requiring Rock Island to file, as discussed in the overall conclusion in §IV.A.4 g of this Order, should include a list of customers that entered into transmission contracts with Rock Island during the quarter covered by the report, and a cumulative list of customers that have signed transmission contracts.

IV. PUBLIC UTILITIES ACT §8-406(b) – REQUEST FOR CERTIFICATE FOR THE ROCK ISLAND PROJECT

A. Statutory Prerequisites for Public Convenience and Necessity

Rock Island's Position

In its Initial Brief, Rock Island provided a summary of the reasons that it contends that construction of the Rock Island Project will promote the public convenience and necessity and is necessary thereto. Rock Island IB at 30-33.

1. There is a large demand for electricity supplied by renewable resources, and in particular by wind generation, in Illinois and the PJM region, and that demand will continue to grow over the next 15 years. The demand is driven by state laws and policies requiring or encouraging the use of renewable resources; federal laws and policies limiting, or increasing the costs of, the production of electricity from fossil-fueled generating plants, resulting in less use or retirements of such plants; voluntary demand for clean energy from renewable sources; and the potential for wind energy as a low-cost, competitive source of electricity. Rock Island IB at 30.

2. Due to improvements in technology and market competition, electricity from wind has become one of the lowest cost sources of new generation. The cost of new wind generation is lower than the cost of new generation from coal, nuclear energy, and other clean energy sources, and is competitive with new natural gas-fueled generation. *Id.* at 30.

3. The area in which the western terminus of the Project will be located is an area of

some of the country's richest and most energetic wind resources; wind generators in this region can produce electricity at lower costs than regions, like Illinois, with less energetic wind resources. The Project will enable significant amounts of wind generation capacity from this region to access the Illinois electricity market. *Id.* at 30.

4. Integrating wind generation resources in the Resource Area with wind generation facilities in Illinois, which the Project will make possible, will increase the reliability of wind generation as a supply source to Illinois markets and reduce the costs of wind integration into the Illinois supply portfolio. Diverse wind resources dampen the variability of wind generation, provide a more stable supply of power, and facilitate the integration of more wind generation capacity. *Id.* at 30.

5. The prospects for construction of wind generation facilities in the Resource Area and surrounding areas are limited because there is a lack of adequate long-distance, inter-regional transmission infrastructure to bring the electricity generated from these facilities to load and population centers such as northeast Illinois. For wind generation facilities to be constructed in the Resource Area to meet the demand for renewable resources in Illinois and other eastern markets, additional long-distance transmission capacity between these areas needs to be developed. The Project will provide this needed long-distance transmission capacity. *Id.* at 31.

6. There is a strong need to expand and strengthen the overall transmission grid generally, to strengthen and expand the inter-regional transmission grid, and to support the movement of electricity generated by renewable resources to areas of market demand specifically. The Project will add significant transmission capacity and strengthen the transmission grid between the Resource Area and Illinois. *Id.* at 31.

7. Developers of wind generation facilities will not construct new wind farms in the Resource Area without reasonable assurances and expectations that transmission infrastructure will be in place on a timely basis to bring the output of the wind generation facilities to markets like Illinois and PJM. The lead time for development and construction of wind generation plants is shorter than the lead time for certification, siting, development and construction of a long-distance transmission facility like the Project. Development of the Project is necessary for the construction of new wind generation plants in the Resource Area. *Id.* at 31.

8. 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. The Project will be able to connect over 4,000 MW of wind generation capacity in the wind-rich Resource Area and provide 3,500 MW of transmission capacity to enable these resources to access markets in Illinois to meet the demand for electricity from renewable resources and the demand for electricity generally. The Project will have the capability to deliver approximately 15 million MWh of electricity per year from the Resource Area to Illinois. By providing over 4,000 MW of generating capacity with access to the Illinois electricity markets, the Rock Island Project will increase available capacity and energy in the wholesale power markets and, ultimately, in the retail power markets in Illinois. *Id.* at 31.

9. Illinois law provides a preference for cost-effective wind resources located within

Illinois or adjacent states (such as Iowa) in the selection of resources to meet the statutory RPS requirements. Illinois Power Agency Act, 20 ILCS 3855/1-75(c)(3). The Project will significantly increase availability of such resources to the Illinois market. Rock Island IB at 31.

10. By delivering power generated by wind facilities at a lower marginal cost into Illinois, the Project will decrease wholesale prices, which will increase competition in the wholesale electricity markets and ultimately in the retail electricity markets. Lower wholesale prices will in turn result in lower retail prices for ratepayers. The Project is also expected to put downward pressure on the price of RECs in Illinois. *Id.* at 31.

11. Construction of the Project and the generation resources that will connect to it will increase import transfer capability into Illinois, reduce loss of load expectation, and increase the reliability of electric service in Illinois. *Id.* at 32.

12. The Project will be built and will be operated using HVDC technology, which is a more efficient and lower-cost option than AC facilities for transporting large amounts of electricity over long distances, such as from the Resource Area to Illinois. *Id.* at 32.

13. The clean, wind-generated electricity that the Project will bring to Illinois will displace substantial amounts of other generation and therefore result in substantial environmental benefits for Illinois and the broader region. These environmental benefits will include significant reductions in emissions of carbon dioxide, nitrogen oxide, sulfur dioxide and mercury, and a substantial reduction in the quantities of water that would have been used by the displaced generation. *Id.* at 32.

14. Construction, operation and maintenance of the Project and the wind generation facilities that will be connected to it will produce significant ancillary economic benefits to Illinois, including hundreds of construction jobs; orders and revenue for manufacturers and service companies providing materials, components and services for the construction and operation of the transmission line and of the wind farms that will connect to it; payments to landowners; and tax revenues for the State and for local governments. *Id.* at 32.

15. The Project will improve reliability and will help to meet the demand for electricity from renewable resources, in a least-cost manner, by using the most efficient transmission technology to provide Illinois and other electricity markets with access to some of the best and most cost-effective wind resources in the U.S. *Id.* at 32.

Rock Island also emphasizes that the Project is a merchant transmission project and that, unlike traditional rate-based cost-of-service utility projects, it will not impose costs on ratepayers and its merchant business model will insulate the ratepaying public from any risks of cost overruns or revenue shortfalls. Rock Island Ex. 10.13 at 11; Rock Island Ex. 10.14 Rev. at 28-29, 35, 48; Rock Island Ex. 10.26 at 8, 10; Rock Island IB at 32. Rock Island also contends that, as demonstrated by the analyses using Staff's revenue requirements model, construction of the Project and the wind generation that will be connected to it is a lower cost way to meet consumers' demand for electricity from renewable resources than building comparable amounts of wind generation in Illinois or buying electricity from the existing wholesale electric market.

Rock Island IB at 32.

Rock Island also contends that it is capable of efficiently managing and supervising construction of the Project. According to Rock Island, it is selecting and contracting with experienced construction and engineering firms and other contractors for design and construction-related activities, it is developing a well-structured internal construction management organization to oversee land acquisition, design and construction activities, and it will retain an Owner's Engineer to complement the project management experience and expertise of its management. Rock Island states that by assembling a qualified construction management team and contracting with experienced, qualified contractors, it is taking sufficient action to ensure adequate and efficient construction and supervision thereof for the Project. Rock Island IB at 33.

Further, Rock Island states that it is capable of financing construction of the Project without significant adverse financial consequences for Rock Island or its customers. Rock Island contends that it has a viable plan for raising the capital needed to fund the construction of the Project, through a project financing approach that is frequently used to finance the construction of large energy industry and other infrastructure projects. Rock Island IB at 33.

IAA's Position

ILA's Position

ComEd's Position

IBEW's Position

WOW's Position

ELPC-NRDC's Position

BOMA Chicago's Position

Staff's Position

1. Necessary to Provide Adequate, Reliable, Efficient Service or Will Promote Development of an Effectively Competitive Electricity Market

a. Rock Island's Position

i. Need for the Project and Promotion of an Effectively Competitive Electricity Market

Rock Island states that it is developing the Project to connect Illinois and the PJM grid to the outstanding wind resources of northwest Iowa and nearby areas in South Dakota, Nebraska

and Minnesota. According to Rock Island, the transmission line will enable over 4,000 MW of high capacity factor wind farms to be constructed in the Resource Area and will deliver their output of low cost renewable energy to northeast Illinois. Without the Project, Rock Island contends, these new wind generation plants will not be built, due to the limitations of the existing transmission grid to bring their output to load and population centers. The Project will provide access to renewable energy resources needed to meet Illinois' and other states' RPS requirements in a cost-effective manner. Rock Island states that the Project will increase the supply of zero marginal cost renewable energy to Illinois and PJM, which will increase generator competition and exert downward pressure on wholesale energy prices and REC prices, and therefore ultimately on retail electricity prices and RPS compliance costs. Rock Island Ex. 1.0 at 13, 25-29; Rock Island Ex. 10.0 at 3-4; Rock Island Ex. 10.14 Rev. at 37-38; Rock Island Ex. 4.0 Revised at 31, 37-39; Rock Island IB at 34.

Rock Island states that, according to the U.S. Department of Energy's National Renewable Energy Laboratory ("NREL"), Iowa, Nebraska and South Dakota have the potential for over 1.8 million MW of wind generation capacity in areas with sufficient wind speeds to support gross capacity factors greater than 40%, but as of June 30, 2012, there was less than 5,700 MW of installed wind generation capacity in these states. Rock Island Ex. 10.0 at 4-5; Rock Island IB at 34-35. Based on available data, Rock Island estimates that within O'Brien County, Iowa, where the Project's western converter station will be located, and the eight surrounding counties, there is at least 45,000 MW of high quality wind generation potential, *i.e.*, in areas with wind speeds that could produce net capacity factors of at least 40%. Rock Island Ex. 10.0 at 4-6; Rock Island Ex. 10.2; Rock Island Ex. 10.14 Rev. at 41; Rock Island Ex. 10.26 at 29; Rock Island IB at 35. Rock Island explains that higher capacity factor wind generation facilities result in lower-cost wind energy because the capital costs of the wind generation facilities can be recovered over more MWhs of output. According to Rock Island, the higher average wind speeds in the Resource Area allow the construction of higher capacity factor, lower cost wind generation facilities than is possible in Illinois and other nearby states. Rock Island Ex. 10.0 at 7-9; Rock Island Ex. 10.14 Rev. at 42-43; Rock Island IB at 35.

Rock Island states that it has identified and is in discussions with 18 different wind generation developers that are in various stages of development activities in O'Brien County and the surrounding region. According to Rock Island, public records show that these developers control almost 100,000 acres of land in the area on which wind generation projects could be built. Rock Island states that it has briefed these developers about its proposed transmission Project and maintains contact with them concerning their development plans and progress. Rock Island Ex. 10.0 at 11; Rock Island Ex. 10.14 Rev. at 41; Rock Island Ex. 10.19 Rev.; Rock Island Ex. 10.26 at 31-32; Tr. 1031, 1117; Rock Island IB at 35-36.

Rock Island contends that, based on the data on wind generation development potential and developer activity in the Resource Area, the amount of available wind resources is not a constraining factor on the number of wind energy projects that can be built there; rather, the key constraints are transmission infrastructure and access to markets. Rock Island contends that, without transmission paths to load centers and buyers of renewable energy, additional wind projects in the Resource Area will not be developed. Rock Island Ex. 10.0 at 6-7; Rock Island Ex. 10.26 at 31-32; Rock Island IB at 36. According to Rock Island, currently, there is a lack of

long-distance transmission capacity between the Resource Area and market areas such as northern Illinois. Rock Island states that, as illustrated by a comparison of a map showing the windiest areas in the U.S. (Rock Island Ex. 10.1) to a map of the existing high voltage transmission grid in the U.S. (Rock Island Ex. 10.3), transmission capacity needed to bring electricity produced by wind generation facilities in areas with the best wind resources, including the Resource Area, to load and population centers in Illinois and other eastern states, is limited or non-existent. Rock Island states that no transmission lines above 345 kV, and no DC lines of any voltage, currently connect the Resource Area to northern Illinois. Rock Island Ex. 10.0 at 9-10; Rock Island Ex. 1.0 at 23-24; Rock Island IB at 36.

Further, Rock Island explains, while it is theoretically possible to move power from the Resource Area to northern Illinois using existing 345 kV lines, this would (i) entail substantially higher electric losses as compared to HVDC transmission facilities, (ii) expose the shippers to congestion costs on the AC system that result from transmission constraints, and (iii) require the shipper to pay wheeling charges to both MISO and PJM. Additionally, there are currently very limited opportunities to connect wind farms in the Resource Area to the existing grid. Rock Island states that these additional costs and complexities make it unrealistic and uneconomic for wind developers to move power from new wind facilities in the Resource Area to northern Illinois using the existing transmission grid. Rock Island Ex. 10.0 at 10; Rock Island IB at 37.

Rock Island states that its witnesses Michael Skelly and David Berry, both of whom are experienced wind generation developers, both testified that developers of wind generation projects will not invest capital in the construction of additional wind generation facilities in areas such as the Resource Area that have the nation's best wind resources, without reasonable assurances of adequate transmission capacity and infrastructure to deliver the output to load and population centers such as the northern Illinois markets. Rock Island Ex. 1.0 at 24-25; Rock Island Ex. 10.0 at 11; Rock Island IB at 37-38. Rock Island also notes that WOW witness Michael Goggin provided extensive testimony on the significant wind generation development potential in Iowa, South Dakota, Nebraska and Minnesota, the lack of transmission capacity to bring the output of wind farms that could be developed in that area to Illinois and other PJM states, and the need for new transmission infrastructure like the Rock Island Project to connect the Resource Area to Illinois to facilitate the development of high capacity factor wind generation capacity in the Resource Area. WOW Ex. 1.0 at 2-12; Rock Island IB at 38.

Rock Island states that demand for electricity from renewable resources in Illinois and PJM states will be high in the coming years for a number of reasons, including state RPS requirements; a growing interest, above and beyond specific RPS mandates, in meeting demand for electricity using renewable resources; the need to replace the energy generated by fossil-fueled plants that will be retiring due to age, environmental requirements and economic issues; and the fact that high-capacity factor wind energy has become cost competitive with other power sources. Rock Island Ex. 10.0 at 14-15; Rock Island IB at 38. Rock Island states that Illinois' statutory RPS requirement for ComEd and Ameren Illinois to supply their "eligible retail customers" increases from 2% in 2008 to 25% by June 1, 2025. These RPS requirements also apply to ARES with respect to the retail load they serve, although ARES are currently required to meet 50%, and allowed to meet up to 100%, of their RPS obligations by making alternative compliance payments to the Illinois Power Agency ("IPA"), which is to use the payments to

procure RECs. Further, at least 75% of the renewable energy that the utilities use, and at least 60% of the renewable energy that ARES use to meet their respective RPS obligations must come from wind generation. Rock Island Ex. 10.0 at 15-16; 20 ILCS 3855/1-75 (c)(3); 220 ILCS 5/16-115D; Rock Island IB at 38-39. Moreover, Rock Island explains, as allowed by Illinois law (20 ILCS 3855/1-92), numerous municipalities have adopted municipal aggregation programs whereby an ARES supplies electricity to customers in the municipality (other than those customers who opt out of the program to remain with the utility or enter into separate contracts with other ARES). According to Rock Island, a number of these municipalities have required the ARES supplying their aggregation programs to obtain a significant portion of its electricity supply from additional renewable resources beyond the RPS requirements, or to offer the retail customers in the program an option to specify that a stated percentage of the electricity purchased must come from renewable resources above the RPS requirements. Rock Island Ex. 10.0 at 16-17; Rock Island IB at 39.

According to Rock Island, beyond Illinois, 30 states and the District of Columbia have established renewable energy standards, while another seven states have voluntary renewable energy goals. Rock Island states that within the PJM footprint, eight states (in addition to Illinois) plus the District of Columbia have enacted an RPS. Rock Island Ex. 10.0 at 17; Rock Island IB at 39. Rock Island estimates that the demand for electricity from renewable resources due to RPS requirements in Illinois and in states in the PJM footprint will be the following amounts in 2015, 2020 and 2025 (Rock Island Ex. 10.0 at 18; Rock Island Ex. 10.5 at 2; Rock Island IB at 39):

Year	Illinois	States in PJM footprint
2015	13.3 million MWh	82.7 million MWh
2020	24.3 million MWh	131.0 million MWh
2025	36.2 million MWh	165.0 million MWh

Rock Island states that PJM has separately estimated the RPS obligations of load serving entities in the PJM service territory footprint in 2025 to be 131.5 million MWh. Rock Island Ex. 10.0 at 18-19; Rock Island IB at 39-40. In contrast, Rock Island states, total renewable energy generation in 2011 was about 7.0 million MWh in Illinois and about 27.8 million MWh in the PJM states. Rock Island Ex. 10.0 at 19; Rock Island IB at 40. Thus, Rock Island contends, there is a significant need for additional renewable generation resources to be added between now and 2015 to meet RPS requirements in Illinois and the other PJM states. Rock Island states that development of additional wind generation resources, particularly high-capacity factor wind generation in areas with high wind speeds such as the Resource Area, is necessary both to meet the RPS requirements in an absolute sense, and to maintain the prices of electricity from renewable resources and of RECs at reasonable levels in the face of the increasing demand. Rock Island Ex. 10.0 at 19-20; Rock Island IB at 40.

Rock Island states that several states, RPS obligations can be met by purchasing RECs generated in the subject state or in other states. As a result, REC prices will move up and down across an entire region, not just within a single state, in response to relative changes in supply and demand; there is a substantial correlation in REC prices between states. Thus, Rock Island states, Illinois has a significant interest in there being adequate renewable resources to meet both

Illinois' RPS requirements and those of other states. Rock Island Ex. 10.0 at 17-21; Rock Island Ex. 10.14 Rev. at 47; WOW Ex. 1.0 at 19-22; WOW Ex. 2.0 at 2-4; Rock Island IB at 40.

Rock Island states that, in addition to the increasing demand for electricity from renewable resources driven by RPS requirements, the demand for electricity from renewable resources will be driven by ongoing retirements in the existing U.S. generation fleet due to age and environmental requirements. The U.S. DOE Energy Information Administration projected 50,000 MW of coal plant retirements by 2035 under a "business as usual" scenario and 70,000 MW of retirements by 2035 if there is greenhouse gas regulation. Several retirements of coal-fired plants in Illinois and other Midwest states have recently been announced. Rock Island Ex. 2.11 Rev. at 15-16; Rock Island Ex. 10.14 Rev. at 44; Rock Island IB at 41. Rock Island states that the environmental factors impacting coal-fueled generation will also make construction of new or replacement coal-fueled generation extremely unlikely. Rock Island states that as coal plants are retired, they will need to be replaced by other, cleaner sources of generation, including low cost wind energy, in order to keep prices from increasing and to maintain a secure electric supply. Further, Rock Island states, the difficulty in constructing new coal plants will require suppliers to turn to other sources of generation such as wind energy to replace retired generation and meet load growth. Rock Island Ex. 10.0 at 22-24; Rock Island IB at 40-41.

Rock Island states that new wind generation facilities, particularly new wind generation facilities in the Resource Area, are a cost effective resource to meet the growth in demand for electricity from renewable resources. Rock Island states that power purchase agreements for wind generation in the windiest parts of the country are now routinely signed at prices in or below the \$30 per MWh range. Rock Island states that this price level compares favorably to the DOE's estimate of the cost of electricity from a new combined cycle gas plant of \$66 per MWh, from a new conventional coal plant of \$95 per MWh, and to NREL's estimate of the cost of new utility-scale photovoltaic solar projects at \$90-\$150 per MW. Rock Island explains that the cost advantage for wind generation is due to a decline in wind generation installation costs since 2008, and improvements in wind generation technology, including taller towers, longer turbine blades, advanced materials, and more sophisticated controls, which have increased wind turbine capacity factors (and therefore energy output) by up to 30% at a given wind speed. Rock Island Ex. 10.0 at 24-25; WOW Ex. 1.0 at 12-18; Rock Island IB at 41. Rock Island states that higher wind turbine capacity factors reduce the cost per MWh of electricity produced by wind generators. Rock Island states that the higher wind speeds and resulting higher wind turbine capacity factors in the Resource Area as compared to Illinois and other Great Lakes states, enable new wind generation facilities in the Resource Area to produce electricity at a lower cost per MWh. Rock Island Ex. 10.0 at 7-8; Rock Island IB at 41-42.

Rock Island states that its witness Gary Moland conducted and presented analyses to measure the impacts of the operation of the Rock Island Project and the generation that will use the Project to deliver electricity to northern Illinois. Using the PROMOD production cost analysis model, which is a widely-accepted modeling tool in the electric utility industry, Mr. Moland estimated (i) wholesale electricity prices (also known as locational marginal prices or "LMPs") and demand cost to serve load in Illinois, (ii) variable production costs to serve load in the eastern U.S., and (iii) the amounts of various types of emissions, in the years 2016 and 2020, both with and without the Rock Island Project in operation, under four different future economic

and regulatory scenarios. Rock Island explains that LMPs, which are calculated by PJM and MISO, represent the incremental cost of energy at a specific electrical bus or collection of busses on the transmission grid at a given point in time, and are used to determine the cost to buy and sell energy on the market. LMPs include (i) the cost of the next increment of energy needed to meet system-wide demand, (ii) the cost of transmission congestion impacts on a specific bus location, and (iii) the cost of electrical losses associated with a specific bus location. Rock Island also explained that “demand cost” is the hourly electrical demand at each bus multiplied by the hourly LMP at that bus summed over all buses for all hours, and represents the total cost to purchase energy to supply total annual demand in Illinois under RTO settlement rules. Finally, variable production cost is the total variable cost of generation to meet annual electricity demand including fuel, emissions, variable operation and maintenance, and unit start-up costs. Rock Island Ex. 3.0 at 5, 9; Rock Island IB at 42, footnote 41. The four future economic scenarios used by Mr. Moland for his analyses were referred to as “Business as Usual,” “Slow Growth,” “Robust Economy,” and “Green Economy;” the characteristics of each scenario were described in Rock Island Ex. 3.0 at 6-7, Rock Island Ex. 3.2, and Rock Island IB at 43. Rock Island explains that, by comparing the scenario without the Project to a scenario with the Project and keeping all other model assumptions the same, Mr. Moland was able to determine the Project’s impact on LMPs, demand costs, variable production costs and emissions levels resulting from construction and operation of the Project. Rock Island Ex. 3.0 at 3-5, 9; Rock Island IB at 43.

Rock Island states Mr. Moland’s analyses show that the Project (1) reduces total demand costs in both the PJM Illinois region and the MISO Illinois region in both study years (2016 and 2020) under each of the four scenarios; (2) lowers LMPs in both the PJM Illinois region and the MISO Illinois region in both study years under each of the four scenarios; and (3) reduces total variable production costs in the eastern U.S. in both study years under each of the four scenarios. Rock Island Ex. 3.0 at 10-11; Rock Island IB at 43-44. Specifically, the analyses show that: (1) The Project reduces demand costs in Illinois, (the total cost to purchase energy to supply total annual electric demand in Illinois) by \$249 million (Slow Growth scenario) to \$493 million (Green Economy scenario) in 2016; the reduction is \$320 million in the Business as Usual scenario. Rock Island Ex. 3.3 at 1; Rock Island IB at 44; (2) The Project reduces demand costs in Illinois by \$93 million (Green Economy scenario) to \$289 million (Robust Economy scenario) in 2020; the reduction is \$242 million in the Business as Usual scenario. Rock Island Ex. 3.3 at 1; Rock Island IB at 44. (3) The Project reduces the average LMPs in both the PJM Illinois region and the MISO Illinois region in both 2016 and 2020 under all four scenarios. Rock Island Ex. 3.3 at 2; Rock Island IB at 44. (4) The Project reduces variable production costs in the eastern U.S. by \$389 million (Slow Growth scenario) to \$1,098 million (Green Economy scenario) in 2016; the reduction is \$490 million under the Business as Usual scenario. Rock Island Ex. 3.3 at 3; Rock Island IB at 44. (5) The Project reduces variable production costs in the eastern U.S. by \$423 million (Slow Growth scenario) to \$1,060 million (Green Economy scenario) in 2020; the reduction is \$616 million under the Business as Usual scenario. Rock Island Ex. 3.3 at 3; Rock Island IB at 44.

Rock Island states that the demand cost savings resulting from operation of the Project include significant savings to customers due to reduced transmission congestion costs. Congestion costs represent the difference in marginal electricity prices between different nodes on the transmission system (Rock Island Ex. 3.5 at 2; Rock Island IB at 44); they are the portion

of LMPs attributable to overall transmission constraints. Rock Island states that the demand cost savings in Illinois for 2016 include savings from reduced congestion ranging from \$158 million (Slow Growth scenario) to \$328 million (Robust Economy scenario). Rock Island Ex. 3.5 at 3; Rock Island IB at 44. For 2020, the Project reduces congestion costs by \$100 million in the Slow Growth scenario, by \$111 million in the Business as Usual scenario, and by \$126 million in the Robust Economy scenario. Rock Island Ex. 3.5 at 3; Rock Island IB at 44.

Rock Island states that the overall results of Mr. Moland's analyses, that the introduction of new renewable generation resources into the Illinois and PJM wholesale electricity markets made possible by the Project will reduce the costs of electricity in the wholesale market used to serve retail load in Illinois, are consistent with findings of the IPA. The IPA reported in its 2011 report on the costs and benefits of renewable resource procurement in Illinois that renewable generation lowered the total load payment for generation in Illinois for 2011 by \$176 million. Rock Island Ex. 4.0 Rev. at 6; Rock Island Ex. 7.25 at 10-11; Rock Island IB at 45.

Rock Island states that Dr. Karl McDermott used Mr. Moland's results and other information to evaluate whether construction and operation of the Project will promote the development of an effectively competitive electricity market that operates efficiently and is equitable to all customers. Dr. McDermott testified that if a transmission project is promoting competition in the PJM market, there should be downward pressure on prices, which will be manifested as lower average wholesale electricity prices, in Illinois. Rock Island Ex. 4.0 Rev. at 7; Rock Island IB at 45. Dr. McDermott concluded that the Project will allow lower cost generation to enter the Illinois market, which will create competitive downward pressure on prices in the wholesale electricity market. He testified that the additional transmission capacity provided by the Project will promote an effectively competitive electricity market by increasing the size of the supply side of the market competing to serve load in Illinois and by opening the Illinois market to lower cost generation resources. Dr. McDermott further noted that the projected downward pressure on electricity prices is a strong indication of a market operating efficiently, and it is expected to benefit customers directly through lower prices for electricity. Additionally, the quantity of capacity competing to serve load in Illinois will increase as a result of the Project. Further, Dr. McDermott testified that the high value renewable resources which the Project will enable to access the Illinois market should have the effect of providing competitive pressures on prices in markets for RECs as well as for renewable energy. Rock Island Ex. 4.0 Rev. at 2-4; Rock Island IB at 45-46.

Dr. McDermott explained that for ComEd and Ameren retail customers who buy power through the real-time or close to real-time wholesale markets, any reduction in wholesale electricity prices will provide a direct and immediate benefit to these customers. For those customers that buy electricity from ComEd or Ameren through the IPA-administered procurement process, the benefits to retail customers will manifest through the daily balancing process the utilities undertake, and will subsequently reduce the purchased energy adjustment in the long term as contracts of more recent vintage are added to the supply portfolio. Similarly, for other customers who buy electricity under contracts (*e.g.*, with ARES), the benefits will manifest as new contracts are added to the portfolio. Rock Island Ex. 4.0 Rev. at 8; Rock Island IB at 46.

Rock Island states that, using Mr. Moland's results, Dr. McDermott calculated the net

present value (“NPV”) of the reduction in demand costs in Illinois resulting from construction and operation of the Project and the associated wind generation over the 2016-2020 period under each of the four scenarios. Dr. McDermott he found that the NPV reduction in the costs to serve load in Illinois over this period range from \$667 million to \$1,221 million (in 2013 dollars), depending on the scenario analyzed. Rock Island Ex. 4.0 Rev. at 20-24; Rock Island IB at 46. Based on the structure of the Illinois electricity market, he assumed that all the reductions in costs resulting from the Project would be passed through to retail customers and reflected in the cost to load. Rock Island Ex. 4.0 Rev. at 8-12, 20; Rock Island IB at 46. Dr. McDermott explained that, under commonly-used financial analysis practices, if the NPV of costs is lower in the scenario with a proposed project than in the scenario without the project, the project is beneficial. Rock Island Ex. 4.0 Rev. at 21; Rock Island IB at 46-47. He testified that expressed on a percentage basis, the reduction in total cost to serve load in Illinois with the Rock Island Project ranges from 2.4% (Green Economy scenario) to 5.2% (Slow Growth scenario). Further, there are NPV cost reductions in both the PJM and MISO regions of Illinois under all four scenarios. Rock Island Ex. 4.0 Rev. at 24-26; Rock Island IB at 47. Additionally, Dr. McDermott calculated the NPV reductions in cost to load for alternative periods ending in 2018 and 2021, and found that the smallest NPV benefits under any of the scenarios for any period analyzed exceeded \$300 million; therefore, the choice of the analysis period did not change the overall conclusions of his analysis. Rock Island Ex. 4.0 Rev. at 30; Rock Island IB at 47.

Rock Island states that Dr. McDermott also analyzed the potential benefits of the Rock Island Project on the market for RECs in Illinois. He noted factors that indicate the Project is capable of exerting downward pressure on REC prices in Illinois; for example, the differential wind speeds between Illinois and the Resource Area strongly suggest that wind generation served by the Project will have higher capacity factors, and therefore lower per MWh costs, than similar wind resources sited in Illinois. Rock Island Ex. 4.0 Rev. at 31; Rock Island IB at 47. To the extent that RECs produced by the wind generation connected to the Project enter the Illinois energy portfolio, either through the IPA procurement process or non-IPA purchases, there will be competitive pressures on REC prices that will benefit Illinois consumers. Rock Island Ex. 4.0 Rev. at 6; Rock Island IB at 47. Further, Rock Island explains, the REC market is not limited to Illinois but is more regional in nature (potentially covering the entire Eastern Interconnection – the entire AC transmission system east of the Rocky Mountains), due to the ability to use RECs produced by generators in one state to meet compliance obligations in another state. Rock Island Ex. 4.0 Rev. at 14-16; Rock Island IB at 47. The REC market in the Eastern Interconnection is larger than in Illinois, and by providing access to tradable (*i.e.* standalone) RECs and bundled (*i.e.* with the associated energy) RECs, the Project should have a positive effect on the entire regional REC market. Rock Island Ex. 4.0 Rev. at 6; Rock Island IB at 47. Thus, Rock Island contends, the high value renewable resources that the Project will enable to access the Illinois market should exert competitive pressure on prices in the markets for both renewable energy and RECs. Rock Island Ex. 4.0 Rev. at 3-4; Rock Island IB at 47-48.

Rock Island states that Dr. McDermott concluded that the Project is clearly beneficial to Illinois consumers in terms of lowering the cost to serve electric load in Illinois, and is capable of exerting downward pressure on REC prices. Therefore, he concluded, the Project promotes the development of an effectively competitive electricity market promoting efficient operations. Further, he testified that to the extent that the benefits flow through to customers’ bills either

from direct market-based purchases or from purchases through a competitive process (such as the IPA procurements), these efficiencies should flow to all customers in an equitable fashion. Rock Island Ex. 4.0 Rev. at 31-32; Rock Island IB at 48.

Rock Island states that as a further analysis, Dr. McDermott analyzed the impact of the Project on the amount of generation capacity competing to serve the Illinois wholesale electricity market. He observed that, based on the year and the future scenario considered, the quantity of capacity competing to serve load in Illinois will increase as a result of the Project by up to 2.9% of total economic capacity. Rock Island Ex. 4.0 Rev. at 34-35; Rock Island IB at 48. Rock Island states that “total economic capacity” is defined as the generation supply that can be delivered into a destination market at a delivered cost less than 105% of the price in the destination market, and can therefore compete to supply load in the destination market, and whose ability to do so contributes to competition in the destination market. This construct and definition are used in the Delivered Price Test in the FERC’s Merger Policy Statement, which is a recognized standard for measuring the relevant size of the electricity markets for competitive analysis. Rock Island Ex. 4.0 Rev. at 17-18; Rock Island IB at 48. Dr. McDermott found that, overall, the Rock Island Project is highly likely to increase the economic capacity that is able to supply the Illinois market. Rock Island Ex. 4.0 Rev. at 35; Rock Island IB at 48.

Additionally, Rock Island states, as part of the economic capacity analysis, Dr. McDermott analyzed how the size of the REC markets (*i.e.*, the amounts of capacity to produce RECs (“REC capacity”) and volume of RECs produced (“REC energy”)) would be impacted by the Project. Using the two study years 2016 and 2020, he found that: (1) in 2016, the Project would provide for an increase of 18% to 28% of REC capacity and an increase of 18% to 30% of REC energy in Illinois and adjoining states; (2) in 2016, the Project would provide for an increase of 5% to 9% of REC capacity and an increase of 5% to 8% of REC energy in the Eastern Interconnection; (3) in 2020, the Project would provide for an increase of 10% to 27% of REC capacity and an increase of 10% to 28% of REC energy in Illinois and adjoining states; and (4) in 2020, the Project would provide for an increase of 3% to 7% of REC capacity and an increase of 3% to 6% of REC energy in the Eastern Interconnection. Rock Island Ex. 4.0 Rev. at 36-39; Rock Island IB at 49.

Rock Island states that, based on all of his analyses, Dr. McDermott concluded that the Rock Island Project satisfies the criterion set forth in §8-406(b) that it “will promote the development of an effectively competitive electricity market that operates efficiently [and] is equitable to all customers” and satisfies the provision of §8-503 that the Project will “promote the development of an effectively competitive electricity market.” Rock Island Ex. 4.0 Rev. at 4; Rock Island IB at 49.

Rock Island contends that the assumption used in its economic analyses, that all of the generation connecting to the Project in the Resource Area will be wind generation, is reasonable, plausible and supported by the evidence. Rock Island notes that the FERC, in its order granting Rock Island negotiated rate authority for the Rock Island Project, directed that Rock Island (1) cannot limit transmission service on the Project to electricity delivered from any specific source, and (2) cannot give preference to any particular type(s) of resources over other resources that seek to contract for capacity; therefore, Rock Island must offer all eligible customers, on a non-

discriminatory basis, the opportunity to purchase transmission service on the Project. Rock Island Ex. 10.13 at 6; Rock Island IB at 49. Nonetheless, Rock Island contends that the record demonstrates that its expectation that all of the generators connecting to the Project in the Resource Area will be wind generation facilities is reasonable. Rock Island states that this expectation is supported by the plentiful wind resource in the Resource Area; the cost advantage of wind generation in the Resource Area versus northern and central Illinois; the lack of such a cost advantage for any other generation besides wind in the Resource Area; the high level of activity of wind generation developers, and the low level of activity of developers of other types of plants, in the Resource Area; and prior analyses by RTOs which have made reasoned and defensible assumptions about the location of new wind generation in analyzing the benefits of proposed new transmission projects. Rock Island Ex. 10.14 Rev. at 39-40; Rock Island IB at 50.

Rock Island states that at least 18 wind generation developers are already active in the Resource Area. Rock Island Ex. 10.14 Rev. at 41; Rock Island Ex. 10.19 Rev.; Tr. 1031; Rock Island IB at 50. Rock Island states that, in contrast, although it has researched for potential development of new thermal generation in the Resource Area, it has found no evidence of any thermal generation under active development, with the exception of one existing coal plant which may be converted to natural gas. Rock Island Ex. 10.14 Rev. at 42; Rock Island IB at 50. Rock Island states that during 2013, MidAmerican Energy announced the retirement of five coal plants in Iowa, and Interstate Power & Light announced the retirement of several coal units in Iowa. Rock Island Ex. 10.14 Rev. at 44. Further, no new nuclear plant construction is planned for the Resource Area. *Id.* Nor is Rock Island aware of any plans by owners of existing thermal generation in the Resource Area to connect to the Project for purposes of exporting their power to northern Illinois and/or PJM. *Id.* at 42, 43; Rock Island IB at 50-51. Rock Island states that the parties who took issue with its assumption that all the generation connecting to the Project would be wind generation provided no evidence that any other kind of power plant is under development in the Resource Area or would be likely to connect to or subscribe for transmission service on the Rock Island Project. Rock Island Ex. 10.14 Rev. at 42; Rock Island IB at 51.

Further, Rock Island contends that no generation type other than wind generation obtains a geographic advantage by locating in the Resource Area, rather than in northern Illinois. Rock Island Ex. 10.14 Rev. at 43-44. Rock Island states that new wind generation facilities located in the Resource Area have a geographic advantage compared to locating in northern Illinois, whereas new thermal (natural gas) generation facilities have no such advantage. Rock Island explains that wind speeds are higher in the Resource Area than in Illinois and other locations to the east, resulting in higher capacity factors and lower costs to generate wind energy in the Resource Area. Rock Island also states that the cost to construct wind farms is lower in the Resource Area, and larger wind farms are possible, than in locations farther east, due to lower population density and the higher prevalence of windy sites in the Resource Area, resulting in economies of scale in construction and lower unit costs in the Resource Area. Additionally, Rock Island states that the times and amounts of wind power production in the Resource Area are statistically uncorrelated with the times and amounts of wind power production in northern Illinois; this reduces the overall variability of wind power and increases the economic advantage of locating wind generation in the Resource Area. *Id.* at 42-43; Rock Island IB at 51. Rock Island states that in contrast, average natural gas prices have been higher in Iowa than in Illinois, making it more expensive to burn natural gas to generate electricity in northwest Iowa than to do

so in northern Illinois. Therefore, Rock Island contends, there is no economic reason for a natural gas plant developer to build new gas-fueled generation in northwest Iowa, subscribe for transmission capacity on the Project, and deliver the output of the new gas-fueled generation to northern Illinois, rather than locate the new gas plant in northern Illinois, much closer to the target load. Rock Island also contends that construction of a large amount of new gas-fueled generation in northwest Iowa would require a major investment in natural gas pipeline infrastructure in the area. Rock Island Ex. 10.14 Rev. at 43; Rock Island Ex. 10.20; Rock Island IB at 51-52.

Rock Island states that it is common practice to make assumptions about the location of new generation in studying the benefits of proposed transmission lines. Rock Island states that, for example, in performing its cost-benefit studies for the MISO MVP lines, MISO made assumptions about the locations of new wind generation based on where the lowest cost generation could be sited, and did not include in its assumptions only wind generators with signed contracts or interconnection agreements. MISO used similar third-party data sources to those used by Rock Island to identify locations where wind generation is likely to be developed. Rock Island Ex. 10.14 Rev. at 45-46; Rock Island IB at 52. According to Rock Island, other transmission planning organizations, including the Southwest Power Pool, California Independent System Operator, and Electric Reliability Council of Texas, have performed similar analyses to measure the benefits of proposed transmission lines, using (as has Rock Island) reasoned, defensible assumptions about the location of new wind generation. Rock Island states that all of these studies relied on wind resource analysis and wind developer activity, as has Rock Island. Rock Island Ex. 10.14 Rev. at 46; Rock Island Ex. 10.23; Rock Island IB at 52.

However, to address the contentions of other parties that a significant portion of the generation connecting to the Project could be generation sources other than wind, Rock Island performed an alternative economic benefits analysis assuming that 50% of the generation connected to the Project is combined cycle gas generation. According to Rock Island, this alternative analysis showed that the Project would provide economic benefits for Illinois consumers even if the connected generation mix were 50% natural gas and 50% wind generation. Rock Island Ex. 10.14 Rev. at 45; Rock Island IB at 52-53. Specifically, under this assumption, the Project reduces LMPs in both the PJM and MISO regions of Illinois in both 2016 and 2020; reduces demand costs to serve load in Illinois by \$259 million to \$279 million in 2016 and by \$211 million to \$223 million in 2020; and reduces variable production costs in the Eastern U.S. by \$274 million to \$279 million in 2016 and by \$281 million to \$331 million in 2020. Rock Island Ex. 3.5 at 1-2; Rock Island Ex. 3.6 at 1-3; Rock Island IB at 52.

Rock Island states that, in addition to the economic analyses of the Project performed by Rock Island witness Mr. Moland and Dr. McDermott, Staff witness Richard Zuraski presented a separate set of economic analyses of the Project that found it will be a lower cost alternative for consumers than other options. ICC Staff Ex. 3.0 at 16-43; Rock Island IB at 53. Additionally, Rock Island witness David Berry performed further economic analyses of the Project using Mr. Zuraski's financial model, but with various changes or additions to data inputs, assumptions and parameters. Rock Island Ex. 10.14 Rev. at 49-54; Rock Island Ex. 10.24; Rock Island Ex. 10.26 at 37-41; Rock Island Ex. 10.29; Rock Island IB at 53. Rock Island states that no other parties presented in evidence any alternative forms of economic analysis of the Project or any additional

alternative versions of either the Moland-McDermott analysis or Staff's economic analysis. Rock Island IB at 53.

Rock Island states that the principal difference between the analyses performed by Mr. Moland and Dr. McDermott and the analyses performed using the Staff methodology is that the Moland-McDermott analysis measured the reduction in costs to serve load resulting from construction and operation of the Project and the associated wind farms, while the Staff methodology explicitly took into account both the costs to construct and operate the Project and the associated wind farms and the energy cost reductions they produce, and compared these costs to the costs of certain alternatives. Rock Island states that Mr. Moland's and Dr. McDermott's analyses analyzed how the construction and operation of the Project reduces wholesale electricity prices and therefore reduces electricity prices paid by consumers, while the Staff methodology is a full, traditional revenue requirements analysis comparing the net present value of future revenue requirements ("PVR") of the Project and alternatives. Rock Island IB at 54.

Rock Island states that it believes that the Moland-McDermott methodology is the more appropriate form of analysis given that the Project is a merchant project, and Rock Island is not asking Illinois retail ratepayers to pay for the cost of the Project. According to Rock Island, Mr. Moland and Dr. McDermott found that the market clearing prices that would be paid to generators by load serving entities on behalf of their customers are less with the Project than without it; therefore, the Project creates net consumer benefits. Rock Island contends that this analytical approach is reflective of the way that consumers (or the load-serving entities that supply them) actually buy electricity in PJM and MISO. Rock Island states that in a deregulated, competitive electricity market, buyers of wholesale electricity do not directly reimburse generators or other market participants for their inputs, but rather pay them the market clearing price set by the grid operator. Therefore, Rock Island contends, it is neither necessary nor appropriate to treat consumers as paying generators both for their output (electric energy) and for their inputs into production of the output; to include both sets of costs would be to double-count. Rock Island states that, for generators or other market participants who sell into the PJM and MISO markets, transmission service is an input cost, along with fuel costs, capital costs, and operations and maintenance. Rock Island states that the Project's transmission customers will need to recover the costs they incur for transmission service on the Project from the proceeds they receive from selling wholesale energy, capacity and RECs in the PJM and MISO markets. Rock Island Ex. 10.14 Rev. at 47-48; Rock Island IB at 54-55.

Rock Island states that the Staff methodology, in contrast, which explicitly includes the capital and operating costs of the project being evaluated, would be more appropriate for use in a situation in which a utility is proposing to build a project and directly recover the costs from consumers, such as for a traditional rate-based transmission line being built by an incumbent utility. In such a case, the costs of the project are not recovered solely from market participants (for whom the cost of service from the project is an input cost), but rather from the entire base of electric ratepayers. Rock Island Ex. 10.14 Rev. at 48; Rock Island IB at 55.

Rock Island contends that, as Dr. McDermott explained, a competitive market analysis (which is called for by the "promote the development of an effectively competitive electricity market" criterion of §8-406(b)) should look at the difference between market outcomes under

various assumptions with the proposed project or without it, which is the approach Dr. McDermott used. According to Rock Island, that is a proper market analysis of the value of the proposed project. Additionally, Rock Island argues that the costs of the Project will be paid for through market-based rates, not through a regulated cost-of-service approach. Rock Island reiterates that a revenue requirements analysis such as the Staff analysis is more appropriate for evaluating a project presented by a traditional incumbent utility for inclusion in rate base, not for evaluating a merchant project. Rock Island Ex. 4.2 at 9-10; Rock Island IB at 55-56.

Rock Island states, however, that both the Moland-McDermott analyses and the analyses using the Staff methodology show that the Project will yield economic benefits to consumers in terms of reduced electricity costs. Rock Island IB at 53. Rock Island states that the analysis presented by Staff witness Mr. Zuraski did two things. First, it evaluated whether there is a net economic benefit of building the Project compared to building nothing and purchasing energy from the market. The comparison was performed for a number of scenarios using different values for important variables. Rock Island explains that this set of analyses concluded that the Project likely creates a net benefit compared to the status quo (that is, in the majority of the scenarios analyzed, the Project is a lower cost alternative compared to market energy purchases). Mr. Zuraski noted that there is considerable uncertainty associated with this conclusion since in some assumption scenarios, market purchases are the lower cost alternative. Rock Island points out that the expectation of net economic benefits is stronger when considering the LMP savings throughout PJM and MISO, rather than just the LMP savings in Illinois. ICC Ex. 3.0 at 29-33; Rock Island Ex. 10.14 Rev. at 49; Rock Island IB at 56. Rock Island notes that Mr. Zuraski testified that “From my perspective, it would be perfectly reasonable for the Commission to take into account LMP savings throughout PJM and MISO,” rather than just the LMP savings produced by the Project in Illinois. ICC Staff Ex. 3.0 at 22-23; Rock Island IB at 56.

Second, Mr. Zuraski used his model to compare (a) the cost of generating wind energy in the Resource Area and transmitting it to northern Illinois via the Project to (b) the cost of generating wind energy through the construction of additional wind farms in Illinois that would produce the same amount of energy. He concluded that in a majority of his scenarios, option (a) is more cost effective than option (b). ICC Staff Ex. 3.0 at 39-42; Rock Island Ex. 10.14 Rev. at 49; Rock Island IB at 56-57. Rock Island states that the results of these analyses support its position that constructing the Project to enable wind generation facilities developed in the Resource Area to access the northern Illinois and PJM markets will produce renewable energy more cheaply for these markets than would relying exclusively on wind energy from less windy sites located closer to these markets. Rock Island Ex. 10.14 Rev. at 49-50; Rock Island IB at 57.

Rock Island states that its witness Mr. Berry conducted a number of additional analyses using the Staff model but with different values for certain variables than those used by Mr. Zuraski. Specifically, Mr. Berry varied the following assumptions: (1) Years of LMP savings – Mr. Zuraski used only five years of LMP savings in his analyses. Although this was the same time period used by Moland-McDermott, their methodology was fundamentally different from Mr. Zuraski’s and included an assumption as to when market prices would return to a long-term equilibrium following the commencement of the Project’s operation. Mr. Zuraski’s analysis, in contrast, is a PVRR comparison of alternatives and includes the full, (depreciable) lifetime costs of the Project; therefore it should include the LMP savings over the full depreciable life of the

Project. Rock Island Ex. 10.14 Rev. at 50. (2) Treatment of transmission charges – Mr. Zuraski treated Rock Island’s transmission charges as paid by retail customers; instead, they should be modeled as paid for by the transmission customers of the Project that are using it to transport wind energy from the Resource Area to northern Illinois. In the revenue requirements analysis, the principal consequence of this treatment is that the transmission charges are a tax-deductible expense for the transmission customers of the Project. *Id.* at 50-51. (3) Transmission system upgrades for Illinois wind generation – in his “Illinois Wind” scenario, Mr. Zuraski did not include the costs of transmission facilities needed to connect the new Illinois wind generation facilities to the existing transmission grid, although he included such costs for the new Iowa wind farms in the “Rock Island Project + Iowa Wind” scenario. *Id.* at 51-52; Rock Island Ex. 10.26 at 28. (4) Capacity value of wind generation – Mr. Zuraski used a 2013-2014 MISO Capacity Resource Factor for the Iowa wind farms in his “Rock Island Project + Iowa Wind” scenario. Since the Iowa wind farms connected to the Project will deliver their output into PJM, he should have used a capacity resource value calculated using PJM’s approach. Rock Island Ex. 10.14 Rev. at 52. (5) Wind farm costs – Mr. Berry updated Mr. Zuraski’s input assumptions to use more current estimates of the costs for new wind generating projects in the regions that include Iowa and Illinois, respectively (based on Lawrence Berkeley National Laboratory’s 2012 Wind Technologies Market Report which in turn is based on information from projects built in 2011 and 2012). *Id.* at 52-53. (6) Other taxation changes – Mr. Berry made four other minor tax refinements to Mr. Zuraski’s model, including conforming the treatment of Illinois and Iowa property taxes and exemptions to the respective state’s laws. *Id.* at 53; Rock Island IB at 57-58.

Rock Island states that with the assumptions changes described above implemented into the Staff model, the model showed that the Project is overwhelmingly beneficial compared to the alternative of no new construction, in which consumers purchase energy from the existing market. Rock Island states that this result is consistent in every case modeled, with an average consumer benefit under Mr. Zuraski’s “Model A” of \$16.3 billion and an average consumer benefit under Mr. Zuraski’s “Model B” of \$17.9 billion, in both cases using a 5% real discount rate.¹⁶ Rock Island Ex. 10.14 Rev. at 53; Rock Island Ex. 10.24; Rock Island IB at 58-59. According to Rock Island, the revised analyses also showed that, compared to building new wind generation in Illinois, the Rock Island Project is the more economic choice, *i.e.*, it has a lower revenue requirement. Rock Island explains that, under Mr. Zuraski’s “Model A,” the Project has the lower revenue requirement in the “base case” as well as in 88% to 93% of the sensitivity cases, depending on the discount rate used. Under Mr. Zuraski’s “Model B,” the Project results in a lower revenue requirement compared to the “Illinois Wind” scenario in the “base case” as well as in 87% to 96% of the sensitivity cases, depending on the discount rate used. Rock Island Ex. 10.14 Rev. at 54; Rock Island Ex. 10.24; Rock Island IB at 58-59.

Finally, Rock Island states that in his surrebuttal testimony, Mr. Berry reported the results of additional sensitivity analyses using the Staff model and (1) only five years of LMP savings (the same period as originally used by Mr. Zuraski), and (2) the current Project cost estimate of

¹⁶ Rock Island explains that in Staff’s “Model A,” the model iteratively solves for the debt-to-equity ratio for Rock Island that minimizes annual revenues while maintaining a minimum debt coverage ratio and retiring the debt in 20 years. In “Model B,” the debt-to-equity ratio is fixed and the model solves for the revenue requirement in each scenario analyzed. ICC Staff Ex. 3.0 at 18-19; Rock Island IB at 59 fn. 59.

\$1.833 billion. Rock Island states that using the current Project cost estimate (and the other changes to the original Staff assumptions described above), the Project remains clearly beneficial compared to the alternative of no new transmission or generation construction, in which consumers purchase energy from the market. Rock Island Ex. 10.26 at 37-39; Rock Island IB at 59. Using a 5% real consumer discount rate (the same discount rate Mr. Zuraski used), the average consumer benefit is \$16.5 billion under “Model A” and \$18.1 billion under “Model B.” Rock Island Ex. 10.26 at 39; Rock Island Ex. 10.29; Rock Island IB at 59. Additionally, Rock Island states that with only five years of LMP savings assumed, and using a 5% real consumer discount rate, the Project remains economically beneficial; the average consumer benefit in this sensitivity is \$6.9 billion under “Model A” and \$8.6 billion under “Model B.” Rock Island Ex. 10.26 at 39-40; Rock Island Ex. 10.29; Rock Island IB at 59-60. Additionally, Rock Island states that compared to the alternative of building a comparable amount of new wind generation in Illinois, the Project continues to have the lower revenue requirement with the updated assumptions including the current Project capital cost estimate. Rock Island states that, under the Staff “Model A,” the “Rock Island Project + Iowa Wind” scenario has the lower revenue requirement in the “base case” and in 93% to 97% of the sensitivity cases, depending on the discount rate used. Under the Staff “Model B,” the “Rock Island Project + Iowa Wind” alternative results in a lower revenue requirement than the “Illinois Wind” scenario in the “base case” and in 93% to 99% of the sensitivity cases, depending on the discount rate used. Rock Island Ex. 10.26 at 40; Rock Island Ex. 10.29; Rock Island IB at 60.

In summary, Rock Island contends, all of the revenue requirements analyses performed using the Staff model show that (1) the Project will provide economic benefits to consumers in terms of reduced electricity costs; (2) the Project is a lower cost alternative compared to both the status quo (in which there is no new transmission or generation construction and customers purchase energy from the market) and to the alternative in which new wind generation is constructed in Illinois to provide a comparable amount of energy to that produced by the new wind generation facilities in the Resource Area; and (3) 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. Rock Island IB at 60.

ii. Necessary to Provide Adequate, Reliable and Efficient Service

Rock Island states that it is not proposing to construct the Project in order to keep the bulk power system from deteriorating below some pre-determined, minimum standard of reliability. Rock Island Ex. 2.11 Rev. at 5; Rock Island IB at 61. Rock Island explains that, in terms of meeting the criterion in §8-406(b)(1), its presentation focused on the fact that the Project will support cost-effective compliance with RPS requirements in Illinois and PJM, will produce significant economic benefits in terms of reduced costs to serve load in Illinois and PJM, and will promote the development of an effectively competitive electricity market. However, Rock Island states that the Project will also provide benefits to Illinois in terms of the adequacy, reliability and efficiency of service, and the record supports a finding that the Project is necessary to provide adequate, reliable, and efficient service to customers. Rock Island IB at 61.

Rock Island witness Leonard Januzik of Quanta Technology, L.L.C. (“Quanta”)

presented analyses of the impacts on the reliability and adequacy of electric service in northern Illinois and the State of Illinois resulting from installation of the Project and the wind generating facilities to be located in the Resource Area whose output will be delivered to Illinois by the Project. Rock Island states that Quanta performed two types of studies: (1) Loss of Load Expectation (“LOLE”) study: a probabilistic analysis that is used to determine the likelihood of not being able to serve the total electrical demand of a given system during the year (Rock Island Ex. 6.0 at 5); and (2) transfer capability study: a deterministic analysis to evaluate the amount of additional power that can be transported into an area as a result of transmission system configuration changes, such as the installation of the Project. *Id.* at 4-5; Rock Island IB at 61. Rock Island states that both of these analyses, and the methodologies used by Mr. Januzik to conduct them, are generally accepted in the industry as measures of reliability. According to Rock Island, transmission transfer capability studies have been, and continue to be, one of the primary measures of transmission system reliability and are utilized in virtually all regional transmission studies and in annual reporting to NERC for input into its reliability assessments. Rock Island states that LOLE studies have been conducted for several decades in the determination of proper capacity reserve levels and are an important component of the transmission planning process for the RTOs. Rock Island Ex. 6.0 at 5. According to Rock Island, because Illinois is the area of interest in this case, the LOLE and transfer capability studies focused on the impacts to the northern Illinois (“NI”) portion of the PJM system and on Illinois as a whole. Rock Island contends that the NI region of PJM and the MISO region of Illinois (which together comprise the entire state of Illinois) are appropriate study regions for purposes of these reliability studies because of the strong internal transmission connections within these regions. Rock Island Ex. 6.7 Rev. at 2-5; Rock Island IB at 61-62.

Rock Island states that the LOLE study analyzed whether the Project, by making more generating capacity available in NI, will increase generating reserve margins, and thereby increase reliability, in NI and the entire State of Illinois. Rock Island Ex. 6.7 Rev. at 2; Rock Island IB at 62. The LOLE study measured the adequacy of the region’s generating capability to reliably serve its demand, measured in terms of how often demand is at risk of exceeding available generating capacity. Mr. Januzik testified that a value of 0.1 day per year (the loss of load on one day in 10 years) has long been viewed by the industry as providing a satisfactory balance between the social costs of outages and the economic costs of unutilized capacity. Rock Island Ex. 6.0 at 6; Rock Island IB at 62. Rock Island states that Mr. Januzik conducted LOLE studies using three different scenarios as to the degree of load forecast uncertainty. Rock Island Ex. 6.0 at 10, 12; Rock Island IB at 62-63. Rock Island states that the results of the LOLE study show an increase to the system reserve margins for both the NI region and the State of Illinois as a result of installation of the Project; the system reserve margin required to attain the target LOLE of 0.1 day per year decreases. Correspondingly, there is an order of magnitude decrease in LOLE with the Project as compared to without the Project. Conversely, loads in excess of those currently projected can be supplied by the available generation. Rock Island states that the LOLE study shows that addition of the Project allows service to additional load of approximately 1,100 MW to 1,270 MW in Illinois and approximately 1,300 MW to 1,470 MW in NI, depending on the Load Forecast Uncertainty scenario, while maintaining the target LOLE. Rock Island Ex. 6.0 at 17; Rock Island Exs. 6.3-6.4; Rock Island IB at 63.

Rock Island states that a transfer capability study measures the ability to transfer power

from one part of the transmission system to another. Rock Island Ex. 6.0 at 12; Rock Island IB at 63. The transfer capability study performed by Quanta determined the impact of the Project on the ability to transfer power from the MISO RTO and the PJM RTO into NI and into the entire state of Illinois. Rock Island states that the transfer capability study determined the First Contingency Incremental Transfer Capability (“FCITC”) between a designated point of receipt, or source, to a designated point of delivery, or sink. FCITC is a measure of how much power can be transferred from one portion of the network to another before reaching a point where a transmission facility outage results in an overload of another transmission facility; it measures the increase in transfer capability from the base level to the transfer limit, *i.e.*, the point at which the network is compromised due to a network element becoming overloaded for the contingent outage of another element. Rock Island Ex. 6.0 at 12-13; Rock Island IB at 63. Rock Island states that in terms of the Project’s reliability impact, the transfer capability study provides an indication of how much transmission capacity may be available so that the load in the subject region can be supported by external resources; the greater the increase in FCITC and total transfer capability, the more transmission capacity there is to import power into the receiving region should there be a capacity shortfall due to factors (such as capacity outages) that might require power imports to meet demand. In addition, Rock Island states, sufficient import capability is required to enable reserve sharing by providing access to external resources and reduce capacity reserve margin requirements. Rock Island Ex. 6.0 at 14-15; Rock Island IB at 63-64. Rock Island also states that, in addition to the incremental change in FCITC due to the addition of the Project, the transfer capability study measures the additional amount of import capability made available due to installation of the Project, represented by the increase in transmission capability to serve Illinois load net of the amount of that transmission capacity used by the connected wind generators in the Resource Area to serve summer peak demand. This additional import capability is referred to as the “HVDC Incremental Imports.” Rock Island explains that the sum of the FCITC increase and the HVDC Incremental Imports due to installation of the Project equals the total increase in transfer capability due to the Project. Rock Island Ex. 6.0 at 14; Rock Island IB at 64.

Rock Island states that the transfer capability study showed that installation of the Project (i) will increase FCITC by about 1,015 MW for imports into NI and by about 1,180 MW for imports into the entire state of Illinois, and (ii) will increase total transfer capability into NI by 1,525 MW and into the entire state of Illinois by 1,690 MW. Rock Island Ex. 6.0 at 17-18; Rock Island Ex. 6.5 Rev; Rock Island IB at 64. Rock Island explains that this additional import transfer capability for NI and for the state of Illinois, over and above the margins existing before the Project is installed, exceeds the capacity of the largest generating units in the State. Rock Island Ex. 6.0 at 19; Rock Island IB at 64. Rock Island states that the results of the transfer capability analysis show improvement to reliability in northern Illinois and in the state of Illinois consistent; the transfer capability studies indicate that, for the peak scenario as modeled, there is a significant increase in incremental import capability into both NI and the state of Illinois as a result of installation of the Project. Rock Island Ex. 6.0 at 18-19; Rock Island IB at 64-65.

Rock Island states that the results of the LOLE and transfer capability studies performed by Quanta show that there is a significant increase in the reliability and adequacy of electric service in Illinois and in the northern Illinois region of PJM as a result of installation of the Project and the wind generating facilities that will be connected to it. Rock Island Ex. 6.0 at 19.

Rock Island states that the addition of a new transmission path that did not previously exist for additional energy resources to access customer demand (load) in a region, as the Project will provide, will increase the reserve margin where that demand is located. Rock Island states that even if the area to which the new transmission path is being connected can currently meet its minimum reserve margin requirements, this does not mean that the addition of the new transmission path is unnecessary, unwarranted or not beneficial in terms of reliability. Rock Island concludes that the Project will enhance the reliability of the Illinois electric grid. Rock Island Ex. 2.11 Rev. at 6-7; Rock Island IB at 65.

Rock Island also states that the Project is being developed to provide adequate and efficient service to customers by enabling significant new renewable energy resources to be developed in the Resource Area and have their output delivered to Illinois and the PJM network, and to provide a means for load serving entities within PJM to obtain and provide electricity from renewable resources to their customers. The Project will accomplish this objective using HVDC technology, which is the more efficient technology for transporting large amounts of energy from renewable resources over long distances. Rock Island Ex. 2.11 Rev. at 5-6; Tr. 707; Rock Island IB at 65. Rock Island states that the Project will also improve reliability and the efficiency of service by creating geographical diversity in the wind resources available to Illinois and PJM. Rock Island states that dispersing the locations of wind farms effectively reduces the variability of their energy output because the combined energy output of geographically diverse wind farms, such as those that will interconnect to the Project, is less variable and has fewer wind integration costs than the output of geographically concentrated wind farms. Rock Island Ex. 10.0 at 4, 25-29; Rock Island Ex. 10.26 at 25; Rock Island IB at 65-66.

Rock Island also states that Illinois and other Midwestern states are in an era in which significant existing generating capacity has recently been retired or announced for retirement and additional existing generating capacity is at risk of retirement due to environmental or economic considerations. Rock Island Ex. 10.0 at 22-24; Rock Island Ex. 10.14 Rev. at 44; Rock Island IB at 66. Rock Island states that what may be viewed as comfortable generating reserve margins today and in the near-term could quickly be reduced due to unexpected or accelerated retirements of additional existing generating units. Moreover, lead times for replacement generating capacity and the transmission capacity to interconnect it to the grid are measured in years, not months. Rock Island states that the Project will enable the construction of approximately 4,000 MW of new generation capacity in the Resource Area that would not be constructed absent the Project, by providing the means to deliver the output of this new capacity to northern Illinois. The Project will therefore provide a valuable hedge against additional retirements of existing generating capacity for environmental or economic reasons, including retirements that are unexpected or occur sooner than currently anticipated.

Referring to the phrase in §8-406(b)(1) of the PUA, “necessary to provide adequate, reliable, and efficient service to its customers” Rock Island states that Illinois courts have held that “necessity” and “necessary” as used in the certificate provisions of the PUA do not mean “indispensably requisite,” but rather that the service proposed to be provided is “needful and useful to the public.” Rock Island cites *Eagle Bus Line, Inc. v. ICC*, 3 Ill. 2d 66, 78, 119 N.E. 2d 915, 922 (1954); *Gernand v. ICC*, 286 Ill. App. 3d 934, 945, 676 N.E. 2d 1384, 1391 (4th Dist. 1977); and *King v. ICC*, 39 Ill. App. 3d 648, 653, 351 N.E. 2d 589, 593-94 (4th Dist. 1976).

