STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Ameren Illinois Company d/b/a Ameren Illinois and MidAmerican Energy Company	: : : : :	14-0572
Petition for Declaratory Ruling that Approval of Purchase of Utility Assets is not Necessary pursuant to Section 7-102 and 83 Ill. Adm. Code 105.40 or, in the alternative, Approval of Purchase of Utility Assets pursuant to Section 7-102; Transfer of Franchises, Licenses, Permits or Rights to Own pursuant to Section 7-203; Transfer of Certificates of Convenience and Necessity pursuant to Section 8-406; and the Granting of All Other Necessary and Appropriate Relief.	: : : : : : : : : : : : :	

DRAFT PROPOSED ORDER

By Order Of the Illinois Commerce Commission (Commission)

I. PROCEDURAL HISTORY

On September 19, 2014, Ameren Illinois Company d/b/a Ameren Illinois (Ameren Illinois) and MidAmerican Energy Company (MidAmerican) (collectively, the "Petitioners") filed a verified joint petition (the Petition) which requested the Commission declare that the purchase by Ameren Illinois of certain Illinois-based electric transmission assets of MidAmerican that are the subject of a certain Transmission Facilities Purchase Agreement (Agreement) are exempt from approval pursuant to Section 7-102 of the Illinois Public Utilities Act (Act) and 83 Ill. Adm. Code 105.40; or in the alternative, approve (1) the sale of the assets pursuant to Section 7-102; (2) the transfer to Ameren Illinois of the franchises, licenses, permits or rights to own said assets pursuant to Section 7-203 of the Act; (3) the transfer to Ameren Illinois of the necessary portions of the electric transmission Certificates of Public Convenience and Necessity in the name of or that were granted to MidAmerican pursuant to Section 8-406 of the Act; and (4) grant all other necessary and appropriate relief necessary to approve the transaction as it relates to the Commission's jurisdiction (collectively the "Transaction"). In support of the Petition, Petitioners filed the affidavits of Gary T. Brownfield, Supervising Engineer -Transmission Planning in the Transmission Policy and Planning Department of Ameren Services Company, and Dehn A. Stevens, Director, Transmission Services for MidAmerican.

On October 16, 2014, a status hearing was held and appearances were entered by counsel on behalf of Ameren Illinois, MidAmerican and Staff. At the hearing, Staff was granted permission to conduct discovery proceedings. On December 17, 2014, Staff filed its Verified Initial Comments. On January 7, 2015, a status hearing was held and appearances were entered by counsel on behalf of Ameren Illinois, MidAmerican and Staff. The Administrative Law Judges (ALJs) ordered Staff to file testimony in the nature of its previously filed Verified Initial Comments. Accordingly, on January 23, 2015, Staff filed ICC Staff Exhibit 1.0, the direct testimony of Greg Rockrohr, and ICC Staff Exhibit 2.0, the direct testimony of Burma C. Jones. On February 6, 2015, Ameren Illinois filed Ameren Exhibit 1.0, the rebuttal testimony of Mr. Brownfield, and MidAmerican filed MEC Exhibit DAS 1.0, the rebuttal testimony and affidavit of Mr. Stevens.

On February 18, 2015, a status hearing was held and appearances were entered by counsel on behalf of Ameren Illinois, MidAmerican and Staff. The ALJs required the Staff to file rebuttal testimony in response to questions raised by the ALJs and provided Petitioners an opportunity to respond to the Staff rebuttal testimony.. On March 12, 2015, Staff filed ICC Staff Exhibit 3.0, the rebuttal testimony of Mr. Rockrohr. On March 26, 2015, Ameren Illinois filed Ameren Exhibit 2.0, the surrebuttal testimony of Mr. Brownfield, and MidAmerican filed MEC Exhibit DAS 2.0, the surrebuttal testimony and affidavit of Mr. Stevens. On April 8, 2015, Staff filed ICC Staff Exhibits 2.1 and 3.1, the Affidavits of Ms. Jones and Mr. Rockrohr, respectively. Ameren Illinois filed Ameren Exhibit 2.1, the affidavit of Mr. Brownfield.