Rock Island also states that the Illinois Supreme Court has stated that, “When the statute requires a certificate of public convenience and necessity as a prerequisite to the construction or extension of any public utility, the word “necessity” is not used in its lexicographical sense of ‘indispensably required.’ If it were, no certificate of public convenience and necessity could ever be granted. . . . The word connotes different degrees of necessity. It sometimes means indispensable; at others, needful, requisite or conducive. It is relative rather than absolute.” *Wabash, Chester & Western R.R. Co. v. ICC*, 309 Ill. 412, 418, 141 N.E. 212, 214-15 (1923); Rock Island IB at 66-67. Additionally, Rock Island states that the Illinois courts have long held that what constitutes public convenience and necessity is within the Commission’s discretion to determine in each case, thereby permitting consideration of a broad range of factors as applicable to the particular case. Rock Island cites *Egyptian Transp. Sys. v. Louisville & N. R. Co.*, 321 Ill. 580, 584, 152 N.E. 510, 511 (1926); *Commonwealth Edison Co. v. ICC*, 295 Ill. App. 3d 311, 317, 692 N.E. 2d 1350, 1353 (2d Dist. 1998); *New Landing Util., Inc. v. ICC*, 58 Ill. App. 3d 868, 871, 374 N.E. 2d 6, 9 (2d Dist. 1977); and *Illinois Power Co. v. ICC*, 111 Ill. 2d 505, 511-512, 490 N.E. 2d 1255, 1257-58 (1986). Rock Island IB at 67.

Rock Island disputed ComEd’s argument that the Project is not necessary to provide adequate, reliable and efficient service to customers. ComEd IB at 30-32. Rock Island reiterated that the Project is not intended to prevent the bulk power system from falling below some predetermined standard of reliability, but points out that the Project will provide significant reliability benefits for Illinois. Rock Island IB at 61-68. Further, for the customers who would use the Project as an outlet for wind generation in the Resource Area or who wish to purchase electricity from wind generation in the Resource Area, the Project is absolutely necessary for adequate, efficient and reliable service. Rock Island reiterates that new wind generation will not be developed in the Resource Area unless new transmission infrastructure such as the Project is constructed to provide an outlet for wind generation in the Resource Area to market areas such as northern Illinois and PJM. *Id.* at 34-38; Rock Island RB at 90.

Rock Island also disputed ComEd’s assertion that the reliability studies Rock Island presented in this case had “serious flaws.” ComEd IB at 31. Rock Island states that ComEd is apparently referring to several criticisms by Mr. Naumann of Rock Island witness Mr. Januzik’s reliability studies. Rock Island contends that Mr. Naumann’s criticisms were largely quibbles concerning the geographic areas encompassed by the studies; Rock Island witness Mr. Januzik demonstrated that these criticisms were unfounded. Rock Island explains that, specifically, and in response to Mr. Naumann’s criticism, Mr. Januzik showed that: (1) It was reasonable to base the transfer capability and loss of load expectation (“LOLE”) studies on the Northern Illinois portion of PJM (“NI”) and on the State of Illinois as a whole, since for reliability purposes Illinois (not PJM or MISO in their entirety) is the region of interest in this case before the Illinois Commerce Commission and such studies can be conducted for a system or area of any size and location. Rock Island Ex. 6.7 Rev. at 2-3. (2) It is commonplace and long-standing practice in the industry to conduct LOLE analyses for a sub-region of a balancing area such as PJM; further, the analytical methodology of the LOLE study is not dependent on the boundaries of the area studied. *Id.* at 3-5. (3) The NI area of PJM and the MISO portion of Illinois together comprise a valid study area for LOLE analysis, due to the transmission ties between these areas. *Id.* at 5-6. (4) A complete outage of both poles of the HVDC transmission line is not an event that is considered in a typical LOLE study. The average availability rate for all transmission circuits

400 kV or higher is 99.732%. *Id.* at 7-9. (5) FCITC is an appropriate metric to use for the transfer capability study as it is a common concept in the U.S. to analyze reliability limitations to transfers of power from a given source to a given sink or multiple sinks; the alternative metrics suggested by Mr. Naumann are not appropriate for what the transfer capability study is attempting to measure. *Id.* at 9-11. (6) Because the transfer capability study focuses on the change in incremental transfer capability into the NI region resulting from the addition of the generation resources delivered by the Project and the effect they would have on line loading (*i.e.*, the total amount of power that could flow if required), it was not necessary for the study to consider firm versus non-firm transactions. *Id.* at 11-12. (7) The assumption used in the transfer capability study that 50% of the power injection of the Project into PJM would displace resources outside the NI region was a conservative assumption; an allocation based on load-weighted, pro-rata sub-regional demands would have resulted in a higher percentage of the power injected by the Project into PJM going to displace resources outside of NI and shown a larger increase in transfer capability due to the Project. *Id.* at 12-14. (8) It was not necessary for the transfer capability study to consider the impacts of any potential system upgrades that might be required as the result of the PJM interconnection process; any such upgrades would only further increase the incremental transfer capability into the NI region. *Id.* at 15. (9) The LOLE study and the transfer capability study are two independent analyses of the reliability impacts of the Rock Island Project and show two separate reliability benefits of the Project to the NI region and to Illinois. *Id.* at 14-15. Rock Island RB at 91-92.

Rock Island responded to Staff's statement that Rock Island failed to provide an independent study, such as a load flow study, from PJM or MISO that would demonstrate the need for the Project. Staff IB at 20. Rock Island states that it is unaware of any requirement to present such a study from an RTO in a CPCN case before this Commission (Rock Island Ex. 2.15 at 3), and that Staff cited no basis for such a requirement. Rock Island notes that later in its Initial Brief, Staff concedes that the fact that the Project has not been found by PJM to be necessary for reliability purposes is "not controlling under Illinois law." Staff IB at 46; Rock Island RB at 96. Rock Island reiterates that PJM does not evaluate the need for a merchant transmission line such as the Rock Island Project, but rather only evaluates what is necessary for a reliable interconnection of the Project to the PJM grid. Rock Island RB at 96.

In summary, Rock Island contends, based on the record in this case with respect to the benefits of the Project in terms of the adequacy, reliability and efficiency of electric service in Illinois, the scope of the terms "necessary" and "public convenience and necessity" in the PUA as defined by the courts, and the Commission's recognized discretion to determine what is "necessary" or will promote the public convenience and necessity in each case, that the Commission can and should find that the Rock Island Project is "necessary to provide adequate, reliable, and efficient service to its customers." Rock Island IB at 67-68.

iii. Least Cost

Rock Island states the record shows, from multiple perspectives, that the Rock Island Project satisfies the least cost requirement of §8-406(b)(1) of the PUA. Rock Island IB at 68. First, Rock Island contends that the economic analyses presented by Staff witness Mr. Zuraski and Rock Island witness Mr. Berry using Staff's revenue requirements model showed that the

alternative of constructing the Project and the wind generation that will be connected to it is the least cost alternative compared to (i) doing nothing, *i.e.*, assuming that suppliers continue to serve their loads by purchasing electricity in the market; and (ii) constructing the amount of new wind generation facilities in Illinois necessary to generate the same amount of wind energy as the wind farms in the Resource Area enabled by the Project. Rock Island states that these analyses take into account both the costs of constructing and operating the Project and its connected wind farms, and, in the case of the “Illinois Wind” scenario, the cost of constructing and operating the new Illinois wind farms that would produce a comparable amount of renewable energy, as well as the energy cost savings produced under each alternative. Rock Island contends that the economic analyses conducted using Staff’s model are the type of NPV revenue requirements analysis traditionally used in regulatory proceedings to determine which of two or more alternative projects is the least cost approach. *Id.* at 68-69. Rock Island contends that, considering all of the revenue requirements analyses under different assumption scenarios presented by Mr. Zuraski and by Mr. Berry, the alternative of constructing the Project and the associated wind generation has a lower NPV cost to consumers than the other alternatives studied, under the great majority of scenario assumptions analyzed. ICC Staff Ex. 3.0 at 29-46; Rock Island Ex. 10.14 Rev. at 53-54; Rock Island Ex. 10.24; Rock Island Ex. 10.26 at 37-41; Rock Island Ex. 10.29; Rock Island IB at 69. Rock Island states that the analyses conducted using Staff’s model show that the Project is the least cost alternative to meeting Illinois and regional RPS requirements. Rock Island Ex. 10.26 at 41; Rock Island IB at 69.

Second, Rock Island states that the Rock Island Project will use HVDC technology to bring power from the Resource Area to northern Illinois. Rock Island states that there is no AC alternative to the Project (*i.e.*, no proposed transmission line from the Resource Area to northern Illinois using AC technology) being proposed by any utility or merchant developer (Rock Island Ex. 2.11 Rev. at 2), and no party identified any proposed AC lines (or other proposed HVDC lines) that could be considered to be alternatives to the Project.¹⁷ Rock Island explains that it is a well-known fact among experienced power systems engineers, and has not been disputed in this case, that the most efficient means to transfer bulk amounts of electric energy over distances greater than approximately 300 miles (particularly energy produced by variable generation resources) is HVDC technology, rather than AC technology. *Id.* at 2, 3; Rock Island Ex. 2.0 at 20; Tr. 707; Rock Island IB at 69-70. Rock Island asserts that the cost, reliability and operational benefits of HVDC for this application include: (1) HVDC lines can transfer significantly more power with lower line losses over longer distances than comparable AC lines; (2) HVDC technology gives the operators direct control of energy flows, which makes HVDC particularly well-suited to manage the injection of variable wind generation; (3) HVDC lines, unlike AC lines, will not become overloaded by unrelated outages, because the amount of power delivered is strictly limited by the DC converters at each end of the HVDC line, thereby reducing the likelihood that outages will propagate from one region to another; (4) HVDC lines utilize narrower ROW and fewer conductors than comparable AC lines, thereby making more efficient

¹⁷ Rock Island states that the MISO MVP projects are not an alternative to the Project; they have different objectives and will accomplish different things. The MISO MVPs are intended (among other things) to enable the construction of new renewable generation to meet RPS goals in the MISO footprint. The rationale for the MISO MVPs does not include providing renewable energy to northern Illinois or the PJM system. The primary purpose of the Rock Island Project is to deliver low-cost renewable energy from northwest Iowa to PJM. Rock Island Ex. 10.14 Rev. at 59-61.

use of transmission corridors and minimizing visual and land use impacts; (5) HVDC lines can dampen power oscillations in an AC grid through fast modulation of the AC-to-DC converter stations and thus improve system stability; and (6) HVDC lines complement AC networks without contribution to short circuit current power or additional reactive power requirements. Rock Island Ex. 2.0 at 21-22; Rock Island Ex. 2.11 Rev. at 2-3; Rock Island IB at 70.

Additionally, Rock Island explains, over long distances, high voltage AC (“HVAC”) lines require intermediate switching or substations approximately every 200 miles to segment the line to handle issues associated with voltage support, transient over-voltages, and transient recovery voltages. Further, HVAC lines used for long-haul applications exhibit angular and voltage stability limitations, have a higher requirement of reactive power dependent on loading, and have higher charging current requirements at light load. Rock Island Ex. 2.0 at 20. With respect to electrical losses, typical aluminum steel reinforced conductors provide greater resistance to AC than to DC; moreover, the large reactive power requirements of long AC lines means that less of the line is used to move real power and the significant reactive power requirements introduce associated reactive losses. *Id.*; Rock Island Ex. 2.11 Rev. at 4; Rock Island IB at 70-71.

While noting the well-recognized cost, efficiency and system control advantages of HVDC over AC technology, Rock Island also presented a comparison of the costs of an HVDC line (including the converter stations) to several AC lines for delivery of 3,500 MW over a distance of 500 miles. The AC alternatives evaluated were several configurations of 345 kV and above AC lines. Rock Island Ex. 2.11 Rev. at 3-4; Rock Island IB at 71. The construction costs and costs of electrical losses for the alternatives analyzed are shown in the following table from Rock Island Ex. 2.11 Rev. at 4:

Solution to Transmit 3,500 MW, 500 miles (Transmission Line + Necessary Equipment)	Cost (\$ billion)	Loss Costs (\$ million)
Five, single circuit 345 kV transmission lines	5.96	876.4
Two, double circuit 345 kV transmission lines plus one, single circuit 345 kV transmission line	5.45	876.4
Two, single circuit 500 kV transmission lines	3.79	784.7
One, double circuit 500 kV transmission line	3.01	784.7
One, single circuit 765 kV transmission line	2.37	584.2
One, ±600 kV HVDC bi-pole system	2.15	384.0

Rock Island states that this analysis demonstrates that the HVDC solution has a substantial capital cost advantage over the AC alternatives and also has substantially lower losses costs than the AC alternatives. Rock Island concludes that its HVDC solution is clearly the lowest cost alternative to accomplish the objectives of the Project, that is, connecting high capacity factor wind generation in the Resource Area to northern Illinois. Rock Island Ex. 10.26 at 36; Rock Island IB at 71-72.

Third, Rock Island asserts that as compared to the status quo, the Project is also least cost. Rock Island states that this is shown by (1) Mr. Moland’s analyses, all of which showed reductions in LMPs, demand costs and variable production costs if the Project and the associated

wind farms are constructed; and (2) the analyses using the Staff revenue requirements model that compared the cost of constructing and operating the Project and the associated wind farms to the costs of market purchases of energy in the existing wholesale market. Further, Rock Island states that as a merchant transmission project, it will recover its costs solely from customers who contract for transmission capacity and service on the Project, and is not proposing to recover its costs through cost allocation to load (*i.e.*, to retail customers) within PJM or MISO. Rock Island Ex. 10.13 at 11; Rock Island Ex. 10.14 Rev. at 28-29, 48; Rock Island IB at 72. Rock Island notes Dr. McDermott's testimony that the competitive market will determine that the Project is the least cost approach; if it is not the least-cost approach, it will not be built, because if shippers can reach their desired markets using an alternative lower-cost resource, they will not purchase transmission service on the Project. Rock Island Ex. 4.2 at 10; Tr. 151; Rock Island IB at 72-73.

Additionally, with respect to comparisons to the status quo, Rock Island states that while it is theoretically possible to move power from the Resource Area to northern Illinois using existing 345 kV lines, this would (i) entail substantially higher electric losses as compared to HVDC transmission facilities, (ii) expose the shippers to congestion costs on the AC system that result from transmission constraints, and (iii) require the shippers to pay wheeling charges to both MISO and PJM. Rock Island states that these additional costs and complexities make it unrealistic, let alone uneconomic, for wind generators to move power from wind facilities in the Resource Area to northern Illinois using the existing transmission grid. Rock Island Ex. 10.0 at 10; Rock Island IB at 73.

Fourth, Rock Island states that with respect to the Project route, the Preferred Route is the least cost option taking into account both construction cost and other relevant route selection considerations. Rock Island notes that the Commission has typically addressed the least cost aspect of §8-406(b) by examining which of the potential routes of a proposed transmission line is the least cost, considering all relevant factors.¹⁸ Based on this approach, Rock Island states, the Commission does not always choose the transmission line route with the lowest construction cost as the least-cost route. Rock Island Ex. 7.35 at 27; Rock Island IB at 73. Rock Island states that the Preferred Route for the DC Section of the Project has the second lowest estimated construction cost of the routes studied (the Proposed Alternative Route for the DC Section has a lower estimated construction cost), but the estimated cost for the Preferred Route is only 0.7% (\$2 million) higher than the estimated cost for the Proposed Alternative Route. Rock Island Ex. 7.0 Rev. at 36; Rock Island Ex. 9.0 Rev. at 9; Rock Island IB at 73. Rock Island states, however, that although the estimated construction cost for the Preferred Route for the DC Section is slightly higher than the construction cost for the Proposed Alternative Route, the Preferred Route is superior based on application of the Routing Criteria used by Rock Island; the overall advantages of the Preferred Route outweigh the very modest cost advantage of the Proposed Alternative Route. Rock Island Ex. 7.0 Rev. at 36; Rock Island Ex. 7.30 at 38; Rock Island IB at 73-74. Specifically, the Preferred Route is shorter, has fewer homes within 200 feet, 500 feet

¹⁸ Rock Island cites the following orders: *Ameren Transmission Company of Illinois*, Docket 12-0598 (Order dated Aug. 20, 2013) at 14; *Illinois Power Company d/b/a AmerenIP*, Docket 10-0079 (Order dated Apr. 12, 2011), at 15; *Illinois Power Company d/b/a AmerenIP*, Docket 06-0179 (Order dated May 16, 2007), at 10, 41; *Illinois Power Company d/b/a AmerenIP*, Docket 06-0083 (Order dated June 28, 2006), at 5; *Commonwealth Edison Co.*, Docket 01-0833 (Order dated June 19, 2002), at 9; *Commonwealth Edison Co.*, Docket 00-0660 (Order dated May 8, 2002), at 7.

and 1000 feet of the centerline of the route, has fewer other buildings within 100 and 200 feet of the centerline, and affects a smaller number of land parcels and landowners, than does the Proposed Alternative Route. The Preferred Route has no known schools, hospitals or religious facilities within 1,000 feet of the centerline, does not cross any Agricultural Preservation Areas, crosses the fewest number of center pivot irrigation systems, and does not require the placement of transmission structures in wetlands. The Preferred Route also avoids a possible conflict with an unregistered ultra-light airstrip that would occur with the Proposed Alternative Route. Rock Island Ex. 7.0 Rev. at 27-28, 34-35; Rock Island Ex. 8.2 at 55-63; Rock Island IB at 74. Applying all of the Routing Criteria to the Preferred Route and the Proposed Alternative Route for the DC Section, Rock Island states that the advantages of the Preferred Route in terms of maintaining the greatest distance from the greatest number of homes, minimizing the length of the route, and affecting the fewest parcels and number of landowners made it the superior choice as compared to the Proposed Alternative Route for the DC Section. Rock Island IB at 74.

Rock Island states that the Preferred Route of the AC Section has the lowest construction cost of the AC Section route alternatives studied. Rock Island Ex. 9.0 Rev. at 9. In addition to having the lowest estimated construction cost, the Preferred Route for the AC Section is the best route of the alternatives studied based on application of the other Routing Criteria. Rock Island Ex. 7.0 Rev. at 28, 36-37; Rock Island IB at 74-75.

In response to ComEd's assertion that Rock Island presented no evidence that the Project is least cost, Rock Island cites Dr. Galli's analysis that compared the costs of an HVDC line from northwest Iowa to northeast Illinois to a series of potential AC alternatives and demonstrated that the HVDC line such as proposed by Rock Island is overwhelmingly the least cost alternative. Rock Island Ex. 2.11 Rev. at 3-4; Rock Island IB at 70-72; Rock Island RB at 90.

Rock Island responded to Staff's citation of Mr. Rashid's testimony in which he asserted that Rock Island did not provide information on whether it considered or examined alternatives to the Project to determine if it meets the least cost criterion of §8-406. Staff IB at 21-23. Rock Island states that it addressed the topic of least cost extensively in its testimony, as summarized above. Rock Island states that from the record, it is difficult to ascertain why Mr. Rashid seems to believe that Rock Island has not demonstrated that the Project meets the least cost criterion, or what other mode of analysis he thinks should have been employed. Rock Island RB at 96-97. Rock Island notes that Mr. Rashid testified that DC technology is the best technology for transporting bulk electricity from point to point over a long distance. Tr. 707.

Rock Island states that Mr. Rashid's concerns over whether the Project satisfies the least cost criterion seem to be founded in a misunderstanding of what constitutes "open access transmission service." See Staff IB at 21-23. Rock Island explains that it will use the Project to offer and provide open access transmission service from the Project's western converter station in O'Brien County, Iowa, to the Collins Substation in Grundy County, Illinois. Rock Island will be required to offer this service to all eligible customers on a non-discriminatory basis and without giving undue preference to any eligible customer. This is Rock Island's open access transmission service obligation. Rock Island Ex. 10.26 at 35-36. Rock Island notes that Mr. Rashid seemed to think that by being an open access transmission service provider, Rock Island is required to provide access to customers at intermediate locations all along the route of the

Project throughout Illinois; he therefore questioned Rock Island's HVDC versus AC cost comparison for not including the costs for such intermediate interconnections. Staff IB at 22-23. Rock Island states that Mr. Rashid's premise is incorrect. Rock Island states that it does not need to provide service at all points (indeed, at any intermediate points) along its route in order to be an open access transmission provider. Rock Island states that it is only required to offer nondiscriminatory access to the service it is offering to provide, namely, point-to-point transmission service from O'Brien County, Iowa to the Collins Substation in Illinois. Rock Island Ex. 2.15 at 4; Rock Island Ex. 10.26 at 36; Rock Island RB at 97-98.

Rock Island states that customers could seek to interconnect to the Project at one or more points along the route through an interconnection request under Rock Island's OATT, which would require the customer to pay the costs of the interconnection. Rock Island Ex. 2.15 at 3-4. Further, Dr. Galli testified that the HVDC line has such a substantial cost advantage over the AC lines evaluated in his least cost comparison that Rock Island could install an additional AC-to-DC converter station at a mid-point location along the route and, even with this additional cost, the HVDC line would still be least-cost compared to the AC alternatives. Rock Island Ex. 2.15 at 5; Rock Island Ex. 10.26 at 36; Rock Island RB at 98.

Rock Island also states that later in this section of its Initial Brief, Staff states that Mr. Rashid "testified that it was not clear whether the proposed project, which [Rock Island] estimates will cost \$2 billion overall, is the least-cost project that would further the cause that [Rock Island] identifies for implementing the proposed project," and that "Mr. Rashid suggested that one such alternative would be an AC transmission line of equal load capacity as [Rock Island's] proposed DC line." Staff IB at 28. Rock Island states that Staff's assertion is particularly baffling since, as described above, Rock Island in fact presented a cost comparison of a 3,500 MW capacity, ± 600 kV 500-mile HVDC transmission line to five different AC alternatives and showed that the HVDC line was overwhelmingly lower cost than all of the AC alternatives. Rock Island RB at 98-99.

In summary, Rock Island contends that, based on (i) consideration of the revenue requirements for the Project compared to alternatives, (ii) the costs and operating efficiencies of the Project's HVDC technology compared to AC alternatives, (iii) a comparison of constructing the Project to the status quo, and (iv) analysis of the least-cost route (considering both construction costs and applicable routing criteria), the Rock Island Project is the least-cost means of satisfying the objectives of promoting the development of an effectively competitive market and of providing adequate, reliable and efficient service to customers. Rock Island IB at 75.

iv. Proposed CPCN Condition Regarding Cost Allocation

Rock Island states that the Project is a "merchant" transmission project; as a merchant transmission project, Rock Island will recover its costs of construction and operation solely through the revenues it receives from the specific transmission customers that purchase capacity and take transmission service on the Project. According to Rock Island, its investors, not the retail electric ratepayers of Illinois or other states, will bear any risks that the Project cannot be successfully constructed and completed or that the revenues received by the Project will prove to be insufficient to provide its investors with an adequate rate of return on their investment. Rock

Island Ex. 10.13 at 11; Rock Island Ex. 10.14 Rev. at 28-29, 30-31, 35; Rock Island Ex. 10.26 at 8, 10, 14; Tr. 647-48, 951-52, 1007-08; Rock Island IB at 75. Rock Island states that it has no plans to seek to recover the costs of the Project from retail customers by cost allocation to load through RTO cost recovery processes, and in fact believes there is presently no cost allocation mechanism by which the costs of an inter-regional transmission line such as the Project can be recovered. Rock Island Ex. 1.0 at 15-16; Rock Island Ex. 10.14 Rev. at 29; Rock Island Ex. 10.26 at 19-20; Rock Island IB at 75-76.

Rock Island states that the fact that the Project is a merchant transmission project whose costs will be paid for by its specific transmission customers through their payments for transmission capacity and service (rather than by all retail ratepayers or load-serving entities in an RTO region) distinguishes the Project from other projects that are dependent on cost recovery from captive ratepayers through regional cost allocation mechanisms. According to Rock Island, the fact that the Project is a merchant project whose costs will not be recovered through allocation to load using RTO cost allocation processes supports the conclusion that the Project will promote the development of an effectively competitive electricity market that operates efficiently and is equitable to all customers, is least cost, and promotes the public convenience and necessity. Rock Island states that merchant transmission projects like the Project are a logical, market-driven response to the Commission's previously-expressed concerns about the use of regional cost allocation processes to recover the costs of transmission projects. Rock Island IB at 76.

Rock Island notes, however, that some parties have expressed concerns that at some future date, Rock Island could request and obtain cost allocation treatment from PJM or MISO, at a point in time after this Commission has granted a CPCN for the Project on the assumption that it is a merchant project and will not use cost allocation. ComEd Ex. 1.0 2d Rev. at 37; ILA Ex. 7.0 at 10; ICC Staff Ex. 3.0 at 5; ICC Staff Ex. 6.0 at 3. To address these concerns, Rock Island proposed a condition to its CPCN whereby it would not be allowed to recover any portion of its costs through regional cost allocation to load unless it first makes a new filing with this Commission for approval to recover its costs through cost allocation to load and receives approval from the Commission. Rock Island Ex. 10.14 Rev. at 29-30; Rock Island Ex. 10.26 at 21-22; Rock Island IB at 76-77. As modified by Rock Island witness Mr. Berry in his surrebuttal testimony in response to a comment in ComEd witness Mr. Naumann's rebuttal testimony, Rock Island's proposed condition is (Rock Island Ex. 10.26 at 21-22; Rock Island IB at 77):

Prior to recovering any Project costs from Illinois retail ratepayers through PJM or MISO regional cost allocation, Rock Island will obtain the permission of the Illinois Commerce Commission in a new proceeding initiated by Rock Island. For the purposes of the prior sentence, any system upgrades set forth in an interconnection agreement with PJM or MISO and the costs of which are allocated to Rock Island will be considered "Project costs." For the avoidance of doubt, the phrase "recovering any Project costs from Illinois retail ratepayers through PJM or MISO regional cost allocation" includes the recovery of costs through PJM and MISO transmission service charges that are paid by retail electric suppliers in respect of their electric load served in Illinois.

Rock Island states that the language of the proposed condition precludes Rock Island from recovering the costs of the Project through RTO regional cost allocation methods, either directly from Illinois retail ratepayers, or through allocation of the costs to retail electric suppliers in respect of their loads served in Illinois, without Commission approval to do so that is granted in a separate proceeding. Rock Island Ex. 10.14 Rev. at 29-30; Rock Island Ex. 10.26 at 18-21; Rock Island IB at 77. Rock Island states that by this condition, it commits not to recover costs from Illinois ratepayers through PJM or MISO regional cost allocation without a further Commission proceeding and authorization, and is making a binding commitment not to use regional cost allocation without further approval of this Commission. Rock Island Ex. 10.26 at 18-19; Rock Island IB at 77-78. Rock Island states that under the condition, in order to justify the use of cost allocation, it would have to persuade the Commission in a future proceeding that the Project's benefits outweigh its costs to ratepayers. Rock Island Ex. 10.14 Rev. at 29-30. Staff and other interested parties would be able to participate in the proceeding. *Id.* Further, the Commission would have complete discretion to determine the basis on which it would grant or deny such a request, in the unlikely event one were ever made. Rock Island IB at 78.

Rock Island states that there are ample assurances that it will comply with the condition. First, Rock Island's authority to construct and operate the Project will be subject to its continued compliance with the condition. The Commission can enforce compliance with the conditions it imposes in a CPCN order, including by filing a complaint or initiating a proceeding to show cause why the CPCN should not be rescinded due to noncompliance with the condition (220 ILCS 5/10-108; 220 ILCS 5/10-113(a)), as well as by seeking civil penalties for violation of the Commission's order (220 ILCS 5/5-202). Second, lenders and investors will likely insist on a covenant in Rock Island's financing documents forbidding Rock Island from violating the conditions of its CPCN. Third, Rock Island's negotiated rate authority granted by the FERC forbids Rock Island from obtaining cost recovery through socialized rates. Rock Island Ex. 10.26 at 19, 20; Rock Island IB at 78.

Rock Island responded to concerns expressed by ComEd witness Mr. Naumann that, despite the condition, the Project could become part of the PJM and MISO regional transmission plans for regional cost allocation purposes without any action on the part of Rock Island. ComEd Ex. 4.0 Rev. at 27-28. Rock Island states that this possibility is implausible at best. Rock Island points out that Mr. Naumann was unable to identify any transmission project that was cost allocated without the owner taking affirmative action to accomplish this result, *i.e.*, based on the request of a third party unrelated to the owner. Rock Island Ex. 10.26 at 19; Tr. 957; Rock Island IB at 78-79. At a minimum, Rock Island asserts, it would be necessary for the Project to become part of the PJM and/or MISO regional transmission expansion plan(s) for purposes of regional cost allocation, without Rock Island having taken any affirmative action to accomplish this. According to Rock Island, the suggestion that PJM could "reclassify the Project" (ComEd Ex. 4.0 Rev. at 27) without any action by Rock Island is simply at odds with the way the PJM regional transmission expansion plan actually works. Further, even if PJM (or MISO) could somehow "reclassify the Project," Rock Island still could not receive recovery of its costs from the regional cost allocation process without taking additional affirmative actions, including signing the applicable transmission owners' agreement, obtaining a modification to the FERC's grant of negotiated rate authority, submitting required accounting information to the RTO, and actually accepting the funds. Rock Island states that it would be prohibited by the

CPCN condition from taking such actions, absent approval by the Commission in a subsequently-initiated proceeding. Rock Island Ex. 10.26 at 19-20; Rock Island IB at 79.

Rock Island urges the Commission to adopt the proposed condition. Rock Island states that the condition is sufficient to address any concerns, and protect Illinois retail ratepayers against the possibility that Rock Island could, in the future, decide to abandon its merchant model and instead recover the costs of the Project from Illinois ratepayers through PJM or MISO regional cost allocation mechanisms, without first having obtained, in a docketed proceeding, Commission approval to do so. Rock Island IB at 79.

v. Proposals to Delay Issuing the CPCN for the Project Until the Interconnection Processes are Completed

Rock Island opposes ComEd's position that this proceeding should be dismissed without prejudice until such time as the interconnection processes for the Project at PJM and MISO are completed and the network upgrades and their costs, and any operating limitations, required in order for the Project to be allowed to interconnect to the existing transmission system, have been determined by PJM and MISO. Rock Island IB at 79-80. Rock Island states that there is no reason to delay issuance of a CPCN for the Project until the PJM and MISO interconnection processes are completed. Rock Island contends that such a delay would delay completion of the Project and, therefore, delay the realization of the economic, reliability and environmental benefits of the Project. Rock Island states that the PJM and MISO interconnection processes will determine how the Project can be interconnected to the existing grid without adversely impacting its reliability. By law, the PJM and MISO interconnection processes must be completed before Rock Island can operate the Project to inject power into the PJM grid. Rock Island states that a PJM System Impact Study ("SIS") has determined that system upgrades costing only \$24 million in the aggregate will be required, and Rock Island has included this cost in its Project cost estimate. Although the SIS raises the possibility that operating limitations on the Project may be necessary under certain conditions, Rock Island states that its analysis indicates these issues can be resolved, without the need for operating limitations, by the installation of fast-reaction reactive power equipment that Rock Island has also included in its Project cost estimate. Further, Rock Island states that it has modeled the operation of the Project with the operating restriction suggested by the PJM SIS in effect and that this analysis showed that the economic benefits of the Project are only slightly reduced and it continues to produce significantly higher economic benefits and lower revenue requirements than alternatives. *Id.* at 80-81.

Rock Island states that the RTO interconnection study processes will result in a determination that the Project can be interconnected with the existing transmission grid in a manner that does not threaten the reliability of the grid, and will determine the network upgrades and operational requirements, if any, to ensure that result. Federal law and regulation require that Rock Island complete the interconnection study processes and sign interconnection agreements with PJM and MISO before the Project will be allowed to operate. Rock Island Ex. 2.11 Rev. at 8; Rock Island Ex. 10.14 Rev. at 30, 35, 37; Rock Island Ex. 10.26 at 27; Rock Island IB at 81-82. The PJM and MISO interconnection processes for the Project will be carried out in accordance with these RTOs' FERC-jurisdictional tariffs and related rules and agreements, without the need for involvement by the Commission arising out of this certificate proceeding.

Rock Island Ex. 2.11 Rev. at 31. Further, ComEd and any other affected transmission owners have had and will continue to have a full opportunity to participate in the RTOs' interconnection processes and to provide relevant information and concerns to the RTOs, including comments on studies and proposed solutions to reliability concerns. Rock Island states that ComEd has extensively exercised that opportunity to date, and no doubt will continue to do so. *Id.* at 26; Rock Island Ex. 2.15 at 9-10; Rock Island Ex. 10.26 at 27-28; Rock Island Exs. 2.16-2.17; Rock Island IB at 81. Rock Island states that it is not necessary for the Commission to await the completion of the PJM and MISO interconnection study processes to rule on Rock Island's request for a CPCN for the Project. Rock Island 10.14 Rev. at 27; Rock Island IB at 81.

Rock Island states that PJM and MISO are charged with ensuring reliable interconnections and operations, and will require, as conditions to the Project interconnecting with their systems, implementation of the system upgrades and other actions they determine are needed to maintain the reliability of their systems. Rock Island Ex. 2.15 at 32-33; Rock Island IB at 82. The interconnection study process is intended to identify for the interconnection customer (here, Rock Island) and the incumbent transmission owner (here, ComEd in PJM and MidAmerican in MISO) the equipment that will be required, costs for that equipment, and any required operational procedures, to allow for the efficient and reliable operation of the grid consistent with the planning requirements of the RTO and applicable reliability requirements of NERC and the utility to which the interconnection is made. Rock Island Ex. 2.15 at 14-15; Rock Island IB at 82. The PJM and MISO interconnection study processes will identify any reliability issues presented by the interconnection of the Project, and will prescribe solutions that prevent any deterioration of system reliability. Rock Island Ex. 2.11 Rev. at 24, 31; Rock Island Ex. 2.15 at 15; Rock Island IB at 82. Rock Island states that the final interconnection agreements it enters into will identify the appropriate mitigation actions to accommodate the reliable operation of the transmission system with the Project in service, and to provide for protection of ComEd's and other entities' facilities during any abnormal system events, including mitigating any potential impacts to system stability. Rock Island Ex. 2.11 Rev. at 24; Rock Island Ex. 2.15 at 15; Rock Island IB at 83.

Rock Island explains that it holds two positions for the Project in the PJM interconnection queue, referred to as the S57/S58 positions (collectively, the "S position"), which represents a 3,500 MW HVDC interconnection with 700 MW of Firm Transmission Injection Rights ("FTIR"), and the U3-026 position ("U position"), which requests an additional 492 MW of FTIR. Rock Island Ex. 2.11 Rev. at 10; Rock Island IB at 83. Based on PJM's August 2013 SIS for the S position, there will be a need for installation of two new 765 kV circuit breakers and associated SCADA and communications equipment, at an estimated cost of \$14 million, and a new transformer at Plano at an estimated cost of \$10 million, to accommodate the S position interconnection. Rock Island Ex. 2.11 Rev. at 11-12. The August 2013 SIS for the S position also identified other potential reliability issues that could require operational solutions, rather than system upgrades. Rock Island IB at 83-84.

Rock Island states that, because the Project will originate within the MISO region and transmit the output of generating facilities located in the MISO region to an interconnection point with the PJM grid, it is also necessary that MISO perform a "No-Harm" study. Rock Island states that a scope of work for this study has been established and it is currently in progress.

Rock Island Ex. 2.0 at 11-12; Rock Island Ex. 2.11 Rev. at 24-26. The MISO No-Harm study will identify any “loop flow” impacts of the Project and any necessary mitigation actions to address these impacts. *Id.* at 26-28; Rock Island IB at 84. Rock Island states that ComEd also has the opportunity to participate in the MISO No-Harm study, and has been doing so. Rock Island Ex. 2.11 Rev. at 25; Rock Island Ex. 10.14 Rev. at 26; Rock Island Ex. 2.16 at 35-37; Rock Island IB at 86.

Rock Island states that the PJM August 2013 SIS identified a specific reliability concern arising in the event of an outage of one of the two ComEd 765 kV transmission lines that connect at the Collins Substation, the Collins - Wilton Center line and the Plano – Collins line, while the Rock Island Project is injecting power to the PJM grid at the Project’s full capacity of 3,500 MW. Rock Island notes that based on historical operational data, one of these ComEd 765 kV lines is out of service due to a planned or unplanned outage in 4.1% of the hours of the year (2.8% of the hours for Plano-Collins and 1.3% of the hours for Wilton-Center Collins). Rock Island Ex. 3.7 at 2; Rock Island Ex. 10.26 at 17. Rock Island states that the August 2013 SIS report proposed two alternative acceptable mitigations for this issue, one of which entails reducing the power injection level of the Project during any period when one of the two ComEd 765 kV lines is out of service. Rock Island Ex. 2.11 Rev. at 23-24; Rock Island Ex. 2.15 at 21; Rock Island IB at 87.

Rock Island states that for purposes of the August 2013 SIS, PJM specified that the Project’s power injection level would be reduced to 700 MW in the event of an outage of one of the ComEd 765 kV lines. Rock Island states, however, that, PJM’s mitigation option of limiting the Project’s power injection level to 700 MW in this situation is based solely on the fact that the S position requests 700 MW of FTIR, not on actual system limitations. Rock Island Ex. 2.15 at 22, 34. Rock Island states that PJM has not determined what specific level of power injection (700 MW or higher) the Project would be limited to in the event of an outage of one of the ComEd 765 kV lines. Rock Island explains that the level to which the Project’s power injections will be limited in the event of and during the period of an outage of one of the ComEd 765 kV lines will likely be much higher than 700 MW, and there actually may be no reduction in power injection level required from the Project’s 3,500 MW full capacity. *Id.* at 22-23, 33-34. Rock Island notes that it appears that PJM has performed an analysis of the operation of the Project at a power injection level of 1,192 MW (the combined FTIR requested for Rock Island’s S and U queue positions) during a ComEd 765 kV line outage, and found, on a preliminary basis, that the system remains stable under these conditions. Tr. 938-41; Rock Island IB at 87-88.

Rock Island states that the mitigation action proposed in PJM’s August 2013 SIS report for an outage of one of the ComEd 765 kV lines, *i.e.*, that the power injection level of the Project be reduced to 700 MW within 30 minutes, is feasible and achievable using modern, readily-available equipment and operating practices, and particularly in light of the greater control capabilities of HVDC technology. According to Rock Island, power electronics coupled with the high-speed communication and controls capabilities of modern day control systems allow for automatic responses to system disturbances. Rock Island states that this is common industry knowledge as it relates to HVDC and Flexible Alternating Current Transmission Systems (“FACTS”). Rock Island Ex. 2.15 at 23-25, 27-32. Rock Island states that protocols such as the one proposed by PJM in the event of an outage of a ComEd 765 kV line are already in effect on

other HVDC projects worldwide. *Id.* at 27-28; Rock Island IB at 88. Rock Island witness Dr. Galli provided a detailed explanation of the operational steps that would be taken to effectuate this mitigation and to redispatch the system to reduce the power injection level of the Project to 700 MW (if in fact reduction to that level is ultimately required by PJM) within 30 minutes. Dr. Galli testified that such a redispatch, if required, could and would be accomplished. Rock Island Ex. 2.15 at 28-32; Rock Island Ex. 2.20; Rock Island IB at 88. Rock Island also states that PJM has expressed confidence, based on its experience, that redispatch of the system to reduce the power injection level of the Project from its maximum of 3,500 MW to 700 MW can be accomplished within 30 minutes, and has so advised Exelon, in writing:

One of the concerns raised in your letter was that PJM would not be able to timely implement operating procedures to reduce the flow on the RICL project following certain contingencies on the transmission system. As you know the RICL project is seeking 700MWs of firm injection capability and 2800 MWs of non-firm injection capability when reviewing the project through the S57 & S58 queue positions. PJM's analyses determined that under certain circumstances it will be necessary to curtail the non-firm injections in order to mitigate potential adverse system impacts. PJM believes it is possible to curtail up to 2800 MWs of non-firm injections in 30 minutes. Based on previous system disturbances PJM has re-dispatched over 5000MWs of generation in 30 minutes or less. Additionally, it should be noted, that during the performance of NERC Category C.3 testing in the baseline RTEP studies PJM has re-dispatched in excess of 5800 MWs of generation in order to relieve constraints on the ComEd system. (Rock Island Ex. 2.17 at 3; Rock Island IB at 88-89.)

Rock Island states that, in addition to the potential reliability issues for which specific system upgrades will be required (as described above), and the potential reliability issue resulting from an outage of one of the ComEd 765 kV lines, during which a reduction in the Project's firm power injection level may be required, the PJM August 2013 SIS report identified a number of other potential constraints for which mitigation actions may be required. Rock Island states, however, that there is no indication that any additional, significant system upgrades will be needed to resolve any of these additional constraints. Rock Island asserts that some of the constraints may be resolved through the operation of PJM's Security-Constrained Economic Dispatch ("SCED") process, without the necessity for any separate operating procedures. Rock Island contends that mitigation actions, if any, that may be required for any of these constraints would be limited to the use of specific operating procedures. Rock Island IB at 89.

Rock Island witness Dr. Galli provided a detailed listing and description of all the potential constraints identified in the August 2013 SIS Report and how they would be resolved. Rock Island Ex. 2.15 at 12-26; Rock Island Ex. 2.18. He emphasized that PJM has identified concrete, workable mitigation solutions for each of the reliability issues that will resolve or prevent these reliability issues from arising, and that completely address any concerns about possible adverse reliability impacts to the grid due to the interconnection and operation of the Project. Dr. Galli explained that the additional constraints identified in the August 2013 SIS will not require additional operating limitations or restrictions on the Project or otherwise materially affect its operation. Rock Island Ex. 2.15 at 7. Rock Island believes that it should be able to

mitigate most, if not all, of these potential reliability issues without the need to curtail power injections by the Project below its 3,500 MW maximum capacity, by the installation of fast-acting reactive power equipment coupled with the controllability of HVDC technology, and the operation of PJM's SCED process. *Id.* at 8; Rock Island IB at 89-90. Rock Island states that it will install FACTS devices known as static synchronous compensators, or STATCOMs, which are power electronic-based devices that provide reactive power support, and thus voltage support, on a nearly instantaneous basis, allowing for a response within milliseconds to system voltage disturbances by either producing or absorbing reactive power to stabilize voltage. Rock Island Ex. 2.15 at 23-24, 25-26. Rock Island states that installation of the STATCOMs will ensure that the transmission system can accommodate the Project's full injection level of 3,500 MW during both normal and contingency conditions including during the additional contingencies that were identified in the August 2013 SIS. *Id.* at 34-37; Rock Island IB at 90.

Rock Island states that PJM's analysis in the August 2013 SIS did not include application of additional fast-acting reactive power devices such as the STATCOMs that Rock Island will install, but that these devices mitigate the voltage instabilities indicated in the August 2013 SIS and minimize (and in most cases eliminate) the need for operating restrictions. Rock Island Ex. 2.15 at 34-35. Rock Island states that Siemens, the technology vendor for Rock Island's converter stations, restudied the voltage issues identified by PJM by incorporating the use of STATCOMs. This analysis found that STATCOMs support the system AC voltage and prevent potential AC voltage collapse, thereby minimizing and in most cases eliminating the need to reduce the Project's power injection levels as a mitigation measure in response to constraints. *Id.* at 35-37; Rock Island Ex. 2.19 at 4-6; Rock Island IB at 90-91. Rock Island states that PJM and MISO will be able to review and confirm the use of STATCOMs and the resulting resolution of potential voltage issues as part of completing the interconnection process. Rock Island IB at 91.

Rock Island states that, although it does not believe that an operating limitation of the Project's power injection level to 700 MW will ultimately be required by PJM to mitigate an outage of one of the ComEd 765 kV lines, or any other potential reliability issues, it asked Mr. Moland to conduct sensitivity runs of his economic benefits analysis under the assumption that the Project is limited to 700 MW during periods when one of the two ComEd 765 kV lines is out of service. Rock Island Ex. 10.26 at 17-18; Rock Island IB at 91. For this analysis, Mr. Moland assumed that a ComEd 765 kV line would be out of service due to an during 4.1% of the hours of the year, based on the historical outage experience of these lines. During these hours, energy delivery on the Project was capped at 700 MW in his analysis. Mr. Moland performed the sensitivity runs using the "Business as Usual" and "Slow Growth" scenarios. Rock Island Ex. 3.7 at 1-2; Rock Island IB at 91. Rock Island states that Mr. Moland's analyses showed that, under the assumption that the Project's energy delivery is limited to 700 MW when one of the ComEd 765 kV lines is out of service, the Project's annual energy delivery would be reduced by 1.7% and the demand cost savings for Illinois (reduction in total annual cost to serve load) would be reduced by approximately 1% to 3% (depending on the year and economic scenario) compared to his original analyses that did not include these operating limits. Rock Island Ex. 3.7 at 3; Rock Island Ex. 3.8 at 1; Rock Island Ex. 10.26 at 17-18; Rock Island IB at 91-92. Rock Island states that variable production cost savings in the Eastern Interconnection were reduced by between 0.44% and 2.37%, depending on the year and economic scenario, under these assumptions compared to the base case. Rock Island Ex. 3.8 at 4; Rock Island IB at 92. Rock

Island states that these analyses show that, even under the unlikely assumption that the Project's power injection level is limited to 700 MW during a ComEd 765 kV line outage, over 97% of the Project's economic benefits remain. Rock Island Ex. 10.26 at 18; Rock Island IB at 92.

Additionally, Rock Island states that it ran an alternative set of cases using the Staff revenue requirements model with the additional assumption that the Project's power injection level is limited to 700 MW when one of the ComEd 765 kV lines is out of service. Rock Island Ex. 10.26 at 40-41; Rock Island Ex. 10.30; Rock Island IB at 92. Rock Island states that these analyses showed that even with the impacts of this potential operating restriction, the Project is clearly beneficial compared to the alternative of no new transmission or generation construction in which consumers continue to purchase energy from the existing market. Rock Island states that, assuming LMP savings from the Project continue over its lifetime, the average consumer benefits from the Project across a range of assumption scenarios are \$16.3 billion under Staff's "Model A" and \$17.9 billion under Staff's "Model B." Assuming LMP savings from the Project are limited to five years, the average consumer benefits from the Project are \$6.8 billion under Staff's "Model A" and \$8.4 billion under Staff's "Model B." Similarly, Rock Island states that with the potential operating restriction incorporated into the analysis, the Project still has a lower present value revenue requirement than building a comparable amount of new wind generation capacity in Illinois in 92% to 97% of the sensitivity cases under Staff's "Model A" and in 93% to 99% of the sensitivity cases under Staff's "Model B." Rock Island Ex. 10.26 at 40-41; Rock Island Ex. 10.30; Rock Island IB at 92-93.

Rock Island contends that delaying issuance of the order in this case granting Rock Island the requested regulatory approvals would delay the ultimate completion of the Project and thus delay the realization of the economic, reliability and environmental benefits it will produce. Rock Island explains that the CPCN order will approve a specific route for the Project in Illinois, approve easement ROW widths, and approve the structures to be used for the transmission line. These determinations will enable Rock Island to proceed to more detailed engineering and construction cost estimating activities for the line. Additionally, pursuant to §8-510 of the PUA, upon receiving a CPCN for the Project, Rock Island will have the right (with appropriate notice to landowners) to enter landowners' properties for the purpose of conducting surveys. This will enable Rock Island to conduct necessary detailed environmental, biological and archeological surveys, such as surveys for wetlands and species habitats, as well as land surveys, that are necessary to perform detailed engineering and determine specific structure placement locations. ComEd Cross Ex. 3 at 2; Tr. 1122; Rock Island IB at 93. Rock Island also states that receipt of approval for a specific route of the Project in Illinois will enable Rock Island and landowners along that route to engage in informed discussions about easement acquisition and property-specific concerns regarding construction of the Project and placement of structures. (Some landowners have advised Rock Island that they do not wish to allow Rock Island representatives on their property for survey purposes, or to engage in other discussions, until Rock Island has obtained a CPCN. Rock Island Ex. 7.32; Rock Island IB at 93.) Rock Island states that none of this activity can proceed until a CPCN is issued. Rock Island IB at 93.

Additionally, Rock Island states that receipt of the major regulatory approvals for the Project is necessary for Rock Island to move forward to obtain both contracts with customers for transmission service on the Project and binding financial commitments from lenders and investors for the capital to construct the Project. Rock Island contends that neither potential

transmission customers or potential investors and lenders will enter into binding agreements until the Project has obtained the major regulatory approvals that demonstrate Rock Island will be authorized to construct the Project. Rock Island Ex. 10.14 Rev. at 21-23; Rock Island Ex. 10.26 at 2-4; Tr. 991-993; Rock Island IB at 93-94. In summary, Rock Island contends that there is no reason for the Commission to postpone issuing an order granting a CPCN for the Project until the PJM and MISO interconnection study processes are completed. Rock Island IB at 94.

vi. Rock Island's Responses to IAA's Arguments

Rock Island responded to the IAA's argument that Rock Island has not asserted that the Project is required or necessary to make the Illinois electricity market adequate, reliable, efficient or competitive, and that Rock Island presented no evidence that reliability will be adversely affected without the Project. IAA IB at 9, 10, 12. Rock Island states that from the perspective of both generators and consumers, the Project is definitely needed in order to provide efficient transmission access from the wind-rich Resource Area to the northern Illinois electricity market to enable the development of cost-effective wind generation in the Resource Area. Rock Island states that the Project is being developed to provide adequate and efficient service to customers by enabling significant new renewable energy resources to be developed in the Resource Area and to have their output delivered to Illinois and the PJM network, and to provide a means for load-serving entities within Illinois and PJM to obtain and provide electricity from renewable resources for their customers. Rock Island IB at 65-66; Rock Island Ex. 10.26 at 31; Rock Island RB at 55. Further, Rock Island states that it has demonstrated that the Project will provide significant reliability benefits. Rock Island IB at 61-66; Rock Island RB at 55.

With respect to the competitive electricity market, Rock Island states that the statutory criterion is whether a proposed 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." Rock Island states that, contrary to IAA's characterization, the statute does not require that a project will turn the electricity market from "non-competitive" into "competitive." Rock Island states that the statutory criterion is that the proposed project will "promote the development of an effectively competitive electricity market," which Rock Island has demonstrated the Project will do. Rock Island RB at 55-56. Rock Island also responded to IAA's assertion that Staff witness Mr. Zuraski "opined that a competitive electricity market already exists in Illinois, not necessitating the Project." IAA IB at 10, citing ICC Staff Ex. 3.0 at 5. Rock Island states that while Mr. Zuraski did opine that an effectively competitive electricity market exists, he also opined, based on his financial analysis, that he expected that the Project will promote the development of an effectively competitive electricity market that operates efficiently and is the least cost means of satisfying those objectives. ICC Staff Ex. 3.0 at 6; Rock Island RB at 56.

Rock Island responded to the IAA's argument that the Project has not been assessed in a regional planning process of PJM or MISO and that Rock Island has not produced a study by one of the RTO's showing that the transmission system will be compromised if the Project is not built. IAA IB at 10. Rock Island states that the Project will be delivering electricity into the PJM network, and PJM does not have a process for assessing the need for or economic benefit of a merchant transmission project such as the Project. Rock Island Ex. 2.11 Rev. at 38-40; Rock

Island Ex. 10.14 Rev. at 57-58; ComEd Ex. 1.0 2d Rev. at 15; Tr. 649, 655, 953; Rock Island RB at 56. Rock Island states that IAA (and other parties) are contending that Rock Island should provide something from PJM that PJM does not produce. Rock Island Ex. 10.14 Rev. at 58; Rock Island RB at 56. Rock Island explains that it would go through the PJM or MISO regional expansion planning process only if it were seeking to allocate the cost of the Project to load, which it is not doing. Rock Island Ex. 2.11 Rev. at 38-39; ComEd Ex. 1.0 2d Rev. at 16-17; Rock Island RB at 56. Rock Island asserts that the need for merchant transmission developments like the Project is especially pressing given the lack of a comprehensive regional planning effort in PJM directed to meeting state renewable resources requirements in a cost-effective way. Rock Island Ex. 10.14 Rev. at 59. Further, it is the Commission's responsibility to determine whether the Project meets the statutory criteria in the PUA to receive a CPCN. Rock Island RB at 56-57.

Rock Island responded to IAA's assertion that the estimated costs of new facilities for interconnecting the Project into the PJM system are unknown, which was based on the direct testimony of ComEd witness Mr. Naumann for this assertion. IAA IB at 10. Rock Island states that Mr. Naumann's direct testimony pre-dated the release of PJM's August 2013 re-tool System Impact Study for the Project, which concluded that the necessary system upgrades for interconnection of the Project to PJM will cost, in total, approximately \$24 million. Rock Island Ex. 2.11 Rev. at 11-12; Rock Island Ex. 10.14 Rev. at 36; Rock Island RB at 57. Rock Island also responded to IAA's contention that the impact of the Project on "congestion problems" is unknown. IAA IB at 10. Rock Island states that the record shows the Project will reduce, by hundreds of millions of dollars, congestion costs on the PJM system that customers pay for in wholesale electric prices. Rock Island Ex. 3.5 at 2; Rock Island Ex. 10.14 Rev. at 31-32; Rock Island IB at 44-45; Rock Island RB at 57.

Rock Island responded to IAA's argument that Rock Island has not shown that transmission customers for the Project exist in sufficient quantity to justify the transmission line. IAA IB at 11-12. Rock Island stated that it has shown that there are numerous (at least 18) wind developers active in the Resource Area, who have acquired options on thousands of acres of land in the area that can be used for the installation of wind turbines and with whom Rock Island has been in contact to discuss plans and with many of whom it is in commercial discussions. Rock Island Ex. 10.14 Rev. at 41; Rock Island Ex. 10.19 Rev.; Rock Island Ex. 10.26 at 31-32; Rock Island RB at 57-58. Rock Island also states that it has shown why there will be a strong demand to construct new wind farms in the Resource Area once developers have reasonable assurances that a transmission project is being developed and has the regulatory approvals to be built. Rock Island IB at 49-50; Rock Island Ex. 10.14 Rev. at 34; Rock Island Ex. 10.26 at 32. Further, Rock Island states that the record clearly shows that regardless of their interest in using the Project, customers will not spend the time and resources to negotiate and sign contracts for transmission service until the Project has obtained the necessary regulatory approvals to build it, which will provide customers with assurances that Rock Island has the legal authority to build the Project. Rock Island IB at 112-113; Rock Island Ex. 10.14 Rev. at 22-23; Rock Island RB at 58.

Rock Island responded to IAA's argument that Dr. McDermott was unable to identify a prior case in which the Commission granted a CPCN to an applicant that did not unconditionally commit to build its proposed transmission line but rather indicated that it would not build the line if customer demand for it did not materialize. IAA IB at 11. Rock Island stated that, to the best

of its knowledge, the Project is the first merchant transmission line for which a CPCN has been requested from this Commission. Previous transmission lines have been built by rate-based utilities whose costs are recovered from (or allocated to) captive ratepayers. Rock Island states that the benefit of the merchant approach is that the line will not be built unless there are sufficient transmission customers that want to use the line and sign transmission contracts to pay for its costs. Rock Island Ex. 10.13 at 3-4; Rock Island Ex. 10.14 Rev. at 28-29; Rock Island RB at 59. Rock Island also states that the financing condition proposed by Staff and accepted by Rock Island precludes it from initiating construction of transmission facilities on easement properties until it has raised all the capital needed to construct the entire Project, which in turn requires Rock Island to enter into contracts for transmission service for a significant portion of the capacity of the line. Rock Island IB at 107, 115-117; Rock Island RB at 59.

Rock Island responded to IAA's assertion that "Rock Island is waiting to see if there is a need for the transmission line before it seeks financing, then it will hire employees to construct and manage the Project." IAA IB at 12. Rock Island stated that the need for high voltage transmission linking the wind-rich Resource Area to northern Illinois and PJM has been demonstrated in this case. Rock Island further states that it has already hired the personnel for its construction management organization who perform the activities that need to be performed now or in the near future, such as route development, engineering and design studies, and initiation of easement acquisition, and will hire personnel for the remaining positions as the tasks for which those positions will be responsible need to be performed. Rock Island IB at 100-102; Rock Island RB at §IV.A.2.b-c. Rock Island states that it plans to complete all construction hires well in advance of when it anticipates closing on construction financing for the Project and commencing construction of transmission facilities. Rock Island RB at 60.

Finally, Rock Island responded to IAA's argument that Rock Island has presented no evidence that Illinois will be adversely affected if the Project is not built. IAA IB at 12. Rock Island states that showing that Illinois will be adversely affected if a proposed project is not built is not one of the statutory criteria of §8-406(b). Rock Island states that it has demonstrated 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 (Rock Island IB 34-60, 68-75); that the Project is needed to provide an efficient transmission link between the wind-rich Resource Area and the northern Illinois electricity market; that the Project will provide significant reliability benefits to Illinois and will provide adequate and reliable service for Illinois customers (*id.* at 61-68); and that in several additional ways, the Project will promote the public convenience and necessity (*id.* at 117-123). Rock Island states that the Project will provide Illinois electricity suppliers and their customers with access to a significant amount of low-cost electricity from high capacity wind generation that will not be available to Illinois if the Project is not built, but without recovering the costs of the Project through regional cost allocation to load. Rock Island IB at 4-7, 9-11, 30-31, 34-42; Rock Island RB at 60.

vii. Rock Island's Response to ILA's Arguments

Rock Island responded to ILA's argument that the benefits the Project will provide are too speculative, that the Project has not been shown to be needed for reliability purposes, and

that there are too many remaining uncertainties concerning the interconnection of the Project to the ComEd grid, to support issuance of a CPCN at this time. ILA IB at 16. Rock Island states that it has shown that the benefits of the Project, including providing additional low cost renewable resources for Illinois, reducing wholesale electricity prices, increasing the amount of generating capacity competing to serve load in the Illinois market, reducing emissions and waste by-products from the generation of electricity, increasing import capability and reducing loss of load expectation in Illinois, are all likely to be achieved, based on the quality of wind resources in the Resource Area and the interest and incentives of developers to construct wind farms in the Resource Area if adequate transmission to northern Illinois and PJM is provided. Rock Island IB at 34-68, 117-123; Rock Island Ex.10.14 Rev. at 34; Rock Island RB at 61. Rock Island also states that while the PJM interconnection process is not fully completed, the necessary network upgrades have been identified and are not a significant cost, and any operating limitations on the Project that PJM may require will not materially impact the operation of the Project or the economic benefits it produces. Rock Island IB at 80-81, 86-93; Rock Island RB at 61.

Rock Island responded to the discussion in ILA's Initial Brief that it would be useful for PJM or MISO to review the need for the Rock Island Project. ILA IB at 18-22. Rock Island reiterated that PJM and MISO do not review and determine the need for merchant transmission projects such as Rock Island, but would only review the reliability need for or public benefits of transmission projects for which the owners are seeking cost recovery via allocation to load through the RTO tariff. Rock Island also states that PJM has no comprehensive planning process to meet RPS requirements in a least-cost manner. Rock Island Ex. 10.14 Rev. at 58; Rock Island RB at 62. Rock Island states that ILA's statement that "Rock Island is circumventing the regional planning process normally utilized for new interstate electric transmission projects" is irrelevant and misleading, because Rock Island is a merchant project and is not seeking cost recovery through cost allocation to load, and PJM and MISO do not have a regional planning process for merchant transmission projects. Further, there is no requirement in §8-406 that a proposed transmission project must go through an RTO regional planning process before the Commission can grant it a CPCN. Rock Island RB at 62-63.

Rock Island responded to ILA's assertion that Rock Island cannot meet the first prong of the §8-406(b)(1) criteria because it has no customers under contract or specifically identified prospects. ILA IB at 22. Rock Island states that it does not have customers under contract because customers cannot be expected to commit to long-term transmission contracts until the Project has obtained the major regulatory approvals, including state certifications, that establish that the transmission owner will be allowed to build it. Rock Island also states that it does have specifically identified prospects, with whom it is engaged in commercial discussions, and there are numerous wind farm developers active in the Resource Area. Rock Island Ex. 10.0 at 11; Rock Island Ex. 10.14 Rev. at 41; Rock Island Ex. 10.19 Rev.; Rock Island Ex.10.26 at 31-32; Tr. 1031, 1117; Rock Island RB at 63. Rock Island further states that it has demonstrated that the Project will provide economic and environmental benefits and improve the adequacy, efficiency and reliability of service for customers in general in Illinois, not just for the specific customers who take transmission service from the Project. Rock Island RB at 63-64.

Rock Island responded to ILA's argument that ComEd witness Naumann had pointed out many ways in which the Project could harm system reliability. ILA IB at 23. Rock Island states

that this is a misstatement of Mr. Naumann's testimony. What Mr. Naumann pointed out were reliability issues relating to interconnection of the Project to the PJM grid that have been identified in the PJM SIS for Rock Island's requested interconnection. Rock Island states that any potential reliability issues identified by the PJM studies will be resolved satisfactorily to PJM before Rock Island is allowed to interconnect to the grid and operate the Project. Rock Island reiterates that PJM has identified concrete, workable solutions for each potential reliability issue identified in the August 2013 SIS. Rock Island Ex. 2.11 Rev. at 8, 24, 31; Rock Island Ex. 2.15 at 6-7, 14-15, 32-33; Rock Island IB at 81-85, 86-91; Rock Island RB at 64.

Rock Island addressed five reasons cited by ILA as to why it contends the Project fails to satisfy the "will promote the development of an effectively competitive electricity market" criterion of §8-406(b)(1). Rock Island contends that none of these reasons are well-founded. Rock Island RB at 64. ILA's first reason is that the Project would impose significant negative land use impacts and externalities on the Illinois public for the primary benefit of "the eastern PJM states" to meet their RPS goals. ILA IB at 25, 26. Rock Island states that this contention is off-base in numerous respects. Rock Island RB at 64. First, ILA witness Dr. Gray never identified any "externalities," and did not suggest any alternatives that would reduce purported externalities. Rock Island states that, to the contrary, the Project will significantly reduce the externalities associated with the production of electricity, including emissions, waste by-products and water use. Rock Island IB at 119; Rock Island RB at 64-65. Second, Rock Island states that the "negative land use impacts" that Dr. Gray referred to were the concerns expressed by ILA witnesses about the impacts of the Project on their individual properties. However, Rock Island contends that it has shown that it has appropriate plans in place (including its obligations under the Agricultural Impact Mitigation Agreement) to mitigate, remediate and, where necessary, compensate for, the issues identified by the ILA landowner witnesses. Further, Rock Island explains that it plans to provide compensation for the use of the landowners' properties comprised of a payment for the entire easement area equal to 90% of its fair market value (however, the landowner will be allowed to continue to farm within the easement), a separate payment for each structure placed on the landowner's property, and payments for damages including crop losses, repair of damaged drain tiles, and decompaction of compacted soil. Rock Island Ex. 10.14 Rev. at 62-64; Rock Island RB at 65. Third, Rock Island states that the land use impacts of the Rock Island transmission line in Illinois, which will connect 4,000 MW of wind generation facilities located in northwest Iowa and nearby areas, will be much less than the land use impacts of constructing 4,000 MW of new wind farms in Illinois. Rock Island Ex. 10.14 Rev. at 64. Rock Island notes that Dr. Gray acknowledged that building over 4,000 MW of new wind generation facilities in Illinois would have substantial land use impacts in Illinois. Tr. 659; Rock Island RB at 65. Finally, Rock Island states that while the Project will assist other PJM states in addition to Illinois in meeting their RPS requirements, Mr. Moland's and Dr. McDermott's studies specifically measured the Project's substantial benefits for Illinois. Mr. Zuraski's analyses on behalf of Staff were also specific to Illinois. Rock Island Ex. 3.3 at 1-3; Rock Island Ex. 3.5 at 2-3; Rock Island Ex. 4.0 Rev. at 20-24; ICC Staff Ex. 3.0 at 16-33; Rock Island IB at 43-46; Rock Island RB at 65-66.

ILA's second reason is that in the absence of actual subscribers, Rock Island's assumed traits and characteristics about generators that could potentially connect to the Project cannot be substantiated. ILA IB at 25, 26. However, Rock Island states that it has demonstrated that its

expectation that all the generators connected to the Project will be wind generators, is reasonable. Rock Island IB at 49-53; Rock Island RB at 66. With respect to ILA's argument that "we do not know the operating or other characteristics of any wind farms that may materialize" (ILA IB at 26), Rock Island states that the record shows that the operating characteristics of the wind farms used in Mr. Moland's studies (and therefore also in Mr. Zuraski's studies) were taken from the Eastern Wind Integration and Transmission Study ("EWITS study") that was conducted by a leading meteorological firm, AWS Truewind, under the sponsorship of the National Renewable Energy Laboratory ("NREL"), to create production data for potential wind farms located throughout the Eastern Interconnection. These production data were created using detailed computer models of weather patterns and have been used by numerous utilities and RTOs, including PJM, the Southwest Power Pool and the New England Independent System Operator, in their wind generation integration studies. Rock Island states that the principal and most important "operating characteristic" of the wind farms to be constructed in the Resource Area is the wind energy profile (*i.e.*, the amount of electricity production), which is based on the wind speeds in the area. In addition to the information from the EWITS data set, wind speed information is available from publicly available wind maps produced by the NREL and AWS Truewind based on computerized weather models developed by the National Weather Service. Rock Island Ex. 10.0 at 5-6, 11-12; Rock Island RB at 66. Rock Island also states that to check the consistency of this data, Rock Island witness Mr. Berry selected from the EWITS study eight wind farms in the Resource Area different from those originally selected for Mr. Moland's PROMOD studies, that would produce the same amount of energy as the original group. He found that the production profiles of the first eight wind farms and the second eight wind farms were substantially similar. Rock Island Ex. 10.14 Rev. at 44; Rock Island Ex. 10.22; Rock Island RB at 66.

Rock Island also reiterates that it is common practice to make assumptions about the location of new generation in studying the benefits of proposed transmission lines. Rock Island states that in performing its cost-benefit studies for the MISO MVP lines, MISO made assumptions about the locations of new wind generation based on where the lowest cost generation could be sited, and did not include in its assumptions only wind generators with signed contracts or interconnection agreements; MISO used similar third-party data sources to those used by Rock Island to identify locations where wind generation is likely to be developed. Rock Island Ex. 10.14 Rev. at 45-46. Other transmission planning organizations have performed similar analyses to measure the benefits of proposed transmission lines, using reasoned, defensible assumptions about the location of new wind generation, including wind resource analysis and wind developer activity such as Rock Island has used. *Id.* at 46; Rock Island Ex. 10.23; Rock Island IB at 52; Rock Island RB at 67. Rock Island states that the Commission can review the assumptions and projections on which Rock Island's analyses are based to determine if they are reasonable and plausible. Rock Island Ex. 10.14 Rev. at 34; Rock Island RB at 67.

ILA's third reason is that Rock Island has reserved the right to seek to switch the Project from merchant status to one in which its costs are allocated to Illinois electricity consumers. ILA IB at 25, 26-28. Rock Island reiterates that it has expressly stated that it has no plans to seek to recover the costs of the Project from retail customers by cost allocation to load through RTO cost recovery processes. Rock Island Ex. 10.14 Rev. at 29; Rock Island IB at 75. Rock Island explains that ILA's argument was originally presented in Dr. Gray's direct testimony and in response to Dr. Gray's testimony and that of Mr. Zuraski and Mr. Naumann, Rock Island

submitted, in rebuttal testimony, Rock Island's proposed CPCN condition on cost allocation, which it revised in surrebuttal testimony in response to ComEd's suggestion. Rock Island Ex. 10.14 Rev. at 29; Rock Island Ex. 10.26 at 21-22; Rock Island RB at 67-68.

Rock Island responded to ILA's contention that "certain questions remain unanswered" with respect to Rock Island's proposed cost allocation condition, by stating that ILA failed to offer any constructive suggestions or comments on the condition. In response to ILA's assertion that it is unknown what section of the PUA would govern a subsequent proceeding initiated by Rock Island seeking cost allocation treatment, what showing Rock Island would be required to make, and the time period within which the Commission would have to make its decision (ILA IB at 28), Rock Island stated these questions are readily answered: (1) The condition is a condition to a CPCN issued pursuant to §8-406, therefore the subsequent proceeding would be pursuant to §8-406 and the overall standard would be the public convenience and necessity, under which the Commission has broad discretion. (2) As Mr. Berry testified, the Commission would have to determine that the benefits of the Project to consumers exceed its costs to consumers in order to determine whether Rock Island should be allowed to seek cost allocation through the RTO processes. Rock Island Ex. 10.14 Rev. at 29-30; Rock Island IB at 78. (3) Rock Island has not proposed any limit on the amount of time within which the Commission would have to conduct the proceeding and reach its decision. Rock Island RB at 68-69.

ILA's fourth reason is that (according to ILA) Rock Island is unwilling to protect the Illinois public from the risks of failure of the Project. Rock Island notes that ILA's specific concern is that Rock Island is not providing a decommissioning fund or other financial security to help cover decommissioning costs and land reclamation costs in the event the Project fails and is no longer used. ILA IB at 25, 28-29. Rock Island states that its standard easement agreement includes a commitment to remove any structures in place when the Project ceases operations and to restore the land that was subject to the easement. Rock Island Ex. 10.14 Rev. at 65; Rock Island RB at 69. Further, Rock Island contends that any concern that the Project would fail and be abandoned in place with no resources to dismantle it is unfounded, for several reasons. First, Rock Island has agreed to the Staff financing condition, which precludes Rock Island from commencing to construct transmission facilities on easement property unless and until Rock Island has raised the capital needed to finance the entire cost of constructing the Project. Rock Island Ex. 10.14 Rev. at 4-6, 65; Rock Island IB at 115-117; Rock Island RB at 70. This condition prevents the risk of Rock Island beginning construction of the transmission facilities on landowner properties but running out of money to complete construction. Further, lenders will independently review the construction plans and budget and determine that Rock Island has raised, in total, sufficient funds to complete construction of the Project, before they will commit to advancing any of the funds. Rock Island Ex. 10.14 Rev. at 6-7; Rock Island Ex. 10.26 at 10; Rock Island RB at 70.

Second, Rock Island states that its parent company has analyzed (for the transmission project of another subsidiary using structures and conductor of the same material and weight as will be used on the Rock Island Project) the scrap and salvage value of transmission structures, conductors and equipment compared to the cost of removing transmission structures and restoring the land at the structure sites, and found that the salvage value of the structures, conductor and other components equaled or exceeded the cost of removal, so that proceeds from

selling materials and equipment, even if just for scrap, can be expected to cover the cost of removal and restoration. Rock Island Ex. 2.11 Rev. at 48; Rock Island Ex. 10.14 Rev. at 65; Rock Island RB at 70.

Third, Rock Island states that it is unlikely the Project would simply cease operations and be abandoned in place. According to Rock Island, even assuming that it encountered financial difficulties, a typical outcome in such situations is that the facilities are sold at a reduced price to a new owner, who continues their operation, or the creditors (lenders) take control of the facilities and operate them. The original investors may lose their capital and be out of the picture, but the physical assets continue to have value and will continue to be operated under a restructured cost and pricing structure that makes them profitable. Rock Island RB at 70-71.

ILA's fifth and final reason is that (according to ILA) the modeling of temporary reductions in LMPs fails to establish that the Project will promote electricity market competition in Illinois. ILA IB at 25, 29-30. Rock Island states that this criticism is unfounded, for numerous reasons. First, ILA's objection is generic and could be made in response to any showing that a transmission line reduces wholesale power prices. Rock Island RB at 71. Second, Rock Island states that Mr. Moland's and Dr. McDermott's decision to base their analyses of the impacts of the Project on LMPs and wholesale electricity costs to serve load in Illinois for only the first five years the Project is in operation was a conservative assumption, which reflects the difficulty of forecasting the specific actions of other generation market participants far into the future. Rock Island Ex. 4.0 Rev. at 29-30. Further, Rock Island while ILA characterizes these savings as "temporary reductions in LMPs," they are substantial savings for customers, amounting to \$667 million to \$1.221 billion in net present value electricity cost savings (depending on the future scenario considered) over the first five years of the Project's operation. *Id.* at 23. Additionally, Mr. Berry pointed out with respect to the Staff financial model, which modeled the revenue requirements for the Project and the connected wind generators over a 40-year period, that LMP savings should be reflected over the same period. Rock Island Ex. 10.14 Rev. at 50; Rock Island RB at 71. Third, the Moland-McDermott analysis is the same analysis Dr. McDermott presented in another recent transmission line CPCN case, in which the Commission concluded that the transmission line would promote the development of an effectively-competitive electricity market.¹⁹ Rock Island RB at 71.

Fourth, Rock Island states that although ILA contends the Project does not produce "low entry and exit barriers" and "the absence of market power" that are characteristic of effectively competitive electricity markets (ILA IB at 29-30), the Project will in fact improve the Illinois electricity markets in those respects. Rock Island states that the Project will lower entry barriers by enabling approximately 4,000 MW of new wind generation facilities in the Resource Area to access the northern Illinois market, which will not happen without the construction of new transmission infrastructure like the Project to link the Resource Area to the northern Illinois and PJM markets. Rock Island Ex. 1.0 at 24-25; Rock Island Ex. 10.0 at 11; Rock Island IB at 34-38; Rock Island RB at 71-72. Rock Island states that the introduction of 4,000 MW of new capacity accessing the northern Illinois market will also check or reduce the market power of incumbent generators. Rock Island points out that in addition to his analysis based on LMP and

¹⁹ *American Transmission Company LLC*, Docket 11-0661 (Order dated April 10, 2012), at 4-5, 8, 9.

wholesale demand cost reductions, Dr. McDermott also conducted a separate analysis using the FERC's Delivered Price Test, that demonstrated the Project will increase the amount of economic capacity that can compete to serve load in the Illinois market. Rock Island Ex. 4.0 Rev. at 3, 17-19, 32-36; Rock Island IB at 48; Rock Island RB at 72. Fifth, Rock Island states that the Project will increase the amount of REC capacity (capacity to produce RECs) and volume of RECs produced available to the Illinois and regional markets. The increased REC capacity and volume should exert downward pressure on REC prices in Illinois. Rock Island Ex. 4.0 Rev. at 14-16, 31, 36-39; Rock Island Ex. 10.14 Rev. at 47; Rock Island RB at 72.

viii. Rock Island's Responses to ComEd's Arguments

Rock Island responded to ComEd's argument that Rock Island has failed to demonstrate that the Project will promote the development of an effectively competitive electricity market. ComEd IB at 21-30. Rock Island states that ComEd's arguments can be reduced to a single point: that the benefits of the Project are based on speculative projections. Rock Island states that the economic benefits of the Project are based on projections and forecasts, but the same is true of any other project that would be brought to the Commission for approval as necessary or appropriate based on anticipated conditions. Rock Island contends that its projections are reasonable, plausible and well supported in the evidence. Rock Island RB at 72-73. Rock Island also states asserts that ComEd does not appear to be disputing the analytical method used by Dr. McDermott and Mr. Moland, which Rock Island believes is essentially the same methodology being used by ComEd to justify its Grand Prairie Gateway transmission project in Docket 13-0657. *Id.* at 73.

Rock Island states that ComEd was free to run alternative versions of Rock Island's economic benefits analyses, using PROMOD, with assumptions that ComEd considered more appropriate than those used by Rock Island and its witnesses, but ComEd chose not to do so, Rock Island explains. In contrast, Rock Island updated its studies or provided additional model sensitivities in response to concerns raised by ComEd and other parties with respect to Rock Island's benefits analyses. Rock Island states that none of these updates and sensitivity runs found anything but clear benefits from the Project. Rock Island argues that ComEd has no basis in the record to question the existence of economic benefits from the Project. Rock Island states that ComEd's questions about the Project's benefits are based on the extreme and unsupported claim that any potential uncertainty in the assumptions used in Rock Island's benefits analyses calls into question the existence of any benefits at all. Rock Island RB at 73-74.

Rock Island responded to ComEd's argument that the Project has no contracted customers and no committed lenders and investors for the construction phase. ComEd IB at 24. Rock Island states that it has shown there is immense potential for development of high capacity factor, low-cost wind generation resources in the Resource Area, there are numerous wind generation developers active in the area, and there is a need for the development and installation of long-distance transmission infrastructure in order for wind generation development to take place in the Resource Area and for the benefits (low-cost electricity) to be delivered to northern Illinois. Rock Island IB at 34-42, 49-53; Rock Island RB at 74-75. Rock Island states it has also shown that there is great interest in the investment community in investing in merchant transmission projects, and the project finance approach that Rock Island will use to raise the

capital needed to construct the Project has been successfully used to raise billions of dollars of capital for electric transmission and other energy industry and energy infrastructure projects. Rock Island IB at 104-115. Rock Island reiterates that a key point with respect to both contracting with transmission customers and obtaining binding financing commitments for construction is that transmission customers and investors and lenders will not enter into binding commitments until a project such as Rock Island receives the regulatory approvals needed to demonstrate that it is legally authorized to be built and operated. *Id.* at 112-114; Rock Island RB at 75.

Rock Island responded to ComEd's observation that the Production Tax Credit ("PTC") for wind generators expired effective December 31, 2013. ComEd IB at 24. Rock Island states that neither its economic analysis nor its projections as to the amount of wind generation that will connect to the western end of the Project assume or are based on continuation of the PTC. Rather, Rock Island explains, its expectation that substantial wind generation will be developed in the Resource Area if adequate transmission infrastructure to northern Illinois is constructed is based on the distinct cost advantage that new wind generation in the Resource Area will have due to the higher average wind speeds in the Resource Area. Rock Island also points out, with respect to the revenue requirements comparisons using the Staff financial model, that the comparison between (i) the Project + Iowa Wind and (ii) new wind generation in Illinois involved a comparison of two new sets of wind farms producing the same amount of electricity; therefore, the presence or absence of the PTC, which is earned on a per-MWh of generation basis, does not affect this comparison. Rock Island RB at 75. Additionally, Rock Island notes that Congress has renewed the PTC on numerous occasions in the past, with some of the renewals being retroactive. Rock Island states that in any event, Rock Island asserts, neither the RPS requirements of Illinois and other states nor the desire for a cleaner generation mix will vaporize if the PTC is not extended; demand for clean energy will continue, and the absence of the PTC will not affect the cost advantage of wind generation in the Resource Area compared to other locations in meeting that demand. *Id.* at 75-76.

Rock Island responded to ComEd's argument that Rock Island has not determined how the transmission line will be connected to the ComEd-owned transmission facilities at the eastern end of the Project. ComEd IB at 24. Rock Island states that although it discussed certain other options in testimony, it is only requesting the configuration for the AC Section of the Project described in its Petition, specifically, three-345 kV AC transmission lines (two of them on a single circuit and the third on a separate circuit) from the eastern converter station to Rock Island-owned transformation facilities to be placed on property to be acquired from a third party located outside Collins Substation, and a 765 kV connection into the Collins Substation. Petition ¶58; Rock Island Ex. 2.0 at 5-6, 33; Rock Island IB at 125; Rock Island RB at 76-77. Rock Island states that the PJM interconnection studies will determine the specific requirements for the electrical interconnection of Rock Island's facilities into the Collins Substation; the physical location of Rock Island's transformer facilities outside of the substation is not relevant to this determination. Rock Island Ex. 2.15 at 42; Rock Island RB at 77.

Rock Island responded to ComEd's argument that Rock Island has not yet obtained the comparable approval for the Project from the Iowa Utilities Board ("IUB"). ComEd IB at 24. Rock Island states that the Project will span two states and necessary regulatory approvals have

to be obtained from both commissions. Rock Island states there is nothing amiss about its decision to file for the necessary approvals from this Commission before it filed for the necessary approvals from the IUB. Nor is there anything in the PUA which provides that an entity must have obtained all necessary approvals from all other applicable regulatory bodies before applying for or being granted a CPCN by this Commission. Rock Island RB at 77.

Rock Island responded to ComEd criticism of Rock Island's "assumption" that the generators connected to the Project's western converter station will be all wind generators, which is based on the fact that the FERC's grant of negotiated rate authority to Rock Island requires it to serve any eligible customer regardless of generation type. ComEd IB at 25-26. Rock Island explains that the FERC's ruling means only that Rock Island cannot exclude non-wind generators; it does not mean that any non-wind generators are likely to want to purchase transmission service on the Project. Rock Island states that, notwithstanding the FERC's denial of its request to give preference to renewable resources, Rock Island has provided persuasive evidence to show that only wind generators will want to connect to and use the Project, because only wind generators (as compared to thermal generators) have a cost advantage in locating in the Resource Area and using the Project to deliver their energy output to northern Illinois and PJM. Rock Island IB at 49-52. Rock Island explains that combined cycle gas, coal or nuclear plants "could" be built in the Resource Area for the purpose of connecting to the Project, as ComEd suggests, but there is no evidence that it would be economically advantageous for a developer of any of these types of plants to do so. Rock Island Ex. 10.14 Rev. at 43-44; Rock Island IB at 51-52; Rock Island RB at 77-78. Rock Island states that while many wind developers are active in development activities in the Resource Area, the Resource Area is seeing announcements of retirements of thermal generating plants and no plans for new construction of such plants. Rock Island Ex. 10.14 Rev. at 41-44; Rock Island Ex. 10.19 Rev.; Rock Island IB at 35-36, 50-52; Rock Island RB at 78.

Rock Island responded to ComEd's argument that Rock Island witness Mr. Moland, in conducting a sensitivity analysis that assumed 50% of the generation connecting to the Project would be natural gas generation, did not "consider or evaluate why it is, on balance, least cost to deliver gas-fired power 500 miles to Illinois as opposed to simply building it here." ComEd IB at 25. Rock Island states that Mr. Moland was not tasked to determine why it would be least cost to build gas-fired generation in the Resource Area to have its output transported to northern Illinois; he was simply asked to determine the LMP and wholesale demand cost savings and emissions reductions if, as suggested by ComEd and other parties, a substantial amount of new gas generation were to be constructed in the Resource Area in order to use the Project. Rock Island states that by raising this point, ComEd supports Rock Island's assumption that the generation connecting to the Project will be all wind generation, because it would not be cost-effective to construct new natural gas generation in the Resource Area and transport its output to Illinois, rather than building the new gas generation in Illinois. Rock Island Ex. 10.14 Rev. at 43; Rock Island IB at 51-52; Rock Island RB at 78.

Rock Island disputed ComEd's assertion that the wind-based hourly energy profile used to develop Rock Island's economic analyses is not supported by the record. ComEd IB at 26. Rock Island, states that the wind-based hourly energy profile used in the analyses was based on recognized government and industry data sources and its development was explained by Rock

Island witness Mr. Berry in the record. Rock Island RB at 79.

Rock Island also disputed ComEd's contention that it is unreasonable to assume that (i) 4,000 MW of new wind generation will come on line at the same time in response to the Project, and (ii) the addition of this new capacity will not change plans for other projects coming on line in the 2016-2020 period. ComEd IB at 29-30. Rock Island states that the assumption that 4,000 MW of new wind capacity will come on line by the time the Project is ready for operation is reasonable because the development and construction time for a wind farm is much shorter than that of a transmission line. Rock Island Ex. 10.0 at 12. Mr. Berry, an experienced wind farm developer, testified that it takes approximately two years to develop a wind farm in the Resource Area and other areas with similar permitting and land use requirements, and between six months and a year to construct a large wind farm. Rock Island also states that installing a large number of wind farms in a single geographic area is not unusual in the wind generation industry. *Id.* at 12. Additionally, many wind developers are already active in the Resource Area in land acquisition and other development work. Rock Island states that in contrast, it expects that it will take at least two years to construct the Project, and construction is not projected to start until approximately 6 to 9 months after Rock Island has obtained regulatory approvals from both this Commission and the IUB. Rock Island states that wind farm developers will be able to wait and see that the Project has started construction before they begin to make major capital investments at their sites. *Id.* at 11; Rock Island Ex. 10.14 Rev. at 7, 41; ComEd Cross Ex. 3; Rock Island RB at 79-80. Rock Island states that while wind generation developers are unlikely to expend significant resources on constructing wind farms in the Resource Area until Rock Island has obtained the necessary regulatory approvals authorizing it to construct the Project, from that point forward, they would have sufficient time to complete development activities and construct their facilities by the time the Project is completed and ready to operate. Rock Island RB at 80.

With respect to the assumption that the construction of the new wind generation in the Resource Area will not change other planned projects in the 2016-2020 period, Rock Island states that this is in fact a reasonable assumption for the near-term time period, as Dr. McDermott explained. As Dr. McDermott testified, it is reasonable to assume that after this initial, near-term period, plans for other generation projects may change in response to the appearance of the Project and the associated new wind generation. It is for this reason that Dr. McDermott conservatively based his economic analysis solely on the LMP savings and wholesale electricity cost reductions that the Project and the associated new generation will produce in the first five years of operation. Rock Island Ex. 4.0 Rev. at 20-21, 29-30. Further, Dr. McDermott explained that the inability to predict the exact year in which developers of other projects and owners of retiring plants would start to change their plans does not change the conclusion that the Project will produce economic benefits. *Id.* at 30; Rock Island RB at 80. Moreover, Rock Island states that the only evidence ComEd cites in support of its points are three lines of Mr. Naumann's testimony that are directed not at Dr. McDermott's economic benefits studies but rather at Rock Island witness Januzik's reliability studies. ComEd IB at 30. Finally, Rock Island states in order to isolate and measure the impacts of a proposed new project, it is necessary to conduct analyses of scenarios "with" and "without" the proposed project with all other factors held equal; this is standard analytical technique. Rock Island RB at 80-81.

Rock Island responded to ComEd's argument that Dr. McDermott's economic analyses

erroneously assumed that the costs of building and maintaining the Project are paid for by subscribing transmission customers and do not have to be netted against the Project's benefits. ComEd IB at 27. Rock Island states that this assertion mischaracterizes the Moland-McDermott analysis. Rock Island states that, contrary to ComEd's assertions, the Moland-McDermott analysis does treat the wholesale energy payments paid to generators connected to the Project as a reduction in benefits to consumers. Moland and McDermott compared Illinois demand cost (which is the sum of all payments to generators, *i.e.*, the sum for the year of the LMP in each hour multiplied by the energy supplied to meet load in each hour) in scenarios with and without the Project and the connected generators. According to Rock Island, the net consumer benefit that Moland and McDermott estimated is equal to (i) the base demand cost (without the Project) minus (ii) the demand cost with the Project, which includes all payments to generators connected to the Project. Mr. Moland's PROMOD analyses showed that the Project and the new generation using it to deliver energy into Illinois will lower the market clearing price. Rock Island IB at 43-44; Rock Island Ex. 3.3 at 2; Rock Island RB at 81. Rock Island states that all generators, including the generators connected to the Project, will be paid that same market clearing price. Accordingly, the new, low-cost wind generators connected to the Project can *both* lower the price of energy by adding lower-cost supply *and* recover their costs (including their transmission service costs) by selling their output into the PJM market at the market clearing price. These two results are in no way exclusive. Rock Island RB at 81-82.

Rock Island points out that (i) wind generators have no "energy" costs and can bid their output into the PJM market at zero or near-zero marginal cost, and (ii) by bidding in at zero or near-zero marginal cost, the wind generators will almost always be selected by the grid operator as resources to be dispatched. PJM's Security Constrained Economic Dispatch ("SCED") operates to determine which generators are dispatched to minimize the cost of electricity to consumers while maintaining security of the grid. Rock Island Ex. 2.15 at 17-18; Rock Island Ex. 10.26 at 15; Rock Island RB at 82. Because other (thermal) generators bid into the market at a positive marginal cost, the market clearing price set by the grid operator almost always will be above zero. For example, Mr. Moland's PROMOD analyses show, under the "Business as Usual" scenario, that the average LMP in PJM Illinois in the first year of the Project's operation is \$33.90 per MWh with the Project and \$36.46 per MWh without the Project. In the fifth year of the Project's operation, the LMP in PJM Illinois is \$43.68 per MWh with the Project and \$45.67 per MWh without the Project. Rock Island Ex. 3.3 at 2. With zero "energy" costs, the revenues that the wind generators receive for their electricity (at the market clearing price) goes to recover their capital and maintenance costs and their transmission charges (even though their participation in the market lowers the market-clearing price). According to Rock Island, in addition to the revenues they receive from wholesale market sales of energy, wind generators will receive additional revenues from selling RECs and may also receive revenues from selling capacity. Rock Island RB at 82. Rock Island also points out that the analyses performed using the revenue requirements model developed by Commission Staff demonstrate that revenues received by the wind generators from selling energy and capacity are likely to be sufficient to recover the costs of the Project and the connected wind farms. Rock Island states that these analyses show that the Project and the connected generation produce net present value revenue requirement reductions in almost all cases, which means that no additional revenues beyond these market based revenues are needed to recover the costs of the wind farms and the Project. Rock Island Ex. 10.26 at 39-40; Rock Island Ex. 10.29; Rock Island RB at 82-83. Further, the

analyses performed using the Staff financial model showed that, considering the range of scenarios analyzed, the Project's benefits exceed its costs by billions of dollars on a net present value basis. Rock Island IB at 56-60; Rock Island RB at 83.

Rock Island disputed ComEd's argument that Rock Island has not taken into account the operating guides that PJM may impose on the Project to address reliability concerns identified by PJM and which (according to ComEd) will restrict the amount of energy that can be transported on the line. ComEd IB at 26-27, 29. Rock Island states that it has demonstrated that the potential operating guide identified in PJM's August 2013 SIS Report is feasible and achievable. Rock Island provided a detailed, step-by-step explanation of the potential operating procedure requiring redispatch of the generation connected to the Project within 30 minutes, showing that this operating procedure, if it in fact is required by PJM, is feasible and readily achievable within 30 minutes. Rock Island Ex. 2.15 at 26-32; Rock Island Ex. 2.20; Rock Island IB at 91-93; Rock Island RB at 83-84. Rock Island states that it also demonstrated that the other potential reliability issues identified in PJM's August 2013 SIS can be satisfactorily addressed by the installation of additional fast-acting voltage support equipment, which Rock Island plans to install and has included in the Project cost estimate; these other potential reliability issues will not require operating limitations on the Project. Rock Island states that Dr. Galli carefully and thoroughly went through each potential reliability issue identified in the PJM August 2013 SIS report and explained how each potential issue would be mitigated, whether through network upgrades, the installation of dynamic reactive power equipment on the Project, the operation of PJM's SCED, the implementation of a specific operating procedure, or a combination of these approaches. Rock Island Ex. 2.15 at 14-26; Rock Island Ex. 2.18; Rock Island IB at 86-91; Rock Island RB at 84. Rock Island notes that Rock Island Ex. 2.18 is a table prepared by Dr. Galli which lists each potential reliability issues identified in the PJM August 2013 SIS, the technical resolution of the issue, the economic impact of the technical resolution on the Project, and where in the evidence each issue and its resolution is discussed. Rock Island RB at 84.

Rock Island disputed ComEd's argument that Mr. Naumann is a more qualified witness than Dr. Galli on the question of whether the operating limitation indicated by the PJM August 2013 SIS in the event of an outage of a ComEd 765 kV line connecting to the Collins Substation is feasible. ComEd IB at 29. Rock Island states that Dr. Galli holds a Ph.D. in Electrical Engineering, is a Senior Member of the Institute of Electrical and Electronics Engineers, and has over 15 years of experience in the electric transmission industry in both technical and managerial roles including power system planning and operations. This experience includes a position as Supervisor of Operations Engineering for the Southwest Power Pool ("SPP") with responsibilities for real-time and short-term engineering support of the SPP'S RTO functions including maintaining real-time system reliability. His experience also includes substantial work with HVDC transmission lines, of which Mr. Naumann appears to have none. Rock Island Ex. 2.0 at 1-2. Additionally, Dr. Galli's analyses in this case of the possible need (or lack thereof) for operating restrictions to meet PJM requirements were supported by the work of Siemens, Rock Island's technology vendor for the Project's converter stations and a world leader in HVDC technology with over 17,000 MW of HVDC capacity installed worldwide. Rock Island states that Siemens is providing detailed design studies and system analyses that, among other things, provide input into the RTO interconnection studies. *Id.* at 16; Rock Island Ex. 2.15 at 35; Rock Island RB at 84-85. Rock Island states that studies conducted by Siemens demonstrate that

the need for most, and possibly all, of the potential operating restrictions identified in the PJM August 2013 SIS can be eliminated by the dynamic reactive power equipment that Rock Island will install on the Project. Rock Island Ex. 2.15 at 11, 19-20; Rock Island RB at 85. Finally, Rock Island points out that the record shows that a senior executive of PJM unequivocally told a senior executive of Exelon, in writing, that based on PJM's prior operating experience, generator redispatch could be completed within 30 minutes of the triggering event. Rock Island Ex. 2.17 at 3; Rock Island IB at 88-89; Rock Island RB at 86.

Rock Island states that the ultimate point of ComEd's focus on the potential for operating restrictions on the Project to address reliability concerns is that the amount of power that can be transported on the Project and injected into PJM will be limited below 3,500 MW during periods of operating constraints. Rock Island states that it has demonstrated that it is unlikely the Project's operating level will be significantly reduced below 3,500 MW, and if it is reduced, the reductions will occur only under specific, unusual circumstances occurring during a limited number of hours in the year, and not during typical operating conditions. Rock Island Ex. 2.15 at 33-38; Rock Island RB at 86. Rock Island also notes that it appears ComEd is acknowledging that PJM has determined that the operating restrictions would not in any event reduce the amount of energy that could be delivered by the Project into PJM in the event of a system contingency below Rock Island's requested amount of Firm Transmission Injection Rights ("FTIR") of 1,192 MW. ComEd IB at 26; Rock Island IB at 88; Rock Island RB at 86.

Rock Island also states that the economic benefits of the Rock Island Project are based on the delivery of low-cost renewable energy from wind generators in the Resource Area to PJM. Rock Island explains that its studies assume that the Project will deliver about 15,000,000 MWh of electricity on an annual basis, which represents about a 49% utilization factor for the line. Rock Island explains that its requested 1,192 of FTIR into PJM will enable generators connected to the Project to realize additional revenues by selling the capacity of their generators for reliability purposes, up to an aggregate of 1,192 MW; however, this revenue opportunity was not taken into account in Mr. Moland's PROMOD analyses or in his economic benefit calculations, which only calculated LMPs and total energy costs to serve load in each scenario. Rock Island Ex. 3.0 at 9; Rock Island RB at 86. Thus, any implication that the Project must be delivering 3,500 MW into PJM at all times in order to produce its anticipated economic benefits would be erroneous. Rock Island RB at 86-87.

Rock Island states that the record does not support any claim that Rock Island cannot, as intended, actually deliver substantial quantities of low-cost renewable energy to the PJM grid. Rock Island states that the record shows that the Project can deliver this energy. PROMOD, the modeling software used by Mr. Moland, explicitly incorporates transmission limits based on North American Electric Reliability Corporation power flow cases, and uses an economic dispatch of generation subject to reliability constraints that mimics the operation of the PJM SCED. Therefore, the substantial benefits calculated by Mr. Moland, based on the Project's delivery of low-cost energy, include the limits of the PJM grid to accept the Project's energy deliveries. Rock Island Ex. 3.0 at 3, 5-6, 9; Rock Island Ex. 2.18; Rock Island RB at 87. Rock Island explains that, because wind generators have no "energy" costs to operate, they typically bid into the PJM SCED, which dispatches the PJM system on a least-cost basis, at zero or a low marginal cost and therefore are selected by the SCED as a resource to be dispatched ahead of

fossil-fueled generators. Rock Island states that, given PJM's use of the SCED to dispatch generation on the basis of marginal costs and wind generation's marginal cost advantage over other types of generation, it would take significant limitations on the Project's operating level for a significant number of hours during the year – both of which, the record shows, are unlikely – to eliminate or even significantly reduce the Project's economic benefits. Rock Island states that the benefits for consumers of having 15 million MWh of low-cost renewable energy delivered into Illinois do not disappear because contingencies that occur in a low percentage of hours, such as outages of ComEd's two 765 kV lines, may place temporary limits on the Project's injection level. Rock Island RB at 87-88.

Rock Island states that ComEd's assertion that Rock Island has failed to include in its economic studies network upgrades originally assigned to Rock Island that will cost hundreds of millions of dollars because of the PJM retool facilities study, which (according to ComEd) will be required if generators want to actually inject levels of energy like that assumed in RI's economic models (ComEd IB at 28-29), is completely unfounded. Rock Island states that PJM's August 2013 re-tool SIS showed that only \$24 million of network upgrades are needed. Rock Island Ex. 2.11 Rev. at 12. This outcome was not the result of PJM re-assigning system upgrade costs to other market participants, as ComEd suggests, but rather was the result of substantially revised and updated study assumptions made by PJM. *Id.* at 15-18. Rock Island states that the only evidence ComEd cites for its assertion are two lines from Mr. Naumann's rebuttal testimony that make a very general reference to unspecified network upgrades required to operate above 700 MW of FTIR, and one answer in cross-examination. Rock Island states that ComEd had every opportunity to detail the additional network upgrades (above the \$24 million) it contends will be needed in its rebuttal testimony, which was filed well after the PJM August 2013 SIS was released, but it failed to do so. According to Rock Island, it is ComEd's assertions about potential significant additional network upgrade costs, not Rock Island's economic studies, which are "speculative." Rock Island RB at 89. Rock Island also points out that the revenue requirements conducted using Staff's financial model included sensitivities with 20% increases in the Project's capital costs (*i.e.*, \$367 to \$400 million), which could represent additional network upgrades costs were they to be imposed. ICC Staff Ex. 3.1 at 3; Rock Island Ex. 10.26 at 39); Rock Island RB at 89.

Rock Island summarizes its response to ComEd's criticism that Rock Island's economic benefits analyses do not adequately take into account potential operating restrictions that PJM may impose, by stating that there are three areas of potential network upgrade requirements or operating restrictions on the Project that are identified in PJM's August 2013 re-tool SIS report and they have been accounted for in Rock Island's analysis: (1) Network upgrades – The need for network upgrades with an aggregate cost of \$24 million for which Rock Island will be responsible are identified in the August 2013 SIS; Rock Island has included these costs in its updated Project cost estimate submitted in this proceeding. (2) Operating restrictions in the event of an outage of a ComEd 765 kV line – Mitigation of this condition, which based on historical outage data would occur in about 4% of the hours of the year, may require an operating procedure to reduce the power injection level of the Project to no less than 700 MW within 30 minutes, although Rock Island expects this limit to be higher than 700 MW. The installation of STACOMs may eliminate the need for this operating restriction or, at a minimum, allow for a higher maximum power injection level. The operating procedure necessary to redispatch

generation to reduce the Project's power injection level to 700 MW (or higher) within 30 minutes is completely feasible (particularly in light of the HVDC converter's superior controls) and PJM has successfully implemented similar redispatches in the past. However, even a requirement to reduce the power injection level to 700 MW in this scenario would reduce the wholesale electricity cost savings produced by the Project by less than 3% compared to Rock Island's base economic benefits analysis, resulting in the Project still providing hundreds of millions of dollars in wholesale electricity cost reductions in Illinois. (3) Other system contingencies that could require an operating procedure to limit the Project's power injection level temporarily under certain light load conditions –Rock Island stated that these contingencies can be mitigated by the operation of the PJM SCED; further, the additional studies conducted by Rock Island and Siemens indicate that the need for operating restrictions in the event of these contingencies can be eliminated by the installation of dynamic reactive power equipment such as the STATCOMs that Rock Island plans to install and has included in its Project cost estimate, along with the control features of the Project's HVDC technology. Rock Island RB at 88.

Rock Island states that by including the costs of the network upgrades and the STATCOMs in its cost estimate for the Project, by using the PROMOD model, which implements a security constrained economic dispatch, for its economic analyses, and by presenting a PROMOD sensitivity analysis based on an operating guide limiting the Project to 700 MW during an outage of one of the two ComEd 765 kV lines, Rock Island's economic benefits analyses have appropriately considered all of the potential issues identified by the PJM August 2013 SIS report. Rock Island RB at 88-89.

Rock Island disputed ComEd's assertion that there is no evidence that without the Project, customers will be unable to access adequate generation or the types of generation and/or RECs required to satisfy the Illinois RPS. ComEd IB at 32. Rock Island stated that the amounts of electricity from renewable resources needed to meet the RPS requirements of Illinois and other PJM states when they reach their maximum levels (in 2025 for Illinois) far exceed the currently installed renewable generation capacity in the region. Rock Island Ex. 10.0 at 15-18; *see also* WOW Ex. 1.0 at 8-9, 22; WOW Ex. 1.9; WOW Ex. 3.0 at 5; Rock Island RB at 92. Second, assuming that sufficient additional wind generation could be built in Illinois or Indiana to meet the 2025 RPS requirements, the electricity and RECs provided would be higher cost than the electricity and RECs that would be produced by new wind generation in the Resource Area, which has higher average wind speeds and therefore higher capacity factors and lower costs per MWh generated. Rock Island Ex. 10.0 at 7-8, 20; WOW Ex. 1.0 at 4-6; Rock Island RB at 92. Finally, Rock Island states that the basis for ComEd's argument is that the Illinois RPS can be satisfied by the purchase of RECs from Illinois or adjoining states without a requirement that the electricity be delivered into Illinois; therefore, ComEd asserts, new wind generation plants that could be developed in northwest Iowa could sell their RECs to Illinois buyers without delivering their electricity into Illinois, and therefore do not need the Project. ComEd IB at 32 (citing ComEd Ex. 3.0 at 6). Rock Island states, however, that ComEd's argument ignores the fact that new wind generation will not be developed in the Resource Area unless new transmission infrastructure such as the Project is constructed to connect the Resource Area with load and population centers like northern Illinois and thereby enable the wind generators to deliver their electricity to and sell it into a market where there is a demand for it. Rock Island Ex. 1.0 at 24-25; Rock Island Ex. 10.0 at 6-7, 9-11; WOW Ex. 1.0 at 10-12; Rock Island IB at 36-38; Rock

Island RB at 92-93.

ix. Rock Island's Responses to Staff's Arguments

Rock Island notes that the ultimate conclusion of the section of Staff's Initial Brief on the §8-406(b)(1) criteria is the following:

Staff believes that the evidence supports a finding that the Project would promote an effectively competitive electricity market, but that the preponderance of evidence in favor of such a finding is not a strong preponderance and is subject to "considerable uncertainty." Staff notes that there is no evidence suggesting that the Project would prevent an even greater degree of competition being attained through an alternative project or some combination of alternative projects. (Staff IB at 60; internal citation omitted.)

Rock Island states that this conclusion is also reflected in Staff's summary of Mr. Zuraski's analysis at pages 24-25 of Staff's Initial Brief:

Staff witness Zuraski testified that, based on his evaluation, he expects that the Project's benefits would outweigh its costs. (Staff Ex. 3.0, 5.) He further expects that the additional costs of [Rock Island]-dependent wind farms in the Resource Area would not significantly exceed the maximum allowable budget for incremental renewable resources expenditures by utilities and ARES in Illinois. Id. Both of these factors favor a finding that the benefits of the Project are "needful and useful to the public," and that they are likely to be at least commensurate with the costs of the Project. On the other hand, Mr. Zuraski testified that his analysis is subject to considerable uncertainty. Id.

Rock Island states that, despite its somewhat equivocal nature, Staff's conclusion, standing alone, is sufficient basis for the Commission to find that the Project satisfies §8-406(b)(1). Rock Island also points out that Staff's conclusion is based solely on Mr. Zuraski's original analyses using his financial model that were presented in his direct testimony. Rock Island contends that Staff's statement that the Project's net benefits are subject to "considerable uncertainty" does not reflect the full record in this case. Rock Island points out that, using Staff's financial model, Rock Island witness Mr. Berry ran additional sets of analyses with certain corrections and updates. In total, Rock Island explains, Mr. Berry made seven updates or assumption changes to Staff's model, and otherwise left it unchanged. The seven updates are: (1) Mr. Berry modeled the Project's transmission charges as paid by wind generator customers. Rock Island Ex. 10.14 Rev. at 50-53. (2) Mr. Berry added the latest interconnection cost information for new wind generation in Illinois, based on the latest data for the PJM interconnection queue. *Id.* (3) Mr. Berry updated the wind generation capital costs in the model based on the latest data from Lawrence Berkeley National Laboratory's 2012 Wind Technologies Market Report. *Id.* (4) Mr. Berry revised the model to use PJM's capacity value methodology for wind generation. *Id.* (5) Mr. Berry corrected several tax treatments in the model. *Id.* (6) Mr. Berry updated the Project's capital cost to reflect Rock Island's latest estimate. Rock Island Ex. 10.26 at 39. (7) Mr. Berry changed the number of years of LMP savings reflected in the model

from 5 years to 40 years, so that the period of LMP savings matched the period over which the Project's capital costs were assumed to be recovered. Rock Island Ex. 10.14 Rev. at 50-53.

Rock Island states that Mr. Zuraski had the opportunity to review and comment on changes (1) through (5) in his rebuttal testimony and did not take issue with them. Rock Island explains that change (6) was an uncontroversial update made after Mr. Zuraski filed his rebuttal testimony. The only change or update with which Mr. Zuraski did take issue was item (7), and in response, Mr. Berry also ran analyses with only five years of LMP savings incorporated as preferred by Mr. Zuraski. Rock Island Ex. 10.26 at 38; Rock Island RB at 94-95.

Rock Island states that the results of these updated model runs, including only the changes with which Mr. Zuraski did not take issue, show that the "considerable uncertainty" cited by Staff is actually quite inconsiderable, because the average benefits to consumers are many billions of dollars and the Project is the least cost alternative in over 90% of the sensitivity cases analyzed. The average consumer benefit of the Project (net present value revenue requirements savings) was \$6.9 billion under Staff's "Model A" and \$8.6 billion under Staff's "Model B," using a 5% discount rate, which Mr. Zuraski also used. Rock Island Ex. 10.26 at 39-40; Rock Island Ex. 10.29; Rock Island RB at 95. Further, under Staff "Model A," the "Rock Island Project + Iowa Wind" scenario had a lower revenue requirement (compared to the "Illinois Wind" scenario) in the "base case" and in 93% to 97% of the sensitivity cases, depending on the discount rate used. In the analyses with 40 years of LMP savings, the average consumer benefit is even higher. Under Staff "Model B," the "Rock Island Project + Iowa Wind" alternative had a lower revenue requirement than the "Illinois Wind" scenario in the "base case" and in 93% to 99% of the sensitivity cases, depending on the discount rate used. Rock Island Ex. 10.26 at 38-40; Rock Island Ex. 10.29; Rock Island RB at 95.

Rock Island also states that Staff's observation of "uncertainty" in the results must be considered in the context that all future projections have some uncertainty. As discussed earlier in this Order, Rock Island contends that its merchant business model means that Rock Island and its investors, not the public, take the risk of incorrect future projections. Rock Island explains that, if the Project does not prove economic relative to alternatives, the worst that happens is it will not be built, or private investors will receive a lower rate of return. On the other hand, Rock Island contends, if the Project is the economic alternative (which, Rock Island says, the economic analysis described above show it is in over 90% of the scenarios), consumers stand to be billions of dollars better off if the Project is approved. Rock Island RB at 95.

Rock Island responded to Staff's statement at page 24 of its Initial Brief that Mr. Zuraski questioned Rock Island's inclusion, in its analysis of the Project's benefits, of the increase in employment, revenues of manufacturing and service enterprises, landowner wealth and State and local tax revenues that will result from construction and operation of the Project and the associated wind farms, as detailed in the economic impact study presented by Rock Island witness Dr. Loomis. Rock Island Staff that then quotes Dr. Loomis's response on this point, which makes it clear that his economic impact analysis "is a separate but complementary analysis to the other benefits of the Project described by other Rock Island witnesses." Staff IB at 24. Rock Island states that it believes that at this point there is no issue with Staff as to how the

economic impacts of the Project, estimated in Dr. Loomis's study, should be taken into account. Rock Island RB at 99.

Rock Island addressed Staff's statement at pages 25-26 of its Initial Brief that Mr. Zuraski "assumed that the Project would be utilized to its full extent, thus enabling Project costs to be spread out over a large volume of capacity and energy sales." Rock Island notes that Staff does not state what it means by "utilized to its full extent," but Rock Island understands that Mr. Zuraski assumed the Project would deliver approximately 15 million MWhs of electricity per year into PJM, as reflected in Rock Island's economic studies. Rock Island states that this amounts to an approximately 49% utilization factor, on an annual basis, of the 3,500 MW capacity of the Project. Rock Island RB at 99.

Rock Island responded to Staff's discussion of Dr. McDermott's and Mr. Berry's testimony on the appropriate economic analysis in which Staff states that, "In effect, these [Rock Island] witnesses argue that the Commission need not concern itself with the cost or the viability of [Rock Island's] Project because [Rock Island] is a 'merchant transmission company' and not a traditional public utility." Staff IB at 27. Rock Island states that this is a facile and uninformative characterization of Rock Island's economic analysis. Dr. McDermott testified that the competitive market will determine whether the Project is needed, justified and least cost by the decisions of generators and wholesale power purchasers to utilize the Project to transport power. Rock Island Ex. 4.2 at 10. Rock Island states that it and its investors are pursuing the Project and investing millions of dollars in its development because they believe the Project can be successful in the competitive market. Rock Island contends that the economic analysis conducted by Dr. McDermott shows that the Project will increase the supply side of the market by allowing a significant amount of new, lower cost generation resources to enter the Illinois market to compete to serve load, which will create downward competitive pressure on prices in the wholesale market, and will thereby promote an effectively competitive electricity market that operates efficiently and benefits consumers directly through lower prices for electricity. Rock Island points out that Dr. McDermott's analysis focuses on the prices actually paid by consumers, which is not the same as ignoring costs. Rock Island Ex. 4.0 Rev. at 2; Rock Island RB at 100.

Rock Island addressed Staff's statement that ComEd witness Mr. Naumann "described how the cost of wind farms interconnecting to [Rock Island] could be 10 times what Mr. Berry cited as the cost of connecting Illinois wind farms to the existing PJM grid." Staff IB at 28. Rock Island states that in making the calculations that supported this assertion (in the testimony cited by Staff), Mr. Naumann selected the two potential wind farm sites (out of 16 listed on Rock Island Ex. 10.19) that were the farthest distance from Rock Island's western converter station site, and so his calculation was deliberately skewed. Rock Island Ex. 10.26 at 30. Second, Staff apparently missed that Mr. Naumann's calculation was based on erroneous information in Rock Island Exhibit 10.19 about the locations of potential wind farms in the Resource Area (which was corrected in Rock Island Exhibit 10.19 Rev.). *Id.* at 30. According to Rock Island, when Mr. Naumann took this correction into account and revised his calculation, his figure of connection costs of \$800,000 per MW for the two wind farms in the Resource Area that he had analyzed was reduced to \$100,000 per MW (Tr. 888-889), which simple math shows reduces "10 times the cost of connecting Illinois wind farms to the existing PJM grid" to a much more

modest 1.25 times. Third, Rock Island states that Mr. Naumann's numbers were further skewed because he assumed each wind farm would build its own generator tie line; in fact, groups of nearby wind farms would likely share the costs of a tie line, thereby reducing the tie-line costs per MW of wind generation capacity. Mr. Berry testified that based on his experience, a more reasonable estimate of connection costs for wind farms in the Resource Area would be \$80/kW (\$80,000/MW), which is similar to the generation tie line costs for wind farms in Illinois and Indiana. Rock Island Ex. 10.26 at 28-31. In summary, Rock Island contends that wind farms in the Resource Area will have similar costs of generator tie lines, on a \$/MW of wind generating capacity basis, as wind generators in Illinois and Indiana. Rock Island RB at 100-101.

Rock Island notes that in summarizing ComEd's position, Staff stated that ComEd witness Naumann stated that hundreds of millions of dollars of upgrade costs may be required for the Project. Staff IB at 41. Rock Island points out that Staff cited Mr. Naumann's direct testimony, which reflected the November 2012 PJM SIS for the Project. Subsequently, PJM issued the August 2013 re-tool SIS, which concluded that only \$24 million of system upgrades are required. Rock Island states that these costs have been included in the current Project cost estimate of \$1.833 billion. Rock Island Ex. 2.11 Rev. at 11-12; Rock Island Ex. 10.14 Rev. at 36; Rock Island Ex. 10.26 at 37; Rock Island RB at 101. Staff also cited Mr. Naumann's testimony that although the transmission capacity of the Project is 3,500 MW, Rock Island has only requested 1,192 MW of FTIR into PJM. Rock Island points out, however, that as described earlier in this Order, the economic benefits of the Project are based on the delivery of low-cost energy, not a constant 3,500 MW of capacity, and therefore do not require that Rock Island have 3,500 MW of FTIR into PJM. Rock Island RB at 101-102.

Rock Island notes that at page 45 of its Reply Brief, Staff states that "Mr. Zuraski testified that benefits did not outweigh the costs," citing ICC Staff Ex. 3.0 at 11. Rock Island states that, although no doubt unintentionally, this statement is presented as though it were Mr. Zuraski's overall conclusion, which it is not. Rock Island explains that what Mr. Zuraski stated at page 11 of Staff Ex. 3.0 was that Rock Island's direct testimony focused only on certain alleged benefits of the Project and did not compare these benefits to the Project's expected costs. Rock Island does not agree with this characterization; however, even if one were to ignore Rock Island's economic analysis, the analyses conducted using Staff's financial model showed that the benefits of the Project outweigh its costs. Rock Island RB at 102.

Rock Island disputed Staff's assertion that "existing and future MISO-approved projects, like transmission projects anywhere else in the United States, can be considered substitutes for the [Rock Island] Project." Staff IB at 46. Rock Island states that this assertion is incorrect, on several levels. Rock Island RB at 102. First, Rock Island states that the existing MISO-approved transmission projects (the MISO MVPs) are not substitutes for the Project; these projects have different objectives and will accomplish different things. Rock Island states that the MISO MVPs are intended (among other things) to enable the construction of new renewable generation to meet RPS goals in the MISO footprint. Rock Island states that the rationale for the MISO MVPs does not include providing renewable energy to northern Illinois or the PJM system. Nor do the MISO MVPs increase transfer capacity from the wind-rich areas of MISO in to PJM in an amount sufficient to displace the need for the Project. Rock Island states that the MISO MVPs create additional transfer capability into PJM equal to only about 12% of the

capacity of the Rock Island Project (and obviously, therefore, would be able to serve only a small fraction of PJM demand). Rock Island states that in contrast, the primary purpose of the Project is to deliver low-cost renewable energy from northwest Iowa to PJM. Rock Island Ex. 10.14 Rev. at 59-61; Rock Island Ex. 10.26 at 35; Rock Island IB at 69; Rock Island RB at 102-103.

Second, Rock Island states that a transmission project “anywhere else in the United States” cannot be a substitute for the Project, and Staff does not explain how this could be the case. Rock Island states, however, that it is possible that what Staff is intending to convey is that under the Illinois RPS, Illinois utilities can buy RECs from Illinois or adjoining states, and ARES can buy RECs from anywhere within MISO or PJM. In that sense, explains Rock Island, a transmission line “anywhere in the United States” may be a partial (but not a complete) substitute for the Project to the extent that such transmission line stimulates the development of new wind generation in states from which either Illinois utilities or Illinois ARES can buy RECs to meet their Illinois RPS requirements. However, Rock Island argues, even if this is the point Staff means to convey, new wind generation developed in different areas will have different costs and produce RECs at different prices. Rock Island states that an Illinois utility may be able to acquire RECs from Missouri or Indiana and an Illinois ARES may be able to acquire RECs from Ohio, but this says nothing about how the costs of RECs purchased from those states may compare to the costs of RECs purchased from wind generators in the Resource Area. To the contrary, explains Rock Island, RECs produced by wind generators located in areas with higher average wind speeds can be expected to be lower cost than RECs produced by wind generators in areas with lower average wind speeds because the basic economics of producing electricity are superior at higher wind speed sites. Rock Island Ex. 10.0 at 8; Rock Island RB at 103.

Third, Rock Island states that only a transmission line delivering energy into Illinois, such as the Project, will allow new generating capacity to access the Illinois electricity markets and increase competition in those markets and provide, potentially, lower cost supplies of electricity to Illinois, as the Project will do. Rock Island RB at 104. Fourth, only a transmission line from the Resource Area to northern Illinois or to another, comparable load and population center will stimulate the construction of new wind generation facilities to exploit the excellent wind resources of the Resource Area. According to Rock Island, the key factor is that new wind generation resources will not be developed in the Resource Area unless and until developers are confident that new transmission infrastructure is being put in place to deliver the output of their facilities to a market. Rock Island IB at 36-38; Rock Island RB at 104. Rock Island states that the Project will enable and stimulate the construction of significant new, high-capacity factor, cost-effective wind generation resources in the Resource Area; a transmission line “anywhere in the United States” will not. Rock Island RB at 104.

Rock Island states that in evaluating Staff’s statement that a transmission line “anywhere in the United States” would be a substitute for the Project, the Commission should consider the goals and objectives of the General Assembly in establishing the RPS provisions in IPA Act. Rock Island explains that the legislative findings and declarations for the IPA Act call for “procuring a diverse electricity supply portfolio” that “includes cost-effective renewable resources in that portfolio” in order to “ensure the lowest total cost over time for adequate, reliable, efficient, and environmentally sustainable electric service” and “decreas[e] environmental impacts.” 20 ILCS 3855/1-5(5) and (6). Rock Island submits that it was not the

General Assembly's intent in enacting the RPS requirements to simply require Illinois electric utilities and ARES to buy RECs, from "anywhere in the United States," equal to a stated percentage of their MWh sales. Rather, explains Rock Island, the intent in enacting the RPS requirements was to force the inclusion of significant amounts of electricity from renewable resources in the electricity supply portfolio serving Illinois consumers and to stimulate the actual use of electricity from renewable resources to serve electricity requirements in Illinois. Rock Island RB at 104-105.

Rock Island contends that Staff's statement at page 49 of its Initial Brief that "Dr. McDermott's analysis actually does not show how the Project directly promotes the development of a competitive market" is inaccurate. Rock Island states that Dr. McDermott's analysis showed that the Project will enable thousands of MWs of new generation resources to access the electricity markets in Illinois and compete to serve load, and that the amount of "economic capacity" (determined based on the FERC's Delivered Price Test) available to serve load in Illinois will increase. Rock Island states that because the new generation resources will be lower cost (as evidenced by the reduction in LMPs and wholesale demand costs they will produce), there will be downward pressure on market prices. In addition, the amount of REC capacity for Illinois and the region will increase. Rock Island Ex. 4.0 Rev. at 2-4, 31-33, 34-39; Rock Island RB at 105. Rock Island states that an increase in capacity competing to serve demand, and downward pressure on market-clearing prices, are indicators of the further development of an effectively competitive electricity market. Rock Island states that these data are also indicators of a competitive market that operates efficiently (because the introduction of new, lower-cost competitors lowers prices) and is equitable to customers (because the reductions in LMPs and wholesale costs to serve load will be ultimately reflected in the prices paid by retail electricity customers (Rock Island Ex. 4.0 Rev. at 5-6, 8-12)). Thus, asserts Rock Island, Dr. McDermott's analysis shows (as do the analyses conducted using Mr. Zuraski's financial model) that the Project will promote the development of an effectively competitive electricity market that operates efficiently and is equitable to customers. Rock Island RB at 105.

- b. **IAA's Position**
- c. **ILA's Position**
- d. **ComEd's Position**
- e. **IBEW's Position**
- f. **WOW's Position**
- g. **ELPC-NRDC's Position**
- h. **Staff's Position**
- i. **Commission's Conclusion**

Based on its review of the evidence and the parties' arguments, the Commission finds

that Rock Island has demonstrated that the Rock Island 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 these objectives. In reaching this conclusion the Commission relies primarily on both the economic analyses presented by Mr. Moland and Dr. McDermott and the economic analyses presented by Mr. Zuraski and Mr. Berry using the Staff financial model.

The Moland-McDermott analyses show that the Project will produce substantial economic benefits for Illinois electricity customers in the form of reduced wholesale electricity costs which will be translated into lower retail electricity prices in Illinois. The Project will also result in a greater supply of electricity from renewable resources, which will result in an increase in the capacity to produce RECs and a larger volume of RECs available in the Midwestern and PJM regions. This in turn should result in lower REC prices and lower costs for RPS compliance in Illinois. Furthermore, Dr. McDermott's analysis shows that the Project will increase the amount of generation capacity that can access the Illinois electricity markets and can compete effectively to serve customer load in Illinois.

The analyses conducted using the Staff financial model show that the Project and the associated wind generation in the Resource Area have a lower net present value revenue requirement than other plausible alternatives. These alternatives include both (i) the status quo and (ii) the construction of sufficient new wind generation in Illinois to produce the same amount of electricity that would be produced by the new wind generation in the Resource Area that will connect to the Project and use it to transmit electricity for delivery into Illinois. In reaching this conclusion, the Commission agrees with Mr. Zuraski and Dr. McDermott that a competitive electricity market exists in Illinois, but the Commission finds that the Rock Island Project will promote the continued development of an effectively competitive electricity market. In other words, the Commission does not agree with the proposition that once a competitive market exists, it is not possible for the Commission to find that a proposed new project will promote the development of an effectively competitive electricity market. To the contrary, the Commission believes that in reviewing proposals for projects under §8-406, it has an ongoing obligation to monitor conditions in the competitive electricity markets, in order to insure continued development of the competitive markets and to avoid backsliding.

The Commission does not accept the argument that it cannot find that the Project will promote the development of an effectively competitive electricity market because the benefits of the Project are based on projections. Any proposal for approval of a new project necessarily is dependent on projections of future needs and economic conditions, which the Commission must evaluate in reaching its decision. In this case, the Commission finds that the projections and assumptions on which Rock Island's economic analysis and the economic analyses using the Staff financial model are based are reasonable, plausible and supported by the record. Of particular importance in this regard is the evidence that: (1) There is and will continue to be a growing demand in Illinois and other PJM states for electricity from renewable resources, driven by RPS requirements, a generally growing demand for electricity from renewable resources, and the retirement or reduced operation of older, less environmentally friendly generation sources. (2) The lack of adequate and efficient transmission infrastructure between the Resource Area and northern Illinois is preventing the development of cost-effective wind generation that could

be developed in the Resource Area if there were an adequate transmission outlet to load and population centers. (3) Based on the cost advantage for wind generation facilities that could be located in the Resource Area as well as the evidence of existing developer activity in the area, wind generation developers can be expected to proceed to develop new wind generation facilities in the Resource Area once they can be reasonably assured that new transmission infrastructure linking the Resource Area to northern Illinois markets will be built. (4) Notwithstanding the FERC's denial of Rock Island's request to give preference to certain types of customers, the record here shows that there is no reason to believe that the connecting generation will be any type other than wind generation, as the record has demonstrated that only wind generation has an economic advantage to locating in the Resource Area and using the Project to transmit its output to markets in northern Illinois and PJM. Further, Rock Island's sensitivity analysis showed that even if 50 percent of the connected generation were natural gas-fired generation, the Project would still produce significant economic benefits for Illinois customers.

The Commission does not believe that it is necessary to postpone its decision in this case until the PJM and MISO interconnection processes are completed for the Project; to the contrary, delaying the decision in this case would delay the completion of the Project and the realization of the benefits it will provide to Illinois electricity customers and others. The Commission understands that the Project will not be allowed to operate to inject power into the PJM grid until the interconnection processes have been completed and the requirements established by PJM and MISO for a reliable interconnection have been complied with. In addition, while the Commission recognizes that there may be some uncertainties associated with the completion of the interconnection study processes, as suggested by ComEd, the Commission concludes that those uncertainties are not sufficient to call into question the conclusion that the Project will produce significant economic benefits and will promote the development of an effectively competitive electricity market. Rock Island's analysis of the potential operating procedure associated with outages of one of the two 765 kV ComEd transmission lines shows that the operating procedure would result in only a small reduction in the economic benefits of the Project. Further, the record indicates that PJM has only identified the need for \$24 million of network upgrades. The Commission sees no basis in the record from which to conclude that the Project will not produce significant economic benefits and promote the development of an effectively competitive electricity market. To the contrary, the record indicates that the Project will produce significant economic benefits, even with the above-described uncertainties taken into account. Delaying issuance of a CPCN would delay completion of the Project, by delaying Rock Island's ability to proceed with project development activities for which receipt of a CPCN is a prerequisite. This in turn would delay the realization of the Project's benefits by the Illinois public.

However, as suggested by Rock Island, the Commission is including a condition in this Order, that Rock Island may not operate the Project to deliver energy into the PJM grid until the necessary interconnection service agreement or agreements have been signed.

The Commission also concludes, based on the record, that the Project is necessary to provide adequate, reliable, and efficient service to Rock Island's customers and is the least-cost means of satisfying the service needs of its customers. In making this determination, the Commission is taking into account the case law cited by Staff and Rock Island that establishes

the proposition that “necessary” or “necessity” in this context does not mean “indispensably requisite” but rather can also mean needful or useful, and that “necessity” in this context is a flexible standard for the Commission to apply, using its expertise, based on the facts and circumstances in each particular case. In this case, the Commission views the Project as addressing a deficiency or shortcoming in the existing transmission system, namely, the lack of an efficient, high capacity, direct transmission link between the Resource Area and northern Illinois. The Commission agrees, based on the record, that the excellent wind resources of the Resource Area will not be developed by wind generation developers unless and until there is adequate transmission infrastructure linking the Resource Area to markets in load and population centers such as northern Illinois and PJM. The record shows that a need has been established for the Project. Further, for the wind developers that would develop wind generation in the Resource Area and the wholesale purchasers in Illinois and PJM that would seek to purchase low-cost electricity from the Resource Area were it available and accessible to Illinois, the Project is necessary for adequate, reliable and efficient service. The “customers” in this case can be considered to be both the generators and purchasers who would purchase transmission service from Rock Island and, more generally, electricity consumers in Illinois who will benefit from the availability of low-cost electricity from generation in the Resource Area that the Project will enable to be developed and made accessible to Illinois.

In reaching this conclusion, the Commission also takes into account (1) the improvements in Loss of Load Expectation and import capability that the Project will produce, as shown by the studies presented by Rock Island witness Mr. Januzik, and (2) the availability of the new wind generation in the Resource Area that the Project will enable to be developed and connected to northern Illinois, as thermal generation in Illinois and other Midwestern states is retired or experiences reduced operations due to age and environmental and economic factors.

In reaching the above conclusions, the Commission has concluded that the Project is the least cost means of achieving the objectives set forth in §8-406(b)(1). In reaching this conclusion, the Commission relies primarily on (i) Rock Island’s evidence demonstrating why O’Brien County, Iowa was selected as the optimal site for the western converter station of the Project; (ii) Rock Island’s analysis demonstrating that a 500-mile, ± 600 kV, 3,500 MW HVDC transmission line is a lower cost solution than numerous potential AC transmission line alternatives; (iii) more generally, the evidence (which was not disputed) that HVDC technology is superior to AC technology for transmitting large amounts of electricity over long distances (more than 300 miles), particularly electricity from variable generation resources; (iv) the revenue requirements analyses performed using the Staff financial model, which show that the Project and the connected wind generation in the Resource Area will have lower net present value revenue requirements than other plausible alternatives; and (v) Rock Island’s analysis showing that the Preferred Route of the Project is the optimal, least-cost route taking into account relevant routing criteria and considerations.

Finally, the Commission adopts and will impose Rock Island’s proposed condition concerning the use of regional cost allocation to load through RTO processes to recover the costs of the Project (as modified in Mr. Berry’s surrebuttal testimony, Rock Island Ex. 10.26). As it has been for a considerable period, the Commission is concerned that regional cost allocation to load is only employed in appropriate circumstances. The Commission observes that, as stated by

Rock Island, the merchant project model that Rock Island is employing does not rely on regional cost allocation for cost recovery, and eliminates many risks to ratepayers and leaves those risks with the Project's owners and investors. The Commission also observes that the record indicates little likelihood that Rock Island will seek to recover the costs of the Project through regional cost allocation; however, the cost allocation condition, which the Commission is adopting, will provide the Commission with the opportunity to review any such proposal and to reject it if the Commission does not find that the Project's benefits continue to exceed its cost (that would be allocated to retail load) and that the use of cost allocation to load is in the public interest.