Pursuant to due notice given in accordance with the law and the rules and regulation of the Commission, an evidentiary hearing was held on April 9, 2015. At the evidentiary hearing, appearances were entered by counsel for all the parties. At the hearing it was confirmed that there were no contested issues and the parties were in agreement as to the issues presented in this proceeding. On April 28, 2015, the Petitioners filed a draft proposed order, to which Staff has no objection.

II. PETITIONERS' APPLICATION

Ameren Illinois and MidAmerican transmission systems are interconnected at the Ameren Illinois East Galesburg Substation, which interconnection is governed by a certain Interchange Agreement. As specified in the Petition, Ameren Illinois owns and operates a 138 kV terminal at the East Galesburg Substation with associated monitoring, controls and protective relays. Ameren Illinois also owns the East Galesburg Substation, which is operated at 138 kV. MidAmerican owns a 161 kV line extending from its Oak Grove Substation to the East Galesburg Substation where MidAmerican owns two 161-138 kV Transformers which function to transform the voltage of MidAmerican's line to the voltage of Ameren's East Galesburg Substation. As part of their respective on-going efforts to improve the reliability and efficiency of their transmission services, Ameren Illinois and MidAmerican examined the benefits to their respective customers in changing the ownership of certain facilities associated with the interconnection at the East Galesburg Substation.

Ameren Illinois and MidAmerican determined that it would be beneficial to transfer the ownership of two Transformers and related facilities associated with the interconnection at the East Galesburg Substation from MidAmerican to Ameren Illinois, so as to better align facility ownership with facility use. The Agreement also includes a 17.2 mile segment of the MidAmerican Oak Grove-East Galesburg 161 kV Line (the Transmission Line) that will connect to Ameren Illinois' new distribution substation northwest of Galesburg, approximately half way between Oak Grove and Galesburg. This new substation is referred to as the Mercer Substation.

Mr. Brownfield explains in his affidavit that by purchasing these assets, Ameren Illinois will retain the existing transmission interconnection with MidAmerican. This transmission interconnection is needed to provide adequate reliability to Ameren Illinois customers in the Galesburg area and also enhances the robustness of the Ameren Illinois transmission system. He explained that the addition of the new Mercer Substation will be required to help continue to provide adequate reliability to Ameren Illinois customers. Further, he attested that in order for the Mercer Substation to be connected to Ameren Illinois' transmission system, Ameren Illinois will also purchase the section of MidAmerican's 161 kV line - the Transmission Line between the Mercer Substation and the East Galesburg Substation.

The Agreement provides the manner by which the purchase prices for MidAmerican's Transformers at East Galesburg Substation and the new 161 kV line segment are calculated. Based on current information and the net book value of the assets as of December 31, 2013, the consideration is expected to be approximately $240,000. The purchase price for MidAmerican's Transformers shall be based on the net book value at the time of close, and the segment of MidAmerican's new 161 kV transmission line facilities to be sold to Ameren Illinois shall be based on the net book value of the existing 161 kV line segment immediately prior to its removal from service. The final amount will reflect any changes in net book value, including additional depreciation until such time as the line is removed from service. These amounts will be paid in cash at the time of closing.

The Petitioners state that the Agreement is exempt from the Commission's consent and approval. Section 7-102 does not apply because both Ameren Illinois and MidAmerican are electric utilities that have annual gross revenues exceeding $250,000,000 and the total purchase price of these assets is significantly less than $5,000,000. The Transaction is also exempt under Section 105.40 of the Commission's rules which provides that sales and leases and other transactions of this nature need not be filed or approved pursuant to Section 7-102, where the consideration is not more than $300,000 for utilities with gross revenues in excess of $50,000,000 annually.