2. Capable of Efficiently Managing and Supervising the Construction Process

a. Rock Island's Position

Rock Island asserts that it is capable of efficiently managing and supervising the construction process for the Rock Island Project and that it has taken sufficient action to ensure adequate and efficient construction and supervision thereof. Rock Island further asserts that, based on the record, the Commission should find that Rock Island has demonstrated that it meets this criterion of §8-406(b). Rock Island contends that it is capable of efficiently managing and supervising the construction process for the Project because (i) it is engaging experienced contractors to carry out the tasks associated with constructing the Project and placing it into operation; (ii) it will enter into contracts with its contractors that will provide for effective project controls and oversight mechanisms from the project owner's perspective; (iii) Rock Island and its parent company, Clean Line, have developed a comprehensive construction management organization and are filling the positions in the organization with qualified personnel at an appropriate pace consistent with Project development achievements and the need for specific personnel; and (iv) members of Clean Line's management team, as well as one of its principal investors, National Grid, have experience in developing construction management organizations and overseeing the construction and completion of large projects in the electric utility industry. Rock Island IB at 94-104; Rock Island RB at 105-114; Rock Island Ex. 1.4 at 2.

Rock Island explains that it will retain two Engineering, Procurement and Construction ("EPC") contractors for the Project, one for the construction of the transmission line and the other for the construction and installation of the two converter stations. Rock Island Ex. 1.4 at 11; Rock Island IB at 95. Rock Island further explains that it has retained Kiewit Power Constructors Co. ("KPC") to provide engineering and other services during the development phase of the Project and that it expects to retain KPC as the EPC contractor for the transmission line. Rock Island states that the EPC contractor for the transmission line will provide the following services: solicit and evaluate bids for procurement of equipment and material; solicit and evaluate subcontractor bids and manage all subcontractors for the Project; supervise development of access to construction locations; install foundations for structures, assemble and erect towers and string wire; test and commission the line; and monitor compliance with Project permits and easement grants. Rock Island Ex. 1.4 at 12; Rock Island IB at 95, fn. 87. Rock Island also states that it has contracted with Siemens Energy, Inc. ("Siemens") for provision of the HVDC converter stations and, after the development phase is completed, that it expects to enter into an EPC contract with Siemens for the converter stations. Rock Island Ex. 1.4 at 11-12, 15-16; Rock Island Ex. 2.0 at 15-16; Rock Island IB at 95.

Rock Island asserts that KPC and Siemens have the requisite experience and skill to perform the EPC functions for the transmission line and the converter stations. Rock Island explains that KPC is an operating district of Kiewit, which is one of North America's largest construction, mining, and engineering organizations and has a long history of managing linear infrastructure facilities across public and private lands. Rock Island Ex. 9.0 Rev. at 3; Rock Island IB at 95. Rock Island states that Kiewit has constructed a significant number of linear infrastructure facilities, including electric transmission lines and pipelines, and is very experienced in planning, tracking and monitoring these types of projects. Rock Island Ex. 9.0 Rev. at 4; Rock Island Ex. 9.4 Rev. at 4; Rock Island Ex. 9.5; Rock Island IB at 95-96. Kiewit recently completed a 345 kV, 135-mile double circuit transmission line project, most of which crossed agricultural land, which was completed on time and within budget. Rock Island Ex. 9.0 Rev. at 4; Rock Island Ex. 9.4 Rev. at 4; Rock Island IB at 96. Kiewit also recently completed the installation of a 111-mile, 230 kV transmission line in Ontario, Canada, the entire length of which crossed rural, wooded lands. Rock Island Ex. 9.0 Rev. at 4-5; Rock Island Ex. 9.4 Rev. at 3; Rock Island IB at 96. Rock Island witness Pierre Adam of KPC provided additional information regarding Kiewit's experience, including its experience in constructing lengthy linear infrastructure projects. Rock Island Ex. 9.0 Rev. at 5; Rock Island Ex. 9.4 Rev. at 2-8; Rock Island Ex. 9.5; Rock Island IB at 96. Rock Island contends that KPC provides the necessary expertise in developing detailed construction schedules, procurement capabilities, and project and construction management for large linear infrastructure projects. Rock Island Ex. 2.0 at 15; Rock Island IB at 96.

Rock Island states that KPC has developed the sequence of design and construction for the Project, and is well prepared to commence detailed scheduling and final engineering and construction activities when the appropriate development milestones are met. Rock Island Ex. 9.0 Rev. at 6; Rock Island IB at 96. KPC has also reviewed the terrain across the proposed route of the Project in Illinois and determined that it will be able to use conventional construction techniques for most of the line. Rock Island Ex. 9.0 Rev. at 7; Rock Island IB at 96. Rock Island points out that the structural design of an HVDC transmission line is similar to an AC line, and the construction processes and practices applicable to each type of line are similar. For example, National Electrical Safety Code design criteria must be met on both types of lines and there must be an adherence to local meteorological and geological conditions and construction loading requirements. Rock Island Ex. 9.0 Rev. at 4; Rock Island IB at 96.

Rock Island points out that Staff witness Mr. Rashid testified that, based on the testimony of the KPC witness and KPC's reputation as one of the larger construction organizations, it appears KPC is capable of handling the EPC role for the Rock Island Project. ICC Staff Ex. 1.0 at 15; Rock Island IB at 96.

Rock Island states that Siemens, the HVDC converter station vendor for the Project, is a world leader in HVDC technology and has installed more than 17,000 MW of HVDC capacity worldwide, including at least 10 projects in the U.S. Rock Island Ex. 1.4 at 15; Rock Island Ex. 2.0 at 16; Rock Island IB at 97. Rock Island states that Siemens is providing services during the development phase of the Project, including providing detailed price estimates, technical specifications, schedules, market price information, interconnection design, drawings and representations, and other technical input into the RTOs' interconnection studies. Rock Island

Ex. 1.4 at 15-16; Rock Island Ex. 2.0 at 16. Rock Island IB at 97. Rock Island states that by partnering with Siemens early in the project, Rock Island has obtained the expertise and knowledge of a world-class expert in HVDC technology, which will help to ensure early identification of any design issues and an optimal and reliable design and efficient implementation for the converter stations. Rock Island Ex. 2.0 at 16; Rock Island IB at 97.

Rock Island states that it has also engaged POWER Engineers, Inc. (“POWER”) to provide transmission line engineering support for the Project during the development phase. According to Rock Island, POWER provides engineering/design, construction, asset management and other services to the power generation, power delivery and other industries. Rock Island Ex. 2.0 at 14-15; Rock Island IB at 97, fn. 88. Rock Island states that POWER has developed preliminary design criteria and structure designs and provided engineering support in the route development process. Rock Island Ex. 2.0 at 14-15; Rock Island IB at 97. Rock Island states that POWER is the leading candidate to be retained as the Owner’s Engineer (“OE”) for the Project. Rock Island IB at 97.

Rock Island states that it has also retained HDR Engineering, Inc. (“HDR”) as its principal consultants for route development, permitting, environmental, land use and public outreach activities for the Project; and Contract Land Staff, LLC (“CLS”) to assist in contracting and negotiating with landowners to secure ROW. Rock Island states that HDR is a large, well-qualified engineering and consulting firm with more than 90 years of experience in engineering and design work for clients in the electric power industry and other infrastructure segments. According to Rock Island, since 2008, HDR has provided routing studies for 10 transmission projects of 345 kV or greater, totaling over 3,000 miles of transmission lines. Rock Island states that CLS is experienced in land acquisition activities in the area where the Project will be constructed. Rock Island Ex. 2.0 at 14; Rock Island Ex. 8.0 at 3; Rock Island IB at 97, fn. 89.

Rock Island contends that the assertion by IAA and Staff that HVDC lines are “rare” is unfounded. IAA IB at 13; Staff IB at 62. Rock Island states that Mr. Galli testified that HVDC technology is neither experimental nor recently introduced technology, and in fact, there are over 30 HVDC installations in North America, some dating back as far as 1968. Rock Island Ex. 2.0 at 22-24; Rock Island RB at 112. Mr. Galli further testified that worldwide, HVDC applications are commonplace and are continuing to increase in applications similar to Rock Island’s planned use of HVDC for the Project. Rock Island Ex. 2.0 at 22-24; Rock Island RB at 112. Rock Island states that National Grid, one of the owners of Clean Line, has extensive experience building, owning and operating HVDC transmission lines in the United States, United Kingdom and Europe. Rock Island Ex. 12.0 at 2-3; Tr. 246; Rock Island RB at 112. Rock Island states that it will be able to draw on the relevant and extensive prior transmission line and construction management experience of National Grid, which will make its engineering, procurement, licensing, construction and project management skills and resources available to Rock Island and will provide advice as necessary, including on technical issues. Rock Island RB at 112. Rock Island also states that the structural design of an HVDC transmission line is similar to that of an AC line and the construction processes and practices applicable to each type of line are similar. Rock Island Ex. 9.0 Rev. at 4; Rock Island Ex. 2.0 at 24-25; Rock Island RB at 112-113. Rock Island reiterates that it has contracted with Siemens, a world leader in HVDC technology, for the provision and installation of the HVDC converter stations. Rock Island Ex. 2.0 at 16; Rock

Island Ex. 1.4 at 15-16; Rock Island RB at 113. In summary, Rock Island asserts that there is no reason to conclude that the construction of the Project will be more difficult to manage because it will use HVDC technology.

Rock Island states that it will require its EPC contracts with KPC and Siemens to include provisions that provide Rock Island with effective project controls to ensure that the Project is completed on time and on budget. Rock Island Ex. 1.4 at 14-16; Rock Island IB at 98. Rock Island explains that its development agreement with KPC specifies that the following provisions will be included in KPC's EPC contract: (i) KPC will provide a fixed, lump-sum contract price and guarantee the completion date; (ii) KPC must pay Rock Island liquidated damages if KPC fails to achieve substantial completion, or if the line does not complete satisfactory testing and commissioning, by a specified date; (iii) KPC will commit key personnel to the Project; and (iv) KPC is required to provide reasonable credit support to cover its obligations under the EPC contract. Rock Island Ex. 1.4 at 14; Rock Island IB at 98. Rock Island states that its development agreement with KPC also requires that KPC provide a schedule and budget, and that a specific work order be executed for each service to be provided; that KPC must obtain Rock Island's approval before hiring any subcontractors and that KPC is liable for performance of the subcontractor's work; that KPC must use commercially reasonable efforts to obtain customary and reasonable warranties from subcontractors; that KPC must maintain specified insurance coverage; and that key personnel assigned to the work must be approved by Rock Island and cannot be reassigned and replaced without Rock Island's approval. Rock Island Ex. 1.4 at 13-14; Rock Island IB at 98, footnote 90. Rock Island states that it will require similar provisions in its EPC contract with Siemens. Rock Island also states that KPC and Siemens will also be required to provide regular reports detailing the progress of work, any safety violations, schedule and cost impacts and other information needed to effectively monitor their performance. Rock Island Ex. 1.4 at 14-16; Rock Island IB at 98.

Rock Island states that Clean Line and Rock Island have designed an effective construction management organization for the Project and are in the process of filling the positions in the construction management organization. Rock Island Ex. 1.4 at 2-10; Rock Island IB at 98. The construction management organization structure was provided on Rock Island Exhibit 1.5, which shows the segments and positions of the construction management organization, including (i) the Executive Vice President ("EVP") of Transmission and Technical Services, supported by two Managers of Electrical Engineering, a Vice President of Construction, an Environmental/Permitting Director, a Director of Management, a Project Controls Project Manager, a Quality Assurance/Quality Control ("QA/QC") Manager, a Safety Manager, a Construction/Civil Engineer, three Line Construction Managers, two Converter Station Managers, an Environmental Associate, a GIS Specialist, two Asset Managers, two to three Document Control employees, and two additional support employees; (ii) the General Counsel, supported by a Director of Land Services, two additional lawyers, a paralegal, and an additional support employee; and (iii) the Director of Development, supported by five Project Managers. Rock Island Ex. 1.5; Rock Island IB at 98-99. Rock Island explains that each of the three lead positions (EVP of Transmission and Technical Services, General Counsel and Director of Development) have been filled. Rock Island Ex. 1.5; Rock Island IB at 99, footnote 91. Rock Island further explains that the EVP of Transmission and Technical Services, the General Counsel, and the Director of Development are the positions at the top of the three segments of

the construction management organization and will report to Rock Island's President. According to Rock Island, these positions will have primary responsibility for the development, design, ROW acquisition and construction of the Rock Island Project. Rock Island Ex. 1.4 at 2; Rock Island IB at 99. The responsibilities of and qualifications for each position in the construction management organization were described in Mr. Skelly's rebuttal testimony. Rock Island Ex. 1.4 at 3-9; Rock Island IB at 99-100.

Rock Island states that an additional, important component of Rock Island's construction management organization is the OE, whose expertise and experience will supplement and support Rock Island's management of construction of the Project. An OE is a third-party entity, experienced in the engineering and construction of large-scale infrastructure projects, that is retained to assist the owner in project management and oversee the activities of the other contractors, including the EPC contractors, thereby supplementing the experience and expertise of the owner's internal team. The OE acts as the owner's representative. Rock Island states that POWER, an experienced engineering and construction firm, is the leading candidate for the position and, is already working on the Project. Rock Island Ex.1.4 at 10; Rock Island Ex. 1.7 at 11; Rock Island IB at 100.

Rock Island responded to the concern expressed by Staff witness Mr. Rashid that Rock Island's construction management organization is not yet fully staffed. ICC Staff Ex. 7.0 at 6. Rock Island explained that there are unfilled positions at this time because at the current stage of the Project, there is not meaningful work for those positions. Rock Island stated that it would be uneconomical and imprudent to hire individuals for positions that do not have any current or imminent duties. Rock Island Ex. 1.7 at 5-7; Rock Island IB at 100-101. Mr. Wynter, an officer of National Grid USA and member of Clean Line's Board of Directors (Rock Island Ex. 12.0 at 1), testified that it makes sense not to fill positions until there is meaningful and substantive work for the persons in these positions to perform, which will occur as additional development milestones are reached and the Project moves closer to definitive engineering and cost estimating and commencing actual construction. *Id.* at 14; Rock Island IB at 101. Rock Island stated that it plans to have the remaining positions in the construction management organization filled well in advance of the start of construction. Rock Island IB at 101 fn. 92. Rock Island stated that the positions in the construction management organization that are already filled are filled because at the current stage of the Project, there are duties and responsibilities to be performed by those positions. Rock Island identified the following positions as filled: EVP of Transmission and Technical Services, the two Managers of Electrical Engineering, the Environmental/Permitting Director and the Environmental Associate, the Director of Land Services, the Director of Development and the five Project Managers reporting to the Director of Development. Rock Island Ex. 1.7 at 6; Rock Island IB at 101.

Rock Island responded to the arguments of Staff, ComEd, the ILA and the IAA that Rock Island may not be able to hire sufficiently experienced employees to complete its construction management organization to oversee construction of the Project. Staff IB at 61; Staff RB at 10; ComEd IB at 33; ILA RB at 4-5; IAA IB at 13. Rock Island stated that it has a reasonable plan for filling the remaining positions of its construction management organization and is confident that it will be able to fill the positions in a timely manner. Rock Island Ex. 1.4 at 9-10; Rock Island Ex. 1.7 at 7; Rock Island IB at 102; Rock Island RB at 110. Mr. Skelly and Mr. Wynter

testified that both the Clean Line management team and National Grid have extensive professional networks in the electric power industry and will work with industry professionals and other resources to find the most qualified personnel to fill these positions. Rock Island Ex. 1.7 at 7; Rock Island Ex. 12.0 at 14; Rock Island IB at 102; Rock Island RB at 110. Mr. Wynter testified that based on National Grid's experience and knowledge of the current market for the types of personnel needed for the unfilled positions, Rock Island will be able to fill the remaining positions in the construction management organization, and that as a significant and experienced developer, construction manager, owner and operator of transmission projects with extensive contacts in the industry, National Grid will assist Rock Island in identifying qualified candidates to fill these positions. Rock Island Ex. 12.0 at 14; Rock Island IB at 102; Rock Island RB at 110-111.

Rock Island responded to the arguments of the IAA and ComEd that Rock Island's construction management team may not be sufficient to manage construction of the Project because some of the key members may have identical or similar duties for other subsidiaries of Clean Line and therefore may be "stretched thin." IAA IB at 13; ComEd RB at 24. Rock Island states that the construction management organization presented on Rock Island Exhibit 1.5 is to manage construction of the Rock Island Project, not to manage construction of all of the projects of all five Clean Line subsidiaries. Rock Island states that certain members of the Clean Line management team may work on more than one project at any given time; however, employees may do work on multiple projects but only spend a small amount of time on certain of those projects. Tr. 242; Rock Island RB at 111-112. Mr. Skelly testified that as the Project progresses closer to commencing construction, certain employees who have been spending time on multiple projects will have their time dedicated exclusively to the Project. Tr. 239-240; Rock Island RB at 112. Mr. Galli testified that he anticipates that the Clean Line and Rock Island organizations will grow in size as additional project milestones are achieved. Tr. 780; Rock Island RB at 112. Accordingly, Rock Island asserts that there is no reason to conclude that the Rock Island construction management organization will be "stretched thin." Rock Island RB at 112.

Rock Island contends that members of Clean Line's management team, as well as National Grid, a principal investor in Clean Line, have considerable experience with organizing construction management teams and overseeing the construction of large electric industry projects. Rock Island Ex. 1.4 at 17-19; Rock Island Ex. 10.12 at 1-2, 5; Rock Island Ex. 12.0 at 2-3; Rock Island IB at 102. Rock Island states that Jayshree Desai, EVP of Rock Island, and Mr. Skelly, President of Clean Line and of Rock Island, were responsible for the development and construction of more than 2,000 megawatts of wind farms and more than 180 miles of transmission lines at Horizon Wind Energy and were responsible for hiring personnel to build that company's construction, procurement, operations and asset management departments, all of which is directly relevant to the development of Rock Island into an organization that will successfully manage the construction of the Project. Mr. Skelly was responsible for purchasing equipment from wind turbine manufacturers, negotiating EPC contracts, hiring construction supervision teams, negotiating balance of plant contracts, performing land acquisition, permitting and siting, as well as actively participating in construction supervision, on-site inspections, review of QA/QC procedures, implementation of safety strategies and resolving logistical issues. Rock Island states that, at the height of Horizon Wind Energy's construction activities Mr. Skelly and Ms. Desai managed over \$2 billion worth of procurement and construction contracts. Rock

Island Ex. 1.4 at 17-19; Rock Island Ex. 1.9; Rock Island IB 102-03. Rock Island also states that Dr. Galli, EVP of Transmission and Technical Services for Clean Line, while Director of Transmission Development at NextEra Energy Resources, was responsible for routing, siting and engineering for approximately 330 miles of new transmission lines, for vetting and awarding contracts to contractors, and participated in planning and project management for a 229-mile transmission line. Rock Island Ex. 1.8 at 1; Rock Island IB at 103. Rock Island provided additional information about the transmission and generation projects in which Ms. Desai, Mr. Skelly, Dr. Galli and other members of the Clean Line management team have been involved and their other relevant experience. Rock Island Exs. 1.6, 1.8, 1.9; Rock Island IB at 103.

Rock Island also states that National Grid, a principal owner of Clean Line, is one of the largest owners and operators of electric transmission facilities in the world, and that Rock Island's capability to effectively manage the construction of the Project is further supported by its ability to draw on National Grid's expertise in the planning, construction and operation of the Project. Rock Island Ex. 1.4 at 19; Rock Island Ex. 10.12 at 1-3; Rock Island IB at 103-04. Rock Island states that National Grid has committed to making its engineering, procurement, licensing, construction and project management skills and resources available to Clean Line and Rock Island; additionally, the technical staff of National Grid regularly interacts with and advises Clean Line on specific engineering issues regarding HVDC projects. Rock Island Ex. 1.4 at 19; Rock Island Ex. 12.0 at 13; Tr. at 246-247; Rock Island IB at 104.

Rock Island responded to the arguments of the IAA, the ILA, ComEd and Staff that Rock Island may not be able to efficiently manage and supervise the construction of the Project because neither Rock Island nor its parent company has ever built a transmission line. IAA IB at 13-14; ILA IB at 30; ComEd IB at 32-33; Staff IB at 60, 62. Rock Island contended that rather than basing its evaluation of this statutory criterion on the fact that neither Rock Island or Clean Line, as entities, have constructed a transmission line, the Commission should look at the factors bearing on construction management capability listed at the outset of §IV.A.2 of Rock Island's Initial Brief, including qualifications of the contractors to be used, contract terms, the organization of the construction management team, and the prior relevant experience of members of Rock Island's and Clean Line's management teams. Rock Island stated that Staff and the intervenors' argument ignores that members of Clean Line's management team and National Grid, a principal investor in Clean Line, have considerable experience with organizing construction management teams and overseeing the construction of large electric industry projects, including transmission lines. Rock Island Ex. 1.3; Rock Island Ex. 1.4 at 17-19; Rock Island Ex. 1.6; Rock Island Ex. 1.7 at 2, 7, 9-10; Rock Island Ex. 1.9; Rock Island Ex. 10.12 at 5; Rock Island Ex. 12.0 at 2-3; Rock Island IB at 102-04; Rock Island RB at 106-107.

Rock Island also argues that, National Grid, which has extensive experience constructing, owning, and operating transmission lines, is a 40% owner of Clean Line and therefore has a vested interest in Rock Island's effective management of the construction of the Project. Rock Island asserts that National Grid would not have invested \$40 million of at-risk capital in Clean Line, which it can only recover and earn a return on if Clean Line's projects are successfully constructed and brought into operation, if National Grid did not have confidence that Clean Line and its subsidiaries will be able to efficiently manage the construction of their transmission line projects and bring them to completion. Tr. 188; Rock Island Ex. 10.26 at 9; Rock Island Ex.

12.0 at 2-3, 6, 12-14; Rock Island RB at 107-108. Rock Island reiterated that in managing construction of the Project, it will be able to draw on National Grid's extensive transmission line and construction management and that National Grid has committed to making its engineering, procurement, licensing, construction and project management skills and resources and technical advice available to Clean Line and Rock Island. Rock Island Ex. 1.4 at 19; Rock Island Ex. 1.7 at 3; Rock Island Ex. 12.0 at 13; Tr. 246-247, 376, 842; Rock Island RB at 108.

Rock Island disputed IAA's argument that none of the members of the Board of Clean Line have ever been involved in transmission line projects. IAA IB at 13-14. Rock Island stated that Mr. Skelly, a Board member, has considerable experience in transmission line development. Rock Island Ex. 1.3; Rock Island Ex. 1.4 at 17-19; Rock Island Ex. 1.6; Rock Island Ex. 1.7 at 9-10; Rock Island Ex. 1.9; Tr. 237, 799-780; Rock Island RB at 108. Rock Island also disputed IAA's assertion that none of the employees or senior management personnel of Rock Island's parent and sister companies have ever built a transmission line. IAA IB at 14. Rock Island Ex. 1.4 at 17-19; Rock Island Ex. 1.6; Rock Island Ex. 1.7 at 9-10; Rock Island Ex. 1.9; Rock Island RB at 108-109.

Rock Island also disputed the assertions of Staff, ComEd and the IAA that the individuals Rock Island has already hired to fill positions in its construction management organization do not have sufficient "relevant" experience. Staff IB at 61; ComEd IB at 33; IAA IB at 14. Rock Island stated that it provided extensive evidence on the relevant experience of these individuals. Rock Island Ex. 1.3; Rock Island Ex. 1.4 at 6, 7-9, 17-19; Rock Island Ex. 1.6; Rock Island 1.7 at 8-10; Rock Island Ex. 1.8; Rock Island Ex. 1.9; Rock Island IB at 103; Rock Island RB at 109. Rock Island stated that its evidence describes how these individuals' prior professional experience is pertinent to transmission line construction management and the supervision capabilities required by §8-406(b)(2). Rock Island Ex. 1.3; Rock Island Ex. 1.4 at 6, 7-9, 17-19; Rock Island Ex. 1.6; Rock Island 1.7 at 8-10; Rock Island Ex. 1.8; Rock Island Ex. 1.9; Rock Island RB at 109. Rock Island also stated that in addition to prior transmission line projects, other prior experience may be relevant to the responsibilities of the various positions in the construction management organization because experience with the critical aspects of the project owner's management of the construction process (including project controls, procurement, management and oversight of construction activities) are skills that can be acquired or gained on generation projects and other large infrastructure projects, and not solely through work on large transmission line projects. Rock Island Ex. 1.7 at 8; Rock Island RB at 109.

Rock Island argued Staff and the intervenors ignore that in addition to supervising the construction of the Project through its own construction management employees, Rock Island will also retain an experienced firm to act as the OE to supplement and support Rock Island's management of construction of the Project, and that it anticipates engaging POWER, which is already working on the Project, as the OE for the Project. Rock Island Ex. 1.4 at 10; Rock Island Ex. 1.7 at 11; Rock Island IB at 100; Rock Island RB at 109-110.

Rock Island states that several other state commissions have found that sister project companies of Rock Island, all of which are following the same business plan to develop long distance transmission lines to connect wind-rich areas to load and population centers (Rock Island Ex. 1.0 at 13-14), have the necessary managerial and technical competence to construct

their transmission line projects. Specifically, Rock Island states that: (1) the Oklahoma Corporation Commission, in granting Plains and Eastern Clean Line LLC public utility status in Oklahoma, affirmed the ALJ's recommendation that Plains and Eastern possesses the financial, managerial and technical experience to build, own and operate transmission in Oklahoma;²⁰ (2) the Kansas Corporation Commission, in granting a certificate to Grain Belt Express Clean Line LLC, found that Grain Belt has the managerial, financial and technical experience to construct, operate and maintain the line;²¹ and (3) the Indiana Utility Regulatory Commission, in granting Grain Belt a certificate to operate as a transmission-only public utility in the State of Indiana, found that Grain Belt has the necessary technical, managerial and financial capability to construct, own and operate its project.²²

Additionally, Rock Island points out that PJM has concluded that Clean Line and its subsidiary operating companies, including Rock Island, satisfy the pre-qualification requirements for Designated Entity status under the PJM Amended and Restated Operating Agreement. Rock Island states that PJM evaluates companies for pre-qualification based on their ability to engineer, develop, construct, operate and maintain a generic transmission facility within PJM, and that other companies that PJM has reviewed and pre-qualified for Designated Entity status include American Electric Power Company, Dayton Power and Light Company, Duke Energy, Exelon Corporation, First Energy Corporation, LS Power Group, Pepco Holdings, Inc., PPL Electric Utilities Corporation, Public Service Electric and Gas Company, and Virginia Electric and Power Company. Rock Island Ex. 1.7 at 3-5; Rock Island RB at 113-114.

- b. **IAA's Position**
- c. **ILA's Position**
- d. **ComEd's Position**
- e. **IBEW's Position**
- f. **Staff's Position**
- g. **Commission's Conclusion**

Based on its review of the evidence and the parties' arguments, the Commission concludes that Rock Island has demonstrated that it is capable of efficiently managing and

²⁰ Order No. 590530, Cause No. PUD 201000075, *In the Matter of the Application of Plains and Eastern Clean Line LLC, to Conduct Business as an Electric Utility in the State of Oklahoma* (Order dated October 28, 2011), Exhibit A at 2. Rock Island RB at 114, footnote 92.

²¹ Order Approving Stipulation & Agreement And Granting Certificate, Docket No. 11-GBEE-624-COC, *In the Matter of the Application of Grain Belt Express Clean Line LLC for a Limited Certificate of Public Convenience to Transact the Business of a Public Utility in the State of Kansas* (Order dated December 7, 2011), at 25. Rock Island RB at 114, footnote 93.

²² Order of the Commission, Cause No. 44264, *Petition of Grain Belt Express Clean Line LLC* (Order dated May 22, 2013), at 18-19. Rock Island RB at 114, footnote 94.

supervising the construction process and has taken sufficient action to ensure adequate and efficient construction and supervision thereof. In reaching this conclusion, the Commission relies on the evidence that Rock Island (1) has hired and intends to hire experienced contractors for the design and construction of the Project; (2) intends to utilize contract provisions (some of which are already in place) with its contractors that will provide Rock Island with appropriate management and project controls; (3) has developed a comprehensive construction management organization for the easement acquisition, design and construction of the Project; and (4) has a management team with previous experience in developing and managing the construction of large projects in the energy industry including transmission facilities. Additionally, the record shows that the presumptive EPC contractors for the transmission line design and construction and the converter stations design and construction, Kiewit Power Constructors Co. and Siemens Energy, Inc., respectively, are each leading, experienced, well-resourced firms in their respective areas of responsibility. Further, the record also shows that National Grid, one of Rock Island's principal owners, is one of the nation's and the world's most experienced owners, developers and operators of transmission facilities, including HVDC transmission, and that National Grid has committed to making its considerable experience, expertise and technical resources available to Clean Line and Rock Island to assist in the construction process for the Project.

The Commission does not believe that the fact that Rock Island, Clean Line and the other Clean Line subsidiaries, as entities, have not previously constructed a transmission line, provides a basis to conclude that Rock Island is not capable of efficiently managing and supervising the construction process for the Project. Rather, the Commission has focused, and it believes appropriately so, on the indicators of capability summarized in the preceding paragraph. Further, although none of the Clean Line entities as such has constructed a transmission line, the evidence shows that members of the Clean Line and Rock Island management teams have experience in transmission development, design and construction and that Rock Island will also have available to it the considerable expertise and resources of National Grid.

The Commission notes that the regulatory commissions in three other states have granted certificates as utilities or to construct transmission lines to other Clean Line subsidiaries that the Commission understands are constructing similar transmission projects and using a similar business model as Rock Island; and those commissions have found that the Clean Line subsidiaries have the necessary managerial and technical capabilities to construct their respective transmission projects. The Commission also notes that PJM has concluded that Clean Line and its subsidiary operating companies, including Rock Island, satisfy the pre-qualification requirements for Designated Entity status under the PJM Amended and Restated Operating Agreement. This determination is based on an evaluation conducted by PJM of the applicant's ability to engineer, develop, construct, operate and maintain a transmission facility within PJM.

The Commission does not believe that there should be any special concerns in regards to this statutory criterion due to the fact that the Project is an HVDC line not an AC line. The record shows that with respect to construction of the transmission line, there are no material differences between constructing a DC line and an AC line. No party has identified any particular differences or difficulties in constructing a DC line versus an AC line. With respect to the converter stations, which are the unique aspect of HVDC technology, Rock Island is working with one of the world's leading providers of this technology.

The Commission notes that Rock Island's construction management organization appears to comprehensively cover the relevant task areas and that no party has criticized or identified any deficiencies in the structure of the construction management organization and the positions included in it. However, parties, including Staff, have expressed concern that not all of the positions in the construction management organization have been filled. The Commission notes that the record indicates that the start of construction is likely more than a year away, and in that context the Commission accepts Rock Island's explanation that it does not make sense to hire employees to fill positions for which there is not yet meaningful work. The Commission also notes that National Grid has committed to utilize its industry knowledge and contacts to assist Rock Island to fill the remaining positions with qualified personnel. Nonetheless, the Commission believes that it is appropriate to monitor Rock Island's progress in filling the remaining positions in the construction management organization. To this end, as part of the requirement for Rock Island to submit quarterly progress reports that the Commission is imposing in this Order (*see* §IV.A.4.g below), the Commission will require that the quarterly progress reports include a statement as to the additional positions in the construction management organization that have been filled during the quarter covered by the report, including the name and a brief description of the relevant qualifications and experience of each such new hire.

3. Capable of Financing the Proposed Construction

a. Rock Island's Position

Rock Island contends that, based on the record, the Commission should find that Rock Island is capable of financing the construction of the Rock Island Project without significant adverse consequences to Rock Island or its customers. Rock Island states that it has a feasible plan for raising the capital needed to construct the Project using a project financing approach, which is frequently employed to finance capital projects in the energy industry and other infrastructure sectors. Rock Island states that the project finance approach, coupled with the financing condition to the CPCN proposed by Commission Staff and accepted by Rock Island, will prevent adverse financial consequences. Rock Island IB at 104.

Rock Island explains the key characteristics of a project financing approach are that the project is owned by a single purpose legal entity which has no businesses, assets or liabilities other than those of the project and its business operations; and that capital is raised to construct the project based on its anticipated revenues and assets from the project. According to Rock Island, use of a single purpose legal entity to own the project to be financed is a common approach and in fact is the norm for project financing, including in project financings for electric generation and transmission projects. Project finance investors, and rating agencies, prefer the use of the single purpose legal entity so that the company does not have any other liabilities or business activities that could be the source of liabilities, and owns only assets relating to the project being financed. Rock Island Ex. 10.14 Rev. at 15; Rock Island Ex. 10.26 at 13-14; ComEd Ex. 2.06 at 8 (Standard & Poor's credit rating criteria); Tr.1015; Rock Island IB at 105, footnote 94. Rock Island states that project financing is widely used to raise capital for projects in the energy industry, as well as for non-energy infrastructure projects and that hundreds of billions of dollars of infrastructure projects have been successfully financed using the project

finance approach, including electric generation plants of various fuel types (including wind generation), electric transmission lines, pipelines, gas storage facilities, landfill gas facilities, and synthetic natural gas facilities, as well as airports and ports. Rock Island Ex. 10.0 at 32-33, 37; Rock Island Ex. 10.16; Rock Island Ex. 10.26 at 6; Tr. 987-88; Rock Island IB at 105.

Rock Island explains that the Project is what is referred to as a merchant project. A merchant project is one in which the owner assumes the full market risk of constructing the project, pays all the costs of operating and maintaining the project, and recovers the costs through the revenues it receives from the customers who contract to take service from the project. Rock Island Ex. 10.13 at 11; Rock Island Ex. 10.14 Rev at 28, 48; Tr. 647-48, 951-52, 1007-08, 1046; Rock Island IB at 105. Rock Island states that the owner of a merchant project, such as Rock Island, does not look to recover its costs from a general base of retail customers, either by seeking to allocate the costs of the project to load through the cost allocation procedures of the applicable RTO (such as PJM or MISO) or through other mechanisms. Tr. 648; Rock Island IB at 105-106. Rock Island notes that ComEd witness Mr. Naumann explained that “Merchant transmission facilities, in appropriate circumstances, can protect customers from costs by imposing risks on private investors who voluntarily assume them.” ComEd Ex. 1.0 2d Rev. at 10; Rock Island IB at 106. According to Rock Island, this means that if Rock Island were to be unsuccessful in bringing the Project to the point of being ready for construction financing, the investors’ capital that was spent on development activities would be lost and this loss would be borne solely by the investors. Similarly, if the Project were completed and placed into operation but did not earn an adequate rate of return, the shortfall would be borne by the investors and would not be recovered through cost-allocated charges to ratepayers or the public. Rock Island Ex. 10.14 Rev. at 27-29, 35; Rock Island Ex. 10.26 at 8, 10; Rock Island IB at 106.

Rock Island states that in its order granting Rock Island’s request for negotiated rate authority for the Project, FERC stated that “the developers of merchant projects assume all of the market risk of a project and have no captive customers from which to recover the cost of the project.” In that order, as a condition to granting Rock Island negotiated rate authority, FERC specified that “Rock Island has agreed to bear all the risk that the Project will succeed or fail based on whether a market exists for its services. Rock Island has no ability to pass on any costs to captive ratepayers.” *Rock Island Clean Line LLC*, 139 FERC ¶ 61,142 (2012), at PP 1 footnote 1, 16. Rock Island notes that, in the instant proceeding, it has proposed a condition to its CPCN stating that Rock Island will not recover the costs of the Project through PJM or MISO regional cost allocation unless Rock Island first obtains the permission of this Commission in a new proceeding that would be initiated by Rock Island. Rock Island Ex. 10.26 at 18, 21-22; Rock Island IB at 106.

Rock Island contends that it has a credible plan for financing the construction of the Project, one which has been successfully employed to finance many other energy industry projects. According to Rock Island, it is currently in the development phase of the Project, which entails activities such as obtaining siting authority, interconnection studies, routing, permitting and public outreach. Capital to fund the development activities for the Rock Island Project and the transmission projects of Clean Line’s other project subsidiaries is being provided by Clean Line’s equity investors, which currently consist of National Grid, ZAM Ventures, Michael Zilkha, and Clean Line Investment LLC (which is owned by employees and service

providers of Clean Line). Rock Island Ex. 1.0 at 13, 39; Rock Island Ex. 1.1 Rev.; Rock Island Ex. 10.0 at 31; Rock Island Ex. 10.12 at 1-3; ComEd Cross Ex. 4; Rock Island IB at 106-107. Rock Island explains that the objective of the development phase is to bring the Project to the point of being able to enter into long-term transmission contracts with customers; on the basis of those contracts, project-specific financing arrangements can be entered into with lenders, equity investors and/or other partners that will provide the capital to construct the Project. Rock Island Ex. 10.0 at 31. Rock Island states that when the permitting and licensing processes for the Project have been completed, including obtaining the major regulatory approvals needed, it will enter into long-term contracts with customers for transmission capacity on the Project. Rock Island will then issue debt secured by the revenues from the transmission contracts to raise the capital necessary to complete the final development activities, construct the Project, and place it into operation. *Id.* at 31-32, 37; Rock Island Ex. 10.13 at 3-4; Rock Island IB at 107.

Rock Island states that this financing plan has been used successfully to finance the construction of many projects in the energy industry and in other infrastructure sectors. For example, developers of independent power generation projects have long relied on project finance to fund their construction. According to Rock Island, the U.S. wind power industry, in particular, has raised tens of billions of dollars of project-level debt and equity to fund its projects. Rock Island Ex. 10.0 at 37; Rock Island Ex. 10.26 at 6; Rock Island IB at 107. With respect to electric transmission projects, Rock Island witness David Berry provided a list of 12 electric transmission projects over the period from September 2003 through March 2013 which were financed through debt and/or equity financings accomplished through the project financing model. Rock Island Ex. 10.16. Rock Island states that all of the electric transmission project financings shared these common elements: (1) all of the projects were owned by a single purpose legal entity; (2) all of the transactions relied only on the revenues from a particular project or group of projects rather than on a broad base of corporate assets; and (3) all of the projects were independent transmission lines in the U.S. that successfully closed on construction financing and were completed and placed into commercial operation. Rock Island Ex. 10.26 at 4; Tr. 1014-15; Rock Island IB at 108. Rock Island contends that the \$7.2 billion of transactions listed on Rock Island Exhibit 10.16 demonstrate that independently financed transmission lines, including merchant transmission lines such as the Rock Island Project, can be successfully financed. Rock Island Ex. 10.26 at 4; Rock Island IB at 108. Rock Island points out that only electric transmission projects are listed on Rock Island Exhibit 10.16; it does not list any of the other types of energy projects that have been successfully financed through project financings, such as pipelines, merchant generating plants, and natural gas storage facilities. Rock Island states that pipelines financed on the basis of contracts with individual shippers, and independent power generating facilities financed on the basis of long-term power purchase agreements with customers, are other examples of projects financed on the basis of capacity sales contracts. Rock Island Ex. 10.14 Rev. at 12; Rock Island Ex. 10.26 at 6; Tr. 1014; Rock Island IB at 108-109.

Rock Island states that there are sound reasons to expect that lenders and equity investors will be willing to lend debt capital or invest equity capital to fund the construction of the Rock Island Project. According to Rock Island, large amounts of liquidity exist in the capital markets for investments in transmission projects that have reached an advanced stage of development. Rock Island Ex. 10.0 at 33; Rock Island IB at 109. Rock Island states that significant institutional investors have made debt and equity investments in transmission projects financed

through the project financing approach, or have led such transactions. Rock Island Ex. 10.0 at 33-34; Rock Island Ex. 10.16; Rock Island IB at 109. Rock Island states that transmission projects such as the Project are attractive to investors for a number of reasons: they offer stable cash flows (due to the nature of the service), a reasonable return, and an attractive risk profile. Also, transmission projects are not subject to fuel price risks or to volumetric risks (since transmission capacity charges are fixed payments). Further, transmission lines are long-lived assets which have a longer useful life than the term of the typical debt security; when the debt matures and must be repaid, a transmission line still has significant remaining value that can be used to retire or refinance the debt. This margin of safety makes transmission an attractive asset to lenders. Additionally, a transmission project like the Project is not likely to be subject to competitive market exposure; customers are unlikely to have viable alternatives to the Project, which is being built to address the lack of transmission infrastructure to transmit electricity from the Resource Area to markets in northeast Illinois and the PJM footprint. Finally, the Project has no major technological risks, since HVDC is a proven technology which has been implemented in projects dozens of times in North America and hundreds of times around the world. Rock Island states that several previous financing transactions for merchant transmission projects have been over-subscribed, meaning that the demand for investment securities in these projects exceeded the supply; the sponsor could have raised more capital than needed, on the same terms. Rock Island Ex. 10.14 Rev. at 12-15; Rock Island IB at 109-110.

Rock Island explains that the construction financings will be executed on the basis of transmission customer contracts for capacity and service on the Project. Rock Island believes that it is reasonable to expect that there will be customers wanting to contract for transmission service on the Project, for a number of reasons: (1) there is an increasing demand for renewable energy due to both state RPS mandates and voluntary purchases of renewable energy; (2) the wind resources in the Resource Area are more abundant and more cost effective than the wind resources located in Illinois and other PJM states; (3) there are wind developers active in the Resource Area who will require additional transmission infrastructure in order to sell the output of their facilities; (4) high capacity factor wind energy, such as the kind that will be delivered by the Project, is the cheapest form of renewable energy generation; (5) high capacity factor wind energy is cost-competitive with thermal generation; and (6) as environmental regulation of power plant emissions increase, wind energy is likely to become even more attractive. According to Rock Island, all of these factors support the likely demand from wind generation developers in the Resource Area for the Project's transmission service to northeast Illinois as well as demand for transmission service from load serving entities to enable them to contract for power from wind generators in the Resource Area. Rock Island Ex. 10.14 Rev. at 33-34; Rock Island Ex. 10.26 at 31-32; Rock Island IB at 110.

Rock Island states that the members of Clean Line's management team, including CEO Michael Skelly, EVP Jayshree Desai, and Executive Vice President – Strategy and Finance David Berry, among others, are experienced in raising capital in the energy industry. Rock Island states that Ms. Desai was Chief Financial Officer of Horizon Wind Energy, where she oversaw transactions, including project financings, which raised several billions of dollars of capital for wind farm projects. Mr. Berry has worked on project finance transactions for wind farms totaling more than \$2 billion and led the majority of those transactions. Rock Island Ex. 10.0 at 40-41; Rock Island Ex. 10.14 Rev. at 10-11; Rock Island IB at 111. Rock Island Exhibit

10.15 lists energy industry financing, acquisition and sale transactions in which members of the Clean Line management team participated, including over \$2.4 billion of project finance transactions and \$14 billion of other transactions. Rock Island states that Clean Line maintains an extensive database of lenders and investors who have either made previous investments in transmission projects or have expressed interest in investing in one of Clean Line's transmission projects. The members of the management team have worked with many of these lenders and investors in previous transactions and are familiar with their requirements. Rock Island Ex. 10.0 at 39; Rock Island Ex. 10.26 at 8-9; Rock Island IB at 111.

Rock Island states that, to provide assurances that it has raised sufficient capital to finance the entire construction cost of the Project and to avoid a scenario in which it starts but cannot complete construction, Staff proposed, and Rock Island accepted, a condition to Rock Island's CPCN which will ensure that Rock Island will not start construction of the Project on easement properties unless and until Rock Island has obtained sufficient firm commitments for debt and equity financing to fund the entire Project construction cost. Rock Island Ex. 10.13 at 2-3; Rock Island IB at 115-116. The terms of the condition are as follows:

Rock Island will not install transmission facilities for the Rock Island Clean Line Project on easement property until such time as Rock Island has obtained commitments for funds in a total amount equal to or greater than the total project cost. For the purposes of this condition:

(i) "install transmission facilities" shall mean to affix permanently to the ground transmission towers or other transmission equipment, including installation of bases and footings for transmission towers, but shall not include (A) preparatory work such as surveys, soil borings, engineering and design, obtaining permits and other approvals from governmental bodies, acquisition of options and easements for right-of-way, and ordering of equipment and materials, and (B) site preparation work and procurement and installation of equipment and facilities on property owned in fee by Rock Island including the converter station sites;

(ii) "easement property" shall mean property on which Rock Island has acquired an easement to install transmission facilities;

(iii) "has obtained commitments for funds" shall mean (A) for loans and other debt commitments, that Rock Island has entered into a loan agreement(s) with a lender(s) and has received the loan funds or has the right to draw down the loan funds on a schedule that is consistent with the need for funds to complete the Project, and (B) for equity, that Rock Island or its parent company has received the funds from the equity investors or that the equity investors have entered into a commitment to provide funds on a schedule that is consistent with the need for funds to complete the Project; and

(iv) "total project cost" shall mean the total estimated remaining cost, at the time that Rock Island is prepared to begin to install transmission facilities, for the following Project activities: engineering, manufacturing and installation of

converter stations; transmission line engineering; transmission towers; conductor; construction labor necessary to complete the Project; right of way acquisition costs; and other costs necessary to complete the Project. For reference, the total estimated project cost as of November 1, 2012 is \$2.0 billion.

To allow the Commission to verify its compliance with this condition, Rock Island shall submit the following documents to the Director of the Financial Analysis Division and the Director of the Public Safety & Reliability Division at such time as Rock Island is prepared to begin to install transmission facilities:

- a) On a confidential basis, equity and loan or other debt financing agreements and commitments entered into or obtained by Rock Island or its parent company for the purpose of funding the Rock Island Clean Line Project that, in the aggregate, provide commitments for funds for the total project cost;
- b) An attestation certified by an officer of Rock Island that Rock Island has not, prior to the date of the attestation, installed transmission facilities on easement property; or a notification that such installation is scheduled to begin on a specified date;
- c) A statement of the total project cost, broken out by the components listed in the definition of “total project cost,” above, and certified by an officer of Rock Island, along with a reconciliation of the total project cost in the statement to the total project cost as of November 1, 2012 of \$2.0 billion; and
- d) A reconciliation statement, certified by an officer of Rock Island, showing that the agreements and commitments for funds provided in (a) are equal to or greater than the total project cost provided in (c).

Rock Island states that the documentation requirements of the condition (items (a) through (d) above) will enable Commission Staff to verify that Rock Island has in fact secured sufficient debt and equity capital, or binding commitments for capital, to finance the entire construction cost of the Project. Rock Island IB at 116. Rock Island states that any concerns about its ability to raise sufficient financing to complete the construction of the Project (and the potential consequences were Rock Island to fail to do so) are resolved by the condition. Rock Island Ex. 10.14 Rev. at 3, 6; Rock Island IB at 117. Rock Island points out that Alan Pregozen, Manager of the Finance Department of the Financial Analysis Division of the Commission, examined whether Rock Island is capable of financing the proposed construction without significant adverse financial consequences for the utility or its customers within the meaning of §8-406, and recommended that, to ensure Rock Island does not begin construction of the project without sufficient funding in place to complete it, the Commission should impose the condition on Rock Island’s CPCN. ICC Staff Ex. 4.0 at 2; Rock Island IB at 117.

Rock Island states that Staff does not contend that Rock Island is not capable of financing the construction of the Project without adverse financial consequences for Rock Island or its customers. Rather, Staff’s proposed resolution of this issue is to include as a condition to the

CPCN that Rock Island will obtain financing commitments in a total amount equal to or greater than the total cost of the Project, and will document to Staff that it has secured financing commitments in the requisite amount, before Rock Island begins any construction of transmission facilities on easement properties. Staff IB at 62-64; Rock Island IB at 115-117; Rock Island RB at 120-121.

Rock Island notes that ComEd witness Ms. Lapson testified that Rock Island's "financial resources are not currently sufficient to fund the construction of the proposed Project" (ComEd Ex. 2.0 at 5) and that Rock Island has not demonstrated that it is capable of financing the construction of the Project because it has not demonstrated "any current financial capability." ComEd Ex. 5.0 at 1; Rock Island IB at 111. Rock Island disagrees with Ms. Lapson's premise that an applicant for a CPCN must demonstrate that it currently has sufficient financial resources in place to fund the construction of the proposed project in order to demonstrate financial capability. Rock Island argues that it can demonstrate that it is capable of financing the proposed construction, which is the relevant statutory test for purposes of receiving a CPCN, by setting forth a credible financing plan supported by evidence. Rock Island contends it has done so in this case. Rock Island Ex. 10.26 at 2; Rock Island IB at 111-112.

Rock Island states that the basis for Ms. Lapson's position falls into two areas: (1) Rock Island has not signed any transmission contracts with customers for the Project, and (2) Rock Island has not obtained any financing commitments from specific lenders and investors for construction of the Project. Rock Island states that these objections do not provide a basis for concluding that Rock Island is not capable of financing the construction of the Project. Rock Island IB at 112. Rock Island argues that the contention that it is not capable of financing construction of the Project because it has not signed any transmission contracts with customers – or, stated differently, that Rock Island should be required to have entered into transmission contracts for the Project in order to demonstrate that it is capable of financing the construction of the Project – is unreasonable because receipt of the major regulatory approvals needed for the Project, including a CPCN from this Commission, is a necessary prerequisite to customers' willingness to enter into transmission contracts. Rock Island explains that transmission customers will not spend the time and resources to negotiate and enter into contracts for transmission service unless and until they know that the transmission provider will be able to construct the transmission line to provide the service, and this cannot be known until Rock Island receives the necessary regulatory approvals from the Commission. According to Rock Island, prospective transmission customer will also want to know with some certainty the timeframe in which the transmission project will be available for service, which cannot be determined until the applicant receives the necessary regulatory approvals from this Commission. Further, prospective transmission customer will want to know the cost of the transmission service before entering into a contract, which will require the transmission provider to have developed a firm construction cost estimate; but this cannot be accomplished until the transmission provider has an approved route and approval for its proposed transmission structures and design, and has completed various surveying and detailed design activities on the approved route. Rock Island contends that receipt of the regulatory approvals that Rock Island is requesting from this Commission is a prerequisite for all of these activities. Rock Island Ex. 10.14 Rev. at 22-23; Rock Island IB at 112-113. Rock Island stated, in summary, that it would be unreasonable to require Rock Island to have signed transmission service contracts with customers as a

prerequisite for issuance of a CPCN for the Project, because receipt of regulatory approvals is a prerequisite to the ability of Rock Island and prospective transmission customers to negotiate and enter into transmission contracts. Rock Island IB at 113.

Rock Island states that a requirement that Rock Island must demonstrate that it has financial commitments from lenders and investors for the construction of the Project is also unreasonable, for similar reasons to those summarized in the preceding paragraph with respect to customer contracts. Rock Island states that Ms. Lapson acknowledged, and the credit rating agencies' ratings criteria that she submitted as exhibits demonstrate, that lenders and investors will not provide binding financial commitments for the construction of a project before the major regulatory approvals for the project have been obtained. Rock Island Ex. 10.14 Rev. at 21; Rock Island Ex. 10.26 at 3-4; ComEd Ex. 2.03 (Moody's rating criteria for project finance debt) at 26 and ComEd Ex. 2.04 (Fitch's rating criteria for project finance debt) at 6; Rock Island IB at 113. Rock Island points out that Ms. Lapson agreed that "a project receiving 'binding financial commitments' prior to the project's receipt of all required permits or authorizations is contrary to practice in the financial marketplace;" and that any such "commitment would be contingent upon the receipt of the required approvals in a form satisfactory to the investor. Rock Island Ex. 10.26 at 2-3; Tr. 991-993; Rock Island IB at 113-114. According to Rock Island, debt and equity project lenders and investors require that energy projects using project finance receive the necessary permits and approvals as a condition precedent to funding a project loan or investment. Rock Island Ex. 10.0 at 36, 39; Rock Island Ex. 10.14 Rev. at 22; Rock Island IB at 114.

Rock Island responded to Ms. Lapson's concern that Rock Island's transmission capacity customers would not be able to demonstrate sufficient creditworthiness for their transmission contracts to provide a basis for financing. ComEd Ex 2.0 at 13; ComEd Ex. 5.0 at 4, 8. Rock Island states that Mr. Berry described the credit conditions that will be required of Rock Island's transmission capacity customers. He testified that any of Rock Island's transmission capacity customers who do not have established credit ratings or meet designated financial metrics will be required to post additional credit support in the form of a parent guarantee, letter of credit or cash collateral. He pointed out that similar credit support is required by both MISO and PJM to purchase long-term transmission service, so this is a requirement that generators and other wholesale market participants will be familiar with and expect. Rock Island Ex. 10.14 Rev. at 11-12, 13; Rock Island IB at 114. Rock Island also explained that a default by a transmission capacity customer is unlikely to occur, among other reasons because if the customer is a wind generator in the Resource Area, it will need the Project's transmission service to get its output delivered to market, so even if a customer were unexpectedly in financial distress, it must pay for the transmission service in order to receive any revenues from its wind generation facility. Even if a transmission capacity customer goes into bankruptcy or defaults on its own obligations to its financing parties and other creditors, the customer's assets (wind generation facilities) may be seized by its lenders and/or sold to new owners, who would then need to pay for transmission service on the Project in order to realize value from the assets. Rock Island Ex. 10.26 at 7; Rock Island IB at 115. Further, Rock Island states, it will have a portfolio of transmission customers, which will diversify the Project's credit risk and reduce the impact of an individual customer default, were one to occur. Rock Island Ex. 10.26 at 7; Rock Island IB at 114-115.

Rock Island responded to the argument of ComEd witness Lapson that project financings

based on a “rate recovery model,” where the owner recovers its costs through tariffed charges to a broad base of customers that can be raised if necessary in the event of increased costs, are more likely to succeed than are project financings based on a “capacity sales” model, where the project’s revenue source is a set of individual capacity and service contracts. ComEd Ex. 5.0 at 3-4. Rock Island states that the distinction between “rate recovery” projects and “capacity sales” projects highlights that the former type of project can lay off its risks on a broad base of ratepayers whereas the latter cannot. Rock Island states that the Commission should view this as an advantage of “capacity sales”-based projects like the Rock Island Project. Rock Island states that “capacity sales” projects like the Project have demonstrated success in raising capital. Hundreds of billions of dollars of infrastructure projects, including pipelines, natural gas storage facilities, power plants, airports and ports, as well as transmission lines, have been financed on the basis of private contracts or leases like the transmission contracts that Rock Island will enter into with customers. Rock Island Ex. 10.26 at 6; Rock Island RB at 119-120.

Rock Island responded to the arguments of IAA, ILA and ComEd that Rock Island has not shown it is capable of financing the construction of the Project. IAA IB at 15-16; ILA IB at 30-34; ComEd IB at 33-35. Rock Island notes that IAA and ILA presented no testimony on this topic and both rely on the testimony of ComEd witness Ms. Lapson, who was the only witness in this case submitting testimony that Rock Island is not capable of financing the construction of the Project. Rock Island contends that it demonstrated that Ms. Lapson’s arguments are unfounded, as summarized immediately above. Rock Island RB at 114-115.

Rock Island responded to IAA and ILA’s argument that Rock Island must compete with its sister companies for the allocation of capital from Clean Line. IAA IB at 15; ILA IB at 31-32. Rock Island states that this would be true only with respect to capital for development activities, not with respect to capital for construction, because Rock Island and each other project of a Clean Line subsidiary will be financed separately, through the separate, single-purpose entity that owns each project, based on the transmission service revenue streams of each project. Rock Island IB at 108; Rock Island RB at 115. Rock Island further states that to date, Clean Line has not experienced difficulty in raising capital to fund the development activities for the projects of its subsidiaries, including Rock Island. Rock Island points out that during the course of this docket, National Grid committed to invest \$40 million in Clean Line, and ZAM Ventures has continued to invest in Clean Line beyond its original commitment. Rock Island Ex. 10.12 at 1; Rock Island Ex. 12.0 at 6; Tr. 819; ComEd Cross Ex. 4 Attachment 01; Rock Island RB at 115. Rock Island states that the total amount of capital invested in Clean Line thus far and the total development expenditures on the Rock Island Project are very substantial amounts of at-risk capital that have been raised from private investors, and demonstrates the confidence of the investors that Clean Line’s projects can be developed, financed, constructed and brought into operation. Rock Island Ex. 10.26 at 9; ComEd Cross Ex. 2. Additionally, Rock Island states that as the Rock Island Project and Clean Line’s other projects achieve additional development milestones, such as Commission approval for the Project, it will be easier, not harder, to raise additional development capital. Rock Island Ex. 10.14 Rev. at 10; Rock Island RB at 115-116.

Rock Island responded to ILA’s statement that in order to finance the Project, Rock Island needs signed capacity commitments from generators representing 4,000 MW of capacity (ILA IB at 33), and to IAA’s statement that in order to obtain 70% of its funding, Rock Island

“speculates” that 60% of its load will need to be contracted with customers (IAA IB at 15). Rock Island explains that, it presented an illustrative calculation to show that in order to raise approximately 70% of the construction cost of the Project through debt financing (20-year loans), it would be necessary to have contracted approximately 60% of the transmission capacity of the Project. Rock Island Ex. 10.0 at 38; Rock Island Ex. 10.8; Tr. 1120; Rock Island RB at 116. Rock Island explains that the illustrative calculation shows it will be necessary to have contracted a substantial portion, but not all, of the transmission capacity of the Project in order to secure financing for construction. According to Rock Island, the exact percentage of transmission capacity that needs to be under contract prior to obtaining full financing commitments will depend on the price, counterparty creditworthiness, and term in years of the transmission contracts. Rock Island Ex. 10.0 at 37; Rock Island RB at 116-117.

Rock Island responded to IAA’s assertion that Rock Island has “no idea” whether sufficient demand exists for its “load” to justify construction of the Project and to attract financing and that “as such, by [Rock Island’s] own admission, it has no idea if it is capable of financing the proposed construction.” IAA IB at 15. Rock Island explains that what its witness Mr. Berry actually testified to was that if one of Clean Line’s projects were not built, the investors would lose their investment in that project. Rock Island states that Mr. Berry explained why (1) there will be sufficient customer interest in the Project to support raising the capital necessary to construct the Project, and (2) Rock Island will be able to finance the proposed construction. Rock Island Ex. 10.0 at 33-37, 39-41; Rock Island Ex. 10.14 Rev. at 9-16, 18-19, 33-35; Rock Island Ex. 10.26 at 3, 6, 8-9; Rock Island RB at 117.

Rock Island disputed ComEd’s argument that Rock Island must show it currently has the financial resources, at the time of certification, to finance construction of the Project, that is, that it has “present capability” to finance the Project. ComEd IB at 34-35. Rock Island states that §8-406(b)(3) does not require this; rather, it requires Rock Island to show that it “is capable” of financing construction of the Project, which Rock Island contends it has shown. Rock Island further states that the statute does not require an applicant to demonstrate that, at the time of certification, it has either the capital in hand to finance construction of its Project, or binding financing commitments to cover the cost of construction. Further, Rock Island states that it is not relying on or asking for a “presumption” that it will be able to secure financing in the future. Rather, it is relying on the fact that it has a credible, achievable plan for raising the capital needed to construct the Project, one that has been successfully used many times over many years to raise hundreds of billions of dollars for energy infrastructure projects; that the economics of the Project will be attractive to investors; and that its management team is experienced in executing this type of financing plan for merchant projects in the energy industry. Rock Island RB at 117-118. Additionally, Rock Island contends that ComEd’s argument is undercut by §8-406(f) of the PUA, which states: “Unless exercised within a period of 2 years from the grant thereof authority conferred by a certificate of convenience and necessity issued by the Commission shall be null and void.” By this provision, Rock Island argues, the Legislature has recognized that an applicant for a CPCN cannot be expected, and is not required, to be presently able to carry out the requirements of its CPCN – including being “presently capable” of raising the capital to finance construction – at the time of certification. *Id.* at 118.

Rock Island argues that ComEd’s reliance on the case of *Northern Moraine Wastewater*

Reclamation Dist. v. ICC, 392 Ill. App. 3d 542 (2d Dist. 2009), does not support ComEd's position, because all the court did in *Northern Moraine* was conclude that there was sufficient evidence in the record to affirm the Commission's conclusion that the applicant was "financially capable of serving the subject [service] area." *Id.* at 568. Rock Island states that the fact that the court found the specific information in the record in that case on the applicant's financial resources was sufficient, on appellate review, to sustain the Commission's finding, does not establish an evidentiary standard that must be met in every case. Rock Island also points out that in *Northern Moraine*, the Commission relied on the testimony of Staff witness Janis Freetly that "since the developers will fund all additions to the water and sewer systems without refund, the construction of new facilities will not have adverse financial consequences for the utility or its customers." *Id.* at 551. Rock Island states that this is similar to its financing plan, *i.e.*, the basis for raising the capital to finance construction of the Project is the transmission contracts that the transmission customers of the Project will enter into. Rock Island RB at 118-119.

According to Rock Island, the question before the Commission with respect to this criterion is whether it can make a finding, based on the record, that Rock Island is capable of financing the construction of the Project without adverse financial consequences to Rock Island or its customers. Rock Island asserts that the answer is that the Commission can and should make this finding based on the record. Rock Island summarized the relevant supporting evidence at pages 121-122 of its Reply Brief: (1) Project financing is a well-established and accepted means of raising capital that has been successfully used in numerous transactions over many years to raise hundreds of billions of dollars of capital for transmission projects, other energy industry infrastructure projects, and projects in other infrastructure sectors. (2) Project financing is normally accomplished, as Rock Island proposes, through a single purpose legal entity that owns the facility to be financed and has no other assets, liabilities or business. (3) Project financing is accomplished by raising debt and equity secured or supported by the revenue streams from customers' capacity or service contracts for the use of the facility being financed. (4) There is ample evidence of the need for the Project to connect the wind-rich Resource Area with the electricity markets in northern Illinois and PJM and the cost advantage of installing and operating wind generation in the Resource Area, to support the conclusion that Rock Island will be able to enter into sufficient transmission capacity and service contracts to support the project financing. (5) There is ample evidence in the record that Rock Island's transmission customers will meet the necessary creditworthiness standards to support the project financing. (6) The fact that Rock Island will sell its service to specific users, and will not recover its costs from captive customers through a tariff, decreases the regulatory risk related to the Project and is a common business model for electric system infrastructure and pipelines. (7) The capital markets have a substantial history of supporting transmission projects (including merchant projects such as the Project) through debt and equity financings, and large amounts of liquidity exist in the capital markets for transmission projects that have reached an advanced stage of development. (8) Investments in transmission facilities are attractive to investors because they provide reasonable returns and steady cash flows with an attractive risk profile. (9) Significant institutional investors are active in investing in transmission projects. (10) The Staff financing condition, which Rock Island has accepted, protects retail ratepayers against any adverse financial consequences of Rock Island being unable to raise the capital needed to construct the Project. (11) Rock Island's transmission customers will not be required to pay for transmission capacity and service until the Project is completed and begins to provide them service, so these customers

would not experience adverse financial consequences if Rock Island were unable to raise the capital needed to construct the Project. (12) Generator customers of Rock Island will not have to begin construction of their wind farms until Rock Island has satisfied the Staff financing condition and started construction of the Project, so they will be assured that they will have an adequate outlet for their power. (13) The only entities who would experience adverse financial consequences if Rock Island were unable to raise the capital needed to construct the Project would be the entities who have invested capital for development activities in Clean Line and Rock Island, as some or all of their investment would be lost. (14) The management team of Rock Island and Clean Line is experienced in raising capital through project financings for renewable energy projects in the energy industry and has the experience, expertise and financial market contacts to successfully execute Rock Island's financing plan.

- b. **IAA's Position**
- c. **ILA's Position**
- d. **ComEd's Position**
- e. **IBEW's Position**
- f. **ELPC-NRDC's Position**
- g. **Staff's Position**
- h. **Commission's Conclusion**

Based on its review of the evidence and the parties' arguments, the Commission concludes that Rock Island has demonstrated that it is capable of financing the proposed construction without significant adverse financial consequences for the utility or its customers. In reaching this conclusion, the Commission relies principally on the following evidence: (1) Rock Island plans to use a project financing approach that is commonly used in the energy and infrastructure industries and has been successfully used to raise hundreds of billions of dollars for projects in the energy industry, including transmission lines, generating plants, pipelines and LNG facilities, as well as for projects in other infrastructure sectors. (2) Rock Island has established a common and appropriate organizational structure for project financing, specifically a single purpose legal entity that will own the facility to be financed and has no other assets, liabilities or businesses. (3) There is ample evidence of the need for the Project and the cost advantage of developing and installing wind generation facilities in the Resource Area, to support the conclusion that Rock Island will be able to enter into sufficient transmission contracts to support the project financing. (6) There is ample evidence that Rock Island's transmission customers will meet the creditworthiness standards necessary to support a project financing. (7) The capital markets have a substantial history of supporting transmission projects (including merchant projects such as the Project) through debt and equity financings, and large amounts of liquidity exist in the capital markets for transmission projects that have reached an advanced stage of development. (8) Investments in transmission facilities are attractive to investors because they provide reasonable returns and steady cash flows with an attractive risk

profile. (9) Significant, well-known institutional investors are active in investing in transmission projects. (10) The management team of Rock Island and Clean Line is experienced in raising capital through project financings for renewable energy projects in the energy industry and has the experience, expertise and financial market contacts to successfully execute Rock Island's financing plan.

The Commission does not accept arguments that the statute requires that Rock Island demonstrate that it can raise the capital necessary to finance construction as of the time of certification. Among other things, this argument is belied by §8-406(f), which recognizes that an entity receiving a CPCN may need to complete significant additional activities after certification prior to commencing construction pursuant to the CPCN and that the entity in fact may not be able to successfully complete those activities. In any event, Rock Island has demonstrated that it is capable of financing the proposed construction based on the evidence recited in the preceding paragraph. The Commission also does not accept arguments that in order to satisfy this statutory criterion, the applicant must demonstrate that it has both contracted transmission customers and binding financing commitments. As Rock Island pointed out and as ComEd witness Ms. Lapson acknowledged, it is not normal practice for customers to enter into binding contracts for service on a project or for lenders and investors to provide binding financing commitments before the project has obtained the necessary regulatory approvals that demonstrate that the owner has the legal authority to construct the project.

The Commission believes that the Staff financing condition is a key component of finding that this statutory criterion has been satisfied. As indicated by the discussion of this criterion in Staff's Reply Brief, the criterion of §8-406(b)(3) must be considered in its entirety: that the applicant "is capable of financing the proposed construction without significant adverse financial consequences for the utility or its customers" (emphasis added). The criterion requires that the applicant be capable of raising the necessary capital without adverse financial consequences. In this case, the Staff financing condition prevents adverse financial consequences, specifically, that Rock Island would commence construction but be unable to complete it due to insufficient funding, thereby leaving a partially completed Project or the possible need for financial assistance from ratepayers to complete the Project. Further, in the event that Rock Island were unable to satisfy the Staff financing condition and therefore to construct the Project, the only parties experiencing adverse financial consequences would be Rock Island's investors, whose investment in Clean Line of development capital that has been expended on the Rock Island Project may be lost.

4. Other Factors Bearing on Public Convenience and Necessity

a. Rock Island's Position

Rock Island states that, in addition to the benefits of the Rock Island Project in terms of enabling new high capacity factor wind resources to access the Illinois market, supporting compliance with RPS requirements, reducing wholesale energy costs and improving reliability, the Project will provide a number of additional benefits for Illinois. According to Rock Island, while these additional benefits do not necessarily pertain directly to promoting the development of an effectively competitive electricity market, they are additional evidence that the Project will

promote the public convenience and necessity, which is the ultimate requirement for a CPCN under §8-406(b). Rock Island IB at 117.

First, Rock Island states that the Project will increase geographic diversity in the wind resources available to Illinois, which can reduce the costs of integrating wind energy into the electric supply portfolio. According to Rock Island, because wind generation output varies over time, it generally needs to be complemented with energy generation from more dispatchable sources, such as fossil-fueled power plants. “Wind integration” is a term used to describe the way the bulk power system is run to accommodate the variable nature of wind generation, such as by ramping conventional power plants up and down, which incurs costs. Rock Island Ex. 10.0 at 25-26. Rock Island explains that increasing the geographic diversity of wind farms (*i.e.*, locating wind farms in different areas) is a very effective way of reducing the variability of their energy output. Rock Island states that because the wind does not blow heavily at the same time in all places, a geographically diversified group of wind plants generates electricity in a more consistent manner than a geographically concentrated group. The combined energy output of geographically diverse wind farms is less variable and has lower wind integration costs than the output of geographically concentrated wind farms. Rock Island cited the results of third-party studies that have corroborated the benefits of diversity in a wind energy portfolio. *Id.* at 26-27; Rock Island IB at 117-118.

Specifically with respect to the Rock Island Project, Rock Island states that the addition of wind energy delivered by the Project from the Resource Area will increase the geographic diversity of Illinois’ and PJM’s renewable energy portfolios. Rock Island explains that the times and amounts of wind power production in the Resource Area are statistically uncorrelated with the times and amounts of wind power production in northern Illinois, which reduces the overall variability of wind power. Rock Island Ex. 10.0 at 28; Rock Island Ex. 10.14 Rev. at 42-43; Rock Island IB at 118. Rock Island states that Mr. Berry demonstrated, using NREL data, that the amount of electricity generated from wind farms in northwest Iowa is statistically independent from the amount of electricity generated from wind farms in Illinois and Indiana, and production from wind farms in Iowa will commonly occur in different hours than production at wind farms in Illinois and Iowa. Consequently, adding wind farms in Iowa to a portfolio of wind farms in Illinois and Indiana to serve the Illinois and PJM electricity markets, which the Project will do, will create a geographically diverse wind generation portfolio that is likely to result in steadier production and smaller ramps by fossil-fueled generation sources than a portfolio of wind farms all situated in the same geographic area. Rock Island Ex. 10.0 at 28-29; Rock Island Ex. 10.6; Rock Island IB at 118.

Second, Rock Island states that the Project will yield significant environmental benefits and will contribute significantly to cleaner air and less waste by-products in Illinois and throughout the region. Rock Island states that generating electricity from wind does not emit carbon dioxide or other by-products such as nitrogen oxide, sulfur dioxide, mercury, particulates, coal ash, scrubber sludge or radioactive waste. Adding more renewable power to the energy supply mix will reduce these emissions and by-products, resulting in cleaner air and less waste to be disposed of. According to Rock Island, another environmental benefit of wind generation is reduced water usage; wind farms do not require the large amounts of water that are needed by coal or nuclear power plants. Rock Island Ex. 10.0 at 29; Rock Island IB at 119.

Rock Island states that the Project will deliver approximately 15 million MWh of clean electricity per year into the Illinois and PJM markets. Rock Island states that Mr. Moland's PROMOD analyses show that this amount of electricity would, if generated by other resources in the year 2016, emit over 9,000,000 tons of carbon dioxide, over 7,000 tons of nitrogen oxide, over 11,000 tons of sulfur dioxide, and over 130 pounds of mercury, and require over 3.5 billion gallons of water. Additionally, by reducing the utilization of fossil-fueled generation, the Project will also reduce the amounts of coal ash and (potentially) scrubber sludge that would need to be stored or disposed of. Rock Island Ex. 3.0 at 9-10; Rock Island Ex. 3.4; Rock Island Ex. 10.0 at 29-30; Rock Island IB at 119.

Third, Rock Island states that the Project will be a significant employment driver in the State of Illinois during its construction, as will the construction of the new wind farms in Iowa that the Project will enable. Rock Island refers to the study conducted by Dr. David Loomis, Professor of Economics at Illinois State University, Director of the Center for Renewable Energy and Executive Director of the Institute for Regulatory Policy Studies on the economic impact of the Project on the Illinois economy. Rock Island Ex. 5.0 at 1-2, 4, 6; Rock Island Ex. 5.2; Rock Island IB at 120. Rock Island states that this study estimated the following economic impacts of the construction and operation of the Project itself on the Illinois economy: (1) Construction of the Project will, taking into account the production of inputs to the line such as tower, wire and real estate services, create a demand for approximately 1,450 construction jobs in Illinois per year for three years. Labor income and overall output in Illinois will increase by \$86.8 million per year and \$256.3 million per year, respectively, for three years. (2) The annual economic impact of the operation and maintenance costs of the transmission line for Illinois will be 80 jobs, \$4.6 million of labor income, and \$11.3 million in overall increased output. Rock Island Ex. 5.0 at 3; Rock Island IB at 120.

Rock Island states that Dr. Loomis's study also estimated the economic impact in Illinois of the construction of the new wind farms in the Resource Area. Although the wind farms will not be constructed in Illinois, there are Illinois companies with capabilities to manufacture components of the wind farms such as towers, gears, gear boxes and electric components. Rock Island Ex. 5.2 at 24-25; Rock Island IB at 120. Dr. Loomis's study estimated that the economic impact in Illinois of the construction of the new wind farms in the Resource Area will range from 2,800 to 8,400 jobs, while the earnings impact is estimated to be \$190 million to \$570 million. This range of jobs and earnings impacts is based on a range of assumptions as to percentages of the domestic content of wind farm components that will be manufactured or fabricated in Illinois. Rock Island Ex. 5.0 at 4-5; Rock Island IB at 120. Rock Island states that the study also estimated the fiscal impacts (increased tax revenue) for Illinois from the increased economic activity generated by construction and operation of the Project. Rock Island Ex. 5.0 at 5-6; Rock Island Ex. 5.2 at 33-35; Rock Island IB at 120-121.

Rock Island states that it is striving to maximize the use of Illinois-based vendors in the construction of the Project. Rock Island and KPC have initiated outreach activities to construction services vendors and related industries in Illinois, including holding open houses for local businesses, with the objective of maximizing participation by local vendors in the Project. Rock Island Ex. 7.0 Rev. at 49-50. Rock Island has also entered into a memorandum of understanding with Southwire Company for procurement of the primary overhead conductor for

the Project to be produced in Southwire's Flora, Illinois facility; this purchase is estimated to have a total value of approximately \$70 million. *Id.* at 50; Rock Island IB at 121. Additionally, Rock Island will build the Project in Illinois under project labor agreements with labor unions including the IBEW, the International Union of Operating Engineers and the Laborers' International Union of North America. Rock Island Ex. 1.7 at 12; Rock Island IB at 121. Rock Island points out that Mr. James Bates testified in this case on behalf of IBEW Local Unions No. 51, 9, 145 and 196 that "the creation of quality union jobs is important to the state in this time of economic recovery" and that "construction and installation of the Project facilities in Illinois, including the construction and installation of the converter station in Channahon, Illinois, will be a very substantial construction project in Illinois" and "will be beneficial to the overall economy of Illinois." IBEW Ex. 1.0 at 4-5; Rock Island IB at 121.

Rock Island states that it is also negotiating development agreements with the Illinois counties in which the Project will be located. To date, Rock Island has entered into development agreements with Grundy, Henry, Rock Island and Whiteside Counties. Rock Island Ex. 7.21, 7.22, 7.23, 7.29; Rock Island IB at 121. According to Rock Island, an objective of these agreements is to provide financial benefits to the hosting counties on a consistent basis, since tax regimes vary by county with respect to rates, assessment methods, and whether the county taxes transmission facilities as real property. The development agreements provide, among other things, for Rock Island to pay a minimum of \$7,000 per year per mile of transmission line in each county for 20 years; if all six counties enter into the development agreement, the total payments to the counties will be approximately \$840,000 per year for 20 years. Rock Island Ex. 7.0 Rev. at 46. Rock Island states that these are substantial incremental revenues which Rock Island is voluntarily committing to pay directly to the Counties. Rock Island IB at 121-122. Rock Island also states that, in addition to the payments by Rock Island directly to the Counties, the additional economic activity due to construction and operation of the Project will result in additional tax revenues for the Illinois and for government entities in the Project area. Rock Island explains that these are incremental tax payments to governmental entities based on the incremental income that workers and companies realize as the result of the Project. Rock Island Ex. 5.0 at 5; Rock Island Ex. 5.2 at 33-35; Rock Island Ex. 5.3 at 7-8; Rock Island IB at 122.

Rock Island states that another economic impact of the Project for Illinois will be Rock Island's payments to landowners for easements and structure placement. Landowners will receive a payment equal to 90 percent of the full fee value of the easement property, plus a separate payment for each transmission structure placed on their land, but will be allowed to continue to farm the entire easement area except for the locations at which the structures are placed. Rock Island states that these payments constitute incremental income for the landowners. Rock Island Ex. 5.3 at 8-9; Rock Island Ex. 7.0 Rev. at 39; Rock Island IB at 122.

Fourth, Rock Island states that, as described by WOW witness Michael Goggin, additional transmission and the wind generation connected to the Project can help to hedge against uncertainty and protect consumers from the risk of volatility in the prices of fuels used to generate electricity. Rock Island states that transmission can alleviate the negative impact of fuel price fluctuations on consumers by expanding access to a wider set of generation sources from other regions, and that wind generation also provides significant hedging value against fuel price fluctuations, so the hedging benefit of transmission is even larger for transmission, such as the

Project, that connects new wind generation. Rock Island states that the benefits of new wind generation against fuel price fluctuations are due to the low or zero marginal cost of electricity from wind generation. Rock Island contends that fluctuations in the prices of fossil fuels are likely to continue, particularly if the electric sector becomes more reliant on natural gas. Further, price risks associated with the potential enactment of new environmental policies place an additional premium on the flexibility and choice provided by a robust transmission grid. As a result, Rock Island states, transmission is a valuable hedge against uncertainty and future price fluctuations for all consumers. WOW Ex. 1.0 at 13-16; Rock Island IB at 122-123.

Rock Island responded to IAA's argument that an additional item of concern that would affect Illinois residents is Rock Island's failure to commit to not seeking cost allocation. IAA IB at 16. Rock Island states that, as discussed in detail in both its Initial Brief and its Reply Brief, it has proposed a condition to its CPCN that will preclude it from recovering costs of the Project through cost allocation to load using PJM or MISO regional cost allocation processes, without first initiating a new proceeding before the Commission and obtaining the Commission's approval to do so. Rock Island points out that IAA did not provide any comments or propose any changes to Rock Island's proposed condition. Rock Island states that it addressed the comments of other parties on the proposed condition at pages 75-79 of its Initial Brief and in §IV.A.1.b of its Reply Brief, and demonstrated that: (1) Rock Island has no intention of departing from its merchant model and seeking to recover any costs of the Project through cost allocation to load; (2) there are ample reasons why Rock Island will comply with this condition and why it is enforceable by the Commission; and (3) should Rock Island initiate the separate proceeding that would be required by the condition prior to recovering any Project costs through cost allocation to load, it would be necessary for Rock Island to demonstrate that the benefits of the Project to electricity consumers exceed the costs, and even then, the Commission would have discretion to reject Rock Island's request. Rock Island RB at 122-123.

Rock Island also responded to ILA's assertion that Rock Island has not shown that the Project is the least cost means of satisfying the Project's objectives, because (according to ILA) its routing study is flawed and numerous disadvantages to landowners and other constituents have not been addressed. ILA IB at 34. Rock Island states that, as discussed at pages 68-75 of its Initial Brief and in §IV.A.1.d of its Reply Brief, it has demonstrated that the Project is the least cost means of satisfying its objectives. In particular with respect to the route of the Project, Rock Island states that it has demonstrated that the Preferred Route of the Project is the least-cost option taking into account appropriate routing factors, in the manner the Commission usually employs to determine "least-cost" in electric transmission line cases. Rock Island IB at 73-75; Rock Island RB at 123-124. Rock Island also states that it has addressed the concerns of "landowners and other constituents" at pages 142-161 of its Initial Brief and in §IV.C.2 of its Reply Brief. Rock Island RB at 124.

Finally, Rock Island responds to ILA's argument that completing the remainder of the milestone schedule for the Project will present a great challenge for Rock Island and that this is a reason why Rock Island should not be granted a CPCN. ILA IB at 34-36. Rock Island contends that ILA's argument is a *non sequitur*. Rock Island states that ILA presents neither reasons why accomplishing the milestones should be a great challenge for Rock Island, nor an explanation as to why Rock Island should be denied a CPCN because the milestone schedule is challenging.

Rock Island states that the milestone schedule comprises the key components of a well thought out and organized plan for completing the necessary remaining steps in developing the Project to the point of construction financing (and, in accordance with the Staff financing condition, then proceeding into construction of the Project). Rock Island also states that the milestone schedule demonstrates how receipt of the authorizations that Rock Island requests from the Commission in this proceeding is a necessary prerequisite to being able to proceed with and complete many other activities that are necessary for completion of the Project. Rock Island RB at 124.

- b. **IAA's Position**
- c. **ILA's Position**
- d. **ComEd's Position**
- e. **IBEW's Position**
- f. **ELPC-NRDC's Position**
- g. **Commission's Overall Conclusion Concerning the §8-406(b) Requirements**

The Commission finds, based on the evidence, that public convenience and necessity require the construction of the Rock Island Project and that the construction and operation of the Project will promote the public convenience and necessity. Accordingly, and subject to the conditions imposed in this Order, Rock Island should be granted a CPCN to construct, operate and maintain the Rock Island Project. As discussed and found in the preceding sections of this Order, the Commission finds that the record demonstrates that the Project is necessary to provide adequate, reliable, and efficient service to customers and is the least-cost means of satisfying the service needs of customers and 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; that Rock Island is capable of efficiently managing and supervising the construction process for the Project and has taken sufficient action to ensure adequate and efficient construction and supervision thereof; and that Rock Island is capable of financing the construction of the Project without significant adverse financial consequences for the utility or its customers. In reaching the conclusion that construction and operation of the Project will promote the public convenience and necessity, the Commission also relies on the following evidence: (1) The Project and the wind generation it will connect to Illinois will increase geographic diversity in the wind resources available to Illinois, which should reduce the costs of integrating wind energy into the Illinois electric supply portfolio. (2) The Project and the connected wind generation will provide substantial environmental benefits by reducing emissions of carbon dioxide, nitrogen oxide, sulfur dioxide, mercury and particulates, waste by-products such as coal ash and scrubbed sludge, and water usage, compared to the generation of comparable amounts of electricity by other types of generation. (3) Construction of the Project will be a significant employment driver in Illinois during the construction period, and the manufacture and production of components for the transmission line and connected wind farms will also be a source of manufacturing income and employment in

Illinois. Further, construction and operation of the Project and the employment it creates will result in incremental tax revenues for the State and for local government entities in the area in which the Project will be located, including the counties it passes through. Fourth, because the connected wind generation has zero fuel costs, it can provide a hedge for electricity consumers in Illinois against volatility in the prices of fuels used in thermal generation plants. None of these additional factors would overcome a failure to meet one of the three specific criteria of §8-403(b); however, these additional factors provide further support for the overall conclusion that the Project will promote the public convenience and necessity.

The Commission believes however, based on some of the concerns raised by parties about the start-up nature of Rock Island's operations, that it is appropriate to require Rock Island to submit quarterly progress reports during the period from the issuance of this Order until the Project is placed into operation. Accordingly, the Commission directs that Rock Island submit quarterly progress reports to the Director of the Public Safety & Reliability Division of the Commission, beginning with the first full quarter beginning after the date of this Order and concluding with the last full quarter following the date that the Project is placed into commercial operation. The reports shall be due on the last business day of the month following the end of the quarter to which the report applies. The quarterly reports shall provide the following information: (1) significant milestones met during the quarter (*e.g.*, receipt of a franchise order from the Iowa Utilities Board); (2) any other permits or approvals received or obtained from other governmental bodies during the quarter; (3) additional hires made during the quarter for the construction management organization, including the names of the persons hired and a brief description of each such person's relevant qualifications and experience; (4) names of transmission customers that signed contracts for transmission service during the quarter and a cumulative list of contracted customers; (5) beginning with the quarter in which construction of the Project starts, a narrative discussion of construction progress during the quarter; and (6) identification of any additional reports issued by PJM or MISO, and any agreements entered into, as part of the interconnection process during the quarter. In addition, when EPC contracts are entered into for the transmission line construction and the converter station construction, those events shall be reported in the quarterly report. Any information included in a quarterly report that Rock Island considers to be confidential or proprietary should be so designated.

B. Route of the Project / Land Acquisition

1. Proposed Route

a. Rock Island's Position

Rock Island describes the Rock Island Project within Illinois as consisting of two sections: (1) the HVDC section (the "DC Section") from the Mississippi River crossing to the eastern converter station located in Channahon, Grundy County, Illinois, and (2) the Alternating Current section (the "AC Section") from the eastern converter station to the interconnection with the PJM 765 kV grid at ComEd's Collins Substation in Grundy County. Rock Island Ex. 7.0 Rev. at 4; Rock Island Ex. 8.0 at 4-5; Rock Island IB at 123. Rock Island explains that the AC Section is needed because the electricity transmitted over the DC section needs to be converted

from DC to AC in order to be delivered into the existing AC grid at the Collins Substation. Rock Island Ex. 2.0 at 5; Rock Island IB at 123.

Rock Island states that it developed and presented Preferred Routes and Proposed Alternative Routes for the DC Section and the AC Section in Illinois and that no witness or party took the position that the Proposed Alternative Routes, rather than the Preferred Routes, should be adopted. Rock Island IB at 123-24. Rock Island believes that the Preferred Routes are the superior routes of those it studied and developed in its route development process, and therefore, that the Preferred Routes should be approved as the route of the Project in Illinois. Rock Island IB at 124. Rock Island Exhibits 7.2 and 7.4 provide the legal descriptions of the Preferred Routes for the DC Section and the AC Section in Illinois, pages 5 and 6 of Rock Island Ex. 8.2 provide one-page maps of the entire DC Section and AC Section of the Preferred Route in Illinois, and Rock Island Ex. 8.1 provides a map showing both the Preferred Routes and the Proposed Alternative Routes in Illinois.

The DC Section is a nominal ± 600 kV HVDC transmission line that starts at the Project's western converter station in O'Brien County, Iowa and runs to the proposed eastern converter station in Channahon, Illinois. Petition at ¶58; Rock Island Ex. 7.0 Rev. at 4; Rock Island Ex. 8.0 at 4; Rock Island IB at 124. The DC Section will span just over 117 miles in Illinois, crossing the Mississippi River at Princeton, Iowa and entering Illinois in Rock Island County. Petition ¶58; Rock Island Ex. 7.0 Rev. at 6; Rock Island IB at 124. Rock Island provided the following description of the Preferred Route: From the Mississippi River crossing at Princeton, Iowa, the Preferred Route continues east for approximately nine miles, where it enters Whiteside County. The Preferred Route continues east for approximately three miles, then turns south for approximately 4.5 miles, where it enters Henry County. The Preferred Route turns east again for approximately nine miles before turning south to run alongside State Highway 78 for approximately one mile and then east again for approximately four miles before entering Bureau County. The Preferred Route continues east for approximately 40 miles through Bureau County and then enters LaSalle County. The Preferred Route then continues east for approximately 2.5 miles before turning south for approximately one mile, turns east again for approximately 26 miles, and then south again for approximately 2.5 miles, where it enters Grundy County. The Preferred Route turns east in Grundy County for approximately 11.5 miles before turning south for approximately 4.5 miles, where it reaches the site of the eastern converter station. Rock Island Ex. 7.0 Rev. at 6-7; Rock Island IB at 124.

Rock Island proposes that the AC Section will consist of three circuits of 345 kV AC transmission lines that will run from the eastern converter station to the Collins Substation. Rock Island Ex. 7.0 Rev. at 4; Rock Island Ex. 8.0 at 4-5; Rock Island IB at 125. The AC Section consists of one single circuit 345 kV line and a double circuit 345 kV line. Rock Island states that, generally, a double circuit 345 kV line is sufficient to move the expected MW over the AC Section, but a third circuit will enable any one circuit to be out for maintenance and still enable the line to deliver the full capacity of the Project. Rock Island Ex. 2.0 at 29-30; Rock Island IB at 125 fn. 110. The Preferred Route of the AC Section is approximately 3.2 miles and begins at the eastern converter station in Grundy County. From the eastern converter station, the Preferred Route runs south for approximately 1.9 miles before turning east for approximately 1.3 miles; it ends at the Collins Substation in Grundy County. Rock Island Ex. 7.0 Rev. at 8; Rock Island Ex. 8.2 at 89; Rock Island IB at 125. Rock Island states that it only intends to build two 345 kV lines

(one single circuit and one double circuit) on the AC Section of the Preferred Route as described in Rock Island's Petition, and will not pursue other alternatives for the AC Section that were discussed in testimony. Rock Island IB at 125, 136; Petition at ¶ 6, 58; Rock Island RB at 133.

Rock Island explains that it originally proposed to connect into the Collins Substation either by (i) placing transformation facilities on land to be acquired by Rock Island adjacent to or near the Collins Substation and then running a short 765 kV connection into the substation; or (ii) placing the transformation facilities inside the Collins Substation. Rock Island Ex. 2.0 at 5-6, 33; Rock Island IB at 125. However, during the course of this case, ComEd stated that it would not allow Rock Island to place its transformation facilities within the Collins Substation. ComEd Ex. 4.0 Rev. at 25; Rock Island IB at 125. Therefore, it will be necessary for Rock Island to locate its transformation facilities on land that Rock Island will acquire from a third party or parties, adjacent to or nearby to the Collins Substation. Rock Island IB at 125. Much of the land around Collins Substation is owned by Midwest Generation, which has entered into an agreement to sell its assets to NRG Energy Holdings. Rock Island states that it has been in discussions with Midwest Generation to purchase a parcel of land for its transformation facilities and is currently waiting for the Midwest Generation-NRG transaction to be completed. Tr. 459-61; Rock Island IB at 125 fn. 111.

As part of its filing in this case, Rock Island provided the names and addresses of the landowners of record of all parcels of land that would be crossed by the Preferred Routes or the Proposed Alternative Routes of the DC Section and the AC Section in Illinois, as shown on the records of the tax collector for the applicable county within 30 days preceding the filing of Rock Island's Petition, as required by 83 Ill. Admin. Code §200.150(h). Petition Attachment 12; Rock Island Ex. 7.0 Rev. at 9; Rock Island Ex. 7.6; Rock Island IB at 125.

Rock Island states that the Preferred Routes and Proposed Alternative Routes of the Project were developed through a detailed and comprehensive process conducted by a Routing Team comprised of representatives of Rock Island, HDR, POWER and KPC. Rock Island Ex. 7.0 Rev. at 6, Rock Island Ex. 8.2 at 11; Rock Island IB at 126; Rock Island RB at 126. According to Rock Island, the Routing Team developed detailed Routing Criteria based upon the Routing Team's transmission line siting experience, state and federal regulations, prior Commission orders on certificate applications, and stakeholder feedback. Rock Island Ex. 7.0 Rev. at 12; Rock Island Ex. 8.2 at 11; Rock Island IB at 126. The Routing Criteria included Sensitivities, Opportunities, and Technical Guidelines, which, Rock Island states, were used to guide the route development process and determine the Preferred Routes and Proposed Alternative Routes. Rock Island Ex. 7.0 Rev. at 11; Rock Island Ex. 8.2 at 12; Rock Island IB at 126. Rock Island Exhibit 8.2 at 13-17 provides a complete list of the Routing Criteria.

Rock Island describes Sensitivities as resources or conditions that can potentially limit transmission line development and may include areas restricted by regulations, or areas where impacts would be very difficult or impractical to mitigate. The Sensitivities are described by Rock Island as including land use constraints such as homes, agriculture, religious facilities, schools, designated environmental areas, sensitive habitats, areas identified as conservation land, cultural resources, airports, and aeronautical and telecom structures. A complete list of all Sensitivities is provided at pages 13-16 of Rock Island Exhibit 8.2. Rock Island Ex. 7.0 Rev. at 10; Rock Island Ex. 8.2 at 11; Rock Island IB at 126. According to Rock Island, not all

Sensitivities need to be avoided, but the Routing Team sought to develop the Preferred Route by minimizing impacts to Sensitivities. Rock Island Ex. 8.2 at 12; Rock Island IB at 126.

The Routing Team also reviewed Opportunities, which, Rock Island explains, are pre-existing linear infrastructure or features that may reduce impacts to Sensitivities and allow for a transmission line to be built with less disruption to the surrounding environment. Opportunities are described by Rock Island as including roads, existing pipelines and transmission lines, and public land survey system divisions of land, and a complete list of all Opportunities are included in Table 1 on page 16 of Rock Island Exhibit 8.2. Rock Island Ex. 7.0 Rev. at 10; Rock Island Ex. 8.2 at 12; Rock Island IB at 126-27. Rock Island notes that while paralleling existing linear infrastructure can reduce land use and visual impacts, utilizing an Opportunity may not always be desirable. For example, homes are often located along or near roads, so attempting to parallel roads may increase the number of homes that are impacted. Rock Island Ex. 7.0 Rev. at 29; Rock Island IB at 127. Rock Island explained that paralleling existing linear infrastructure may also increase the route length (because it may not be the most direct route) and may adversely impact other Sensitivities. Rock Island Ex. 7.0 Rev. at 29; Rock Island IB at 127.

Rock Island describes the Technical Guidelines as the specific engineering requirements and objectives associated with construction of the Project. Rock Island Ex. 7.0 Rev. at 10-11; Rock Island IB at 127. A complete list of the Technical Guidelines is included at page 17 of Rock Island Exhibit 8.2.

Rock Island states that it developed the Preferred Route through four successive stages, starting with broad geographical areas and narrowing the geographic focus down to specific study areas, until the final Preferred Routes were identified. Rock Island Ex. 7.0 Rev. at 13; Rock Island Ex. 8.0 at 5; Rock Island IB at 127. The routing process involved the following four successive stages: (1) Project Area Identification; (2) Study Corridor Identification; (3) Alternative Route Corridor Identification; and (4) Route Identification and Selection. The Routing Study (Rock Island Exhibit 8.2) describes the route development process in greater detail. Rock Island Ex. 7.0 Rev. at 13; Rock Island Ex. 8.0 at 5; Rock Island IB at 127-28; Rock Island RB at 125. Rock Island states that throughout the entire routing process, it sought feedback and comments from government bodies, agencies and officials, environmental and agricultural organizations, and members of the public. This feedback and the Routing Criteria then guided each successive stage of the route development process. Rock Island Ex. 8.0 at 5, 9; Rock Island IB at 128; Rock Island RB at 125.

Rock Island states that in the first stage (Project Area Identification), the Routing Team identified a broad Project Area based on the location of converter stations at the western and eastern ends of Illinois and conducted initial desktop and field surveys of the Project Area. During this stage, the Routing Team also held initial introductory meetings with local, state, and federal government officials and agencies, as well as with conservation and agricultural organizations. Rock Island Ex. 7.0 Rev. at 14, 18; Rock Island Ex. 8.0 at 5-6; Rock Island IB at 128. According to Rock Island, after the field surveys and initial introductory meetings were completed, the Routing Team held a series of six meetings (“Roundtables”) to which it invited public officials, government agencies and departments, and representatives of local environmental, conservation, and agricultural organizations. At the Roundtables, the Routing Team described the Project, answered questions, presented maps of the Project Area, and

obtained comments and feedback on initial siting considerations and major Opportunities. Rock Island Ex. 7.0 Rev. at 18-19; Rock Island Ex. 8.2 at 7; Rock Island IB at 128.

Rock Island states that a major component of the Project Area Identification Stage was identifying the appropriate crossing point of the Mississippi River, since any potential routes considered in Illinois must start from the Mississippi River crossing point. Rock Island Ex. 8.2 at 20; Rock Island IB at 128. Rock Island states that a detailed analysis was conducted to consider the many Sensitivities and Opportunities that can be present at potential river crossing points, and to evaluate which crossing areas would be best from environmental, engineering and construction perspectives. Rock Island Ex. 8.2 at 20; Rock Island IB at 128-29. The Routing Team, considered potential crossing points along the entire length of the Mississippi River where it bordered both Iowa and Illinois. Rock Island IB at 129. However, the area for potential crossings was constrained on the north by the U.S. Fish and Wildlife Service (“USFWS”) Upper Mississippi River National Wildlife and Fish Refuge and on the south by the USFWS National Wildlife Refuges that comprise the Mark Twain Refuge Complex, since the USFWS considers a transmission line to be a non-compatible use of these areas. Rock Island Ex. 8.2 at 20-21; Rock Island IB at 129. Rock Island states that as a result of this consideration and the presence of other state lands (such as wildlife management areas and state preserves) that would constrain a river crossing, the area reviewed in detail for the location of the Mississippi River crossing extended from Cordova, Illinois to approximately four miles south of Fruitland, Iowa. Rock Island Ex. 8.2 at 21; Rock Island IB at 129. Eleven potential crossings within this area were identified and examined; a map of the eleven crossings is provided at page 22 of Rock Island Exhibit 8.2. Rock Island Ex. 8.2 at 21; Rock Island IB at 129. Rock Island eliminated all the potential crossing points except Port Byron, Illinois and Princeton, Iowa; it conducted a detailed analysis on each crossing point and eliminated nine of the eleven identified potential crossings. The other crossing points were eliminated for reasons such as close proximity of residences, potential impacts to wetlands, and karst features being present at the crossing site. Rock Island Ex. 8.2 at 23 and Appendix C; Rock Island IB at 129 fn. 29. A detailed analysis of all the potential Mississippi River crossing is contained in Appendix C of Rock Island Exhibit 8.2. Rock Island states that the crossing point at Princeton, Iowa was selected because it follows an existing overhead 69 kV transmission line and thereby provides an opportunity to keep similar infrastructure adjacent to each other, which minimizes land use impacts, visual impacts and environmental impacts (particularly with respect to avian species). Rock Island Ex. 8.2 at 20-23; Rock Island IB at 129.

Rock Island states that in the second stage (Study Corridor Identification), it identified three- to ten-mile wide Study Corridors within which to develop more detailed routing considerations. Rock Island Ex. 7.0 Rev. at 14; Rock Island Ex. 8.0 at 6; Rock Island IB at 129. While developing the Study Corridors, it sought to exclude, to the extent possible, areas with relatively high concentrations of Sensitivities, such as large population centers and highly sensitive environmental areas. It also sought to include Opportunities such as lower-impact river crossings and paralleling existing linear infrastructure. Rock Island Ex. 7.0 Rev. at 15; Rock Island Ex. 8.2 at 29; Rock Island IB at 129-30. The Routing Team continued to meet with local, state, and federal government officials to review and obtain input on the Study Corridors. Rock Island Ex. 7.0 Rev. at 15; Rock Island Ex. 8.0 at 6; Rock Island IB at 130. Rock Island states that the Study Corridors were then presented for public review and comment at a series of open house meetings held in the Project Area in Illinois. Rock Island also consulted with conservation

groups and non-governmental organizations to identify other potential river crossing locations and potentially sensitive areas that should be avoided. Rock Island Ex. 7.0 Rev. at 15, 19-20; Rock Island Ex. 8.2 at 7; Rock Island IB at 130.

Rock Island states that it narrowed the geographic focus even further in the third stage (Alternative Route Corridor Identification) by identifying small route segments across the Study Corridors. Rock Island IB at 130. Rock Island states that it analyzed more than 1,200 route segments to identify the best route segments, then connected the best route segments into Alternative Route Corridors, which were refined to generally 3,000 feet wide corridors. The Routing Team again met with local and state government officials to review the Alternative Route Corridors, and then presented the Alternative Route Corridors for public review and comment at a second round of open houses. Rock Island Ex. 7.0 Rev. at 15; Rock Island Ex. 8.0 at 6; Rock Island Ex. 8.2 at 35, 39-40; Rock Island IB at 130. Rock Island continued to receive public comments and suggestions after the second round of open houses. Rock Island Ex. 7.0 Rev. at 26; Rock Island IB at 130-31.

Rock Island states that in the final stage (Route Identification and Selection), it analyzed all the data obtained from the previous stages, along with public comments, to develop five Study Routes for the DC Section and three Study Routes for the AC Section. Rock Island IB at 131. After developing the Study Routes, the Routing Team met numerous times to review all the information and available options to determine which of the Study Routes should be selected as the Preferred Routes and the Proposed Alternative Routes. Rock Island Ex. 7.0 Rev. at 15-16; Rock Island Ex. 8.0 at 6-7; Rock Island IB at 131.

Rock Island responded to ILA's assertion that the Preferred Route is inadequate because Mr. Detweiler, Rock Island's Director of Development, lacked appropriate experience to supervise the Rock Island Routing Team (ILA IB at 37), by stating that contrary to ILA's assertions, Mr. Detweiler has extensive supervisory experience. Rock Island RB at 125. Rock Island states that as Deputy Director of the Illinois Department of Commerce and Economic Opportunity, Mr. Detweiler administered the Bureau of Energy and Recycling, with responsibility for all incentive programs targeting renewable power, energy efficiency, renewable fuels, recycling, and waste reduction. In this position, he was responsible for overseeing the grant application process for potential projects and supervising the review by engineers of potential candidate projects and applications for funding. The projects reviewed included large facilities such as ethanol plants and wind farms. Rock Island Ex. 7.0 Rev. at 1-2; Tr. 517; Rock Island RB at 125. Additionally, as Director of State Policy for the American Wind Energy Association and as a policy advocate for the Environmental Law and Policy Center, he was active on issues relating to endangered species, habitats and other siting issues. Tr. 513-14; Rock Island RB at 125.

Rock Island states that all the members of the Routing Team were involved in the route development process, including HDR Engineering, Inc. ("HDR"), which conducted the Routing Study, and Matthew Koch of HDR, who was the witness sponsoring the Routing Study as an exhibit in this case. Rock Island Ex. 7.0 Rev. at 1; Rock Island Ex. 8.0 at 1; Rock Island Ex. 8.2 at 1; Rock Island RB at 125-26. The nineteen-member Routing Team consisted of environmental professionals, public involvement specialists, and engineers from HDR, Rock Island, POWER Engineering, Inc. and KPC. Rock Island Ex. 7.0 Rev. at 6; Rock Island Ex. 8.2

at Appendix A; Rock Island RB at 126. The qualifications and experience of HDR, POWER and KPC are described in Rock Island Ex. 2.0 at 14-15; Rock Island Ex. 8.0 at 3; Rock Island Ex. 9.0 Rev. at 3-5; and Rock Island Ex. 9.5. Rock Island states that the Routing Team as a whole, and particularly HDR and Mr. Koch, have experience conducting routing studies. HDR has provided engineering and environmental services for over 25,000 miles of transmission lines nationwide. Within the last five years HDR has performed, or currently is performing, routing studies for ten electric transmission line projects with voltages of 345 kV or greater. Mr. Koch has experience in routing, agency consultation, and public outreach gained by working on a number of electric transmission and natural gas pipeline projects. He has also performed routing studies, agency consultation, public involvement and permitting for other projects in the Midwest. Rock Island Ex. 8.0 at 2-3; Rock Island RB at 126. Rock Island explains that it retained HDR to perform the routing analysis, consult with agencies, and conduct public outreach – all activities with which HDR has experience. HDR’s routing analysis included analyzing potential impacts to Sensitivities as well as locating potential Opportunities while adhering to Technical Guidelines. Rock Island states that during the stages of the route determination process, HDR incorporated feedback it received into the next step of the route determination process, and the Routing Team was involved in reviewing stakeholder feedback and potential impacts to Sensitivities. Rock Island Ex. 8.0 at 3-4; Rock Island Ex. 8.2 at 7-8; Rock Island RB at 126.

Rock Island states that the importance of the Routing Study is to ensure that a thorough analysis and determination process was conducted in developing the Preferred Route and Proposed Alternative Route of the Project. Rock Island RB at 126. Rock Island notes that Staff witness Mr. Rashid reviewed Mr. Detweiler’s and Mr. Koch’s testimony, the Routing Study, and applicable data request responses by Rock Island and concluded that he has “no reservations concerning [Rock Island’s] process or procedure concerning the route selection.” ICC Staff Ex. 1.0 at 3, 14; Tr. 701; Rock Island RB at 126-27. Rock Island responded to ILA’s claim that because the Staff did not conduct their own investigation into possible Project routes or consult with the IDNR, the Staff’s acceptance of the Preferred Route should not be interpreted as an endorsement of the Preferred Route (ILA IB at 41), by stating that in light of Rock Island’s thorough and extensively documented route development process, which Staff reviewed, including additional supporting information provided in discovery, there was no need for Staff to conduct an independent route development process. Rock Island RB at 127. Rock Island also notes that it consulted with the IDNR concerning the potential impacts of the Preferred Route and Proposed Alternative Route on threatened and endangered species and Illinois Natural Areas Inventory sites, and reported IDNR’s conclusions for the record in this case, so that the Commission may take the IDNR’s input into account. Rock Island RB at 127 fn. 97.

Rock Island explains that as part of its analyses, it considered utilizing the ROW of the former Rock Island Railroad in Iowa and Illinois; however, it was determined that using this ROW would impact too many Sensitivities. Rock Island IB at 131. The Routing Team spoke with local government leaders and inspected the ROW by hi-rail and car. Rock Island states that historically and not surprisingly, many municipalities developed along railroads, and the Routing Team found the Rock Island Railroad ROW to be within close proximity of a significantly greater number of homes than other alternative routes. Rock Island IB at 131. Additionally, considerable other infrastructure, such as grain elevators and electric distribution lines, were located along the railroad ROW and would be impacted if the Project utilized the railroad ROW. Rock Island states that it considered whether the Project could avoid these Sensitivities by

departing from the railroad ROW at problematic areas and then rejoining it in more suitable locations, but it was determined that this rerouting would significantly increase the length (therefore impacting more landowners) and cost of the line and would increase impacts to other Sensitivities in the areas through which the Project would be re-routed. Rock Island IB at 131. Therefore, during the second stage of the route development process, the Routing Team determined that the use of the Rock Island Railroad ROW should be dismissed. Rock Island Ex. 7.0 Rev. at 30-31; Rock Island Ex. 8.2 at 31-32; Rock Island IB at 131-32.

Rock Island responded to the ILA's contention that the Routing Team dismissed utilizing the Rock Island Railroad right-of-way ("ROW") as a routing option without proper analysis (ILA IB at 39). Rock Island states that, as described above, the Routing Team initially identified the Rock Island Railroad ROW as an Opportunity based on its potential ability to serve as a continuous linear feature across the Project Area and potentially reduce impacts to Sensitivities. Rock Island Ex. 8.2 at 31; Rock Island IB at 131; Rock Island RB at 127. Rock Island states that it spent significant time and resources examining the potential to route the Project along the Rock Island Railroad ROW. Rock Island Ex. 7.0 Rev. at 30; Tr. 398-99; Rock Island IB at 131; Rock Island RB at 127. Rock Island states that this analysis showed that the railroad cut through a high number of municipalities, approximately one every five to ten miles, and brought the line into close proximity with a significantly greater number of homes and commercial structures than other alternative routes. Rock Island Ex. 7.0 Rev. at 30; Rock Island Ex. 8.2 at 31-32; Rock Island IB at 131; Rock Island RB at 127-28. Where the railroad cut through municipalities, numerous agriculture-related structures, commercial structures and homes were in close proximity to the tracks. Rock Island Ex. 8.2 at 31; Rock Island RB at 127. If the Project were directly adjacent to the railroad ROW, many of those structures would be impacted. Rock Island states that it considered bypassing areas with a high number of Sensitivities, but this would have significantly increased the length of the route as well as potentially impacted new Sensitivities in the additional areas to which the transmission line would be diverted. Rock Island Ex. 7.0 Rev. at 30-31; Rock Island Ex. 8.2 at 32; Rock Island IB at 131; Rock Island RB at 128. Rock Island states that as a result of this detailed analysis, it determined that utilizing the Rock Island Railroad ROW was not a viable route. Rock Island Ex. 7.0 Rev. at 31; Rock Island Ex. 8.2 at 32; Rock Island IB at 131-32; Rock Island RB at 128.

Rock Island also states that the Routing Team performed two separate assessments of the potential for utilizing the Interstate 80 ("I-80") ROW for the Project. The Routing Team contacted the Illinois Department of Transportation ("IDOT") early in the route development process to discuss potential safety concerns and IDOT regulations on providing access to highway ROWs. IDOT advised that it does not permit transmission structures within an interstate highway ROW and that overhangs into an interstate highway ROW are allowed only in limited instances. IDOT's restrictions would only allow the Project structures to be placed on private land adjacent to I-80's right-of-way. Rock Island determined that attempts to parallel I-80 would raise the same concerns as utilizing the railroad ROW, namely that it would lead to numerous conflicts with existing homes, businesses, and infrastructure. If the line were placed along I-80, the route would need to be detoured around problematic areas, which would increase the length and cost of the route and would increase the total impacts to landowners in the areas to which the Project was rerouted. Rock Island states that the possibility of paralleling I-80 was dismissed during the first stage of the route development process. Rock Island Ex. 7.0 Rev. at 31-32; Rock Island Ex. 8.2 at 32, 42; Rock Island IB at 132. However, during the open houses, a

number of participants suggested that Rock Island should consider routing the Project along I-80. In response to these suggestions, Rock Island conducted an additional review of the I-80 area to determine if there was a viable routing option that was previously overlooked. This review determined that, compared to the DC Section Preferred Route, the potential I-80 routes increased the route length by approximately 12 miles, encountered significantly more homes, required the removal of a home in the DC Section, encountered 36 times as many non-residential structures within 100 feet of the centerline, and required more angle structures, all of which increase land use impacts and costs. Based on this additional analysis, Rock Island again determined that routing the Project along I-80 was not feasible. Rock Island Ex. 7.0 Rev. at 30, 32-33; Rock Island Ex. 8.2 at 32-33, 42, 48-49; Rock Island IB at 132.

Rock Island states that after completing the route development process, it selected a Preferred Route and a Proposed Alternative Route for both the DC Section and the AC Section. The Preferred Routes were selected as those routes that best minimized impacts to Sensitivities and maximized use of Opportunities. Rock Island Ex. 7.0 Rev. at 27-28; Rock Island IB at 133. According to Rock Island, both the DC Section and AC Section Preferred Routes minimize impacts to Sensitivities because they have the overall lowest impact on homes, other structures, agriculture, and other land use features when compared with the other Study Routes. Rock Island IB at 133. The Routing Team analyzed the number of homes in distances intervals, beginning with a distance that would place a home just outside the ROW. Rock Island Ex. 8.2 at 99; Rock Island IB at 133 fn. 126. Rock Island states that the DC Section Preferred Route has the fewest number of homes within 200, 500, and 1000 feet of the centerline of the route, the fewest number of non-residential structures within 100 and 200 feet of the centerline, and crosses the fewest number of parcels owned by the fewest number of landowners. Rock Island Ex. 7.0 Rev. at 27; Rock Island Ex. 8.2 at 65; Rock Island IB at 133. While the AC Section Preferred Route requires the purchase and removal of one home, Rock Island has already acquired, through voluntary negotiations with the landowner, an option to purchase this home. Additionally, Rock Island explains, the AC Section Preferred Route has the fewest homes within 67.6 to 200 feet of where the two transmission lines would be located, and ties with the other AC Section Study Routes for the fewest homes within 201 to 1000 feet, for crossing the fewest parcels and for impacting the fewest landowners. Rock Island explains that the ROW requested for each 345 kV line in the AC Section is 135 feet (270 feet in total for the two 345 kV lines); therefore, a home within 67.5 feet of the centerline of either 345 kV line would be within the ROW. Rock Island Ex. 7.0 Rev. at 28; Rock Island Ex. 8.2 at 99; Rock Island IB at 133 fn. 126.

Rock Island states that the DC Section and AC Section Preferred Routes are the shortest Study Routes for their respective Sections. According to Rock Island, the DC Section and AC Section Preferred Routes avoid or cause the least permanent impact on currently operating center pivot irrigation systems and do not cross any designated Agricultural Preservation Areas. Further, the Preferred Routes will not impact any schools, hospitals, daycares, airports, cemeteries or religious facilities. Rock Island Ex. 7.0 Rev. at 27-28; Rock Island Ex. 8.2 at 65, 99, 102, 104; Rock Island IB at 133-34.

Rock Island states that the Preferred Routes minimize impacts to environmental and conservation Sensitivities. The DC Section and AC Section Preferred Routes do not cross any Illinois Nature Preserve Commission lands or any historical buildings, structures, or sites, and cross the least amount of streams. Rock Island Ex. 8.2 at 78, 81, 84, 106, 110; Rock Island IB at

134. Rock Island states that there are no designated critical habitats within one mile and no known or observed eagle nests within 660 feet of either Preferred Route. (The USFWS National Bald Eagle Management Guidelines recommend that any disturbances occur at least 660 feet from any eagle nests.) Rock Island Ex. 8.2 at 79-80, 107; Rock Island IB at 134. Rock Island states that the Preferred Routes also limit the acres of forested wetland areas and number of archaeological sites crossed. Rock Island Ex. 8.2 at 82, 84, 109; Rock Island IB at 134.

Rock Island states that both the DC Section and AC Section Preferred Routes take advantage of existing Opportunities, and the DC Section Preferred Route will utilize existing linear infrastructure for 22.4 miles. Rock Island Ex. 7.0 Rev. at 33; Rock Island Ex. 8.2 at 67; Rock Island IB at 134. The DC Section Preferred Route will parallel an existing transmission line crossing of the Mississippi River and an existing pipeline crossing of the Fox River. Rock Island states that paralleling the existing pipeline crossing of the Fox River takes advantage of the existing area from which trees have been cleared for the pipeline. Rock Island Ex. 7.0 Rev. at 29; Rock Island IB at 134. The DC Section Preferred Route also will parallel a pipeline in LaSalle County and existing transmission lines in Grundy County. Rock Island Ex. 7.0 Rev. at 29; Rock Island IB at 134. The AC Section Preferred Route will parallel an existing transmission line for approximately 1.9 miles, which is more than one-half the length of the AC Section. Rock Island Ex. 8.2 at 94; Rock Island IB at 134.

Rock Island responded to ILA's claim that the Routing Study is out of date because it has not been amended to include new information discovered since September 2012. ILA identified five potential Sensitivities it alleges make the Routing Study out of date: (1) a new distribution line; (2) one new home; (3) a wind farm in Bureau County; (4) a possible commercial development near Morris; and (5) a possible private airstrip in Bureau County. ILA IB at 37-38. Rock Island responds to these claims by stating that it is aware of these Sensitivities and will be able to accommodate them, if necessary, through minor adjustments to the route. Rock Island RB at 131-32. Specifically, Rock Island states that Mr. Koch of HDR viewed the new distribution line and determined that the Preferred Route will not cross the new distribution line. Rock Island Ex. 8.3 Rev. at 19; Rock Island RB at 131. Rock Island states that it is also aware of the one new home that has been constructed and that it is located approximately 300 feet from the Preferred Route, outside the ROW which will be 100 feet on either side of the centerline. Rock Island Ex. 8.3 Rev. at 18-19; Rock Island RB at 131. Rock Island agreed that there is one new planned wind farm in Bureau County along the Preferred Route, and explained that it has been in contact with the developer of the wind farm and has coordinated with the developer on placement of structures so as not to conflict with engineering or technical standards of either project. Rock Island Ex. 7.35 Rev at 24; Rock Island RB at 131. Rock Island also states that it is aware of the potential commercial development that may be built near the Preferred Route near Morris, Illinois. Rock Island notes that ILA did not raise this development as a concern in its testimony, and therefore, Rock Island had no reason to discuss it in its rebuttal or surrebuttal testimony; however, ILA has identified no specific concerns relating to the proposed commercial development. Rock Island states that is committed to negotiating with the owner regarding any specific siting concerns. Tr. 395; Rock Island RB at 131. Finally, Rock Island states that it is aware that there is a potential private airstrip in Bureau County. Rock Island states that, as with the potential development near Morris, ILA did not raise this potential private airstrip as a concern in its testimony, and therefore, Rock Island had no reason to discuss it in rebuttal or surrebuttal testimony; however, ILA has identified no specific concerns relating to the potential

private airstrip. Tr. at 395-96; Rock Island RB at 131-32.

Rock Island also responded to ILA's argument that when considering Sensitivities, Rock Island gave the same weight to occupied homes as to unoccupied homes (ILA IB at 38). Rock Island states that ILA identifies no situation along the Preferred Route where the route could or should have been different had an unoccupied home been given lesser weight. Rock Island states that it was prudent in giving the same weight to unoccupied homes as to occupied homes because circumstances along the Preferred Route may change over time. It is possible a home that was unoccupied when the route determination process was completed may become occupied by the time construction begins. Therefore, Rock Island believes it is appropriate to consider all homes and other structures, occupied or unoccupied, as Sensitivities. Rock Island RB at 132.

Rock Island responded to the ILA's contention that the Routing Study is "flawed" because Rock Island has not attempted to contact landowners to determine the location of any Conservation Reserve Program ("CRP") land. Rock Island notes that information on CRP land is not made publicly available by the U.S. Department of Agriculture, so there is no systematic way of identifying the locations of CRP land. Rock Island Ex. 8.3 Rev. at 8; Rock Island RB at 132. Rock Island also points out that although ILA claims its members comprise a substantial portion of the landowners whose property will be crossed by the Preferred Route in Illinois, ILA identified only one landowner as having CRP land on his property. ILA Ex. 2.0 at 5-6; Rock Island RB at 132. Rock Island states that this landowner has informed Rock Island that he does not wish to be contacted, and so Rock Island is limited in determining the impacts the Project may potentially have on his CRP land. Rock Island Ex. 7.30 at 19; Rock Island RB at 132.

Rock Island explained that it consulted with the Illinois Department of Natural Resources ("IDNR") to obtain its input and comments on the Preferred Routes and the Proposed Alternative Routes. On August 14, 2013, IDNR staff provided Rock Island with written comments on the Preferred Routes and Proposed Alternative Routes, which are provided in Rock Island Exhibit 8.8. Rock Island Ex. 7.30 at 38; Rock Island IB at 134-35. The IDNR initially suggested that the transmission line should cross the Mississippi River farther south, outside the Mississippi River-Cordova Illinois Natural Area. Rock Island Ex. 8.8 at 1; Rock Island IB at 135. The IDNR also pointed out potential areas along the Preferred Route that could entail forest fragmentation. Rock Island Ex. 8.8 at 2-3; Rock Island IB at 135. Rock Island responded to the IDNR's August 14 letter, addressing each of IDNR's comments. In its response, Rock Island explained the considerations and reasons the Princeton, Iowa location was chosen as the Mississippi River crossing point, as well as the increased impacts if the Project crossed the Mississippi River at a different location. Rock Island Ex. 8.3 Rev. at 37; Rock Island Ex. 8.8 at 5-8; Rock Island IB at 135. Rock Island also detailed the mitigation efforts it would undertake to minimize potential impacts from constructing and maintaining the Project. Rock Island Ex. 8.8 at 6; Rock Island IB at 135. Rock Island met with IDNR staff on October 26, 2013 to discuss the August 14 IDNR letter and Rock Island's response. IDNR staff stated that they had no concerns relating to impacts on protected species. Rock Island Ex. 8.10 at 4; Rock Island IB at 135. On November 8, 2013, IDNR issued its final written comments, which stated that "it is unlikely that the project will result in any adverse impacts to state-listed species or their habitats," but expressed some concerns regarding forest fragmentation at specific locations. The IDNR also noted that Rock Island was able to avoid protected species for a 120 mile project in Illinois, and stated that it recognized that other project planning and regulatory considerations factor into the

final routing. Rock Island Ex. 8.12 at 1; Rock Island IB at 135; Rock Island RB at 129.

Rock Island responded to ILA's assertion that the Routing Study is inadequate because Rock Island did not consult with the IDNR prior to siting the Mississippi River crossing (ILA IB at 39-40), by noting that Rock Island initiated communications with IDNR about the Project in July 2010 (Rock Island Ex. 8.2 at 9), identified the Mississippi River crossing point in 2011, and did not complete the route determination process, as embodied in the Routing Study, and the selection of the Preferred Route and Proposed Alternative Route until shortly prior to filing this case in October 2012. Rock Island RB at 128. Rock Island states that it has no control over when the IDNR would respond to information provided by Rock Island, but Rock Island would not expect the IDNR to provide comments on a proposed route until the developer presented the complete, proposed route to IDNR. Rock Island RB at 128. Further, the IDNR's final consultation letter to Rock Island did not object to the Mississippi River crossing point, although it did note that the Project will cause forest fragmentation "in the vicinity of the Mississippi River." Rock Island Ex. 8.12 at 1; Rock Island RB at 128-29. Rock Island points out that in Illinois, only 5.2 miles of the Preferred Route, are in forested areas. Rock Island Ex. 8.2 at 75, 103 Rock Island RB at 129 fn. 129.

Rock Island responded to the ILA's observation that the IDNR initially suggested that the line cross farther south than the Princeton crossing (ILA IB at 40), by noting that a reroute farther to the south would impact a significantly larger number of homes on the Iowa side. According to Rock Island, a reroute would also require a large amount of tree clearing along Illinois Highway 84 or be complicated by past mining activities. Additionally, while the Princeton crossing does run through forested area, that area is already actively being logged as commercial timber. Rock Island Ex. 8.9 at 1-2; Rock Island RB at 130.

Rock Island states that the ILA's criticisms ignore the extensive effort that went into evaluating potential Mississippi River crossings and selecting the crossing point. Rock Island RB at 129. Rock Island states that as described in the Routing Study, the Routing Team conducted a detailed analysis of potential Mississippi River crossings. Rock Island Ex. 8.2 at 20-23; Rock Island IB at 128-29; Rock Island RB at 129. Rock Island states that determining a suitable crossing was difficult, because there are a limited number of crossing Opportunities and a relatively high concentration of Sensitivities along the river, such as federal and state lands, rural residential developments, protected species, and Sensitivities associated with large urban areas. Rock Island Ex. 8.2 at 20; Rock Island RB at 129. Because the USFWS considers transmission lines to be a non-compatible use of the area due to the presence of fish and wildlife refuges, the area Rock Island considered for potential crossings was constrained to the north by the USFWS Upper Mississippi River National Wildlife and Fish Refuge and to the south by a series of USFWS National Wildlife Refuges. Rock Island Ex. 8.2 at 20-21; Rock Island IB at 129; Rock Island RB at 129. According to Rock Island, it had to consider not only environmental impacts, but also engineering and construction considerations. Rock Island Ex. 8.2 at 20; Rock Island RB at 129. Rock Island states that it first examined all the existing crossings of the river (e.g. bridges, overhead utilities, and underwater utilities) and then considered locations for new crossings, arriving at eleven potential Mississippi River crossings. Rock Island Ex. 8.2 at 21, Appendix C; Rock Island Ex. 8.3 Rev. at 23; Rock Island RB at 129. For each potential crossing, Rock Island looked at the potential impacts, considered any issues with constructability, impacts on recreation and natural resources, proximity to homes or other

structures, future and existing land use, and environmental concerns. Rock Island Ex. 8.2 at 23, Appendix C; Rock Island RB at 129-30. After analyzing these impacts, the Routing Team carried two crossings forward: Princeton, Iowa and Port Byron, Illinois. Rock Island Ex. 8.2 at 20-23, Appendix C; Rock Island Ex. 8.3 Rev. at 23; Rock Island RB at 130.

Rock Island states that, it determined that the Princeton crossing point was the best option. Rock Island states that one major advantage to the Princeton crossing is that it has an existing overhead transmission line crossing. Rock Island Ex. 7.0 Rev. at 29; Rock Island Ex. 8.2 at 23, Appendix C; Rock Island Ex. 8.3 Rev. at 23; Rock Island IB at 129; Rock Island RB at 130. Rock Island states that paralleling the existing overhead transmission line will minimize overall land use impacts, visual impacts, and environmental impacts, especially with regard to avian species, and that the USFWS expressed a preference for the Princeton crossing because paralleling existing infrastructure reduces avian impacts. Rock Island Ex. 8.3 Rev. at 23; Rock Island Ex. 8.9 at 1; Rock Island IB at 129; Rock Island RB at 130.

Rock Island also notes that ILA implies that the overall Preferred Route in Illinois would be different if the Mississippi River crossing point were different. ILA IB at 39. However, according to Rock Island, the end point of the DC Section is the converter station site in Channahon, Illinois, so even with a different Mississippi River crossing point the route would need to converge to the Preferred Route. Rock Island RB at 131 fn. 100. Further, although ILA suggested a crossing point farther south on the river, after crossing the Mississippi River, the Preferred Route heads generally south and east, so, according to Rock Island, with a different, slightly more southerly crossing point the route would likely rejoin the Preferred Route not far from the river crossing. *Id.* In summary, Rock Island states, the record shows that the selection of the Mississippi River crossing point was the result of a careful and thorough process that evaluated multiple alternatives, and that the crossing point selected at Princeton, Iowa is the best option. Rock Island RB at 130-31.

Rock Island states that Staff witness Mr. Rashid reviewed the testimony of Rock Island's witnesses on the route development process and their related exhibits including the Routing Study, and testified that on the basis of his review, he has no reservations concerning Rock Island's process or procedures with respect to the route selection. Mr. Rashid stated that he has no objection to the Preferred Routes or the Proposed Alternative Routes. ICC Staff Ex. 1.0 at 13-15; Rock Island IB at 135-36.

In summary, Rock Island states that based on the record on the development of the Preferred Routes, the specific characteristics of the Preferred Routes with respect to impacts on Sensitivities and use of Opportunities, and the lack of specific recommendations for deviations or alternatives, the Commission should approve the Preferred Routes for the DC Section and the AC Section as set forth on Rock Island Exhibits 7.2 and 7.4, respectively. Rock Island IB at 136.

- b. ILA's Position**
- c. ComEd's Position**
- d. Staff's Position**

e. Commission's Conclusion

The Commission approves Rock Island's Preferred Routes for the DC Section and AC Section of the Project as described (legal descriptions) on Rock Island Exhibits 7.2 and 7.4 (provided in Appendix A to this Order), respectively, and depicted on the map provided as Rock Island Exhibit 8.1 (Appendix B to this Order). The Commission finds that the record shows the Preferred Routes constitute the optimal routes of those evaluated by Rock Island based on consideration of numerous relevant routing criteria including distance from residences, schools, places of worship, commercial buildings, and other structures; avoiding or minimizing impacts to threatened and endangered species and their habitats, forested areas, wetlands, federal, State and local recreation areas, historical or archeologically significant sites, other protected or environmentally sensitive areas, and agricultural uses such as center pivot irrigators; use of property lines, field lines and PLSS lines; use of existing infrastructure; as well as other routing factors typically considered by the Commission in transmission line and pipeline certificate cases. In terms solely of construction cost, the Preferred Route for the AC Section has the lowest construction cost of the potential routes studied, and the Preferred Route for the DC Section has the second lowest construction cost (higher by only 0.7% than Study Route with the lowest construction cost) of the five routes that were studied in detail for the DC Section. The Commission agrees that the Preferred Route for the DC Section is in fact least cost taking into consideration the total impacts of the routes even though the cost to construct is modestly higher. The Commission finds that Rock Island's route determination process, as described in the Routing Study (Rock Island Ex. 8.2) and the testimonies of Rock Island witnesses Detweiler and Koch, was thorough, comprehensive, and took into account input from citizens, relevant State and federal agencies, local government officials, and non-governmental organizations with interests in the Project Area. The Commission specifically finds that the process of selecting a crossing for the Mississippi River was thorough and that the crossing point selected is appropriate based on consideration of all relevant factors and criteria.

The Commission notes that no party or witness in this case proposed adoption of the Proposed Alternative Route presented by Rock Island or any of the other Study Routes analyzed by Rock Island. Nor did any witness or party propose any other alternative routes. Further, other than certain concerns about the Mississippi River crossing point expressed by ILA and two of its witnesses, no specific deviations from the Preferred Route were proposed by any party. To the extent that ILA's arguments in its briefs could be deemed to be advocating use of the Rock Island Railroad ROW, the record shows that Rock Island thoroughly evaluated this possibility and that its decision to reject use of the railroad ROW was well-founded.

2. Proposed Easement Widths

a. Rock Island's Position

Rock Island states it is requesting reasonable easement widths for the Project ROWs. For the DC Section, the ROW for the Project will vary between 145 feet and 200 feet wide, depending on requirements at particular locations. To accommodate the possible need for the maximum width at specific locations, Rock Island is requesting authority for a 200 foot ROW for the entire DC Section of the Project. Because there are two parallel 345 kV lines (one a single-circuit line and the other a double-circuit line) proposed for the AC Section, Rock Island states

that a larger ROW will be necessary, and Rock Island is requesting authority for a 270 foot ROW for the AC Section. Rock Island states that the Commission has previously authorized ROWs of up to 150 feet for individual 345 kV transmission lines, and although this would seem to indicate that 300 feet would be needed for two parallel 345 kV transmission lines, Rock Island believes it can construct the AC Section with a 270 foot right-of-way. Rock Island Ex. 2.0 at 29-30; Rock Island IB at 136.

Rock Island states that the ROW width is based on the need to maintain electrical safety clearances and provide access for construction and maintenance of the line. Maintaining electrical safety clearances is of the utmost importance and impacts the ROW width because wind blowing on transmission line wires will cause them to sway away from the center of the ROW towards the side. The ROW must be wide enough to allow for this predicted wire movement on both sides of the ROW, while still maintaining the required electrical clearances from vegetation, structures and other infrastructure. Rock Island Ex. 2.0 at 31; Rock Island IB at 136-37. As the span length of the transmission wire between the supporting structures increases, the amount of predicted transmission wire sway increases. Rock Island states that based on the structures that it will be using, the requested 200 foot ROW for the DC Section and 270 foot ROW for the AC Section are sufficient for typical span lengths. Rock Island Ex. 2.0 at 31; Rock Island Ex. 2.11 Rev. at 7; Rock Island IB at 137.

Rock Island states that in two locations along the Preferred Route, where a longer than average span will be needed, a larger ROW width will be necessary and is being requested. First, the Preferred Route crosses Indian Creek, and in order to span this waterway, the length between structures will be approximately 1,973 feet. In this location, a larger ROW is necessary to allow for increased sway of the transmission conductors in high winds (due to the longer span); Rock Island is requesting a ROW width of 235 feet for a segment beginning approximately one-half mile from the western bank of Indian Creek and ending approximately one-half mile beyond the eastern bank of Indian Creek. Rock Island Ex. 2.0 at 31-32; Rock Island IB at 137. Second, where the Project enters Illinois after crossing the Mississippi River, there will be a need for increased span lengths for the first several spans, covering the first mile of the transmission line in Illinois. For this segment, Rock Island is requesting authority for a ROW greater than 200 feet for approximately the first mile of the Preferred Route from the eastern bank of the Mississippi River. Rock Island Ex. 2.0 at 32; Rock Island IB at 137.

Additionally, Rock Island states that in some areas, it may require a temporary construction easement beyond the 200 foot ROW in the DC Section or the 270 foot ROW in the AC Section. Rock Island is requesting that the Commission grant it a temporary construction easement for locations at which the permanent ROW is insufficient for construction activities or to access the construction area. Any temporary construction easement reverts to the landowner when construction is finished. Rock Island Ex. 2.0 at 32-33; Rock Island IB at 137-38.

Rock Island responded to IAA's allegation that Rock Island has no knowledge of whether the requested easement widths are "market competitive," (IAA IB at 17), by noting that easement width is not a "market" issue but rather a technical issue, determined by the need to maintain required electrical safety clearances and to provide for access for construction and maintenance of the line. Rock Island Ex. 2.0 at 31; Rock Island IB at 136; Rock Island RB at 138. The ROW needs to be wide enough to allow for the predicted "blowout" of the wires under extreme wind

conditions while still maintaining required electrical clearances from vegetation, structures, and other infrastructure. Further, as the length between the structures increases, a wider ROW is necessary, and vice versa. Rock Island Ex. 2.0 at 31-32; Rock Island IB at 137; Rock Island RB at 138 fn. 106. According to Rock Island, having a ROW easement width of 200 feet in the DC section of the Project will allow for a span length between structures of up to approximately 1,750 feet, with a typical span length of 1,200 feet. Rock Island Ex. 2.0 at 30; Rock Island IB at 137; Rock Island RB at 139.

Rock Island responded to ILA's allegation that the Project will render aerial application of chemicals on agricultural property unavailable for some landowners and therefore will decrease production (ILA IB at 42). Rock Island acknowledges that every field is different and may have different challenges. Rock Island Ex. 7.35 at 22; Rock Island RB at 133. Rock Island states, however, that it researched aerial application practices, and learned that aerial applicators can employ a variety of different techniques to adapt to varying field conditions, such as flying alternative patterns across the field. Rock Island states that it found no evidence that aerial applicators have been unable to spray an entire field due to concerns regarding transmission lines. Rock Island Ex. 7.35 at 22; Rock Island IB at 150; Rock Island RB at 133-34.

Rock Island states that in developing the route of the Project, it considered Routing Criteria designed to minimize impacts to aerial application in several ways. Rock Island Ex. 7.30 at 11; Rock Island Ex. 8.2 at 13-14; Rock Island IB at 149; Rock Island RB at 134. First, the Routing Criteria included as Sensitivities private airports and airstrips and aerial fertilizer and herbicide application ability; Rock Island sought to avoid impacting private airports and airstrips. Rock Island also considered the amount of diagonal orientations to attempt to minimize the impacts on aerial application of fertilizer and herbicides. Rock Island Ex. 8.2 at 13-14; Rock Island RB at 134. Second, Rock Island states that it also sought to place the transmission line along field lines, property lines, and Public Land Survey System ("PLSS") lines (generally on east/west or north/south orientations) as Opportunities to minimize impacts on utilizing aerial applications. According to Rock Island, this positioning allows for a smaller number of straight-line application runs than diagonal alignments, an easier flight pattern for aerial applicators. Rock Island Ex. 7.30 at 11; Rock Island Ex. 8.2 at 16; Rock Island IB at 149 fn. 138; Rock Island RB at 134. Rock Island states that where diagonal alignments across fields were selected, this was generally done to avoid other Sensitivities, such as homes. Rock Island Ex. 7.30 at 11; Rock Island RB at 134.

Rock Island responded to ILA's assertion that it ignored the fact that land taken out of production is not limited to the structure footprint, but also includes areas around the structure. ILA IB at 42. Rock Island states that it did not ignore the fact that production may be lost for areas directly around the structure, but nonetheless, only a very small area around the structure will be removed from production, and landowners will still be able to farm almost the entire easement. Rock Island Ex. 7.0 Rev. at 39; Rock Island IB at 122; Rock Island RB at 134. Mr. Koch calculated the acreage that will be covered by structure footprints, first, by assuming all structure footprints will be seven feet in diameter, then by assuming all structure footprints will be eleven feet in diameter. He determined that even if all the structure footprints were eleven feet in diameter, the structure footprints will only cover 1.27 acres of land out of the entire 120 mile long project in Illinois. Rock Island Ex. 8.3 Rev. at 5; Rock Island Ex. 8.4 Rev.; Rock

Island IB at 152; Rock Island RB at 134-35. Rock Island notes that even if an area three times the area of the structure footprint is difficult to farm, that is still less than 6 acres in total in Illinois that are impacted. Moreover, not all structures will be eleven feet in diameter or placed on agricultural land and some structures will be placed along property lines and field lines, all of which will reduce the actual amount of agricultural land impacted by the structures. Rock Island Ex. 8.3 Rev. at 5; Rock Island IB at 152; Rock Island RB at 135.

Rock Island states that despite the relatively small amount of land that will be removed from production by the Project, it will compensate the landowner for the entire area of the easement at 90% of the easement's fair market value, even though the landowner can continue to farm virtually all of the easement area. Rock Island RB at 135. Rock Island states that it will also make a specific, additional payment to the landowner for each structure on his or her property, which compensates directly for the inability or difficulty to farm within or nearby to the structure footprint. Rock Island Ex. 7.30 at 12; Rock Island RB at 135 fn. 103. Thus, Rock Island believes its compensation package will compensate landowners for any potential reduction in crop yields within the easement area due to reduced ability to conduct aerial spraying. Rock Island Ex. 7.0 Rev. at 39-40; Rock Island Ex. 7.30 at 12; Rock Island Ex. 7.31; Rock Island IB at 139-40; Rock Island RB at 135. Further, Rock Island states that aerial applicators will generally be able to spray at least part of the easement area. The requested easement width in the DC Section is 200 feet (*i.e.*, 100 feet on either side of the centerline), and the cross arms on the monopole structures will typically extend 40 feet to 45 feet from each side of the centerline of the route. Rock Island Ex. 2.0 at 30; Rock Island Ex. 7.30 at 12; Rock Island RB at 135. Rock Island states that its research indicates that aerial applicators need to maintain a 25-foot separation from the cross-arms; therefore, aerial applications will not be able to fly over approximately 70 feet of the 100 foot easement on either side of the transmission line but will still be able to access part of the easement area. Rock Island Ex. 7.30 at 12; Rock Island IB at 149, fn. 139; Rock Island RB at 135.

Rock Island notes that the concerns regarding aerial application of fertilizer and chemicals are not unique to the Rock Island Project, but are inherent with respect to any transmission line. Rock Island states that in any event, it will work with landowners to negotiate specific placement of the line and structures on properties to minimize impacts on aerial spraying operations. Rock Island Ex. 7.30 at 26; Rock Island RB at 136.

Rock Island responded to IAA's claim that Rock Island's plan to voluntarily negotiate easement acquisitions is a unique situation (IAA IB at 17), by stating that Rock Island does not consider it to be a unique situation that it plans to negotiate to obtain voluntary easement agreements. Rock Island RB at 136. Rock Island believes that there have been transmission and pipeline projects where eminent domain was not needed at all, and others in which condemnation was needed to acquire only a limited number of easements. Tr. 474; Rock Island RB at 136.

Rock Island responded to IAA's assertion that Mr. Detweiler lacks the necessary experience to lead Rock Island's easement acquisition and infrastructure siting efforts (IAA IB at 17), by stating that Mr. Detweiler has both supervisory experience and experience with infrastructure siting issues. Rock Island RB at 136. Further, Rock Island states that it continues to hire individual employees and retain contractors with expertise in transmission line easement

acquisition and infrastructure siting. Rock Island states that Deann Lanz, Clean Line's Director of Land Services, will be primarily in charge of the easement acquisition efforts. As Director of Land Services, Ms. Lanz coordinates, manages and provides strategic direction for all ROW acquisition efforts. Rock Island Ex. 1.4 at 8; Rock Island Ex. 1.5; Rock Island RB at 136-37. She is currently engaged in landowner contact and initial easement acquisition activities, as well as in other permitting activities. Rock Island Ex. 1.7 at 6; Tr. 516; Rock Island IB at 101-02; Rock Island RB at 137. According to Rock Island, Ms. Lanz oversees the ROW acquisition contractor, Contract Land Staff ("CLS") and its employees (the ROW agents) and will work closely with the construction managers to ensure that ROW acquisition efforts are consistent with construction management policies and practices. She will also maintain internal records and all correspondence related to the acquisition efforts, and keep regional stakeholders informed of any land related matters. Rock Island Ex. 1.4 at 8; Rock Island RB at 137. Rock Island states that Ms. Lanz has extensive experience in managing ROW and land issues pertaining to the development of large-scale energy generation and transmission projects. Prior to working at Rock Island, she served as Vice President, Land for BP Wind Energy North America, Inc. ("BP") and was responsible for the land issues for more than \$1 billion of energy generation assets. She also has supervisory experience managing a cross functional team of personnel in geographic information systems, land acquisition, due diligence and property administration. Prior to her position at BP, Ms. Lanz worked as a real estate attorney at a major law firm where she negotiated and completed a variety of real estate and financing transactions. Rock Island Ex. 1.4 at 8-9; Rock Island Ex. 1.8 at 6; Rock Island RB at 137.

Rock Island also states that it has engaged CLS to assist with activities related to land and ROW acquisition. Rock Island Ex. 1.4 at 17; Rock Island IB at 97 fn. 89; Rock Island RB at 137. According to Rock Island, CLS has significant experience in ROW acquisition, and has been involved in planning, managing and executing hundreds of ROW acquisition and land management projects covering over 25,000 miles across the country. Rock Island states that CLS is prepared to support all phases of the ROW activities, including set up, implementation of project procedures, project management, records management, title examination, civil and environmental safety support, ROW acquisition, and ministerial support. Rock Island Ex. 1.4 at 17; Rock Island RB at 137-38.

Rock Island requests that in its Order, the Commission approve the permanent easement widths and the temporary easements requested by Rock Island, as described above. Rock Island IB at 138.

- b. **IAA's Position**
- c. **ILA's Position**
- d. **Staff's Position**
- e. **Commission's Conclusion**

The Commission approves the proposed permanent right-of-way and easement widths requested by Rock Island of 200 feet around the centerline of the route in the DC Section of the Project in Illinois and 270 feet around the centerline in the AC Section. In addition, the

Commission approves Rock Island's requests for (i) a ROW exceeding 200 feet in width from the first mile of the route of the Project east of the Mississippi River crossing and (ii) a ROW of 235 feet for a segment beginning approximately one-half mile from the western bank of Indian Creek and ending approximately one-half mile beyond the eastern bank of Indian Creek. All of these ROW and easement widths were adequately supported by Rock Island in the record based on relevant design and other technical criteria. No party or witness provided any basis for any ROW widths different from those requested by Rock Island. In addition, the Commission authorizes Rock Island to acquire additional temporary easements beyond the permanent ROW as required for purposes of access and construction during the construction of the Project, with such temporary easements to revert to the landowner when no longer needed for construction.

3. Easement Acquisition and Landowner Compensation

a. Rock Island's Position

Rock Island's Petition in this case does not include a request for eminent domain authority pursuant to §8-509 of the PUA (220 ILCS 5/8-509). Rock Island states that its objective is to obtain all necessary land rights for the Project in Illinois through voluntary negotiations and agreements with landowners. Petition ¶¶10 and 72; Rock Island Ex. 1.0 at 36; Rock Island Ex. 7.0 Rev. at 39; Rock Island IB at 138. Additionally, Rock Island states that it is aware of, and agrees with, the Commission's view as expressed in previous transmission line and pipeline certificate cases, that a utility or pipeline and landowners cannot engage in meaningful, informed negotiations for easements for a project until a route for the project is approved by the Commission, which occurs in the CPCN order.²³ Rock Island IB at 138. Rock Island also states that, consistent with the discussion in Commission orders, it understands that to obtain eminent domain authority for specific parcels pursuant to §8-509, it will need to demonstrate that it has engaged in reasonable, good faith negotiations with the landowners or has been precluded from doing so by the landowner or by other circumstances (such as inability to locate the landowner or determine who has legal authority to grant an easement). Rock Island IB at 138 fn. 128. Rock Island explains that it will seek authority from the Commission to use eminent domain to acquire easements on individual tracts, if necessary, only after exhausting reasonable efforts to acquire easements through negotiations and voluntary transactions with landowners. Petition ¶72; Rock Island Ex. 1.0 at 36; Rock Island Ex. 7.0 Rev. at 39; Tr. 420, 463, 466; Rock Island IB at 138.

Rock Island states that it intends to engage in respectful and equitable negotiations with landowners in order to support voluntary transmission line easement acquisitions. Rock Island Ex. 7.0 Rev. at 38; Rock Island IB at 138. Rock Island explains that in approaching landowners and negotiating with them for transmission line easements, it will comply with the requirements of 83 Ill. Admin. Code Part 300. Rock Island IB at 138. Rock Island provided a copy of its informational packet that has been sent to landowners. Rock Island Ex. 7.18. Rock Island states that its informational notices have complied and will continue to comply with the content requirements of Part 300. Rock Island states it will also comply with the requirements of Part

²³ Rock Island cites as examples *Enbridge Pipelines (Illinois) L.L.C.*, Docket 07-0446 (Order dated July 8, 2009), at 67-68, and *Illinois Power Co. d/b/a AmerenIP*, Docket 06-0706 (Order dated March 11, 2009) at 88-89; Rock Island IB at 138 fn. 128.

300 in its contacts and discussions with landowners. Rock Island Ex. 7.0 Rev. at 40-41; Rock Island IB at 139.

In addition, Rock Island states that it has adopted a Code of Conduct for its land acquisition agents' interactions with landowners. The Code of Conduct was provided in Rock Island Exhibit 7.17. The Code of Conduct requires (among other things) that all communications with landowners and other persons made by right-of-way agents and subcontractor employees representing Rock Island must be factually correct, made in good faith, respectful and reflective of fair dealing, and respectful of the privacy rights of property owners. Rock Island believes that establishing the Code of Conduct for its land acquisition agents will help establish a tone and tenor of respectful dialogue and may be supportive of voluntary easement acquisition. Rock Island Ex. 7.0 Rev. at 38-39; Rock Island IB at 139; Rock Island RB at 138.

Rock Island states that while it understands that the Commission does not determine what compensation should be paid to landowners, it provided information on the compensation package it intends to offer landowners for transmission line easements on their properties. Rock Island IB at 139. Rock Island states that it plans to offer a compensation package to landowners that will consist of (i) a payment for the easement itself, (ii) a separate payment for each structure placed on the landowner's property, and (iii) payments for specific damages and losses caused by the construction and operation of the transmission line, such as crop losses during construction or maintenance activities, field repair for soil compaction and drainage tile damage, the value of commercially-marketable timber that is felled, and temporary or permanent impacts to the operation of center-pivot irrigation systems. Rock Island Ex. 7.0 Rev. at 39; Rock Island Ex. 7.31 Rev; Rock Island IB at 139. Rock Island states that it will offer an easement payment of 90% of the fair market value, as determined by an independent appraisal firm, of the fee interest in the property for the entire easement space; however, the landowners will be allowed to continue to farm within the portions of the easement area that are not used during construction of the transmission line and are not occupied by transmission structures when the line is placed into operation. Rock Island Ex. 7.0 Rev. at 39; Rock Island Ex. 7.35 at 17; Rock Island Ex. 10.14 Rev. at 62-64; Rock Island IB at 139-40. Rock Island states it will pay the landowner 20% of the easement payment at the time the easement agreement is entered into, with the balance to be paid prior to the date construction crews access the property to begin construction activities. Rock Island Ex. 7.31 Rev. at 2; Rock Island Ex. 7.35 at 19; Rock Island IB at 140.

The separate, per-structure payment that Rock Island will offer will be, at the landowner's option, a one-time payment of \$6,000 or an annual payment of \$500 (for monopole structures) for as long as the structure is on the property and Rock Island retains the easement. Rock Island Ex. 7.0 Rev. at 40; Rock Island Ex. 7.30 at 17; Rock Island Ex. 7.31 Rev. at 1; Rock Island IB at 140. Rock Island states that its intent is that the combined easement payment and structure payments will result in compensation to any landowner with at least one structure on his or her land that is at least 100% of the fair market value of the land used for the easement. Rock Island Ex. 7.0 Rev. at 39; Rock Island IB at 140.

With respect to crop damages or losses during construction, Rock Island states that it will make an advance payment to the landowner for crop damages based on use of a 50 foot strip of the entire easement during construction. Rock Island IB at 140. According to Rock Island, the advance payment provides compensation to the landowner prior to the growing season in which

the impacted crops would otherwise be cultivated and harvested, rather than requiring the landowner to wait until after the construction is completed to receive compensation for crop damages caused by construction. However, if the landowner believes that actual crop loss damages resulting from construction prove to be greater than the advance payment, Rock Island will negotiate with the landowner to pay any additional amounts above the advance payments, based on the best evidence available, with the objective that the landowner be fully compensated for the total actual crop loss damages resulting from construction of the line. Rock Island Ex. 7.35 at 11-12, 17-18; Rock Island Ex. 7.31 Rev. at 1; Tr. 520-21; Rock Island IB at 140-41.

Rock Island responded to IAA's and ILA's assertion that Rock Island's easement compensation package is inadequate. IAA IB at 17; ILA IB at 43. Rock Island states that neither party offered any evidence that Rock Island's planned compensation for easements is an inappropriate compensation level. Rock Island RB at 139. Rock Island reiterated that its intent is that the combined easement payments with a structure payment for a property that has at least one structure placed on it will result in compensation of at least 100% of the fair market value of the land used for the easement. Further, landowners can still use and farm within the easement, except for the actual space where the structure is and possibly a small area around the structure. Rock Island Ex. 7.0 Rev. at 39; Rock Island Ex. 7.35 at 17; Rock Island Ex. 10.14 Rev. at 62-64; Tr. 443; Rock Island IB at 139-40; Rock Island RB at 139-40.

Rock Island responded to ILA's claim that Rock Island will not adequately compensate landowners for commercial timber operations on landowner property, specifically because, the ILA claims, Rock Island is only offering compensation for fully grown trees and not trees not yet commercially marketable (ILA IB at 43). Rock Island points out that ILA did not raise an issue in its prepared testimony concerning how the value of timber will be determined for compensation purposes, so Rock Island did not address this topic in its rebuttal or surrebuttal testimony. Rock Island RB at 140. However, Rock Island states that if timber is being grown as part of commercial timber operations, then the timber would be considered commercially marketable timber for purposes of damage payments by Rock Island. Rock Island states that it intends to use an independent timber appraiser to determine the market value of timber. Rock Island will separately compensate the landowner for the value of any such timber that is cut down in the construction process. Rock Island IB at 139; Rock Island RB at 140. Referring to ILA's example of the felled trees on a landowner's property that were sold for over \$1,000 per tree (ILA IB at 43), Rock Island states that if that were the appraised market value of the timber that is felled for construction of the Project, that is the compensation that Rock Island will pay the owner. Rock Island RB at 140.

Rock Island notes that only approximately five miles of the 120 mile Preferred Route in Illinois is forested land, and ILA witness Mr. Simpson is the only landowner along the Preferred Route who has been identified with a marketable timber operation. Rock Island Ex. 8.2 at 75, 103; Rock Island RB at 140-41. Rock Island also states that while Mr. Simpson (and his property manager, Mr. Cole) expressed concern about the Project's impact on his timber business, Mr. Simpson has also expressed the desire to build a housing development on his property, which demonstrates that his own objectives are inconsistent with concerns about the impact on his timber business. Rock Island Ex. 8.3 Rev. at 19; Rock Island RB at 141. However, Rock Island reiterated that it will compensate Mr. Simpson for 90% of the fair market value of the easement, for any structures placed on his land, and for the appraised value of any

timber within his commercial operations that is felled during the construction process. Rock Island Ex. 7.30 at 25; Rock Island RB at 141.

Rock Island also responded to ILA's assertion that erosion is a concern when felling timber on landowner property. ILA IB at 43. Rock Island explains that it will work with its EPC contractor to ensure that any landowner concerns about erosion are properly addressed. The Illinois Environmental Protection Agency ("IEPA") will require Rock Island to develop a Storm Water Pollution Prevention Plan ("SWPPP"), which will include best practices to prevent soil erosion during Project construction. Rock Island Ex. 8.3 Rev. at 21-22; Rock Island IB at 157-58; Rock Island RB at 141. According to Rock Island, the SWPPP will not only include the best management practices that will be utilized to generally address soil erosion, it will also address site specific measures such as work near roads and work near waters and streams. The SWPPP will also prescribe pollution prevention management measures, including setbacks for streams and wetlands, notification and clean-up requirements in the event of a spill, and hazardous material storage requirements. Rock Island Ex. 8.3 Rev. at 36-37; Rock Island RB at 141. Further, Rock Island states that KPC intends to utilize erosion control measures that IEPA has established as the best management practices for erosion control. Rock Island Ex. 9.2 at 8; Rock Island RB at 141.

Rock Island states that in addition to compensating landowners for various-parcel specific circumstances that affect fair market value, it will also compensate landowners for a reasonable time period for damage to property and reduced crop yields due to soil compaction caused by the construction of the Project. Rock Island Ex. 7.30 at 24; Rock Island Ex. 7.31 Rev.; Rock Island Ex. 7.35 at 11-12; Rock Island RB at 141-42. In response to ILA's concern that Rock Island has not provided a specific length of time for which it intends to compensate landowners for reduced crop yields (ILA IB at 44), Rock Island states that because each property is different and may be impacted in different ways, that damage determinations (beyond the standard advance payment for crop damages) need to be made on a parcel by parcel basis. Rock Island Ex. 7.35 at 17-18; Tr. 444-46; Rock Island RB at 142. According to Rock Island, while ILA makes much of Rock Islands' "refusal" to set a specific time limit for the end of compensation for compaction damage, Rock Island believes that stating it will compensate for a "reasonable" period of time is the best way to address varying landowner needs; to set an arbitrary cut-off date could be harmful to some landowners on whose property the impacts of compaction are not identified until a later date. Rock Island RB at 142.

Rock Island also states that it also intends to avoid or minimize and, should it occur, remediate any potential compaction damage, through the use of best practices by its EPC contractor. Rock Island states that the best practices that will be employed for avoidance, minimization and remediation of soil compaction were discussed in detail at pages 144-147 of its Initial Brief and in §IV.C.2.b.vii of its Reply Brief. Rock Island RB at 142.

Rock Island responded to ILA's assertion that Rock Island witness Mr. Detweiler lacked agricultural education or experience to provide testimony on compensation for damage due to soil compaction or to review studies cited by ILA witness Dr. Marshall concerning soil compaction (ILA IB at 44). Rock Island states that Mr. Detweiler has an extensive background in policy and project development relating to technical issues such as energy efficiency,

renewable energy and renewable fuels, infrastructure siting, recycling, waste reduction, endangered species and habitats, and other environmental issues. Rock Island Ex. 7.0 Rev. at 1-2; Tr. 513-14, 516-17; Rock Island RB at 142 fn. 107. Further, Rock Island states that all Mr. Detweiler did in this case was read the studies cited by Dr. Marshall and point out certain statements in the studies that were inconsistent with Dr. Marshall's position. Rock Island RB at 142-43. According to Rock Island, the studies plainly stated that any long term impacts from compaction would be rather small in crop yield percentage terms and would only occur on a small percentage of the easement area. Rock Island Ex. 7.30 at 7; Tr. 439; Rock Island RB at 143. Rock Island states that Mr. Detweiler simply pointed out that while Dr. Marshall asserted that the studies establish that additional passes of equipment over soil exacerbate compaction and reduce crop yields, the studies indicated that the large yield reductions he referred to were the result of compaction that was deliberately created for purposes of the studies, with no attempts to use methods to prevent, avoid, minimize or remediate the compaction. Additionally, the studies attempted to measure compaction and its effects caused by normal farming practices on entire agricultural fields, not to study construction impacts in limited, defined portions of a field using carefully designed and implemented avoidance, mitigation and remediation methods that Rock Island and KPC will use. Rock Island Ex. 7.35 at 15; Rock Island RB at 143. Therefore, Rock Island states, the studies are not applicable to the current situation in which its contractor will access only limited areas of the property and will take specific precautions to avoid or minimize soil compaction. Rock Island Ex. 7.35 at 15; Tr. 440-41; Rock Island RB at 143.

- b. **IAA's Position**
- c. **ILA's Position**
- d. **ComEd's Position**
- e. **Commission's Conclusion**

The Commission notes Rock Island's statements of its intention to obtain as many easements as possible (and ideally, all) in Illinois through negotiations and voluntary agreements with landowners. Rock Island is required to comply with the requirements of 83 Illinois Administrative Code Part 300 in its contacts and negotiations with landowners. In addition, to be clear, as is common in other transmission line cases under §8-406 and §8-503, the Commission states that this Order does not provide authorization for Rock Island to use eminent domain to acquire easements for the Project and that any grant of eminent domain rights to Rock Island for the Project will require a separate petition by Rock Island for eminent domain authority pursuant to §8-509 of the PUA with respect to specific parcels, submission of appropriate proof, and issuance of an order by the Commission granting such authority.

C. Design and Construction of the Project

1. Proposed Structures and Other Components

a. Rock Island's Position

Rock Island states that the transmission line will be a bi-pole HVDC line. Rock Island

plans that the voltage rating for the Project will be ± 600 kV and the operating voltage will also be ± 600 kV. Rock Island Ex. 2.0 at 24, 27. Rock Island explains that the voltage between the poles will be 1,200 kV. Each pole typically will carry one-half of the power (1,750 MW per pole) with a peak operating current of approximately 2,917 amperes. However, in certain circumstances such as a maintenance condition or a contingency, only one pole may be available for transmitting power, in which event the single pole may be able to transmit somewhat more than 1,750 MW. *Id.* at 24, 25, 26; Rock Island IB at 141.

Rock Island states that HVDC technology has been used for several decades. In North America, there are over 30 HVDC installations, dating as far back as 1968, including 11 HVDC lines with a combined capacity of approximately 14,000 MW. Rock Island states that, worldwide, HVDC applications are commonplace and are continuing to increase in applications similar to the Rock Island Project, with significant HVDC transmission applications in Australia, New Zealand, Brazil, China, India, Japan and Europe. Rock Island Ex. 2.0 at 22-24; Rock Island IB at 141. The advantages of using HVDC technology in a long distance application such as the Project, and for transporting large amounts of variable generation, as described by Rock Island, are discussed in §IV.A.1.a.iii of this Order.

Rock Island states that, with respect to structure type, in its AIMA entered into with the Illinois Department of Agriculture (“IDOA”), it has committed to the following regarding structure types:

Tangent structures (straight-line, non-turning structures) will utilize only single, drilled-pier type concrete foundations or direct embed type foundations that are typical of single pole type structures. Clean Line will not use multi-foundation lattice type structures for tangent structures, though such structures may be used for turns, long spans such as river crossings, and similar situations where specific engineering and environmental challenges are present. The use of guy wires will be avoided to the extent feasible. If guy wires are required, they will be marked with highly visible guards. (Rock Island Ex. 7.28 at 3-4; Rock Island IB at 141-142)

According to Rock Island, the single-pole structures that Rock Island will use will be steel monopoles or lattice mast structures. Rock Island Ex. 2.9 Rev. provides drawings of these structures. Rock Island explains that these single-pole structures will have a typical span between structures of 1200 feet, and heights in the range of 100 to 175 feet depending on terrain topology. River crossings and certain other situations may require taller towers. Rock Island Ex. 2.0 at 29; Rock Island Ex. 2.11 Rev. at 7; Rock Island IB at 142.

Rock Island states that it plans to use 2156 circular mil (“kcmil”) ACSR conductors in a triple bundle configuration for the pole conductors. For the dedicated metallic return of the HVDC line, Rock Island plans to use two, 1780 kcmil ACSR conductors, subject to final design refinement based on the final Commission-approved route. Rock Island Ex. 2.0 at 27; Rock Island IB at 142.

Rock Island notes that ILA acknowledges that Rock Island will be using lattice mast structures with a single base and that this structure type is preferable to other structure types with

larger footprints. ILA IB at 45. Rock Island responded to ILA's assertion that landowners will be required to "farm around" these obstacles and some may lose the ability to aerially apply chemicals. *Id.* at 45. Rock Island stated that the total amount of land in Illinois that will be occupied by the structure bases is less than 2 acres, not all of which will be land used for agricultural purposes. According to Rock Island, even if farmers must "farm around" an area 3 or 4 times as large as the structure base, the total amount of land impacted in Illinois is less than 8 acres. Rock Island also reiterates that it will pay the landowner compensation for the easement equal to 90% of fair market value for the entire easement area, plus a separate payment for each structure placed on the landowner's property, plus compensation for crop losses, but the landowner will still be able to farm the remainder of the easement area. Rock Island RB at 144.

Rock Island states that it has addressed ILA's concerns about impacts on aerial application of chemicals at pages 148-151 of its Initial Brief and in §IV.B.2.a of its Reply Brief. Rock Island reiterates that, even if installation of the transmission line results in some reduction of the area to which chemicals can be applied aerially, resulting in some reduction in crop yields in the easement, the landowner will already be compensated for the entire easement at 90% of its fair market value, as noted above. Rock Island RB at 144-145.

Rock Island responded to the ILA's assertion that "any obstacle lowers the value of entire parcels" (ILA IB at 45, citing ILA Ex. 1.0 Rev. at lines 190-197), by noting that the only support offered for this assertion is a single incident in which ILA witness Dr. Marshall subjectively concluded that a piece of farm property in a foreclosure sale sold for a lower price than was anticipated because of the presence of an easement on the property for a municipal sewer line and lift station (which, presumably, the landowner had been compensated for by the municipality). Tr. 612-617; Rock Island RB at 145. Rock Island states that Dr. Marshall acknowledged that there were "other contributing factors" in this situation. Tr. 614-15. Rock Island reiterates that its separate payment to the landowner for each structure placed on the property provides specific compensation for any difficulty in "farming around" the structure bases. Rock Island RB at 145.

Rock Island notes that ComEd objects to the possibility that Rock Island would seek to build a 765 kV line in the AC Section of the Project to connect the eastern converter station to the Collins Substation. ComEd IB at 36. Rock Island states that it is not asking for approval for a 765 kV line for the AC Section that was described in Dr. Galli's surrebuttal testimony (Rock Island Ex. 2.15), but rather is requesting approval to construct a single circuit 345 kV line and a double-circuit 345 kV line, with a combined ROW of 270 feet, from the eastern converter station to the Collins Substation, as described in Rock Island's Petition and direct testimony. Rock Island RB at 145.

Rock Island states that, based on the fact that in its Initial Brief, Staff quotes Paragraph 3 of the "Construction Standards and Policies" section of the AIMA (Rock Island Ex. 7.28), which sets forth Rock Island's commitments (i) to use single-foundation structures for straight-line, non-turning portions of the transmission line, and (ii) that use of guy wires will be avoided to the extent feasible, Rock Island assumes that Staff approves of these commitments in the AIMA. Rock Island RB at 145-146.

- b. **ILA's Position**
- c. **ComEd's Position**
- d. **Staff's Position**
- e. **Commission's Conclusion**

The Commission approves the construction of the Project as a bi-pole HVDC transmission line and associated facilities, including a DC-to-AC converter station to be located in Grundy County with a nominal voltage of ± 600 kV, and with two 345 kV AC lines, one a single circuit and one a double circuit, from the Illinois converter station to transformation facilities to be located on property to be acquired by Rock Island adjacent to or near the Collins Substation, with a 765 kV interconnection into the Collins Substation in accordance with PJM requirements and ComEd interconnection standards. The Commission also approves the use of the proposed structures for the Project as committed to by Rock Island in the AIMA with the IDOA and as depicted in drawings provided as Rock Island Ex. 2.9 Rev.

2. Landowner Concerns about Impacts of Construction of the Project

a. Rock Island's Position

During this proceeding, a total of nine landowners or other intervenor witnesses submitted testimony expressing concerns about potential impacts of the Rock Island Project on their properties or operations. Rock Island summarized the ILA's and other landowner/intervenor witnesses' concerns as follows: (i) that the Project will cause serious and irreversible soil compaction to agricultural land; (ii) that the Project will damage drain tiles; (iii) that the Project will limit landowners' use of their land, including by limiting aerial application of fertilizer, insecticides and pesticides, by requiring landowners to navigate farm equipment around Project structures, and by taking land out of production; (iv) that the Project will damage wetlands, forests, historical sites and other conservation areas; and (v) that the Project will cause "visual pollution." Rock Island states that, as set forth in the testimony of Rock Island witnesses Detweiler, Koch and Adam, that it has adequately responded to the concerns raised by these witnesses. Rock Island further contends that it has demonstrated that it will address and resolve these concerns in a fair and reasonable manner, will reasonably mitigate and remediate any damage, and will adequately compensate landowners for damages to their property. Rock Island IB at 142-161; Rock Island RB at 146-159.

i. Agricultural Impact Mitigation Agreement

Rock Island states that it entered into an AIMA with the IDOA, which the IDOA has determined meets the IDOA's requirements to minimize and mitigate impacts to landowners. Rock Island Ex. 7.28; Rock Island Ex. 7.30 at 4; Rock Island IB at 143. Rock Island states that it understands that the Commission typically expects applicants for certificates to construct electric transmission lines and pipelines to enter into an AIMA with the IDOA. Rock Island explains that the AIMA sets forth a series of requirements that the IDOA has determined appropriately

protect landowners from potential impacts of the Project, including the following: (1) Rock Island will discuss pole placement with landowners so as to minimize interference with cropland (AIMA Section 3); (2) for tangent structures (straight-line, non-turning structures), Rock Island will use only single, drilled pier type concrete foundations or direct embed type foundations that are typical of single pole type structures (AIMA Section 3); (3) Rock Island will not use multi-foundation lattice type structures for tangent structures though such structures may be used for turns, long spans such as river crossings, and similar situations where specific engineering and environmental challenges are present (AIMA Section 3); (4) Rock Island will avoid the use of guy wires (AIMA Section 3); (5) temporary and permanent access roads on landowner property will be located by agreement with the landowner (AIMA Section 4); (6) transmission structures will be relocated, to the extent reasonably possible, to avoid interference with drain tile (AIMA Section 5); (7) Rock Island will repair, or will compensate landowners for, damaged drain tile; a landowner can also retain his own contractor to repair damaged drain tile and be reimbursed by Rock Island (AIMA Section 5); (8) Rock Island will decompact cropland to a depth of 18 inches and pasture land to a depth of 12 inches (AIMA Section 7); and (9) Rock Island will repair any damage to soil conservation practices and will work with landowners to prevent excessive erosion (AIMA Sections 9 and 10). Rock Island Ex. 7.28; Rock Island IB at 143-44.

Rock Island explains that the AIMA also provides that its terms will be incorporated into Rock Island's easement agreements with landowners (AIMA Section 18). Rock Island Ex. 7.28 at 7; Rock Island IB at 144. Rock Island states, however, that the prevention and mitigation measures specified in the AIMA are not "one-size fits all" measures that Rock Island and its EPC contractor, KPC, will apply in all instances without regard for the landowner's preferences. Rock Island represents that, if a landowner requests that the methods specified in the AIMA not be used or that different measures be employed, Rock Island will attempt to negotiate a satisfactory alternate approach with the landowner. Rock Island Ex. 7.28 at 1; Rock Island Ex. 7.35 at 3, 5; Rock Island Ex. 9.4 Rev. at 12, 14; Rock Island IB at 144.

Rock Island also states that, as set forth in the AIMA, Rock Island has agreed to employ an independent agricultural inspector (an "IAI") to verify compliance with the provisions of the AIMA by Rock Island and to vest the IAI with authority to stop contractors' construction activities that the IAI determines are out of compliance with the AIMA (AIMA Section 13). The IAI will also have authority to stop contractors' activities that are not in compliance with the landowner's easement agreement. Rock Island Ex. 7.28 at 6; Rock Island Ex. 7.30 at 6; Rock Island Ex. 7.35 at 10; Rock Island IB at 144. Rock Island states that landowners' interests will be protected by both their easement agreements and the AIMA. Rock Island IB at 144.

ii. Soil Compaction

Rock Island states that it recognizes that a certain level of soil compaction can be expected to occur in the construction of the Project on agricultural property, but states that it and its contractors will take steps to avoid or minimize soil compaction; Rock Island will use chiseling and other approved means to remediate any soil compaction that occurs; further, Rock Island will compensate landowners for damages they incur associated with any soil compaction caused by the construction or maintenance of the Project, including compensation for reduced crop yields. Rock Island Ex. 7.30 at 5-8; Rock Island IB at 144-145. Rock Island states that

Rock Island and its EPC contractor will employ several construction methods that are designed to avoid or limit soil compaction. First, the EPC contractor will minimize soil compaction by limiting the area actually traversed by construction vehicles and equipment. Specifically, to the extent practicable, access to the specific construction areas will be obtained either (i) from an existing public road or other existing access road directly to the structure location, or (ii) by traveling from a public road or other existing access road within the easement right-of-way. Rock Island Ex. 9.2 at 3; Rock Island IB at 145 fn. 131. Rock Island states that the primary construction activities on landowner property will occur at or near the locations of the transmission structures, which are expected to be placed at least 1,200 feet apart. Further, although the proposed easement widths will be 200 feet, Rock Island and its contractors expect to use only about 50 feet of the easement width during construction. Rock Island Ex. 9.2 at 2-3; Rock Island Ex. 7.35 at 11; Rock Island IB at 145 fn. 131. Rock Island states that the avoidance measure will minimize the overall soil compaction that will occur during construction. Rock Island Ex. 7.35 at 5; Rock Island IB at 145.

Second, Rock Island explains that, to the extent possible, the EPC contractor will use tracked equipment on agricultural property in the construction of the Project, which will cause less soil compaction than tire mounted equipment because the weight of the equipment is distributed over a much larger area and thus there is significantly less pressure transmitted to the ground. Rock Island Ex. 9.2 at 2; Rock Island IB at 145. Third, the EPC contractor will construct access roads and construction pads using crushed stone and geotextile, which will also serve to spread the weight of equipment over a larger area as well as allowing for appropriate drainage. Rock Island states that KPC will also shape access roads and construction areas by constructing access roads and construction pads with a crown to allow water to drain. Rock Island Ex. 9.2 at 3; Rock Island IB at 145. Further, KPC will typically not perform construction activities during inclement weather, particularly in heavy rains, or under extremely wet soil conditions. Rock Island Ex. 9.4 Rev. at 12; Rock Island IB at 145-146.

Rock Island represents that if a landowner objects to any of the compaction avoidance measures Rock Island and KPC plan to use, Rock Island and KPC will not use them and will negotiate alternative methods or measures with the landowner to prevent soil compaction. Rock Island further points out that, as set forth in the AIMA, Rock Island is required to discuss the mitigation measures it intends to employ with the landowner before implementing them. Rock Island Ex. 7.28 at 1; Rock Island Ex. 7.35 at 5-6; Rock Island IB at 146.

Regarding remediating soil compaction, Rock Island asserts that it has committed to decompact cropland where necessary to a depth of 18 inches, and pasture to a depth of 12 inches, as specified in the AIMA. Rock Island Ex. 7.28 at 5; Rock Island Ex. 7.30 at 5; Rock Island IB at 146. Rock Island also states that, if landowners wish, Rock Island will apply fertilizer to disturbed soils, which is consistent with remediation recommendations in a University of Wisconsin study that ILA witness Dr. Marshall cited. Rock Island Ex. 7.35 at 6; Rock Island IB at 146. Further, Rock Island states that landowners can choose to self-perform decompaction activities on their land or retain a contractor of their choice to do this work, the reasonable cost of which will be paid by Rock Island; or can elect to not have any chiseling performed on their property. Rock Island Ex. 7.35 at 6; Rock Island IB at 146. Rock Island further represents that if the landowner believes some depth other than 18 inches is appropriate, Rock Island will work

with the landowner to effectuate the landowner's recommendation. Rock Island acknowledges that there may be circumstances where chiseling beyond 18 inches may be needed. Rock Island Ex. 7.35 at 3, 6; Rock Island IB at 146.

Rock Island states that in the event that, despite the extensive measures described above, soil compaction still occurs, any impacts in terms of reduced crop yields will be limited to the relatively small portion of the easement property where construction activities occurred, and not the entire easement area. Rock Island states that it expects the areas in which construction activities (structure assembly and installation and cable pulling) will occur or that will be traversed by construction vehicles (including access roads) will comprise only about 20% of the easement area, thereby leaving the majority of the easement area untouched and undamaged. Rock Island Ex. 7.35 at 13; Rock Island IB at 146-147. Further, Rock Island contends that its compensation package will pay the landowner an amount in excess of the full fee value of the easement area (assuming at least one structure on the landowner's property), yet the landowner is allowed to continue to farm within the easement. Rock Island Ex. 7.0 Rev. at 39; Rock Island Ex. 7.35 at 17; Rock Island Ex. 10.14 Rev. at 62-64; Rock Island IB at 147.

Rock Island also represents that it will compensate landowners for soil compaction damages to the extent such losses are caused by construction or maintenance activities for the Project. Rock Island explains that there is no maximum period of time for which Rock Island will compensate landowners for soil compaction damages, and that it will compensate landowners for long-term impact, should it occur. Rock Island Ex. 7.30 at 5, 21; Rock Island IB at 147. In summary, Rock Island states that it has committed to minimize soil compaction using a number of proven methods, and for that soil compaction that does occur, landowners will be compensated. Rock Island IB at 144-147.

In response to ILA's assertion that KPC, the EPC contractor, may not "sufficiently appreciate or mitigate soil compaction" because, among other things, the "low-impact tracked equipment" that Mr. Adam described KPC will use will "exert at least 17 pounds per square inch of ground pressure" (ILA IB at 49), Rock Island states that, presumably, ILA's argument is that even "low-impact tracked equipment" may cause soil compaction. Rock Island states that, however, while even relatively "light" equipment may cause soil compaction, KPC (as Mr. Adam described in great detail) will employ specific construction methods and procedures to avoid and limit soil compaction. For example, Mr. Adam explained that KPC will typically limit the area traversed by its construction equipment to the extent practicable by accessing construction areas only (i) from an existing public road or other existing access road directly to the structure location, or (ii) by traveling within the easement right-of-way to the construction area. Additionally, Rock Island KPC will construct access roads and construction pads using crushed stone and geotextile material, which will also serve to spread the weight of equipment over a larger area. Rock Island Ex. 9.2 at 3; Rock Island IB at 145; Rock Island RB at 153. Rock Island also points out that commonly used farm equipment is of similar or greater weight than many of the items of equipment that KPC will use to construct the Project, and in fact can cause greater damage because the farm equipment is driven over bare land, as opposed to over prepared access roads. Rock Island Ex. 9.4 Rev. at 10-11; Rock Island RB at 153. Rock Island points out that Dr. Marshall testified that the increasing size of farm equipment, as it relates to soil compaction, is "becoming a significant issue." Tr. 611, 623-24; 628; Rock Island RB at 153.

In response to the ILA's assertion that Rock Island witness Mr. Detweiler did not have sufficient qualifications to review and "provide conclusions" from certain studies and articles concerning soil compaction that were cited by ILA witness Dr. Marshall (ILA IB at 46), Rock Island states that Mr. Detweiler did no more than review the studies and other articles that were cited by Dr. Marshall and, based on the plain language of the studies, pointed out portions that undercut Dr. Marshall's testimony. Rock Island RB at 154. Rock Island states that Mr. Detweiler identified numerous inconsistencies between Dr. Marshall's testimony and the studies and articles Dr. Marshall cited. First, in support of his argument that certain construction methods intended to prevent soil compaction or to decompact soil compaction are counterproductive, Dr. Marshall asserted that additional passes of equipment over soil exacerbate compaction. ILA Ex. 1.2 Rev. at 7, 8. However, a University of Wisconsin study (the "Wisconsin Study") that Dr. Marshall cited states that (i) on plowed land, between 70% and 80% of the compaction occurs in the first pass, (ii) there is no correlation between the number of passes of equipment on a field and soil compaction below 12 inches, and (iii) there is little differentiation at depths shallower than 12 inches, with the first pass clearly being the most significant at shallow depths. Rock Island Ex. 7.35 at 4; Rock Island RB at 154.

Second, an Ohio State paper (the "Ohio State Paper") that Dr. Marshall cited notes that compacted soils can be improved by using subsoiling implements to loosen the soil profile, which is contrary to Dr. Marshall's contention that additional equipment passes intended to decompact soil would be counterproductive. Rock Island Ex. 7.35 at 4; Rock Island RB at 154.

Third, Dr. Marshall asserted that reduced crop yields caused by soil compaction will be much higher than 3-5% reduction set forth in the Wisconsin Study and a Pennsylvania State Extension study (the "Pennsylvania Study") that Dr. Marshall cited. ILA Ex. 1.2 Rev. at 14-15. However, Mr. Detweiler pointed out that the studies Dr. Marshall cited indicated that any long term impacts from soil compaction would be rather small, in crop yield percentage terms, and would occur only on a small percentage of the easement area. Rock Island Ex. 7.30 at 7; Rock Island Ex. 7.35 at 14-15; Tr. 439-441; Rock Island RB at 154.

Fourth, in support of Dr. Marshall's contention that anticipated, long term yield reductions will be much higher than the 3-5% yield reduction set forth in the Wisconsin Study and the Pennsylvania Study, he cited additional studies in which severe soil compaction was intentionally caused (in order to then measure its impacts), with no attempts made to use methods to prevent, avoid, minimize or remediate the compaction. Rock Island Ex. 7.35 at 15; Rock Island RB at 154. Rock Island states that, for example, the Wisconsin Study Dr. Marshall cited, which suggests that yield losses can range between 10-50%, indicated that these projected yield losses were measured under a "worst case" scenario where an entire plot was compacted, and not a limited portion of the property such as the access roads and finite construction areas in which Rock Island's contractor will be working. Rock Island Ex. 7.35 at 15-16; Rock Island RB at 154-155. Rock Island states that the Ohio State paper also stated that efforts were made to compact "every inch of soil on research plots" and that a "farmer isn't going to knowingly and deliberately compact fields as we did." Rock Island Ex. 7.35 at 16; Rock Island RB at 155. Rock Island contends that neither the Wisconsin Study nor the Ohio State paper is applicable to this Project, where Rock Island's contractor will access limited areas of the property and will

take specific precautions to avoid or minimize soil compaction. Rock Island Ex. 7.35 at 15; Tr. at 440-441; Rock Island RB at 155.

In summary, Rock Island contends that the ILA's concerns about Mr. Detweiler's lack of qualifications to read the studies cited by Dr. Marshall are nothing more than an attempt to distract attention from the fact that the studies and other articles Dr. Marshall cited contradict and undercut his own testimony. Rock Island RB at 153-55.

iii. Drainage Tiles

Rock Island states that it has a plan to avoid damaging drainage tiles, and that it will repair any drainage tiles that become inadvertently damaged, or will compensate the landowner for the damaged drainage tiles. First, Rock Island explains that prior to construction, KPC will complete a due diligence process to identify the locations of drainage tiles so as to avoid damaging them during construction and maintenance activities. Rock Island Ex. 9.2 at 4; Rock Island IB at 147-148. The due diligence process will include locating mapped and unmapped existing drainage tiles by (i) visiting local soil and water conservation districts and consulting other available documents that describe the location of drainage tiles, (ii) consulting with any contractors that installed drainage tiles, and (iii) meeting with landowners and walking their fields. Rock Island Ex. 9.2 at 4-5; Rock Island Ex. 7.30 at 8; Rock Island IB at 148. Rock Island further explains that once drainage tiles are located, KPC may use a "street plate" (a carbon steel plate that typically is 1 inch thick) or other matting to spread the loads of the construction equipment, thereby reducing the pressure being exerted on the tiles, and consequently reducing the possible damage to the tiles. Rock Island Ex. 9.2 at 5; Rock Island IB at 148.

Rock Island represents that in the event drainage tiles are nonetheless damaged by construction or maintenance of the Project, Rock Island will repair or replace (with equal or better quality) damaged drainage tiles, or will compensate landowners to make such repairs. Rock Island Ex. 7.30 at 9; Rock Island IB at 148. Rock Island also represents that it will repair/replace or compensate landowners for damaged drainage tiles associated with the construction and maintenance of the Project for a reasonable period of time after construction is completed. Rock Island states that these commitments are specified in the AIMA. Rock Island Ex. 9.2 at 10; Rock Island Ex. 7.28 at 4-5; Rock Island IB at 148. Rock Island witness Mr. Adam testified that evidence of damaged drain tile is typically observed the following crop season, or if a crop season experiences drought or near-drought conditions, the damaged drain tile should become evident in the subsequent crop season. Rock Island Ex. 9.2 at 5; Rock Island IB at 148 fn. 136. Rock Island states that, after construction is complete, Rock Island will have personnel available to landowners to address any remaining drainage tile issues. Rock Island Ex. 7.30 at 9; Rock Island IB at 148 fn. 136.

In response to the ILA's assertion that the Project will damage drain tile and evidence of damage may not be discovered for several years (ILA IB at 49), Rock Island reiterates that has a plan to avoid damaging drain tiles, and will either repair any drain tiles that are damaged or compensate the landowner for the damaged drain tiles. Rock Island IB at 147-148; Rock Island RB at 155. Rock Island emphasizes that it will perform extensive due diligence in advance of construction to locate existing drain tiles, will use street plates and other matting to reduce

pressure exerted by construction vehicles on tiles, and will repair or compensate landowners for the costs to repair any drain tiles that are damaged. Rock Island Ex. 9.2 at 4-5; Rock Island Ex. 7.30 at 8-10; Rock Island IB at 147-148; Rock Island RB at 155.

Further, in response to the ILA's assertion that Rock Island has "refused to agree unconditionally to move transmission line structures when they are known prior to construction to interfere with drainage tile" (ILA IB at 49-50), Rock Island points out that the AIMA specifies that Rock Island must avoid such interferences "to the extent reasonably possible," rather than being unconditionally required to move structures in all instances where the structure intercepts a drain tile. Rock Island Ex. 7.28 at 4; Rock Island RB at 155. Rock Island also states that relocating a transmission structure in each instance where there is an interference, rather than simply relocating the drain tile, may result in additional or other impacts to the landowner. Rock Island Ex. 7.35 at 7; Rock Island RB at 155. Therefore, Rock Island states, these situations should be evaluated and the best solution determined on a case-by-case basis. Finally, Rock Island states that it does not expect this to be a significant issue because, as Mr. Adam explained, "structures are moved all the time for a lot of different reasons and if a structure has to be moved 10 feet to avoid a drain tile it is typically not a big issue." Tr. 881; Rock Island RB at 155-156.

iv. Aerial Application Activities

ILA and other landowner witnesses expressed concern that the Project would inhibit aerial applications of fertilizer, insecticides and pesticides to agricultural property. However, Rock Island states that it has considered impacts to aerial applicators and that the Project will not materially restrict aerial application activities. Rock Island IB at 148-149. First, Rock Island explains that its Routing Criteria included Sensitivities of Private Airports/Airstrips and Aerial Fertilizer and Herbicide Application Ability so as to minimize impacts to aerial application. Rock Island Ex. 7.30 at 11; Rock Island Ex. 8.2 at Table 1; Rock Island IB at 149. Further, in developing the Preferred Routes and Proposed Alternate Routes, Rock Island considered following field lines, property lines, and Public Lands Survey System ("PLSS") lines as Opportunities to avoid impacting aerial application (and other agricultural activities). Rock Island states that placing transmission lines along field lines, property lines, and PLSS lines reduces impacts to aerial applicators because it allows for a smaller number of straight-line application runs than would transmission lines placed in diagonal alignments. Rock Island Ex. 7.30 at 11; Rock Island IB at 149, fn. 138. Rock Island states that it recognized the Project could potentially impact aerial application and that it sought to limit any such impacts in its development of the Preferred Routes and Proposed Alternative Routes. Rock Island IB at 149.

Second, Rock Island contends that the ILA witnesses' assertions that the Project will limit aerial application activities ignore that aerial applicators regularly work in the vicinity of existing transmission lines in Illinois, and that, with the potential exception of the internal corner of 90 degree turns, there should not be any reduction in the ability of aerial applicators to treat crops outside the easement area of the Project. Rock Island Ex. 7.30 at 11-12; Rock Island IB at 149. Specifically, Rock Island explains that while an aerial applicator needs to maintain a reasonable distance from transmission structures and appurtenances, the width of the easement should provide more than enough clearance to maintain the required distance. Rock Island Ex. 7.30 at 12; Rock Island IB at 149. Rock Island explains that the easement width in the DC

Section of the route will be 200 feet, or 100 feet on each side of the structure, so maintaining a 25 foot separation from cross-arms will enable an aerial applicator to cover part of the easement area. Rock Island Ex. 7.30 at 12; Rock Island Ex. 2.0 at 29; Rock Island IB at 149, fn. 139. Further, Rock Island states that ILA witness Mr. Nelson's contention that aerial applicators will require 50-100 feet of clearance, and not 25 feet as suggested by Rock Island, because guy wires and "different transmission structures" may be used, ignores that Rock Island has no intention to use guy wires in Illinois, and that Section 3 of the AIMA states that the "use of guy wires will be avoided to the extent feasible." Rock Island further points out that Mr. Nelson has not identified any other specific features that would require greater clearance than 25 feet or why "different transmission structures" would require greater clearance. Rock Island Ex. 7.28 at 4; Rock Island Ex. 7.35 at 20-21; Rock Island IB at 149-150, footnote 139.

Third, Rock Island asserts that even if aerial application is limited with respect to some portion of the easement area and crop yields in that area are reduced, Rock Island is compensating the landowner for 90% of the fair market value of the entire easement area, which should more than compensate for any reduced crop yields within the easement area. Rock Island Ex. 7.30 at 12; Rock Island IB at 149-150.

Finally, Rock Island states that Mr. Nelson failed to demonstrate that the different circumstances or "cumulative impacts" he identified will cause a greater limitation on aerial application than suggested by Rock Island. Rock Island IB at 150. First, Mr. Nelson suggested that orientation issues could cause entire fields to become unavailable to aerial application; he provided the example of a long narrow field that is traversed by a transmission line along the narrow side. ILA Ex. 4.1 at 4; Rock Island IB at 150. However, Rock Island states that Mr. Nelson failed to take into account that aerial applicators employ many different techniques to respond to varying conditions, including flying alternate route patterns and related techniques. Rock Island Ex. 7.35 at 21-22; Rock Island IB at 150. Second, Mr. Nelson asserted that Rock Island failed to recognize the cumulative impact of existing transmission lines and new transmission lines on aerial applicators. ILA Ex. 4.1 at 4; Rock Island IB at 150. However, Rock Island explains that the instances in which the Project will cross or parallel existing transmission lines will be very limited, as the Preferred Route crosses other existing transmission lines only 8 times in Illinois and parallels existing transmission lines only 3 times for a total of 8.4 miles, of which only 7.5 miles is through agricultural land. Rock Island Ex. 7.35 at 23; Rock Island Ex. 8.10 at 2-3; Rock Island IB at 150.

Rock Island states that Mr. Nelson's third assertion regarding cumulative impacts, namely that Rock Island failed to account for the cumulative effect of existing wind farms on the Project (ILA Ex. 4.1 at 4), ignored that (i) across its 120 mile length in Illinois, the Preferred Route passes within one-half mile of only a single existing wind farm and through one area in which a new wind farm is proposed; (ii) the distance between the Preferred Route and the existing wind farm is well over a half mile, which is too great a distance to result in any cumulative impacts to aerial application; and (iii) Rock Island is working with the developer of the wind farm to coordinate development and placement of structures. Rock Island Ex. 7.35 at 23-24; Rock Island Ex. 8.10 at 3; Rock Island IB at 150-151.

Lastly, Rock Island states that in making his fourth assertion, that Rock Island did not

account for the cumulative impact to population centers (ILA Ex. 4.1 at 4), Mr. Nelson failed to recognize that aerial application of chemicals in the vicinity of population centers should already be very limited, if done at all, and also that there are only three instances where the Preferred Route runs through or within one-half mile of a population center. Rock Island Ex. 7.35 at 24; Rock Island Ex. 8.10 at 3; Rock Island IB at 151.

Rock Island also notes that Mr. Nelson asserted that the Morris Municipal Airport will be impacted because the transmission line will have a negative impact on precision approaches, so fewer aircraft will use the airport in adverse weather. ILA Ex. 4.0 at 7-8. Rock Island explains that it has completed a review of Federal Aviation Administration requirements and has determined that the Project can be constructed along the Preferred Route in the area of Morris Municipal Airport in accordance with those requirements. Rock Island Ex. 8.3 Rev. at 31; Rock Island IB at 150, fn. 140.

v. Limitations on Land Use

Rock Island responded to the concerns of ILA witnesses that the Project will limit land use because structures will obstruct large farm equipment, the Project will take valuable land out of agricultural production, and the Project will prevent certain future land uses. Rock Island states that it sought to minimize impacts on the use of large farm equipment near Project structures by including a preference for routing along field lines, property lines, and PLSS lines in its Routing Criteria, as routing in this manner can reduce the amount of navigation around support structures. Rock Island Ex. 7.30 at 15; Rock Island IB at 151. Rock Island also states that the typical transmission line spans will be 1,200 feet with single-foundation structures, which means that typically there will be four to six single foundation structures placed per mile. Rock Island Ex. 7.30 at 15, 17; Rock Island Ex. 8.3 Rev. at 7; Rock Island IB at 151. Additionally, Rock Island points out that its compensation package for landowners includes payments per structure placed on the landowner's property (in addition to the easement payments), which are intended to compensate landowners for, among other concerns, having to navigate equipment around transmission structures. Rock Island Ex. 7.30 at 15-16; Rock Island IB at 151. Rock Island also states that it will provide landowners the GPS coordinates of transmission structures so that landowners with self-navigating farm equipment will be able to utilize such equipment to navigate around structures. Rock Island Ex. 7.30 at 16; Rock Island IB at 151-152. Further, Rock Island witness Dr. Galli explained that, based on the nature of the HVDC line, results of prior studies, and the fact that the GPS system is based on numerous satellites, it is extremely unlikely that the HVDC line would interfere with GPS signals or systems. Rock Island Ex. 2.11 Rev. at 46-48; Rock Island IB at 152, fn. 142.

With respect to the concern that valuable farmland will be taken out of production, Rock Island states that the Project's transmission structures will occupy less than two acres of land in total in Illinois, and not all of this less than two acres of land will be farmland that is currently in agricultural production. Rock Island Ex. 7.30 at 17; Rock Island Ex. 8.3 Rev. at 5; Rock Island IB at 152. Lastly, with respect to potential limitations on the future use of land, Rock Island asserts that it considered known future developments in the Project Area in its development of the Preferred Route. Rock Island Ex. 8.3 Rev. at 7; Rock Island IB at 152. Rock Island contends that beyond that, concerns about possible but unknown future land uses are inherently

speculative and should not be a routing criterion for siting the line. Rock Island Ex. 7.30 at 18; Rock Island IB at 152.

vi. Impacts to Existing Wetlands, Forests, Historical Sites and Conservation Areas

Rock Island responded to the concerns of Landowner witnesses that the Project could damage existing wetlands, forests, historical sites and other conservation areas. Rock Island states that the record establishes that these concerns are overstated or unfounded. Rock Island IB at 152. First, Rock Island explains that these features were identified as Sensitivities in the route development process in order to determine a route that minimizes adverse impacts to these features. Rock Island Ex. 8.3 Rev. at 2; Rock Island IB at 152. Second, with respect to any of these types of features that the Preferred Route may cross, such as wetlands, Rock Island states it will avoid adverse impacts to such land to the extent possible and will employ measures to minimize impacts where those impacts are unavoidable. Rock Island also states that it will comply with all applicable state and federal regulations governing construction, maintenance and other Project activities on such lands. Rock Island Ex. 8.3 Rev. at 3; Rock Island IB at 152. Rock Island further explains that the Preferred Routes do not cross any historical sites and that Rock Island plans to span the seven archaeological sites the Preferred Route crosses. Rock Island Ex. 8.2 at 63, 84, 85, 98, 109, 110; Rock Island Ex. 8.3 Rev. at 3; Rock Island IB at 152. Regarding forested lands, Rock Island states that of the 120 miles of the Preferred Route in Illinois, only about 5 miles is forested. Rock Island Ex. 8.2 at 75, 103; Rock Island IB at 153.

Rock Island notes that Staff summarized the parties' positions regarding the concern that the Project may impact wildlife, wetlands, forests, historical sites, and other conservation areas, including Mr. Koch's rebuttal testimony (Rock Island Ex. 8.3 Rev. at 2-4, 16) on these issues, and that Staff points out that no witnesses responded to the portions of Mr. Koch's rebuttal testimony regarding how Rock Island had taken into account potential impacts to wildlife, wetlands, forests, historical sites, and other conservation areas. Staff IB at 38-40; Rock Island RB at 158-159. Rock Island also notes that Staff concludes that Rock Island's route development process identified potential wetland areas and that Rock Island sought to avoid impacting them. Staff IB at 47.

vii. Visual Impacts

Rock Island responded to concerns of landowner witnesses that the Project would impair their views of scenic landscapes. Rock Island states that it appropriately considered and sought to minimize visual impacts in its route development process. Rock Island explains that the Routing Criteria by which Rock Island sought to limit visual impacts included (i) maximizing the Project's distance from the greatest number of residences, and (ii) minimizing impacts to governmentally designated visual resources, such as scenic overlooks and historic landscapes. Rock Island Ex. 8.3 Rev. at 5-6; Rock Island IB at 153. Rock Island states that the Preferred Route for the DC Section in Illinois, which is approximately 117 miles, has no homes within 0-200 feet, 11 homes within 201-500 feet, and only 66 homes within 501-1,000 feet. Rock Island Ex. 8.2 at 66; Rock Island IB at 153. Further, the Preferred Route does not come within two miles of any designated scenic overlooks or historic landscapes. Rock Island Ex. 8.3 Rev. at 6;

Rock Island IB at 153. Rock Island also explains that it sought to maximize the use of visually-related Opportunities, including paralleling existing linear infrastructure such as roads, railroads and other transmission lines. Rock Island Ex. 8.3 Rev. at 6; Rock Island IB at 153. Finally, Rock Island states that in accordance with the AIMA, it will use single foundation, single mast structures for straight-line segments of the Project with the structures typically placed approximately 1,200 feet apart, and therefore, only four to six structures will be placed per mile of the route. Rock Island Ex. 8.3 Rev. at 7; Rock Island Ex. 8.10 at 2; Rock Island Ex. 7.30 at 15, 17; Rock Island IB at 153.

Rock Island states that the ILA's assertion that the Project will "place a scar" across the State of Illinois (ILA IB at 45) is grossly overstated. First, Rock Island states that the transmission line ROW will be only 200 feet wide in the DC Section of the route and 270 feet in the AC Section, and landowners will be able to continue to farm in most of the easement area. Second, the transmission structures will generally be placed 1,200 feet apart, and therefore there will only be 4-6 structures per mile, with the result that the total amount of land occupied by the transmission structures in Illinois will be less than 2 acres. Third, Rock Island states that it has committed, in the AIMA, to using single-pole structures for straight-line portions of the transmission line. Fourth, Rock Island states that it attempted to site the transmission line along property and field boundaries and PLSS lines wherever possible consistent with not impacting other Sensitivities such as homes. Rock Island Ex. 2.0 at 28, 30-31; Rock Island Ex. 2.11 Rev. at 7; Rock Island 7.28 at 3; Rock Island Ex. 7.30 at 3, 11, 12, 15; Rock Island Ex. 8.2 at Table 1; Rock Island Ex. 8.3 Rev. at 5; Rock Island RB at 148.

viii. Individual Landowners' Property-Specific Concerns

A total of eight intervenor witnesses who are landowners or managers for landowners expressed concerns about the specific impacts of having the transmission line on their parcels, and a ninth intervenor witness expressed concerns due to purported impacts on his aerial chemical spraying business. Rock Island Ex. 7.30 at 18-19; Rock Island IB at 153-154. Rock Island explains that many of these property-specific concerns mirror the general concerns raised by the ILA, which are addressed in §IV.C.2.a through f of Rock Island's Initial Brief. Rock Island explains that it has repeatedly stated that it is fully committed to working with all landowners to understand their parcel-specific concerns and to develop plans to address them. Rock Island Ex. 7.30 at 20; Rock Island IB at 154. The property-specific concerns expressed by landowner witnesses are discussed below.

Mr. Larry Gerdes' Property-Specific Concerns

Mr. Larry Gerdes asserted that the Project will have a downward impact on his property values and will interfere with aerial spraying activities on his properties. L. Gerdes Testimony at 3-5; Rock Island IB at 154. Rock Island stated that the Preferred Route does not cross any of the three properties identified as owned by Mr. Larry Gerdes and in fact will be 1.5 miles to 4 miles from these properties. Rock Island Ex. 7.30 at 31; Rock Island Ex. 8.3 Rev. at 28; Rock Island IB at 154.

Mr. Steve Gerdes' Property-Specific Concerns

Mr. Steve Gerdes asserted that the Project will hinder aerial spraying, irrigation, and farming activities on his properties. Rock Island stated that Mr. Steve Gerdes does not appear to own any property that is crossed by or adjacent to the Preferred Route. S. Gerdes Testimony at 5-7; Rock Island Ex. 7.30 at 33; Rock Island Ex. 8.3 Rev. at 29; Rock Island IB at 154.

Mr. James Bedeker's Property-Specific Concerns

Mr. Bedeker expressed concern that the Project will adversely affect his use of his mechanical irrigation system. Bedeker Testimony at 2. Rock Island states that while the Preferred Route does cross the area irrigated by one of Mr. Bedeker's center pivots, Rock Island can avoid placing a structure in that area, and by spanning the center pivot irrigator can thereby avoid any permanent impacts to the irrigator. Rock Island Ex. 8.3 Rev. at 29; Rock Island IB at 154. Rock Island further states that if the Project were to create some limitation on Mr. Bedeker's use of the existing irrigation system, it would compensate him for any additional equipment that may be required. Rock Island Ex. 7.30 at 36; Rock Island IB at 154-155.

Second, Mr. Bedeker expressed concern that his property regularly floods and he is concerned that construction activities would create additional adverse impacts on his property. Bedeker Testimony at 2-3. Rock Island states that it should not be expected to solve Mr. Bedeker's pre-existing flooding problems; however, it will employ appropriate construction methods to limit and mitigate soil compaction under wet ground conditions and will compensate for crop damages that result from construction or maintenance of the Project. Rock Island Ex. 7.30 at 36; Rock Island IB at 155.

Third, Mr. Bedeker asserted that his enjoyment of his home will be impacted by the visual impacts of the Project being installed close to his home. Bedeker Testimony at 3. Rock Island states that Mr. Bedeker's home is already located in close proximity to an overhead 765 kV transmission line owned by ComEd, which is in clear view from his home and which was in place *before* he built the home. Rock Island Ex. 8.3 Rev. at 30; Rock Island Exs. 8.6-8.7; Rock Island IB at 155.

Fourth, Mr. Bedeker raised concerns regarding protected wetlands on his property. Bedeker Testimony at 2. Rock Island stated that it is likely the wetlands on Mr. Bedeker's property can be spanned; further, if the Project were to impact the wetlands, Rock Island will obtain the necessary permits from the U.S. Army Corps of Engineers ("USACE") prior to construction. Rock Island Ex. 8.3 Rev. at 31; Rock Island IB at 155.

Lastly, Mr. Bedeker asserted that the Project will render his property "valueless." Bedeker Testimony at 3. Rock Island points out that Mr. Bedeker has not obtained any appraisals, valuation reports or other similar documents, or communicated with any appraisers or other similar professionals regarding the purported financial impact of the Project on his Property, and therefore his assertion is entirely unsupported and without basis. Rock Island Cross Ex. Bedeker 1; Rock Island IB at 155. Further, Rock Island states that there is no basis to conclude Mr. Bedeker's property would be rendered "valueless" by the Project because his

property is already located in close proximity to a 765 kV line and is presumably not “valueless” today. Rock Island Ex. 7.30 at 36-37; Rock Island Ex. 8.3 Rev. at 30; Rock Island IB at 155-56.

Dr. Paul Marshall’s Property-Specific Concerns

Dr. Paul Marshall stated that he is concerned that the Project will cause extensive soil compaction and damage to his clay tile system during construction and maintenance of the Project. ILA Ex. 1.0 at 12-13. Rock Island states that, as it explained in detail in §IV.C.2.a and b of its Initial Brief, Rock Island and KPC have plans to avoid, mitigate and remediate any soil compaction and damage to drain tiles that occurs during construction or maintenance of the Project. Moreover, Rock Island will compensate Dr. Marshall for crop damages and damages to drainage tile caused by construction or maintenance of the Project. Rock Island Ex. 7.30 at 20-21; Rock Island IB at 156.

Dr. Marshall also expressed concern that the easement will lower his property values and restrict his ability, in the future, to allow his land to be used for mining purposes. ILA Ex. 1.0 at 15. Rock Island states that regarding both of these concerns, the easement and structure payment that Rock Island will pay Dr. Marshall compensates for future land-use restrictions on his property, as Rock Island is paying in excess of 90% of the fee value of the easement area. Rock Island further states that, based upon review of the location of Dr. Marshall’s property relative to existing mining operations in the area, mining seems to be an unlikely future use of Dr. Marshall’s property unless there were considerable geographic expansion of the mining activities currently in the area. Rock Island Ex. 7.30 at 22; Rock Island IB at 156.

Lastly, Dr. Marshall expressed concern that the transmission line will affect his ability to alternate soybean and corn plantings because, due to the Project’s purported impacts to aerial spraying, he would not be able to choose which specific crops to plant near the power line. ILA Ex. 1.0 at 14-15. Rock Island states explains that, as discussed in §IV.C.2.c of its Initial Brief, any impacts to aerial spraying will be limited to a portion of the easement area and therefore would not justify a decision to never plant corn on the entirety of Dr. Marshall’s parcel. Rock Island Ex. 7.30 at 22-23; Rock Island IB at 156-157.

Mr. Bill Cole’s and Mr. Ed Simpson’s Property-Specific Concerns

Mr. Bill Cole is a manager for Mr. Ed Simpson’s timber land, and both of their testimonies addressed Mr. Simpson’s property, which is located near the Mississippi River in the area where the Project will cross the river. ILA Ex. 5.0 at 4; ILA Ex. 6.0 at 2; Rock Island IB at 157. Messrs. Cole and Simpson both stated that the Project will necessitate the removal of trees and therefore (i) Mr. Cole will lose out on some measure of paying work, and (ii) erosion will result beyond the easement area. ILA Ex. 6.0 at 3; ILA Ex. 5.0 at 4. Rock Island states that it cannot determine what acreage of trees may be removed from Mr. Simpson’s property at this time because (among other reasons), Mr. Simpson has denied Rock Island survey access to his property. Rock Island Ex. 7.30 at 25; Rock Island Ex. 8.3 Rev. at 20-21; Rock Island IB at 157. Rock Island stated that, at the appropriate time and when access to the property is allowed, Rock Island will evaluate the extent to which tree clearing can be avoided or minimized. Rock Island

states that it will compensate Mr. Simpson for commercially marketable timber that is felled in the construction process. Rock Island Ex. 7.30 at 25; Rock Island Ex. 8.3 Rev. at 20; Rock Island IB at 157; Rock Island RB at 149-150.

With respect to the ILA's assertion that the Project will cause economic damage to those individuals having "timber operations" (ILA IB at 45, 50), Rock Island states that although the ILA claimed that its membership includes a significant portion of landowners whose property will be crossed or impacted by the Preferred Route of the Project (ILA IB at 1), ILA has only identified a single landowner, Mr. Simpson, whose timber operations may be impacted by the Project. Rock Island also points out that the Preferred Route in Illinois will cross only about five miles of forested land in total. Rock Island Ex. 8.2 at 75, 103; Rock Island RB at 148-149.

Mr. Cole expressed concern that the vegetation clearing needed for the Project will require spraying "harsh chemicals" to control regrowth of weeds and brush, and these chemicals could leach through the sandy soils and end up in the area's water supply. ILA Ex. 6.0 at 3. Rock Island states that if it must spray to control vegetation regrowth (a technique which will not necessarily be required), it will only use products that are specified for use in this application. Rock Island Ex. 8.3 Rev. at 21; Rock Island IB at 157.

Mr. Simpson expressed concern that extreme erosion will occur at the Mississippi River crossing and that there are areas to the north and south of the proposed crossing that have less vulnerable and less steep property. ILA Ex. 5.0 at 3. Regarding the erosion concerns, Rock Island states that it will be required to develop a Storm Water Pollution Prevention Plan which will include specifying the best practices to prevent soil erosion during construction of the Project. Rock Island Ex. 8.3 Rev. at 21-22; Rock Island IB at 157-158. Rock Island further states that KPC will use erosion control measures such as silt fences, erosion control blankets and construction matting, and will follow the Illinois Environmental Protection Agency's best management practices for erosion control as applicable to each location. Rock Island also states that KPC may also be required to obtain National Pollutant Discharge Elimination System Permits for work in certain locations, which will prescribe specific conditions and mitigation to be followed. Rock Island Ex. 9.2 at 7-8; Rock Island IB at 158. With respect to the location of the Mississippi River crossing, Rock Island states that it selected the crossing point after performing a detailed analysis, including consideration of the alternate locations suggested by Mr. Simpson. Rock Island IB at 158. Rock Island determined that the planned crossing was the best choice because, among other reasons, it is located at an existing overhead transmission line crossing, which minimizes overall land use impacts, visual impacts and environmental impacts. Rock Island Ex. 8.3 Rev. at 23; Rock Island IB at 158 and §IV.B.1. Rock Island states that the USFWS expressed a preference for the proposed Mississippi River crossing because it would be located adjacent to an existing overhead transmission line crossing, which would make the two transmission lines more visible to eagles, thereby making it less likely that eagles would collide with transmission line conductors or shield wires. Rock Island Ex. 8.3 Rev. at 25-26; Rock Island IB at 158, fn. 146.

Mr. Cole also asserted that Mr. Simpson's property is highly sought after for housing, farming and recreation, and that Mr. Simpson's land is the most pristine woods privately held in the area. ILA Ex. 6.0 at 2, 4. Rock Island states that, other than submitting preliminary or

conceptual drawings that Mr. Simpson had prepared in 2005 and 2010 that depict two different potential subdivision concepts, Mr. Cole and Mr. Simpson did not provide any documentation to establish that the property is highly sought after for housing development or any other purpose. Rock Island further states that the suggestion that this land is “pristine” conflicts with the logging activities that are conducted on the property, as such operations compromise the original state of the area. Rock Island Ex. 8.3 Rev. at 19-20; Rock Island IB at 158.

Lastly, Messrs. Cole and Simpson stated that there are shallow wetlands on Mr. Simpson’s property, that it is historically significant land, and that there are bald eagles in the area of his land. ILA Ex. 5.0 at 4-5; ILA Ex. 6.0 at 3. Rock Island stated that while USFWS National Wetland Inventory data do not show shallow wetlands on the property near the Preferred Route, it is possible that some wetlands nevertheless exist. Rock Island states that Mr. Simpson has denied Rock Island survey access to his property, and that prior to commencing construction, when it has survey access authority (which the issuance of a CPCN will provide, pursuant to PUA §8-510), Rock Island will conduct an assessment of potential wetlands located along the approved route and obtain any required permits, and will also survey for evidence of eagle nests in the area. Rock Island also states that it will conduct any required archeological, historical, and environmental surveys and obtain any required permits or approvals. Rock Island Ex. 8.3 Rev. at 23-25; Rock Island IB at 159.

Mr. Curtis Jacobs’ Property-Specific Concerns

Mr. Jacobs expressed concern that because the Preferred Route runs north/south and bisects one of his farms, he would no longer be able to use aerial applications to treat that farm, and that the inability to aerially spray will impact his ability to grow non-genetically modified (“non-GMO”) crops, which are not as resilient as other crops. ILA Ex. 2.0 at 2-4. Rock Island states that it is prepared to work with Mr. Jacobs to negotiate specific placement of the line and structures on his property so as to minimize impacts to aerial spraying activities for his operations. Further, any crop damage compensation paid to Mr. Jacobs for his non-GMO crops will take into account the higher net return that his non-GMO crops yield. Rock Island Ex. 7.30 at 26; Rock Island IB at 159.

Mr. Jacobs also expressed concern that the Project may cause him to forfeit payments he receives through conservation programs he participates in. ILA Ex. 2.0 at 5-6. Rock Island states that it does not expect landowners will have to forfeit conservation payments due to the Project and that any impacts to conservation program easements are expected to be minimal and temporary. Rock Island does not expect that the Project will cause Mr. Jacobs to forfeit conservation payments because, among other things, it may be possible for Rock Island to make minor adjustments to the Preferred Route so as to avoid impacts to any Conservation Reserve Program (“CRP”) filter strips on Mr. Jacobs’ property. Rock Island also states that Mr. Jacobs has asked Rock Island not to communicate with him and has denied Rock Island physical access to his land; accordingly, Rock Island is limited in determining the impacts the Project may potentially have on his CRP land. However, Rock Island will compensate Mr. Jacobs for any such forfeited payments as allowed by law. Rock Island Ex. 7.30 at 19, 27; Rock Island Ex. 8.3 Rev. at 8-9; Rock Island IB at 159-160; Rock Island RB at 149.

Mr. Jacobs also expressed concern that the Project will impede access to his property because there is only one access point and alternate access points may cause damage to drainage structures. ILA Ex. 2.0 at 6. Rock Island points out that since Mr. Jacobs has asked Rock Island to not communicate with him, Rock Island is precluded from discussing potential solutions to this concern. Rock Island IB at 160. However, Rock Island states that if it is determined that placement of Project structures will impede access to the property, Rock Island will discuss alternatives with Mr. Jacobs to mitigate any potential impacts. Rock Island Ex. 8.3 Rev. at 9; Rock Island IB at 160.

Mr. Jacobs also expressed concern that the Project may cause damage to the Penny Slough Drainage District levee by removing trees that protect the levee against flood waters and ice flows, and because the Project structures near the base of the levee would be susceptible to severe erosion and toppling. ILA Ex. 2.0 at 7-8. Rock Island disagrees that the transmission structures at the base of the levee are susceptible to severe erosion or toppling because, among other things, the foundations will be designed to account for the specific soil characteristics at this location to ensure stability. Further, if the Penny Slough Levee District and the USACE determine that removal of trees is a threat to the protection of the leveed area, Rock Island will determine ways to mitigate such impacts, which may include use of other types of barriers to prevent erosion. Rock Island Ex. 8.3 Rev. at 12-13; Rock Island IB at 160.

Lastly, Mr. Jacobs expressed concern that the Project may impact wildlife in the area, including bald eagles, otters and Indiana bats, and that the area near his property is historically significant because camp sites from the Black Hawk Indian wars are in the area. ILA Ex. 2.0 at 9-10. First, Rock Island states that is aware that bald eagles and Indiana bats may be in the Project area. However, the USFWS National Bald Eagle Management Guidelines recommend that any disturbances maintain a buffer of at least 660 feet, and the eagle nest sighting area on Mr. Jacobs' property is more than 2,640 feet from the Preferred Route, which is well beyond the distance recommended by USFWS. Rock Island Ex. 8.3 Rev. at 14; Rock Island IB at 160-161. Second, Rock Island states that the only known occurrences of the Indiana bat in the Project area are in LaSalle County and there are no records of the Indiana bat within one mile of the Preferred Route. Rock Island Ex. 8.3 Rev. at 14-15; Rock Island IB at 161. Third, Rock Island explains that the river otter is not a protected species in Illinois, and that Rock Island's routing team did not observe any river otters during field reconnaissance. Rock Island Ex. 8.3 Rev. at 15; Rock Island IB at 161. Rock Island also states that minimizing impacts to threatened, endangered and special status species, designated critical habitats and eagle nesting locations were Routing Criteria for the Project. Rock Island Ex. 8.2 at 15 (Table 1); Rock Island IB at 161. Finally, Rock Island states that it will work with all relevant wildlife, historical and archeological agencies, prepare necessary field surveys and comply with all applicable such statutes and regulations to avoid any such impacts. Rock Island Ex. 8.3 Rev. at 13-18; Rock Island IB at 161.

Mr. Randy Rosengren's Property-Specific Concerns

Mr. Rosengren expressed concern that construction and placement of the Project will cause his property lot to not be isolated enough for the seed company with which he contracts to allow him to grow parent seed, which nets a higher return than non-parent seed crops. ILA Ex. 3.0 at 4-5. Rock Island states that the presence of the Project should not inhibit Mr. Rosengren's

ability to grow the parent seed crop on his land because the centerline of the route is more than 600 feet from the edge of Mr. Rosengren's parent seed plot, the easement area of the Project does not intersect the parent seed plot but rather traverses adjacent plots, and the easement has no impact on the isolation distance required between the parent seed plot and other crops noted by Mr. Rosengren. Rock Island Ex. 8.3 Rev. at 26-27; Rock Island Ex. 8.5; ILA Ex. 3.0 at 3-4; Rock Island IB at 161. Rock Island also states that in the unlikely event that there were any damages to the parent seed crop, any compensation made to Mr. Rosengren for crop loss or damages will take into account the higher return he obtains for parent seed. Rock Island Ex. 7.30 at 29; Rock Island IB at 161.

ix. Other Concerns Regarding Impacts to Landowner Property

Rock Island responded to ILA's suggestion that there is a risk that Rock Island may commence construction, but not complete it, which will injure landowner property interests. ILA IB at 45. Rock Island states that the Staff financing condition, which Rock Island has accepted, provides that Rock Island will not commence construction of the Project on easement properties unless and until it has secured sufficient construction financing for the entire construction cost of the Project and has documented this to Commission Staff. Rock Island Ex. 10.13 at 2-4; Tr. 269-270, 273, 355-356, 1050, 1090; Rock Island RB at 147-148.

In response to the ILA's assertion that Rock Island failed to coordinate with any United States Department of Agriculture Farm Service Agency ("USDA FSA") offices regarding impacts to CRP land (ILA IB at 50), Rock Island states that contacting such offices before Rock Island determines the specific potential impacts of the Project to CRP land would be premature. Rock Island states that it intends to coordinate with the USDA FSA once Rock Island has identified whether any conservation areas are actually impacted by the Project. Rock Island Ex. 8.3 Rev. at 8; Rock Island RB at 149. Rock Island also notes that although the ILA claimed its membership includes a significant portion of landowners whose property will be crossed or impacted by the Project (ILA IB at 1), ILA has only identified a single landowner with CRP land that may be impacted by the Project (Mr. Jacobs). Rock Island RB at 149.

In response to the ILA asserts that Rock Island's agreement to compensate landowners for reduced crop yields for a "reasonable time period" is inappropriate or inadequate because Rock Island has provided "no standard or method for determining what the time period is" and because yield reductions may "not be known for some time" (ILA IB at 47), Rock Island points out that the ILA does not suggest an appropriate or "fair" alternative to Rock Island's commitment to compensate landowners for reduced crop yields for a "reasonable time period." Rock Island states that there simply is no basis in the record to conclude that Rock Island will not fairly compensate landowners for such losses. Rock Island RB at 150.

In response to the ILA's assertion that KPC may not be the EPC contractor constructing the Project, and therefore that the steps and procedures KPC plans to use to prevent or mitigate soil compaction, damage to drainage tiles and other potential impacts might not be used by the eventual contractor (ILA IB at 47; ILA RB at 14-15), Rock Island states that it does intend to use KPC as the EPC contractor for the Project, and that Rock Island and KPC have a signed

development agreement which sets forth key, material terms to be included in the EPC contract. Rock Island Ex. 1.4 at 12-15; Rock Island IB at 95-96, 98; Rock Island RB at 150. However, even if Rock Island were to use a different EPC contractor to construct the Project, that contractor would be expected to use the same construction methods and procedures that Mr. Adam described will be employed by KPC, because such methods and procedures are standard, industry practices. Further, regardless of the EPC contractor, Rock Island is obligated to ensure that the commitments in the AIMA are followed. Rock Island states that even if an EPC contractor other than KPC were hired to construct the Project, there is no reason to conclude that the contractor would use any different, less effective methods to avoid, mitigate and remediate damage to landowner property than those which Rock Island's witnesses have described in the record. Rock Island Ex. 9.4 Rev. at 14; Rock Island RB at 150-51.

In response to the ILA's assertion that Mr. Adam of KPC lacks sufficient experience managing construction projects in agricultural areas (ILA IB at 47), Rock Island points out that Mr. Adam testified at length regarding the large transmission and other infrastructure projects he has managed and which crossed agricultural lands. He also presented information on KPC's other experience with these types of projects. Rock Island Ex. 9.0 at 4-5; Rock Island Ex. 9.2 at 1; Rock Island Ex. 9.3; Rock Island Ex. 9.4 Rev. at 2-6, 7-8; Rock Island Ex. 9.5; Rock Island RB at 151. With respect to ILA's reliance on the fact that the overall length of previous projects that Mr. Adam managed were shorter than the Rock Island Project (ILA IB at 47-48) Rock Island states that, as Mr. Adam explained, the overall length of the projects he previously worked on is not particularly relevant because the same activities needed to prepare access roads, prevent and remediate soil compaction, prevent damage to drain tiles, and prevent erosion are performed on both shorter and longer projects, and the only difference between a shorter project and a longer projects is that these same activities are repeated a greater number of times on a longer project. Rock Island Ex. 9.4 Rev. at 6; Tr. 862-863; Rock Island RB at 151. Rock Island also states that the relevant prior experience is not just Mr. Adam's personal experience, but rather the prior experience and capabilities of the entire KPC organization. Rock Island Ex. 9.4 Rev. at 7-8; Rock Island RB at 151-152. Rock Island states that KPC is one of North America's largest construction, mining, and engineering organizations, with a workforce of about 10,400 salaried and hourly staff and more than 15,600 craft workers. Rock Island 9.0 at 3; Rock Island RB at 152. Further, Rock Island notes that Staff has concluded that "it appears that KPC is capable of handling EPC for the proposed project." ICC Staff Ex. 1.0 at 15.

In response to ILA's assertion that the "Utah-Idaho" project (or "Populus Project") that Mr. Adam managed, which was a 135-mile 345 kV transmission line project (120 miles of which crossed agricultural lands), crossed land used to grow hay, cereal grain, grazing ground, and fruit orchards, but not corn-soybean rotated land (ILA IB at 48), Rock Island notes that Mr. Adam testified that the Populus Project does cross land used principally for growing corn. Rock Island Ex. 9.4 Rev. at 4; Rock Island RB at 152. Rock Island states that, more importantly, the ILA fails to explain why this purported distinction is meaningful, *i.e.*, land used to grow "corn-soybean rotated land," as opposed to land used principally to grow hay, cereal grain, grazing ground and fruit orchards, and why construction work on the later types of lands would not require the same types of precautions that Rock Island and KPC will employ on land used to grow corn and soybeans. Rock Island RB at 152.

Finally, in response to ILA's assertion that the project in Lake Zurich, Illinois that Mr. Adam managed is not relevant because "Lake Zurich is not rural" (ILA IB at 48), Rock Island states that ILA ignores the evidence that in the Lake Zurich project, KPC performed work on agricultural land that was located approximately two and a half miles north of State Route 22 (which runs through Lake Zurich itself). Rock Island Ex. 9.4 Rev. at 5; Tr. 869; Rock Island RB at 152. Mr. Adam testified that in the Lake Zurich project, KPC was required to construct an access road and to transport heavy construction equipment across agricultural land. Rock Island Ex. 9.4 Rev. at 5; Tr. at 867-69; Rock Island RB at 152. Rock Island states that this experience is relevant because KPC was required to follow methods and procedures to prevent soil compaction to the property. Rock Island Ex. 9.4 Rev. at 5; Rock Island RB at 152.

- b. IAA's Position**
- c. ILA's Position**
- d. Commission's Conclusion**

The Commission notes the concerns expressed in the record by landowners and their representatives concerning potential impacts of the construction of the Project on their properties. The Commission also notes Rock Island's responses to and plans for addressing these concerns. The Commission notes the landowners' concerns, while certainly serious from the viewpoint of the individual landowner and the impacts on his or her property, are not unique to Rock Island but rather are typical of the concerns expressed by landowners with respect to proposals to construct electric transmission lines across agricultural properties. As it has in prior cases, the Commission looks to the petitioner's AIMA entered into with the IDOA as providing the principal basis for addressing these types of concerns. The Commission views the IDOA, and not this Commission, as having the appropriate expertise for determining appropriate avoidance, mitigation and remediation measures for the types of concerns raised by the landowners. The Commission notes that, per its terms, the AIMA is to be incorporated into each easement agreement. The Commission expects Rock Island to comply with its obligations under the AIMA. In addition, the Commission has noted the various means testified to by Rock Island's witnesses that will be employed by Rock Island and its EPC contractor to avoid, mitigate and remediate soil compaction, damage to drainage tiles, soil erosion, and other similar issues identified by landowners. The Commission expects Rock Island and its contractors to employ the avoidance, mitigation and remediation measures as testified to in this case by Rock Island's witnesses.

V. PUBLIC UTILITIES ACT §8-503 – ORDER AUTHORIZING AND DIRECTING CONSTRUCTION

A. Rock Island's Position

In addition to requesting a CPCN for the Rock Island Project, Rock Island requests an order from the Commission, pursuant to §8-503 of the PUA, authorizing Rock Island to construct the Project. Petition ¶¶76-78; Rock Island IB at 162. Rock Island states that the record shows that the statutory requirements for an order authorizing construction of the Project under §8-503 have been met. Specifically, Rock Island states that the evidence in this case that supports

granting Rock Island a CPCN to construct the Project also supports a finding that the requirements for an order under §8-503 are met. Rock Island Ex. 10.14 Rev. at 66-67; Rock Island IB at 162. Rock Island points out that the specific criterion in §8-503, “to promote the development of an effectively competitive electricity market,” is the same as the §8-406(b)(1) criterion “that the proposed construction will promote the development of an effectively competitive electricity market.” Rock Island contends that it has demonstrated that construction of the Project will promote the development of an effectively competitive electricity market, and based on the record, the Commission should find that this criterion is met. Rock Island notes that Dr. McDermott’s analysis expressly addressed both the statutory criterion of §8-406 that the Project will “promote the development of an effectively competitive electricity market” and the statutory criterion of §8-503 that the Project will “promote the development of an effectively competitive electricity market,” and he expressly concluded that the Commission should find that the Project satisfies the provision of §8-503 that the Project will “promote the development of an effectively competitive electricity market” as well as the criterion set forth in §8-406 that the Project will “promote the development of an effectively competitive electricity market.” Rock Island Ex. 4.0 Rev. at 2, 4; Rock Island IB at 162-163.

Rock Island states that a finding that the Project will “promote the development of an effectively competitive electricity market” is a sufficient basis to grant Rock Island authorization to construct the Project pursuant to §8-503. Rock Island argues that the record also shows that construction and operation of the Project will “promote the security or convenience of . . . the public” and “secure adequate service or facilities” and therefore the Project can also be authorized pursuant to those criteria of §8-503. According to Rock Island, the record shows that the Project will enable the output of a substantial amount of new, high capacity factor wind generation resources to reach the northeast Illinois electricity market; help to meet the demand for energy from renewable resources resulting from state RPS requirements, coal plant retirements and the overall, increasing demand for clean electricity, in a cost effective manner; reduce wholesale electricity prices, and therefore ultimately retail electricity prices, in Illinois; improve electric reliability metrics in Illinois; increase the diversity of wind generation resources available to the Illinois market, facilitate the integration of wind generation resources into the Illinois and PJM supply portfolio and reduce wind integration costs; significantly reduce emissions, production of waste by-products and water use compared to generation of a comparable amount of electricity from fossil-fueled sources; and provide significant employment and economic activity benefits for the State of Illinois. Rock Island IB at 163. Rock Island states that all of this evidence shows, and supports a finding, that the Project will “promote the security and convenience of the public” and serve to “secure adequate service and facilities,” just as it shows the Project will “promote the public convenience and necessity” for purposes of §8-406(b). Rock Island concludes that the requirements for an order under §8-503 have been met and the Commission’s order in this case should authorize Rock Island to construct the Project pursuant to §8-503. *Id.* at 163.

Rock Island notes that questions arose during the course of this proceeding as to why Rock Island has requested authority to construct the Project under §8-503 in the same proceeding in which it has requested a CPCN for the Project under §8-406(b). Rock Island states that there are three inter-related reasons. Rock Island IB at 164.

First, in negotiating with potential transmission customers of the Project for capacity and service contracts, it is important that Rock Island be able to show the customers that it has obtained the major regulatory approvals for the Project. Rock Island Ex. 10.14 Rev. at 22-23; Tr. 1051; Rock Island IB at 164. Rock Island explains that this is true as well with respect to negotiating with potential lenders and investors in the Project. Rock Island states that, as discussed in §IV.A.3.a of this Order, potential lenders and investors will not provide binding financial commitments for the capital needed to construct a project until the project sponsor has obtained the major regulatory approvals for the project. Rock Island IB at 164. Rock Island states that in this context, an order under §8-503, in addition to a CPCN order, is a major regulatory approval from the perspective of potential transmissions customers, lenders and investors. By the express terms of §8-509 of the PUA, an order under §8-503 is a prerequisite to being able to obtain an order under §8-509 authorizing the use of eminent domain to acquire easements. Rock Island explains that given that the Preferred Route of the Project traverses approximately 121 miles in Illinois, potential transmission customers, lenders and investors are likely to anticipate that Rock Island will need to acquire some easements through the use of eminent domain, and they will understand that the use of eminent domain will require authority from the Commission. According to Rock Island, potential transmission customers will want to know that Rock Island has obtained the major regulatory approvals needed to construct the Project before they seriously consider contracting with Rock Island for transmission service, while potential lenders and investors will want to see that Rock Island has obtained the major regulatory approvals needed for the Project before they will provide binding financial commitments for capital to construct the Project. Rock Island states that potential transmission customers, lenders and investors will assume that at least some use of eminent domain may be required and therefore they will want to know that Rock Island has obtained at least the predicate regulatory approval (a §8-503 order) to being able to exercise eminent domain to acquire the easements needed to complete the route of the transmission line. Rock Island Ex. 10.14 Rev. at 21-23; Rock Island Ex 10.26 at 2-4; Tr. 991-993; Rock Island IB at 164-165.

Rock Island states that even with a §8-503 order, it would need to file a separate request with the Commission under §8-509, and show that it had engaged in good faith negotiations with landowners or other reasonable efforts to acquire easements through negotiation, before receiving authority from the Commission to exercise eminent domain to acquire easements on the parcels for which it was unable to acquire easements through voluntary agreements.

Second, Rock Island explains, in light of the first reason, it requested authorization to construct the Project pursuant to §8-503 in this proceeding, rather than waiting for a subsequent proceeding to request authorization under §8-503, because the underlying legal requirements, evidence and issues regarding the requests under these two provisions of the PUA are very similar and in some respects identical. Therefore, consideration of both requests in the same proceeding, rather than in separate proceedings, is more convenient and efficient for Rock Island, the Commission and its Staff, and intervenors. Rock Island asserts that if it were required instead to request a §8-503 order in a separate proceeding, it would be presenting essentially the same evidence and seeking the same determination as in the §8-406 proceeding, resulting in duplicative expenditures of resources by Rock Island, the Commission, and other interested parties. Petition ¶78; Rock Island Ex. 10.14 Rev. at 66-67; Tr. 1049; Rock Island IB at 165.

Third, Rock Island states that if the Commission were to grant Rock Island a CPCN for the Project in this proceeding but deny the request for a §8-503 order in this case, it would create regulatory uncertainty from the perspectives of potential transmission customers, lenders and investors. According to Rock Island, the underlying legal requirements, evidence and issues regarding §8-406(b)(1) and §8-503 are very similar and in some respects identical; therefore, if the Commission were to grant a CPCN for the Project and, based on the same record, deny the request for authority to construct the Project under §8-503, potential transmission customers, lenders and investors would wonder if the Commission was really approving the Project, and would question the likelihood of the Project being brought to completion. Rock Island IB at 166.

Rock Island also contends that failure to grant Rock Island authority to construct the Project pursuant to §8-503 in this proceeding could delay the Project and, therefore, delay the realization of the economic, environmental and reliability benefits the Project will provide for Illinois. According to Rock Island, if it were required to file a separate petition, at a later date, for authority under §8-503, this could delay the completion of activities that need to be concluded in order to construct the Project, including completion of easement acquisition, negotiating and signing contracts with transmission customers, and raising the capital to finance construction of the Project. Rock Island IB at 166.

Rock Island states that the fact that an applicant requests, and the Commission grants in the same order, both a CPCN for a project pursuant to §8-406 and authority to construct the project pursuant to §8-503, is by no means unusual. Rock Island cites *Illinois Power Co. d/b/a AmerenIP*, Docket 10-0079 (Order dated April 12, 2011); *Central Illinois Public Service Co. d/b/a AmerenCIPS*, Docket 07-0532 (Order dated May 6, 2009); *Illinois Power Co. d/b/a AmerenIP and Ameren Illinois Transmission Co.*, Docket 06-0706 (Order dated Mar. 11, 2009); *Illinois Power Co. d/b/a AmerenIP and Ameren Illinois Transmission Co.*, Docket 06-0179 (Order dated May 16, 2007), as recent cases in which both authorizations were requested and granted in the same docket. Rock Island IB at 166.

Rock Island acknowledges that it has been suggested by other parties that an order under §8-503 “directing” Rock Island to construct the Project is inappropriate because such an order would be an unconditional mandate to construct the Project. Rock Island states that it is sufficient if the Commission’s order in this proceeding simply “authorizes” Rock Island to construct the Project pursuant to §8-503. Rock Island Ex. 10.14 Rev. at 67. Rock Island states that in many previous orders, the Commission has “authorized” the applicant to construct a proposed project but has not “directed” the applicant to do so, and cites as examples the four orders cited in the immediately preceding paragraph. Rock Island IB at 166-167.

Rock Island responded to the IAA’s arguments concerning the request for authorization pursuant to §8-503. Rock Island points out that IAA has not discussed whether the evidence in this proceeding shows that the specific requirements stated in §8-503 for issuance of an order under that section have or have not been met. Rock Island IB at 162. Rock Island states that IAA’s objection to issuance of a §8-503 order is based on the arguments that (1) Rock Island is not yet a “public utility” and therefore cannot request an order under §8-503 (just as, according to IAA, Rock Island cannot request a CPCN under §8-406); and (2) Rock Island is not capable (again according to IAA) of complying with a “legal compulsion” to construct the Project. IAA

IB at 19-20. Rock Island states that IAA's first point is the same unfounded argument on which it based its motion to dismiss the Petition, which the ALJ denied and the Commission should also reject. With respect to IAA's second point, Rock Island states that, while it is capable of constructing the Project subject to the conditions to be imposed in the order, Rock Island is only seeking an order under §8-503 "authorizing" it to construct the Project. Rock Island IB at 166-67, 172; Rock Island RB at 159-160.

Rock Island states that IAA's assertion that "it is virtually impossible for Rock Island to utilize any Commission certificates within 2 years as required" (IAA IB at 19-20) relates to §8-406(f), not §8-503, and in any event has no basis in the record. Rock Island states that its milestone schedule assumes issuance of an order in this proceeding in the second quarter of 2014 and based on issuance of the order in that time frame, the schedule provides for Rock Island to accomplish other milestones leading up to closing on the construction financing in the fourth quarter of 2015. Under this schedule construction would start in 2015. ComEd Cross Ex. 3, Attachment 01; Tr. 1123-1124. Rock Island further states that the fact that it must complete other tasks before commencing construction of the Project and placing it into operation is unremarkable; this is true for any transmission line project. Rock Island RB at 160.

Rock Island responded to IAA's argument that Rock Island's request for a §8-503 order is "simply a prerequisite for obtaining eminent domain authority." IAA IB at 20. Rock Island notes that it has explained (as described above) why it has requested an order under §8-503 authorizing it to construct the Project. However, Rock Island states that even if it were requesting a §8-503 order solely as a prerequisite for requesting eminent domain authority for certain parcels on which it had been unable to acquire easements through voluntary negotiations, such a request is permissible. Rock Island reiterates that it is commonplace for the Commission to issue both a CPCN under §8-406 (or under §15-401 for common carrier pipelines) and an order under §8-503 for a project in the same proceeding, followed by, in a separate, subsequent proceeding after the utility has engaged in good-faith efforts to acquire easements through voluntary negotiations, an order under §8-509 authorizing the use of eminent domain. Rock Island RB at 160-161.

Rock Island states that IAA's assertion that Rock Island's employees in charge of easement negotiations "do not have experience with this kind of work" and "no idea" of whether the easement package Rock Island offers is "appropriate or market competitive" (IAA IB at 20) is not supported by any citations to the record, and is unfounded. Rock Island states that it demonstrated these assertions are unfounded as shown in §IV.B.2.b.ii of its Reply Brief. According to Rock Island, among other things, (1) Rock Island's Director of Land Services, as well as its land services contractor, Contract Land Services, are extremely experienced in "this kind of work," and (2) IAA has not presented any evidence that Rock Island's easement compensation package is not appropriate. Rock Island RB at 161.

Rock Island also responded to IAA's assertion that Rock Island is "requesting incomplete relief that should not be granted" and its criticism of Rock Island for not requesting eminent domain authority in this case. IAA IB at 20-21. Rock Island contends that IAA's argument that the fact that Rock Island has not also requested eminent domain authority "demonstrates that it does not know if a need exists for the Project" (*id.*) is a *non sequitur*. Rock Island reiterates that

it is consistent with the Commission's recent orders on this topic to request and obtain authority for a project under §8-406 (or §15-401) and §8-503, but not under §8-509, in a single proceeding, and then to request authority under §8-509 in a separate proceeding if needed after the applicant engages in good-faith efforts to obtain easements through voluntary negotiations. Rock Island RB at 161-162. Rock Island cites the Commission's Order dated March 11, 2009 in Docket 06-0706, where the Commission stated: "[A] petitioner need not seek relief under Sections 8-406, 8-503, and 8-509 simultaneously. Although situations may exist when doing so is appropriate, situations when it would not be practical are also imaginable. In this very docket, one of the approved routes (the Ottawa-Wedron route) is not the same route proposed by Petitioners in their petition. The Commission is not persuaded that utilities should be required to take the serious step of seeking to take property before they are even certain what route their facility will follow."²⁴

Rock Island responded to ILA's arguments concerning whether Rock Island should be granted an order under §8-503. Rock Island states that ILA's arguments at 50-51 of its Initial Brief are similar to IAA's arguments, and are addressed in Rock Island's response to IAA. Rock Island reiterates that it is only requesting an order under §8-503 "authorizing" construction of the Project. Rock Island points out that §8-503 specifies that "the Commission shall make and serve an order authorizing or directing that . . . such structure or structures be erected at the location, in the manner and within the time specified in said order," so a §8-503 order authorizing the construction of a project may be subject to conditions imposed by the Commission. Rock Island cites *Illinois Power Co. d/b/a AmerenIP and Ameren Illinois Transmission Company*, Docket 06-0179 (Order dated May 16, 2007), where the Commission issued both a CPCN under §8-406 and an order authorizing construction under §8-503 and in doing so, stated: "Subject to the conditions imposed and other findings made in this order, the Commission concludes that the necessary showings under Section 8-503 of the Act have been made and that Petitioners should be and are hereby authorized to construct the Project pursuant to Section 8-503." *Id.* at 40; Rock Island RB at 162-163.

Rock Island responded to ComEd's argument that the Commission has "historically" issued §8-503 orders to "established public utilities" to make additions or extensions to existing facilities, to safeguard plant, equipment, or health or utility employees, and when there has been a showing of public use and necessity, and then cites four cases ranging from 17 to 71 years old. ComEd IB at 37. Rock Island states that ComEd ignores that the Commission routinely grants a CPCN under §8-406 (or §15-401) and an order under §8-503 authorizing the construction of a new project in the same order, including for example in the four orders cited above, all of which were issued within the last seven years. Rock Island states that two of those orders granted a CPCN under §8-406 and an order under §8-503 authorizing the construction of a new transmission line project to Ameren Illinois Transmission Company, which at the time was not an "established public utility." Rock Island contends that ComEd's assertion that the Commission has not previously issued a §8-503 order to a start-up private venture company

²⁴ *Illinois Power Co. d/b/a AmerenIP*, Docket 06-0706 (Order dated March 11, 2009) at 88-89. Rock Island also cites *Enbridge Pipelines (Illinois) L.L.C.*, Docket 07-0446 (Order dated July 8, 2009), at 67-68; *Central Illinois Public Service Co. d/b/a AmerenCIPS*, Docket 07-0532 (Order dated May 6, 2009), at 13-14.

(ComEd IB at 37) is unremarkable, as Rock Island believes it is the first merchant transmission project to seek §8-406 and §8-503 authorization from the Commission. Rock Island RB at 163.

Rock Island states that ComEd's arguments at pages 38-40 and 41 of its Initial Brief are premised on the assumption that Rock Island is requesting an order under §8-503 "directing" the construction of the Rock Island Project. Rock Island reiterates that it is seeking an order "authorizing" construction of the Project. Rock Island argues that the "contingencies" that ComEd cites in this portion of its Initial Brief do not warrant declining to issue an order under §8-503 authorizing construction of the Project. Rock Island states that the fact that "the Project has not been fully vetted under the PJM RTEP process as one that is justified by a public need, be it reliability or market efficiency" (ComEd IB at 38; *see also id.* at 41) is irrelevant, as the Project is not going to be vetted under the PJM RTEP process for this purpose, because PJM does not review merchant transmission projects for this purpose. Rock Island Ex. 10.14 Rev. at 57-58; ComEd Ex. 1.0 2d Rev. at 15; Tr. 649, 655, 953; Rock Island RB at 164. Rock Island states that any suggestion that the PJM RTEP process is being evaded is baseless. Rock Island explains that it is asking the Commission to grant a CPCN and an order authorizing construction of the Project based on meeting the criteria specified in §8-406 and §8-503 of the PUA, which do not include any requirement for review and approval under the PJM RTEP. Rock Island states that the PJM interconnection process will determine what is required to allow the Project to reliably interconnect to the PJM grid, but the PJM interconnection process operates independently from this Commission proceeding. Rock Island RB at 164.

Rock Island states that ComEd's arguments that Rock Island is still in process of obtaining the necessary regulatory approval for the Project from the Iowa Utilities Board (ComEd IB at 38-39) does not warrant declining to issue an order under §8-503 authorizing construction of the Project. Rock Island states that all parties understand that construction of the Project from northwest Iowa to northern Illinois requires the approval of two state commissions. Rock Island also notes that the Staff financing condition effectively requires Rock Island to obtain the necessary authorizations from both commissions before it can begin to construct the transmission line. Rock Island RB at 164-165.

Rock Island states that §8-406(b)(1) and §8-503 require that the Commission determine that a proposed project will "promote the development of an effectively competitive electricity market" or, alternatively, that the proposed project is "necessary to provide adequate, reliable, and efficient service" (§8-406(b)(1)) or will "promote the security or convenience of its employees or the public . . . or in any other way to secure adequate service or facilities" (§8-503). Rock Island states that ComEd's evidentiary arguments on pages 38-39 and 41 of its Initial Brief regarding §8-503 are the same arguments it has advanced as to why the Project has not been shown to meet the criteria of §8-406(b)(1). Rock Island states that ComEd's arguments provide no basis unique to §8-503 as to why an order under that section authorizing construction of the Project should not be granted. Rock Island RB at 165.

Rock Island responded to ComEd's argument that Rock Island's "primary motivation" in requesting an order under §8-503 is to facilitate its ability to acquire eminent domain authority and to "initiate condemnation lawsuits." ComEd IB at 40. Rock Island states that its response to IAA, summarized above, also responds to ComEd's argument. Rock Island reiterates that even

if it were its “primary motivation” to facilitate its ability to obtain eminent domain authority, a request for authority under §8-503 would be entirely permissible, that granting the request in the same order as the CPCN would be consistent with the Commission’s practice, and that this “motivation” would not be grounds to deny an order under §8-503 authorizing construction of the Project. Rock Island repeats that the Commission commonly issues a CPCN under §8-406 and an order authorizing construction of a project under §8-503 (but not an order authorizing eminent domain under §8-509) in the same proceeding, and that such an order in this case would not be “precedent-setting” (ComEd IB at 40). Rock Island RB at 165-166. Rock Island also states that ComEd’s suggestion that Rock Island would go to the trouble and expense of filing condemnation lawsuits to acquire easements from landowners in Illinois before it has also received the necessary approval for the Project from the IUB (ComEd IB at 40) is completely implausible. Rock Island RB at 166.

- B. IAA’s Position**
- C. ILA’s Position**
- D. ComEd’s Position**
- E. ELPC-NRDC’s Position**
- F. Commission’s Conclusion**

Based on its review of the evidence and the parties’ arguments, the Commission concludes that it should issue an order pursuant to §8-503 authorizing Rock Island to construct the Rock Island Project. Based on its consideration of the evidence relating to §8-406(b)(1) of the PUA as discussed in §IV.A.1 of this Order, the Commission finds that the record establishes that construction of the Project is necessary to promote the development of an effectively competitive electricity market, to promote the security and convenience of the public and to secure adequate service and facilities. With respect to arguments that have been raised concerning whether Rock Island is committed to constructing and completing the Project, the record shows that Clean Line and its investors have invested many millions of dollars of at risk capital in the Rock Island Project, that Rock Island has worked diligently for several years on the development of the Project, and that Rock Island is continuing its development activities on multiple fronts. Further, Clean Line and its investors can recover the capital that has been invested in the Project only if it is successfully constructed and brought into operation. The Commission sees Rock Island as striving to successfully complete the Project if it is able to meet the conditions that the Commission is imposing to protect the interests of electricity customers and the public. Some of the conditions imposed by the Commission could prevent Rock Island from constructing the Project.

The Commission notes that it has frequently granted a CPCN to construct a project pursuant to §8-406 and authority to construct the project pursuant to §8-503 in the same order. The Commission also finds that Rock Island’s decision to request authority under both §8-406 §8-503 in the same proceeding is reasonable based on the similarity of the criteria for approval, and the necessary evidence to be presented, under the two statutes. As the Commission has

made clear in many previous transmission line and pipeline certificate cases and §8-503 cases, the Commission reiterates that this Order does not include a grant of authority for Rock Island to use eminent domain to acquire easements, and that any grant of eminent domain rights to Rock Island for the Project will require a separate petition by Rock Island for eminent domain authority pursuant to §8-509 of the PUA with respect to specific parcels, submission of appropriate proof, and issuance of an order by the Commission granting such authority.

VI. ROCK ISLAND'S ACCOUNTING-RELATED REQUESTS

A. System of Accounts

1. Rock Island's Position

Rock Island states that the Commission's regulation at 83 Ill. Admin. Code Part 415, Uniform System of Accounts for Electric Utilities, requires "electric utilities" to maintain their books and records in accordance with the Commission's Uniform System of Accounts for Electric Utilities ("ICC USoA"). According to Rock Island, based on the nature of its operations, Rock Island will be a "public utility" but not an "electric utility" as defined in the PUA. However, to the extent required, Rock Island requests that the Commission waive the applicability of Part 415 and the ICC USoA to Rock Island so long as it maintains its books and records in accordance with the FERC Uniform System of Accounts Prescribed for Public Utilities and Licensees Subject to the Provisions of the Federal Power Act, 18 C.F.R. Part 101 ("FERC USoA"). Petition ¶85; Rock Island Ex. 10.0 at 47; Rock Island IB at 167.

Rock Island states that as a multi-state provider of transmission services in interstate commerce that will be subject to the jurisdiction of FERC (as well as of this Commission and at least one other state commission), it will need to maintain its books and records in accordance with the FERC USoA. Rock Island points out that the FERC order granting Rock Island negotiated rate authority directs Rock Island to maintain its books and records in accordance with the FERC USoA. Rock Island states that it would create undue and unwarranted burden and expense for Rock Island if it were required to maintain its books and records of account in accordance with both the FERC USoA and, for Illinois regulatory purposes, the ICC USoA. Rock Island Ex. 10.0 at 45-46; Rock Island IB at 167-168.

Rock Island Exhibit 10.11 is the Chart of Accounts that Rock Island has adopted in accordance with the FERC USoA. Rock Island Ex. 10.0 at 45. Rock Island states that maintenance of its books and records in accordance with the FERC USoA should provide appropriate, useful and sufficient accounting and financial information for the Commission's regulatory purposes. Rock Island points out that in Part 415, the Commission has adopted the FERC USoA, with certain deviations, as the ICC USoA; therefore, there is great similarity and consistency between the FERC USoA and the ICC USoA. *Id.* at 46; Rock Island IB at 168.

Rock Island states that Staff witness Daniel Kahle of the Accounting Department of the Financial Analysis Division of the Commission testified that he found no reason to object to Rock Island's accounting treatment as proposed (ICC Staff Ex. 2.0 at 2-3), and that no other party objected to Rock Island's request. Rock Island IB at 168; Rock Island RB at 166.

2. Staff's Position

3. Commission's Conclusion

The Commission grants Rock Island's request to waive the applicability of 83 Illinois Administrative Code Part 415 to Rock Island, on condition that Rock Island shall maintain its books and records in accordance with the Federal Energy Regulatory Commission Uniform System of Accounts at 18 C.F.R. Part 101. The Commission notes that no party opposed this request.

B. Maintaining Books and Records Outside of Illinois

1. Rock Island's Position

Rock Island requests approval from the Commission to maintain its books and records at a location outside of the State of Illinois, specifically, at its principal office located at 1001 McKinney Street, Suite 700, Houston, Texas 77002, which is also the principal office of Rock Island's parent company, Clean Line. Petition ¶¶79-82; Rock Island Ex. 10.0 at 44-45; Rock Island IB at 168. Rock Island notes that §5-106 of the PUA (220 ILCS 5/5-106) states in pertinent part:

Each public utility shall have an office in one of the cities, villages or incorporated towns in this State in which its property or some part thereof is located, and shall keep in said office all such books, accounts, papers, records and memoranda as shall be ordered by the Commission to be kept within the State. The address of such office shall be filed with the Commission. No books, accounts, papers, records or memoranda ordered by the Commission to be kept within the State shall be at any time removed from the State, except upon such conditions as may be prescribed by the Commission.

Further, Rock Island notes, the Commission's regulation at 83 Ill. Admin. Code §250.10 states that all public utilities are required "to maintain an office within the State and in such office keep all books, accounts, papers, records and memoranda as are employed in their uniform classification of accounts and/or used in connection with their utility business conducted within the State." Rock Island IB at 169. However, the Commission's regulation at 83 Ill. Admin. Code §250.20, Authority to Maintain Out-of-State Location, states:

The aforesaid requirements shall not apply against those public utilities that have received authority from the Commission to keep all or any of their books, accounts, papers, records and memoranda at some location outside of the State (to the extent of the special authority received), providing that such public utilities shall file proof with the Chief Clerk of the Commission of such grant of authority, within a reasonable time after the effective date of this Part.

Additionally, 83 Illinois Admin. Code §250.40, Special Circumstances, states:

When special circumstances affecting any particular public utility necessitate keeping its said books, accounts, papers, records and memoranda, or any of them, outside the State, then upon proper application and hearing, the Commission may authorize such books, accounts, papers, records and memoranda to be kept outside of the State if the facts and circumstances warrant, and then only upon such conditions as may be imposed to facilitate the proper administration of the Act.

Rock Island states that the accounting, financial and administrative management and staff of Clean Line will perform accounting, financial, treasury and other administrative services for Rock Island, including maintenance of Rock Island's financial books and records. Rock Island IB at 169. Rock Island explains that the management and administrative staff of Clean Line performing these functions will be located at the principal offices in Houston, Texas. Additionally, Rock Island, due to the nature of its business and operations, will be operating in, and subject to the jurisdiction of regulators in, at least two states, Iowa and Illinois. For these reasons, Rock Island contends it would be inefficient and unduly expensive, and could necessitate duplicative efforts, for Rock Island to maintain its books and records in Illinois (or in both Illinois and Iowa), or at any location other than the principal office of Rock Island and its parent company in Houston, Texas. Rock Island Ex. 10.0 at 44-45; Rock Island IB at 169-170.

Rock Island states that it has agreed to reimburse travel costs incurred by Staff in order to review Rock Island's books and records, as required by the PUA.²⁵ Rock Island Ex. 10.14 Rev. at 17. Rock Island points out that Staff witness Mr. Kahle stated that with this agreement by Rock Island, he recommended that the Commission approve Rock Island's request to maintain its books and records at its principal office and that of its ultimate parent company, Clean Line, in Houston, Texas. ICC Staff Ex. 2.0 at 3; ICC Staff Ex. 5.0 at 1-2. No other party objected to Rock Island's request. Rock Island IB at 170. In its Reply Brief, Rock Island states that the following statement that Staff proposes should be included in the Order in this case is acceptable to Rock Island (Rock Island RB at 166-67):

The Commission conditionally approves the Company's request to maintain its books and record at its principal office and that of its ultimate parent company, Clean Line Energy Partners, in Houston, Texas. Further, the Commission orders that the Company shall reimburse any Staff travel costs and expenses incurred in order to review these books and records. (Staff IB at 70.)

2. Staff's Position

3. Commission's Conclusion

Pursuant to 83 Illinois Administrative Code §250.20 and §250.40, the Commission conditionally approves Rock Island's request to maintain its books and records at its principal

²⁵ Section 5-106 states that "[e]ach public utility shall be liable for, and upon proper invoice from the Commission shall promptly reimburse the Commission for, the reasonable costs and expenses associated with the audit or inspection of any books, accounts, papers, records and memoranda kept outside the State."

office and that of its ultimate parent company, Clean Line Energy Partners LLC, in Houston, Texas. The Commission orders that Rock Island shall reimburse any Staff travel costs and expenses incurred in order to review these books and records. The Commission notes that no party opposed this request.

C. Request for Proprietary Treatment of Certain Information

1. Rock Island's Position

Rock Island notes that, in its Petition, it requested that specific information designated by Rock Island as proprietary and confidential in its testimony and exhibits filed in this proceeding be accorded proprietary and confidential treatment for a period of five years from the date the Petition was filed. Petition ¶89. Subsequently, the ALJ issued a Protective Order dated on April 10, 2013 in this proceeding, which specified in paragraph 14 that:

The portion of the Commission's record that is Confidential Information (paper and electronic) shall be treated as Confidential Information by the Commission for a period of two (2) years from the date this Protective Order was issued, unless such period shall be extended at some future time pursuant to applicable Commission rules; provided, that a Producing Party may by motion request a ruling by the ALJ or the Commission that particular items of information in the Commission's record shall be protected as Confidential, Confidential & Proprietary or CEII for a period longer than two (2) years from the date of the Protective Order, if supported by a showing of good cause, and if such request is granted, the confidential portion of the Commission's record (paper and electronic) shall be treated as Confidential Information by the Commission for the period specified in the ruling of the ALJ or the Commission. All Confidential, Confidential & Proprietary and CEII information disclosed in this proceeding but not made part of the Commission's record shall be treated as Confidential, Confidential & Proprietary or CEII, as applicable, in accordance with this order for a period of five (5) years from the date that the Commission's final order in this proceedings was entered, or for such other period as is agreed to by affected parties, unless such period shall be extended at some future time pursuant to applicable Commission rules.

Rock Island requests that in its order in this docket, the Commission specify that the part of the record that is Confidential Information (including Confidential & Proprietary or as Critical Energy Infrastructure Information, as those terms are defined in the Protective Order) shall be treated as Confidential Information by the Commission for a period of two years from the date of the final Order in this proceeding, rather than two years from the date the Protective Order was issued. Rock Island asserts that this request is appropriate for three reasons. First, the Protective Order is dated April 10, 2013, but the final order will not be issued until sometime in 2014, almost certainly more than a year after the date of the Protective Order. Rock Island explains that, because the parties filed various rounds of prepared testimony from late June through mid-November, 2013, the hearings were held in December 2013, and the record was marked Heard and taken on December 13, 2013, some Confidential Information was not made part of the record until late in 2013. According to Rock Island, the two year period specified in the

Protective Order expires April 10, 2015, and some Confidential Information placed into the record in late 2013 may still be confidential at that time. Second, Rock Island states that tying the period of confidential treatment to the date of the final order will provide a more readily identifiable reference date for the Commission (particularly the Chief Clerk's office) and the parties. Third, Rock Island points out that tying the period of confidential treatment for Confidential Information placed into the record to the date of the final order will be consistent with the reference date specified in the Protective Order for Confidential Information disclosed between the parties but not placed into the record. Rock Island IB at 171-172.

2. Commission's Conclusion

The Commission agrees with Rock Island's proposal that all confidential information placed into the record of this proceeding should be treated as proprietary and confidential for a period of two years from the date of this Order and that using the date of the Order as the reference date will be simpler than, and avoid any confusion that may arise from, the use of the date of the Protective Order entered by the ALJ as the reference date. Accordingly, pursuant to §4-404 of the PUA, the Commission directs that all confidential information placed into the record of this proceeding shall be treated as proprietary and confidential for a period of two years from the date of this Order.

VII. FINDINGS AND ORDERING PARAGRAPHS

A. Rock Island's Proposed Findings and Ordering Paragraphs

Having given due consideration to the entire record, the Commission is of the opinion and finds that:

- (1) Petitioner, Rock Island Clean Line LLC, is a limited liability company organized under the laws of the State of Delaware and authorized to do business in the State of Illinois;
- (2) the Commission has jurisdiction over Rock Island and the subject matter of this proceeding;
- (3) the facts recited and conclusions reached in the prefatory portion of this Order are supported by the evidence and are hereby adopted as findings herein;
- (4) in carrying out the actions described in the Petition and the record herein to construct, operate and maintain the Rock Island Project, Rock Island will be a "public utility" as defined in §3-105 of the PUA;
- (5) pursuant to §8-406(b)(1) of the PUA, the Commission finds that the construction, operation and maintenance of the Rock Island Project is necessary to provide adequate, reliable and efficient service to Rock Island's customers and is the least cost means of satisfying the service needs of Rock Island's customers and 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;

- (6) pursuant to §8-406(b)(2) of the PUA, the Commission finds that Rock Island is capable of efficiently managing and supervising the construction process for the Rock Island Project and has taken sufficient action to ensure adequate and efficient construction and supervision of construction;
- (7) pursuant to §8-406(b)(3) of the PUA, the Commission finds that Rock Island is capable of financing the proposed construction without significant adverse financial consequences for the utility or its customers;
- (8) pursuant to §8-406(b) of the PUA, the Commission finds that, subject to the conditions set forth in this Order, the public convenience and necessity requires the construction and operation of the Rock Island Project and that the construction and operation of the Rock Island Project will promote the public convenience and necessity;
- (9) pursuant to §8-406(a) of the PUA, the Commission finds that the public convenience and necessity requires the granting of a Certificate of Public Convenience and Necessity to Rock Island to operate in the State of Illinois as a transmission public utility to construct, operate and maintain the Rock Island Project and to conduct a transmission public utility business in connection therewith;
- (10) pursuant to §8-503 of the PUA, the Commission finds that the Rock Island Project is necessary and should be erected to promote the security and convenience of the public, to promote the development of an effectively competitive electricity market and to secure adequate service and facilities, and that subject to the conditions set forth in this Order, Rock Island should be authorized to construct the Rock Island Project;
- (11) Rock Island should be granted a Certificate of Public Convenience and Necessity to construct, operate and maintain, and authorization to construct, the Rock Island Project as a nominal ± 600 kV high voltage direct transmission current transmission line and associated facilities, including a direct current to alternating current converter station in Grundy County, Illinois, a single circuit 345 kV AC line and a parallel double circuit 345 kV AC line in Grundy County, and a transformation facilities site adjacent to or near the Collins Substation in Grundy County, along the route described and depicted in Attachments 4 and 5 to Rock Island's Petition and in Rock Island Exhibits 7.2, 7.4 and 8.1, as set forth in the legal description in Appendix A to this Order and shown on the map attached as Attachment B to this Order, with a permanent right-of-way of 200 feet around the centerline of the transmission line from the Mississippi River to the converter station in Grundy County and 270 feet around the centerline of the parallel single circuit and double circuit 345 kV AC lines from the converter station in Grundy County to the Collins Substation (with the exceptions that (i) the right-of-way

may exceed 200 feet in width in the first mile of the route of the Project east of the Mississippi River crossing and (ii) the right-of-way shall be 235 feet for a segment beginning approximately one-half mile from the western bank of Indian Creek and ending approximately one-half mile beyond the eastern bank of Indian Creek), and additional temporary easements as required for purposes of access and construction during construction of the Project, and using the transmission structures as described in the record of this case;

- (12) the Certificate of Public Convenience and Necessity to construct, operate and maintain the Rock Island Project and the authorization pursuant to §8-503 of the PUA to construct the Rock Island Project shall be subject to the following two conditions:

I. Rock Island will not install transmission facilities for the Rock Island Clean Line Project on easement property until such time as Rock Island has obtained commitments for funds in a total amount equal to or greater than the total project cost. For the purposes of this condition:

(i) “install transmission facilities” shall mean to affix permanently to the ground transmission towers or other transmission equipment, including installation of bases and footings for transmission towers, but shall not include (A) preparatory work such as surveys, soil borings, engineering and design, obtaining permits and other approvals from governmental bodies, acquisition of options and easements for right-of-way, and ordering of equipment and materials, and (B) site preparation work and procurement and installation of equipment and facilities on property owned in fee by Rock Island including the converter station sites;

(ii) “easement property” shall mean property on which Rock Island has acquired an easement to install transmission facilities;

(iii) “has obtained commitments for funds” shall mean (A) for loans and other debt commitments, that Rock Island has entered into a loan agreement(s) with a lender(s) and has received the loan funds or has the right to draw down the loan funds on a schedule that is consistent with the need for funds to complete the Project, and (B) for equity, that Rock Island or its parent company has received the funds from the equity investors or that the equity investors have entered into a commitment to provide funds on a schedule that is consistent with the need for funds to complete the Project; and

(iv) “total project cost” shall mean the total estimated remaining cost, at the time that Rock Island is prepared to begin to install transmission facilities, for the following Project activities: engineering, manufacturing and installation of converter stations; transmission line engineering; transmission towers; conductor; construction labor necessary to complete the Project; right of way acquisition costs; and other costs necessary to

complete the Project. For reference, the total estimated project cost as of November 1, 2012 is \$2.0 billion.

To allow the Commission to verify its compliance with this condition, Rock Island shall submit the following documents to the Director of the Financial Analysis Division and the Director of the Public Safety & Reliability Division at such time as Rock Island is prepared to begin to install transmission facilities:

- a) On a confidential basis, equity and loan or other debt financing agreements and commitments entered into or obtained by Rock Island or its parent company for the purpose of funding the Rock Island Clean Line Project that, in the aggregate, provide commitments for funds for the total project cost;
- b) An attestation certified by an officer of Rock Island that Rock Island has not, prior to the date of the attestation, installed transmission facilities on easement property; or a notification that such installation is scheduled to begin on a specified date;
- c) A statement of the total project cost, broken out by the components listed in the definition of “total project cost,” above, and certified by an officer of Rock Island, along with a reconciliation of the total project cost in the statement to the total project cost as of November 1, 2012 of \$2.0 billion; and
- d) A reconciliation statement, certified by an officer of Rock Island, showing that the agreements and commitments for funds provided in (a) are equal to or greater than the total project cost provided in (c).

II. Prior to recovering any Project costs from Illinois retail ratepayers through PJM or MISO regional cost allocation, Rock Island will obtain the permission of the Illinois Commerce Commission in a new proceeding initiated by Rock Island. For the purposes of the prior sentence, any system upgrades set forth in an interconnection agreement with PJM or MISO and the costs of which are allocated to Rock Island will be considered “Project costs.” For the avoidance of doubt, the phrase “recovering any Project costs from Illinois retail ratepayers through PJM or MISO regional cost allocation” includes the recovery of costs through PJM and MISO transmission service charges that are paid by retail electric suppliers in respect of their electric load served in Illinois.

III. Rock Island shall not commence to operate the Project to deliver electricity into the PJM grid until the necessary interconnection service agreement or agreements have been executed.

- (13) Rock Island shall submit quarterly progress reports to the Director of the Public Safety & Reliability Division of the Commission, with the content as described in §IV.A.4.g of this Order, with the first report to be submitted for the first full quarter beginning following the date of this Order and continuing through the first full quarter following commercial operation of the Project; each report shall be due on the last business day of the month following the quarter that is the subject of the report;
- (14) the Commission finds that the applicability of 83 Illinois Administrative Code Part 415 to Rock Island should be waived, on condition that Rock Island maintains its books and records in accordance with the Federal Energy regulatory Commission Uniform System of Accounts at 18 C.F.R. Part 101;
- (15) pursuant to 83 Illinois Administrative Code §250.20 and §250.40, the Commission conditionally approves Rock Island's request to maintain its books and records at its principal office and that of its ultimate parent company, Clean Line Energy Partners LLC, in Houston, Texas; the Commission orders that Rock Island shall reimburse any Staff travel costs and expenses incurred in order to review these books and records;
- (16) pursuant to §4-404 of the PUA, the Commission finds that all confidential information placed into the record of this proceeding shall be treated as proprietary and confidential for a period of two years from the date of this Order; and
- (17) all motions, petitions, objections and other matters in this proceeding which remain unresolved should be disposed of consistent with the conclusions herein.

IT IS THEREFORE ORDERED by the Illinois Commerce Commission that, subject to the conditions and modifications imposed herein, the Petition seeking a Certificate of Public Convenience and Necessity under §8-406 of the PUA, and authorization under §8-503 of the PUA to construct the Rock Island Project, filed by Rock Island Clean Line LLC be, and hereby is, granted.

IT IS FURTHER ORDERED that the following Certificate of Public Convenience and Necessity as a transmission public utility is hereby granted to Rock Island Clean Line LLC pursuant to §8-406 of the PUA:

CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

IT IS HEREBY CERTIFIED that the public convenience and necessity require the transaction of business as a public utility in Illinois by Rock Island Clean Line LLC and it is authorized to perform the functions and services of a public utility in this State.

IT IS FURTHER ORDERED that a Certificate of Public Convenience and Necessity to construct, operate and maintain the Rock Island Project is hereby issued to Rock Island Clean Line LLC pursuant to §8-406 of the PUA 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) the construction, operation and maintenance by Rock Island Clean Line LLC of a nominal ± 600 kV high voltage direct current transmission line, a converter station, and single circuit and double circuit 345 kV AC lines, and associated transformation and other facilities, over the routes found appropriate in Docket No. 12-0560 as shown on Appendix A and Appendix B as attached hereto, and (2) the transaction of a transmission public utility business in connection therewith, all as herein before set forth.

IT IS FURTHER ORDERED that pursuant to §8-503 of the PUA, Rock Island Clean Line LLC is authorized to construct a nominal ± 600 kV high voltage direct current transmission line, a converter station, and single circuit and double circuit 345 kV AC lines, and associated transformation and other facilities, over the routes found appropriate in Docket No. 12-0560 as shown on Appendix A and Appendix B as attached hereto, and as approved in the prefatory portion of this Order.

IT IS FURTHER ORDERED that the Certificate of Public Convenience and Necessity and the other authorizations granted herein are, and shall be, subject to the conditions set forth in Finding (12) of this Order.

IT IS FURTHER ORDERED that Rock Island shall submit quarterly progress reports in accordance with Finding (13) of this Order.

IT IS FURTHER ORDERED that the applicability of 83 Illinois Administrative Code Part 415 to Rock Island Clean Line LLC should be, and is, waived, on condition that Rock Island Clean Line LLC maintains its books and records in accordance with the Federal Energy Regulatory Commission Uniform System of Accounts at 18 C.F.R. Part 101.

IT IS FURTHER ORDERED that, pursuant to 83 Illinois Administrative Code §250.20 and §250.40, Rock Island Clean Line LLC's request to maintain its books and records at its principal office and that of its ultimate parent company, Clean Line Energy Partners LLC, in Houston, Texas, shall be, and is, conditionally approved; Rock Island Clean Line LLC shall reimburse any Staff travel costs and expenses incurred in order to review these books and records.

IT IS FURTHER ORDERED, pursuant to §4-404 of the PUA, that all confidential information placed into the record of this proceeding shall be treated as proprietary and confidential for a period of two years from the date of this Order.

IT IS FURTHER ORDERED that all motions, petitions, objections, and other matters in this proceeding which remain unresolved are disposed of consistent with the conclusions herein.

IT IS FURTHER ORDERED that subject to the provisions of §10-113 of the PUA and 83 Illinois Administrative Code §200.880, this Order is final; it is not subject to the Administrative Review Law.

By order of the Commission this ___ day of _____, 2014.

(SIGNED) DOUGLAS P. SCOTT

Chairman

Rock Island
Preferred Route (Study Route A) Legal Description

1 The following is a legal description for the Rock Island DC Section Preferred Route (Study Route A) which
2 is approximately 116.82 miles long, generally using a 200 foot Right of Way.

3 **Legal Description**

4 Beginning at a point near the centerline of the Mississippi River approximately 0.08 miles (422 feet)
5 North and 0.1 miles (73 feet) East from the SW corner of Section 1 in T19N R1E, in Rock Island County,
6 IL.

7 Thence deflecting Southeasterly approximately 0.28 miles (1,467 feet) to a point that is approximately
8 1,485 feet East and 95 feet South from the SW corner of Section 1 in T19N R1E.

9 Thence extending generally Easterly approximately 3.98 miles through Sections 1 and 12 in T19N R1E,
10 Sections 7, 8, 9, and 10 in T19N R2E to a point that is approximately 215 feet South from the NE corner
11 of the NW¼ of Section 10 in T19N R2E.

12 Thence deflecting Southeasterly approximately 0.88 miles (4,646 feet) to the NE corner of the NW¼ of
13 the SW¼ of Section 11 in T19N R2E.

14 Thence extending Easterly approximately 6.99 miles through Sections 11 and 12 in T19N R2E, Sections 7,
15 8, and 9 in T19N R3E in Rock Island County, IL and Sections 9, 10, 11, and 12 in T19N R3E in Whiteside
16 County, IL to near the NE corner of the NW¼ of the SW¼ of Section 12 in T19N R3E in Whiteside County,
17 IL.

18 Thence deflecting Southerly approximately 0.27 miles (1,418 ft) in Section 12 in T19N R3E to a point that
19 is approximately 130 ft South of the SE corner of the NW¼ of the SW¼ of Section 12 in T19N R3E.

20 Thence deflecting Southeasterly approximately 0.23 miles (1,237 feet) in Section 12 in T19N R3E to a
21 point that is approximately 60 feet East of the NE corner of the NW¼ of the NW¼ of Section 13 in T19N
22 R3E.

23 Thence extending Southerly approximately 4.18 miles through Sections 13, 24, 25, and 36 in T19N R3E in
24 Whiteside County, IL and Section 2 in T18N R3E in Henry County, IL to a point near the Northern right of
25 way boundary of N 2980th Avenue that is approximately 1,100 feet South and 580 feet West of the NE
26 corner of Section 2 in T18N R3E in Henry County, IL.

27 Thence deflecting generally Southeasterly approximately 1.13 miles through Sections 2 and 1 in T18N
28 R3E in Henry County, IL to near the SE corner of the NE¼ of the NE¼ of Section 1 in said Township and
29 Range.

30 Thence extending Easterly approximately 2.05 miles through Sections 6, 5, and 4 in T18N R4E to the SE
31 corner of the NW¼ of the NW¼ of Section 4 in said Township and Range.

32 Thence deflecting Southeasterly approximately 0.55 miles (2,904 feet) in Section 4 in T18N R4E to a
33 point that is approximately 829 feet East from the SW corner of the NE¼ of Section 4 in said Township
34 and Range.

35 Thence extending Easterly approximately 5.19 miles along the ½ Section line through Sections 4, 3, 2,
36 and 1 in T18N R4E and Sections 6, 5, and 4 in T18N R5E to a point that is approximately 144 feet East of
37 the NW corner of the SW¼ of Section 4 in T18N R5E.

38 Thence deflecting Southerly approximately 1.23 miles through Sections 4 and 9 in T18N R5E to a point
39 that is approximately 115 feet East of the NW corner of the SW¼ of the SW¼ of Section 9 in T18N R5E.

40 Thence deflecting Easterly approximately 3.43 miles through Sections 9, 10, 11, and 12 in T18N R5E to
41 near the NE corner of the SE¼ of the SW¼ of Section 12 in said Township and Range.

42 Thence deflecting Southeasterly approximately 0.43 miles (2,270 feet) through Section 12 to a point that
43 is approximately 120 feet South and 407 feet East of the NW corner of the NE¼ of the NE¼ of Section 13
44 in said Township and Range.

45 Thence extending Easterly approximately 2.25 miles through Section 13 in T18N R5E in Henry County, IL,
46 and Sections 18 and 17 in T18N R6E to a point in Section 16 in T18N R6E, that is approximately 98 feet
47 South and 158 feet East of the NE corner of Section 16 in T18N R6E in Bureau County, IL.

48 Thence deflecting Southeasterly approximately 1.45 miles through Sections 16 and 15 in T18N R6E, to
49 the NE corner of the SW¼ of the SW¼ corner of Section 15 in said Township and Range.

50 Thence extending Easterly approximately 5.66 miles through Sections 15, 14, and 13 in T18N R6E and
51 Sections 18, 17, and 16 in T18N R7E to near the NE corner of the SE¼ of the SE¼ of Section 16 in T18N
52 R7E.

53 Thence deflecting Southeasterly approximately 0.59 miles (3,115 feet) through Section 15 in T18N R7E
54 to a point along the Southern right of way of 2700 Avenue North that is approximately 84 feet South of
55 the NW corner of the NE¼ of Section 22 in T18N R7E.

56 Thence extending Easterly approximately 2.04 miles through Sections 22, 23, and 24 in T18N R7E to near
57 the NE corner of the NW¼ of Section 24 in said Township and Range.

58 Thence deflecting Southeasterly approximately 0.59 miles (3,115 feet) through Section 24 in T18N R7E
59 to near the SW corner of the NW¼ of the NW¼ of Section 19 in T18N R8E.

60 Thence extending generally Easterly approximately 3.00 miles through Sections 19, 20, and 21 in T18N
61 R8E to near the SW ¼ corner of the NW ¼ of the NW ¼ of Section 22 in said Township and Range.

62 Thence deflecting Southeasterly approximately 0.55 miles (2,904 feet) through Section 22 in T18N R8E
63 to near the SE corner of the NW¼ of Section 22 in said Township and Range.

64 Thence extending Easterly approximately 6.35 miles through Sections 22, 23, and 24 in T18N R8E and
65 Sections 19, 20, 21, and 22 in T18N R9E to near the NE corner of the NW¼ of the SE¼ of Section 22 in
66 T18N R9E.

67 Thence deflecting Southeasterly approximately 1.08 miles through Sections 22, 23, and 26 in T18N R9E
68 to a point that is approximately 215 feet North of the NW corner of the NE¼ of the SW¼ of Section 26 in
69 said Township and Range.

70 Thence deflecting Easterly approximately 0.75 miles (3,960 feet) through Section 26 in T18N R9E to a
71 point that is approximately 180 feet North of the NE corner of the SE¼ of Section 26 in T18N R9E.

72 Thence deflecting generally South Southeasterly approximately 0.51 miles (2,693 feet) through Section
73 25 in T18N R9E to near the NW corner of the SE¼ of Section 25 in T18N R9E.

74 Thence extending Easterly approximately 3.5 miles through Section 25 in T18N R9E and Sections 30, 29,
75 and 28 in T18N R10E to near the NW corner of the SW¼ of Section 27 in said Township and Range.

76 Thence deflecting generally Southeasterly approximately 1.30 miles through Sections 27 and 26 in T18N
77 R10E to near the NE corner of the SW¼ of the SW¼ of Section 26 in said Township and Range.

78 Thence extending Easterly approximately 2.99 miles through Sections 26 and 25 in T18N R10E and
79 Sections 30 and 29 in T18N R11E to the NE corner of the SW¼ of the SW¼ of Section 29 in said Township
80 and Range.

81 Thence deflecting Southeasterly approximately 1.01 miles through Sections 29 and 32 in T18N R11E to
82 near the NE corner of the SE¼ of Section 32 in said Township and Range.

83 Thence extending Easterly approximately 3.52 miles through Sections 33, 34, 35, and 36 in T18N R11E to
84 the NW corner of the NE¼ of the SE¼ of Section 36 in said Township and Range.

85 Thence deflecting Northeasterly approximately 0.27 miles (1,426 feet) through Section 36 in T18N R11E
86 in Bureau County, IL to near the NW corner of the SW¼ of Section 18 in T35N R1E in LaSalle County, IL.

87 Thence extending Easterly approximately 2.57 miles through Sections 18, 17, and 16 in T35N R1E to near
88 the NW corner of the SE¼ of Section 16 in said Township and Range.

89 Thence deflecting Southerly approximately 1.23 miles through Sections 16 and 21 in T35N R1E to near
90 the NW corner of the SW¼ of the SE¼ of Section 21 in said Township and Range.

91 Thence deflecting Easterly approximately 2.89 miles through Sections 21, 22, 23, and 24 in T35N R1E to
92 a point that is approximately 2,112 feet East of the NW corner of the SW¼ of the SW¼ Section 24 in said
93 Township and Range.

94 Thence deflecting Southeasterly approximately 1.72 miles through Sections 24 and 25 in T35N R1E and
95 Sections 19 and 30 in T35N R2E to a point that is approximately 101 feet North and 10 feet West of the
96 SE corner of the NE¼ of Section 30 in said Township and Range.

97 Thence extending Easterly approximately 9.18 miles through Sections 29, 28, 27, 26 and 25 in T35N R2E
98 and Sections 30, 29, 28 and 27 in T35N R3E to a point approximately 101 feet North of the SE corner of
99 the NE¼ of Section 27 in said Township and Range.

100 Thence deflecting generally Southeasterly approximately 0.67 miles (3,538 feet) through Section 26 in
101 T35N R3E to a point approximately 1,689 feet West and 422 feet South of the NE corner of the SE¼ of
102 Section 26 in said Township and Range.

103 Thence extending generally Northeasterly approximately 1.41 miles through Section 25 in T35N R3E to
104 near the NE corner of the SE¼ of Section 25 in said Township and Range.

105 Thence extending Easterly approximately 2.01 miles through Sections 30, 29, and 28 in T35N R4E to near
106 the NE corner of the SW¼ of Section 28 in said Township and Range.

107 Thence deflecting Northeasterly approximately 0.76 miles (4,013 feet) through Sections 28 and 27 in
108 T35N R4E to the SE corner of the NW¼ of the NW¼ of Section 27 in said Township and Range.

109 Thence extending Easterly approximately 0.95 miles (5038 feet) through Sections 27 and 26 in T35N R4E
110 to a point in said Section 26 that is approximately 325 feet West of the SW corner of the NW¼ of the
111 NW¼ of said Section 26.

112 Thence extending generally South Southeasterly approximately 0.40 miles (2,115 feet) to a point that is
113 approximately 128 feet North and 825 feet West of the SW corner of the NE¼ of the NE¼ of Section 26
114 in T35N R4E.

115 Thence extending Easterly approximately 3.5 miles through Sections 26 and 25 in T35N R4E and Sections
116 30, 29, and 28 in T35N R5E to near the SE corner of the NW¼ of the NW¼ of Section 28 in said Township
117 and Range.

118 Thence deflecting Southeasterly approximately 0.82 miles (4,329 feet) through Section 28 in T35N R5E
119 to a point approximately 186 feet West and 1,419 feet North of the SE corner of Section 28 in T35N R5E.

120 Thence extending Easterly approximately 1.79 miles through Sections 27 and 26 in T35N R5E to the NW
121 corner of the SE¼ of the SE¼ of Section 26 in said Township and Range.

122 Thence deflecting Southerly approximately 0.75 miles (3,960 feet) through Sections 26 and 35 in T35N
123 R5E to the NW corner of the NE¼ of the SE¼ of Section 35 in said Township and Range.

124 Thence deflecting Southeasterly approximately 1.29 miles through Sections 35 and 36 in T35N R5E and
125 Section 1 in T34N R5E to near the SW corner of the NE¼ of Section 1 in said Township and Range.

126 Thence extending Easterly approximately 3.12 miles through Section 1 in T34N R5E in LaSalle County, IL
127 and Sections 6, 5, and 4 in T34N R6E in Grundy County, IL to near the NW corner of the NE¼ of the SE¼
128 of Section 4 in said Township and Range.

129 Thence deflecting Southeasterly approximately 0.29 miles (1,531 feet) through Sections 4 and 3 in T34N
130 R6E to a point that is approximately 169 feet South and 220 feet East of the NW corner of the SW¼ of
131 Section 3 in T34N R6E.

132 Thence extending Easterly approximately 2.47 miles through Sections 3, 2, and 1 in T34N R6E to a point
133 that is approximately 169 feet South from the NE corner of the SW¼ of Section 1 in said Township and
134 Range.

135 Thence deflecting Southeasterly approximately 0.54 miles (2,851 feet) through Section 1 in T34N R6E to
136 a point that is approximately 950 feet South of the NW corner of the SW¼ of Section 6 in T34N R7E.

137 Thence extending Easterly approximately 5.58 miles through Sections 6, 5, 4, 3, 2, and 1 in T34N R7E to a
138 point that is approximately 1,161 feet South and 322 feet East of the NW corner of the SE¼ of Section 1
139 in said Township and Range.

140 Thence deflecting Southerly approximately 2.27 miles through Sections 1, 12, and 13 in T34N R7E to a
141 point that is approximately 340 feet East and 95 feet North of the SW corner of the SE¼ of Section 13 in
142 T34N R7E.

143 Thence deflecting Southeasterly approximately 0.23 miles (1,214 feet) through Sections 13 and 24 in
144 T34N R7E to a point that is approximately 1,105 feet South and 2,088 feet West of the NE corner of
145 Section 24 in T34N R7E.

146 Thence deflecting Southwesterly approximately 0.48 miles (2,534 feet) through Section 24 in T34N R7E
147 to a point that is approximately 1,690 feet North and 2,137 feet West of the SE corner of Section 24 in
148 T34N R7E.

149 Thence deflecting Southerly approximately 1.30 miles through Sections 24 and 25 in T34N R7E to a point
150 that is approximately 2,133 ft West of the SE corner of Section 25 in T34N R7E, terminating in the Rock
151 Island converter station property which is described as:

152 That part of the Northeast ¼ of Section 36, Township 34 North, Range 7 East of the third
153 principal meridian described as follows: beginning at the Northeast corner of said Section
154 36; thence South 0 degrees 42 minutes 35 seconds West 1,753.73 feet on the East line of
155 said Northeast ¼ to the Northerly line of the Illinois and Michigan canal reserve; thence
156 South 57 degrees 59 minutes 28 seconds West 487.63 feet on said Northerly line; thence
157 South 60 degrees 04 minutes 40 seconds West 189.66 feet on said Northerly line; thence
158 South 62 degrees 34 minutes 58 seconds West 153.66 feet on said Northerly line; thence
159 South 68 degrees 23 minutes 06 seconds West 347.94 feet on said Northerly line; thence
160 South 73 degrees 33 minutes 44 seconds West 1,232.10 feet on said Northerly line to the

161 South line of said Northeast ¼; thence North 89 degrees 46 minutes 05 seconds West 33.04
162 feet on said South line to the East line of Commonwealth Edison property; thence North 0
163 degrees 28 minutes 32 seconds East 2,653.40 feet on said East line to the North line of said
164 Northeast ¼; thence North 89 degrees 58 minutes 46 seconds East 2,252.23 feet to the
165 point of beginning, and all being situated in Saratoga Township, Grundy County, Illinois.

**Rock Island
Preferred Route (Study Route F) Legal Description**

1 The following is a legal description for the Rock Island AC Section Preferred Route (Study Route F) which
2 is approximately 3.09 miles long, generally using a 270 foot Right of Way.

3 **Legal Description**

4 Beginning at a point in Section 36 in T34N R7E, in Grundy County, IL, approximately 2,725 feet North and
5 2,125 feet West of the SE corner of said Section 36, at the Southern boundary of the Rock Island
6 Converter Substation property which is described as:

7 That part of the Northeast ¼ of Section 36, Township 34 North, Range 7 East of the third
8 principal meridian described as follows: beginning at the Northeast corner of said Section 36;
9 thence South 0 degrees 42 minutes 35 seconds West 1,753.73 feet on the East line of said
10 Northeast ¼ to the Northerly line of the Illinois and Michigan canal reserve; thence South 57
11 degrees 59 minutes 28 seconds West 487.63 feet on said Northerly line; thence South 60
12 degrees 04 minutes 40 seconds West 189.66 feet on said Northerly line; thence South 62
13 degrees 34 minutes 58 seconds West 153.66 feet on said Northerly line; thence South 68
14 degrees 23 minutes 06 seconds West 347.94 feet on said Northerly line; thence South 73
15 degrees 33 minutes 44 seconds West 1,232.10 feet on said Northerly line to the South line of
16 said Northeast ¼; thence North 89 degrees 46 minutes 05 seconds West 33.04 feet on said
17 South line to the East line of Commonwealth Edison property; thence North 0 degrees 28
18 minutes 32 seconds East 2,653.40 feet on said East line to the North line of said Northeast ¼;
19 thence North 89 degrees 58 minutes 46 seconds East 2,252.23 feet to the point of beginning,
20 and all being situated in Saratoga Township, Grundy County, Illinois.

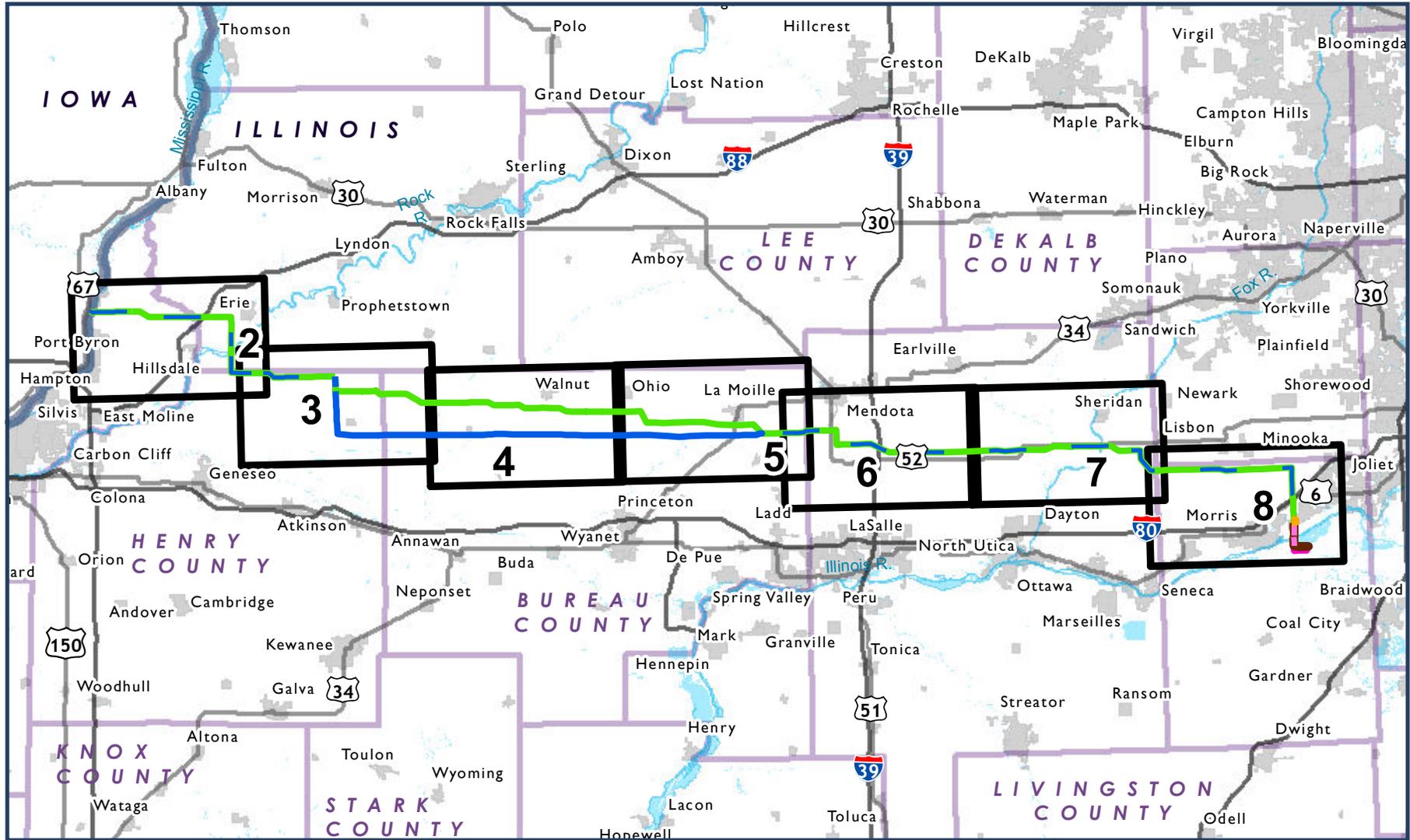
21 Thence extending Southerly approximately 0.91 miles (4797 feet) through Section 36 in T34N R7E and
22 Section 1 in T33N R7E to a point on the North bank of the Illinois River that is approximately 2,068 feet
23 South and 2,119 feet West of the NE corner of Section 1 in T33N R7E in Grundy County, IL.

24 Thence deflecting Southwesterly approximately 0.22 miles (1,170 feet) through Section 1 in T33N R7E to
25 a point on the South bank of the Illinois River that is approximately 2,190 feet North and 2,411 feet
26 West of the SE corner of Section 1 in T33N R7E.

27 Thence extending Southerly approximately 0.72 miles (3,796 feet) through Sections 1 and 12 in T33N
28 R7E to a point that is approximately 1,604 feet South and 2,370 feet West of the NE corner of Section 12
29 in said Township and Range.

30 Thence deflecting Southeasterly approximately 0.27 miles (1,400 feet) through Section 12 in T33N R7E
31 to a point that is approximately 1,990 feet South and 1,020 feet West of the NE corner of Section 12 in
32 said Township and Range.

- 33 Thence deflecting Southeasterly approximately 0.20 miles (1,052 feet) through Section 12 in T33N R7E
34 and Section 7 in T33N R8E to a point that is approximately 2,214 feet South and 12 feet East of the NW
35 corner of Section 7 in T33N R8E.
- 36 Thence extending Easterly approximately 0.78 miles (4,096 feet) through Section 7 in T33N R8E to the
37 point of termination at the Rock Island transformer substation at the existing Collins substation.



Path: \\mspe-gis-file\GISProj\CleanLine\147423\map_docs\mxd\PERMIT\Illinois\petition_attachments\H_dismissed\map_8x11_L_7\pageLocation_index.mxd



DC Section

- Preferred Route (Study Route F)
- Proposed Alternative Route (Study Route G)
- Both Preferred Route and Proposed Alternative Route

AC Section

- Preferred Route (Study Route F)
- Proposed Alternative Route (Study Route G)
- Proposed Converter Station Site

- Interstate
- US Highway
- State Boundary
- County Boundary
- City Boundary

- Water
- Map Page

Preferred Route and Proposed Alternative Route Location Map

Rock Island Clean Line
+/-600 kV HVDC Transmission Line

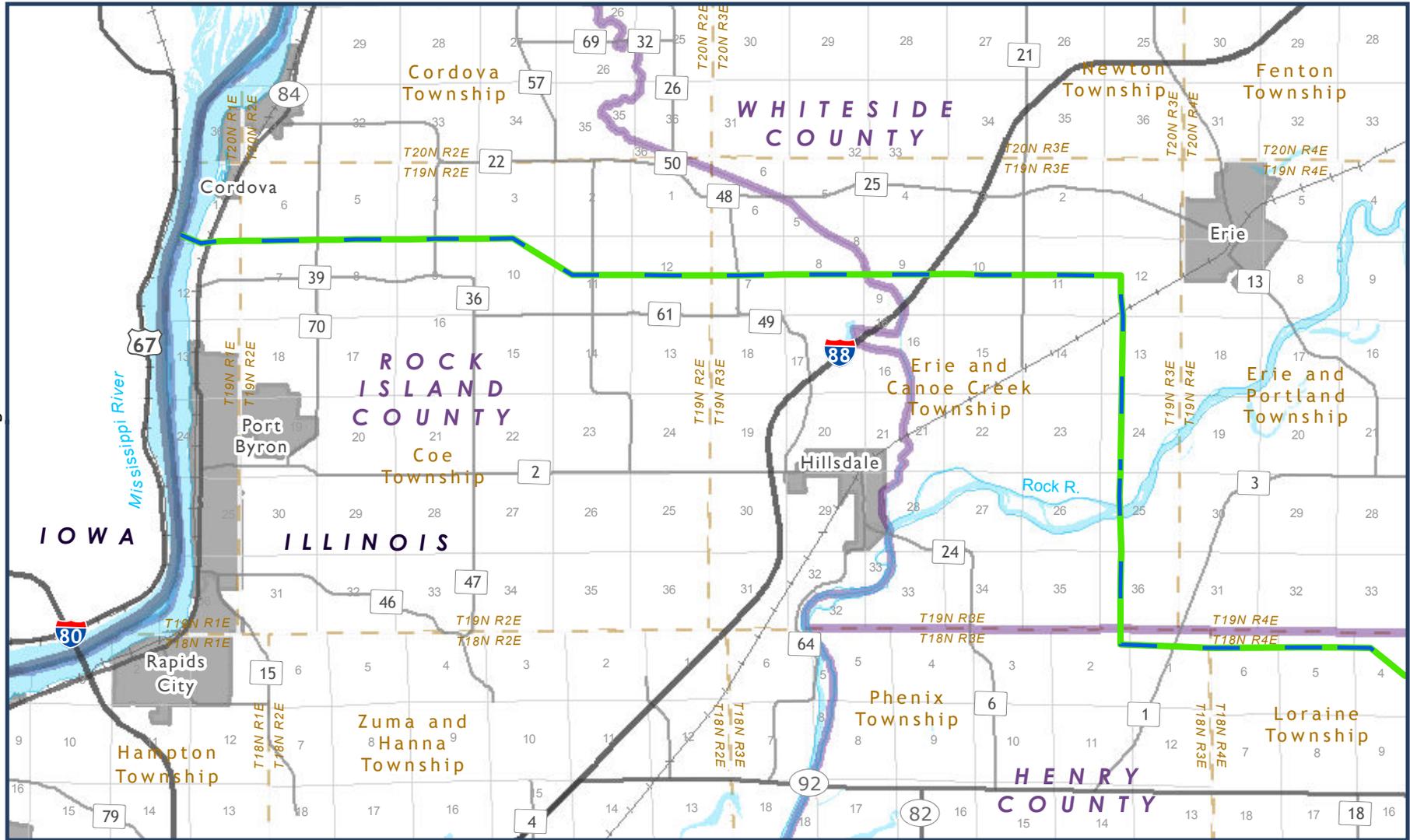
Original Size = 8.5 x 11 Landscape
1:800,000



Path: \\Mspe-gis-file\GISProj\CleanLine\147423\map_docs\map\PERMIT\Illinois\petition_attachments\H_dismissed\map_8x11L_7pages\Location.mxd

Page:

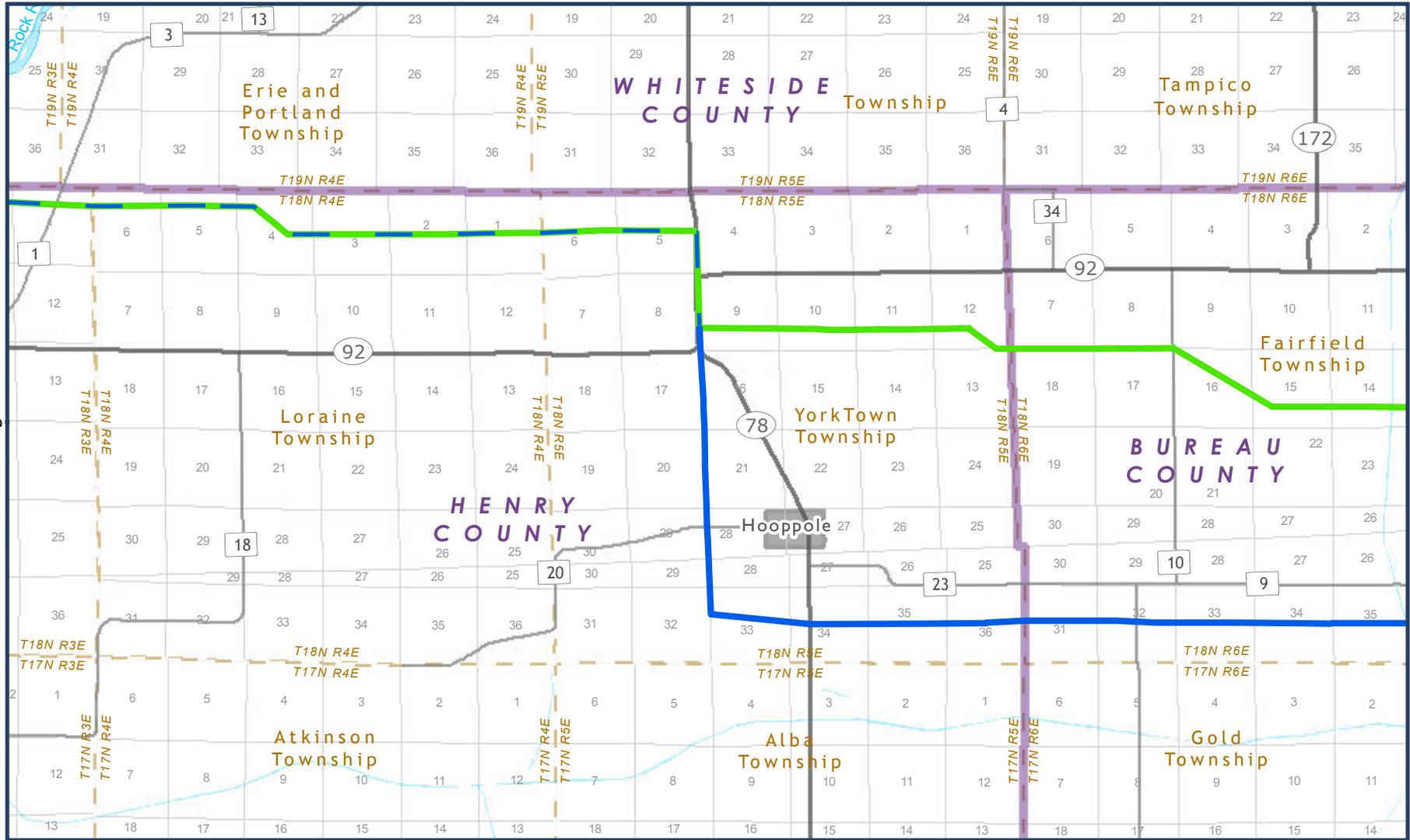
Page: 3



	DC Section Preferred Route (Study Route A) Proposed Alternative Route (Study Route B) Both Preferred Route and Proposed Alternative Route	AC Section Preferred Route (Study Route F) Proposed Alternative Route (Study Route G) 345 kV / 765 kV Transformer Substation Proposed Converter Station Site	Interstate US Highway State Highway County Highway Railroad	State Boundary County Boundary Township Boundary Section Line City Boundary Water	<p>Preferred Route and Proposed Alternative Route Location Map</p> <p>Page 2</p> <p>Rock Island Clean Line +/-600 kV HVDC Transmission Line</p>
--	---	---	---	--	---

Original Size = 8.5 x 11 Landscape
 1:120,000





Page: 2

Page: 4

DC Section

- Preferred Route (Study Route A)
- Proposed Alternative Route (Study Route B)
- Both Preferred Route and Proposed Alternative Route

AC Section

- Preferred Route (Study Route F)
- Proposed Alternative Route (Study Route G)
- 345 kV / 765 kV Transformer Substation
- Proposed Converter Station Site

- Interstate
- US Highway
- State Highway
- County Highway
- Railroad

- State Boundary
- County Boundary
- Township Boundary
- Section Line
- City Boundary
- Water

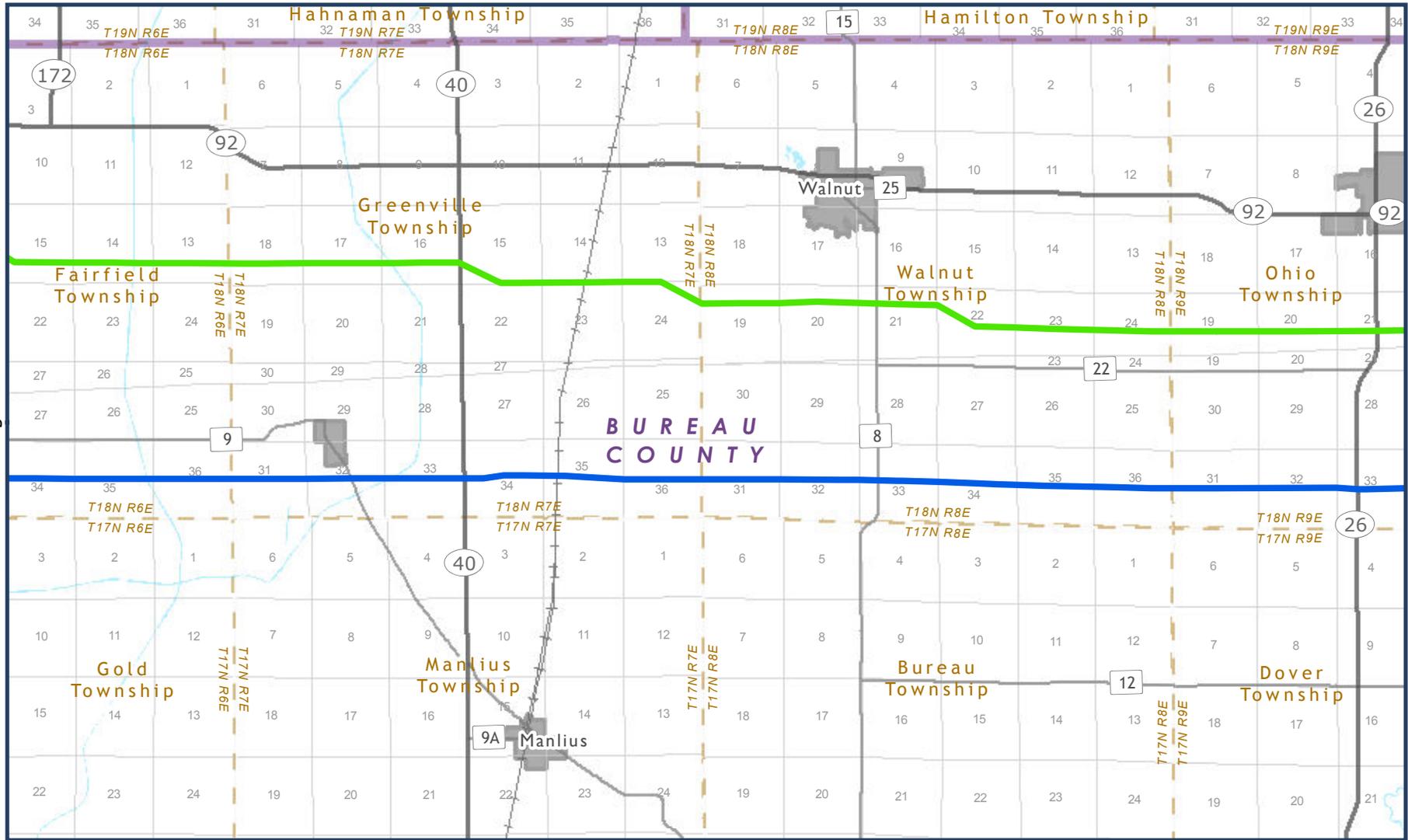
Preferred Route and Proposed Alternative Route Location Map

Path: \\mspe-gis-file\GISProj\CleanLine\147423\map_docs\mxd\PERMIT\Illinois\petition_attachments\H_dismissed\map_8x11_L_7pageLocation.mxd

Path: \\mspe-gis-file\GISProj\CleanLine\147423\map_docs\mxd\PERMIT\Illinois\petition_attachments\H_dismissed\map_8x11_L_7pageLocation.mxd

Page: 3

Page: 5



DC Section

- Preferred Route (Study Route A)
- Proposed Alternative Route (Study Route B)
- Both Preferred Route and Proposed Alternative Route

AC Section

- Preferred Route (Study Route F)
- Proposed Alternative Route (Study Route G)
- 345 kV / 765 kV Transformer Substation
- Proposed Converter Station Site

- Interstate
- US Highway
- State Highway
- County Highway
- Railroad

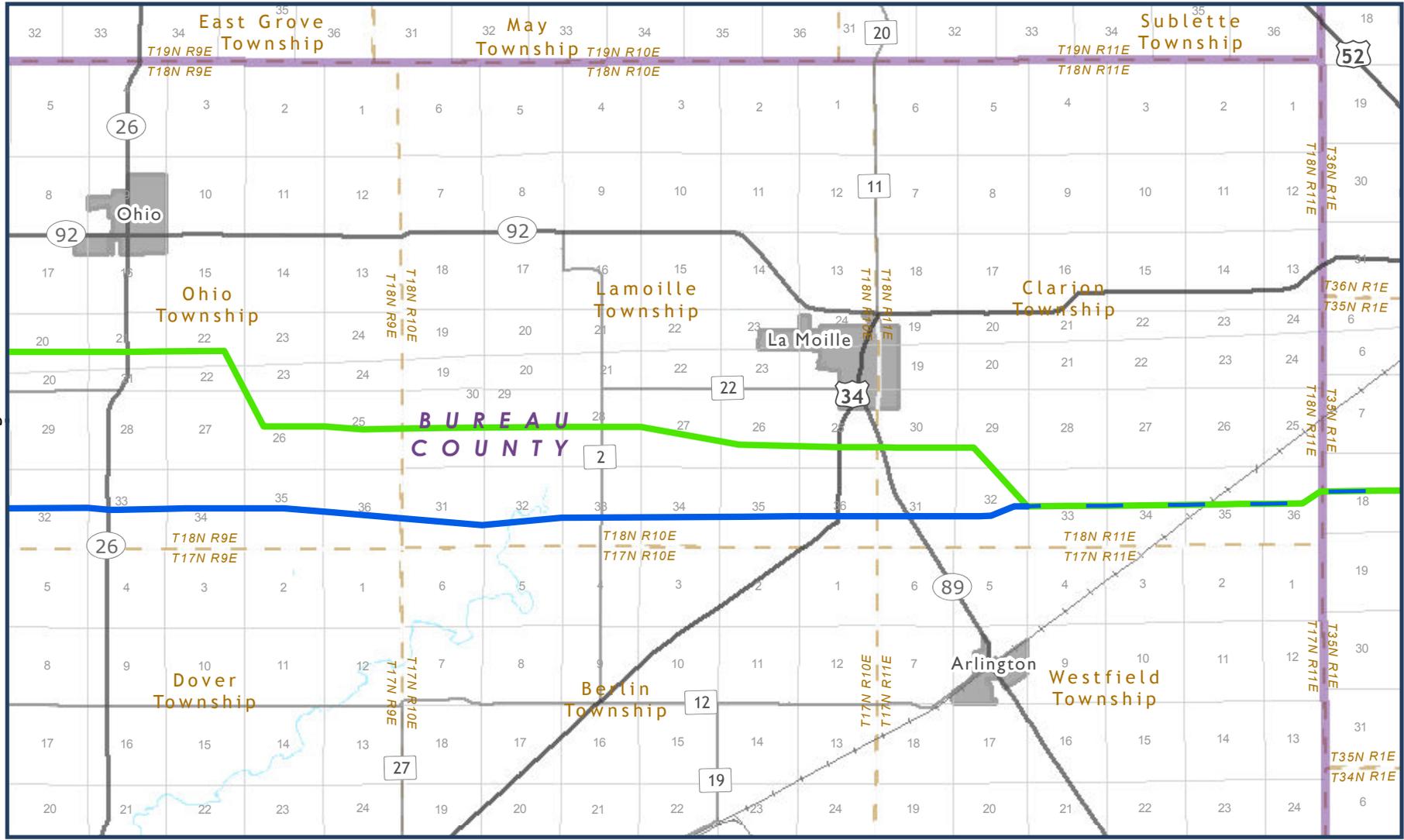
- State Boundary
- County Boundary
- Township Boundary
- Section Line
- City Boundary
- Water

Preferred Route and Proposed Alternative Route Location Map

Path: \\mspe-gis-file[GISProj\CleanLine\147423\map_docs\mxd\PERMIT\Illinois\petition_attachments\H_dismissed\map_8x11_L_7pageLocation.mxd

Page: 4

Page: 6



DC Section

- Preferred Route (Study Route A)
- Proposed Alternative Route (Study Route B)
- Both Preferred Route and Proposed Alternative Route

AC Section

- Preferred Route (Study Route F)
- Proposed Alternative Route (Study Route G)
- 345 kV / 765 kV Transformer Substation
- Proposed Converter Station Site

- Interstate
- US Highway
- State Highway
- County Highway
- Railroad

- State Boundary
- County Boundary
- Township Boundary
- Section Line
- City Boundary
- Water

Preferred Route and Proposed Alternative Route Location Map

Rock Island Clean Line
+/-600 kV HVDC Transmission Line

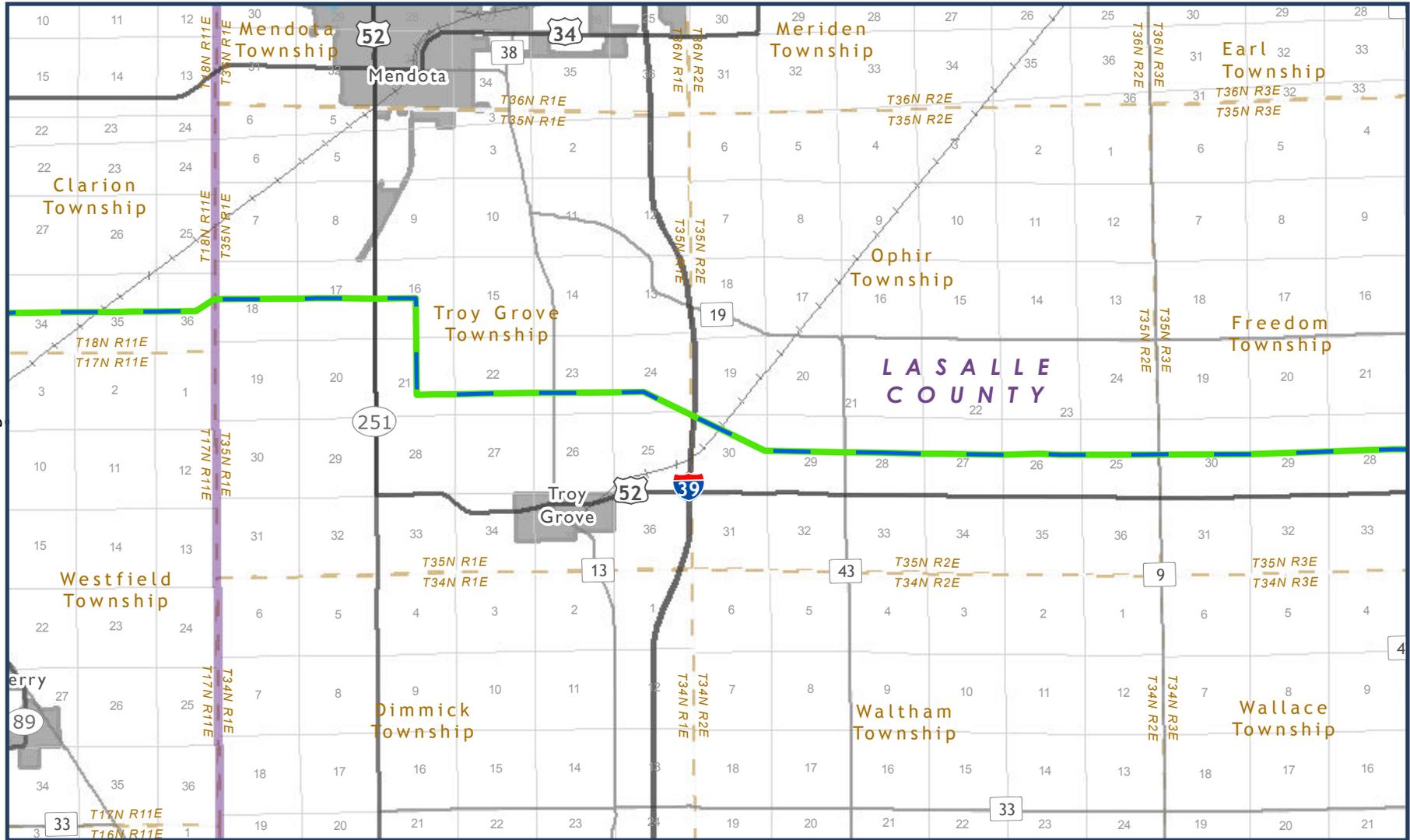
Original Size = 8.5 x 11 Landscape
1:120,000



Path: \\Mspe-gis-file\GIS\Proj\CleanLine\147423\map_docs\mxd\PERMIT\Illinois\petition_attachments\H_dismissedmap_8x11_L_7pageLocation.mxd

Page: 5

Page: 7



DC Section

- Preferred Route (Study Route A)
- Proposed Alternative Route (Study Route B)
- Both Preferred Route and Proposed Alternative Route

AC Section

- Preferred Route (Study Route F)
- Proposed Alternative Route (Study Route G)
- 345 kV / 765 kV Transformer Substation
- Proposed Converter Station Site

- Interstate
- US Highway
- State Highway
- County Highway
- Railroad

- State Boundary
- County Boundary
- Township Boundary
- Section Line
- City Boundary
- Water

Preferred Route and Proposed Alternative Route Location Map

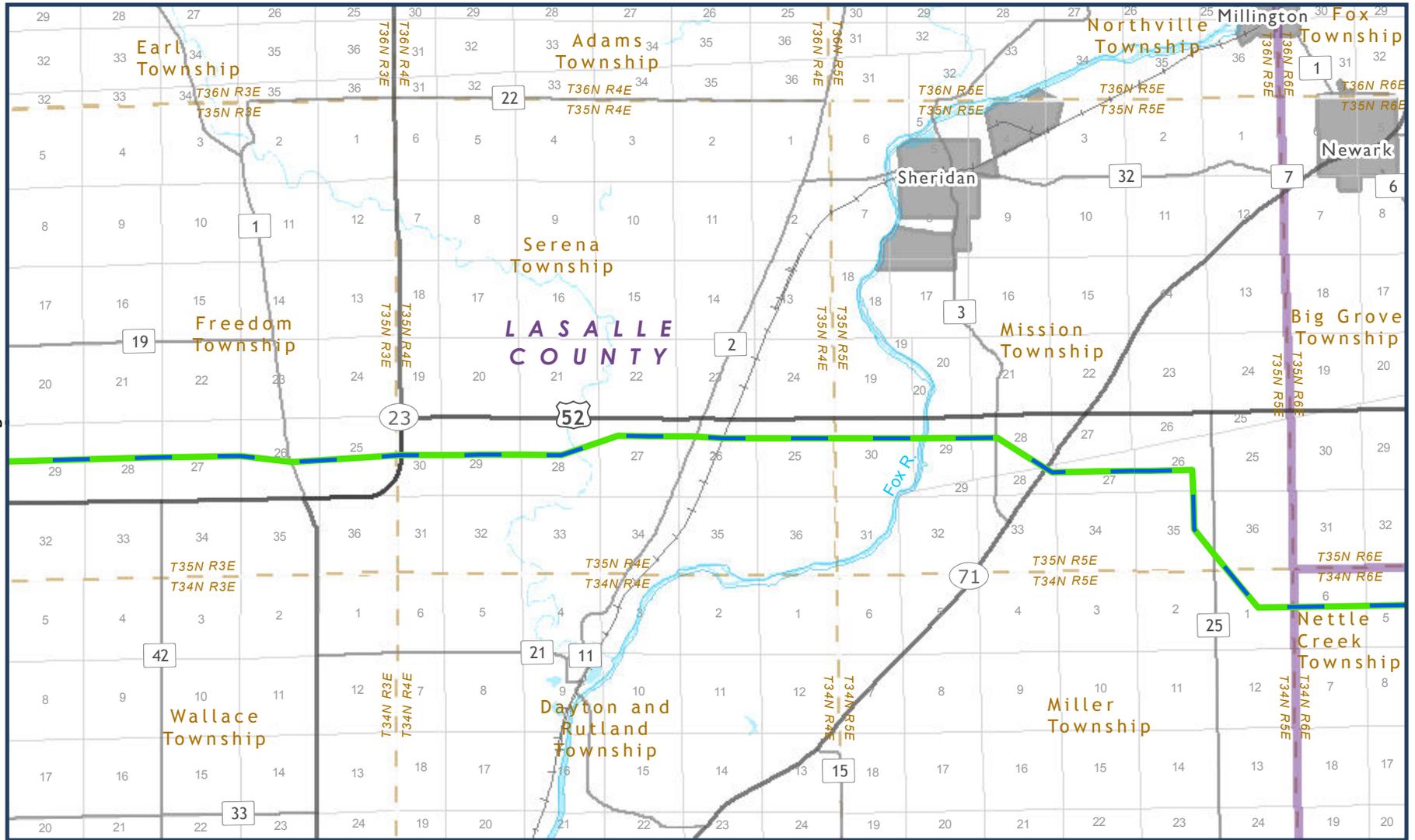
Rock Island Clean Line
+/-600 kV HVDC Transmission Line

Original Size = 8.5 x 11 Landscape
1:120,000



Path: \\Mspe-gis-file\GISProj\CleanLine\147423\map_docs\mxd\PERMIT\Illinois\petition_attachments\H_dismissed\map_8x11_L_7\pageLocation.mxd

Page: 6



Page: 8

DC Section

- Preferred Route (Study Route A)
- Proposed Alternative Route (Study Route B)
- Both Preferred Route and Proposed Alternative Route

AC Section

- Preferred Route (Study Route F)
- Proposed Alternative Route (Study Route G)
- 345 kV / 765 kV Transformer Substation
- Proposed Converter Station Site

- Interstate
- US Highway
- State Highway
- County Highway
- Railroad

- State Boundary
- County Boundary
- Township Boundary
- Section Line
- City Boundary
- Water

Preferred Route and Proposed Alternative Route Location Map

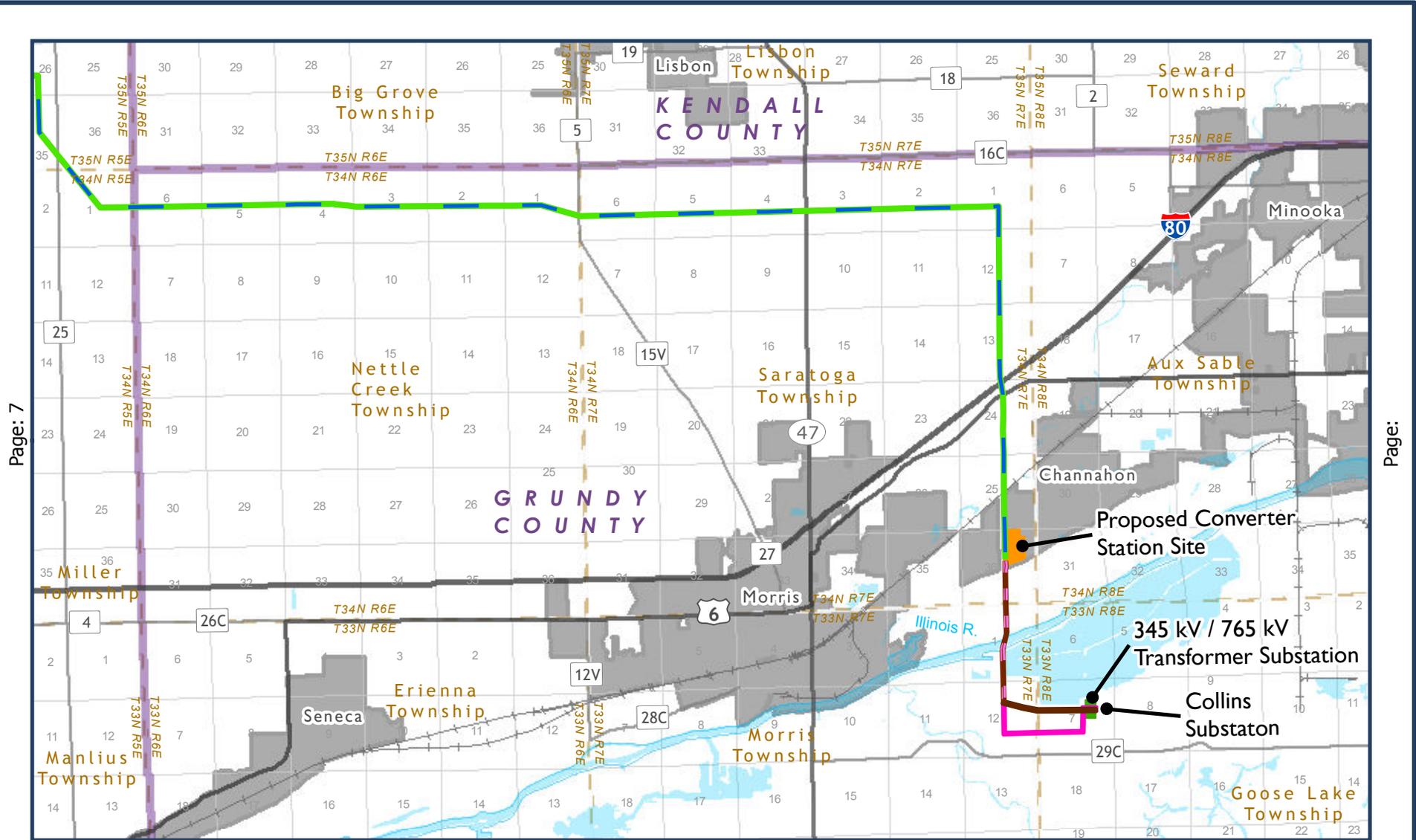
Page 7

Rock Island Clean Line +/-600 kV HVDC Transmission Line

Original Size = 8.5 x 11 Landscape
1:120,000



ROCK ISLAND
CLEAN LINE



Page: 7

Page:

<p>DC Section</p> <ul style="list-style-type: none"> Preferred Route (Study Route A) Proposed Alternative Route (Study Route B) Both Preferred Route and Proposed Alternative Route 		<p>AC Section</p> <ul style="list-style-type: none"> Preferred Route (Study Route F) Proposed Alternative Route (Study Route G) 345 kV / 765 kV Transformer Substation Proposed Converter Station Site 		<ul style="list-style-type: none"> Interstate US Highway State Highway County Highway Railroad 		<ul style="list-style-type: none"> State Boundary County Boundary Township Boundary Section Line City Boundary Water 	
---	--	---	--	---	--	--	--

Preferred Route and Proposed Alternative Route Location Map



Path: \\mspe-gis-file\GISProj\CleanLine\147423\map_docs\mxd\PERMIT\Illinois\petition_attachments\H_dismissed\map_8x11_L_7pageLocation.mxd