III. STAFF'S POSITION

On December 17, 2014, Staff filed its Verified Initial Comments. In its comments, Staff agreed with the Petitioners that the Transformers should be exempt from Commission approval. However, Staff recommended that based on the actual value of

the Transmission Line, the Commission should not declare it exempt from Commission approval. Staff's position is that the Petitioners' calculation of the Transmission Line's value is "problematic". Staff states the Transmission Line that Ameren Illinois would purchase does not exist but, rather, MidAmerican will be constructing and replacing the original 161 kV line that was built in the 1950's. Staff placed the value of the Transmission Line at $14, 255,000, based on information it received in data requests. Staff agrees the net book value of the existing 161 kV transmission line is $89,673 and Ameren Illinois' payment to MidAmerican for the transfer of the 161 kV transmission line is approximately $120,000, but Staff understands that the new 161 kV transmission line that will actually be transferred has an actual value of over $14 million.

In its comments, Staff's opinion is that the request by Petitioners for a Certificate for the 161 kV line from Oak Grove to Galesburg is at this time premature because of other pending Ameren Illinois and MidAmerican matters. Staff recommends approval of the Transaction be conditioned upon MidAmerican receiving a certificate for its proposed 345 kV line extending from MidAmerican's Oak Grove Substation to a new Ameren substation adjacent to the East Galesburg Substation referred to as the Sandburg Substation in Docket No. 14-0494, and Ameren Transmission Company of Illinois receiving a certificate in Docket No. 14-0514 authorizing it to construct the 345 kV project which includes the Sandburg Substation as well as a 345 kV line extending from the Sandburg Substation to the Peoria area. Mr. Rockrohr explains the 161 kV transmission line that is to be transferred will only exist if the Commission grants a certificate in MidAmerican's Docket No. 14-0494, and the Sandburg Substation to be built by Ameren Transmission Company of Illinois has yet to be approved in Docket No. 14-0514. Additionally, the Mercer Substation to be built by Ameren Illinois does not yet exist. Mr. Rockrohr states that the Commission should not approve the transfer of a Transmission Line that has yet to be built and where its endpoints have also not yet been built.

Further, Staff recommends that if the Commission grants a certificate to MidAmerican for the proposed 345 kV line in Docket No. 14-0494, the Commission should also grant MidAmerican two new certificates for its proposed 17.2 mile 161 kV Transmission Line to replace the existing certificate: one certificate for the segment from Oak Grove Substation to the Mercer Substation and another for the segment from the Mercer Substation to the Sandburg Substation. The Commission could then transfer the certificate for the Mercer-Sandburg Segment from MidAmerican to Ameren Illinois.

Staff witness Rockrohr recommended the Commission declare the transfer of the Transformers exempt from Commission approval, but the Commission not declare the transfer of the 161 kV Transmission Line exempt from Commission approval. Mr. Rockrohr clarified that he is not opposed to the transfer but that the approval and transfer should be conditioned as he described.

Mr. Rockrohr testified that the actual cost of the construction of the Transmission Line will be recovered through the transmission rates authorized by the Federal Energy Regulatory Commission. The Transmission Line costs will be included in the cost of the 345 kV double circuit line that is part of a Midcontinent Independent System, Inc. (MISO) Multi-Value Project (MVP) and consequently the cost will be absorbed through the entire

MISO footprint. He concludes that due to the method of recovery through MISO, neither Ameren Illinois nor MidAmerican ratepayers will be harmed by the Transaction.

Staff witness Jones testified that the journal entries proposed by MidAmerican and Ameren Illinois to record the sale of the assets are consistent with requirements of the FERC USOA and by extent the Illinois USOA with the following caveat. She explained that the journal entries do not reflect a clearing of the transaction through Account 102, Electric Plant Purchased or sold. If it were determined that the transferred assets constitute an operating unit or system, the transaction must clear through Account 102 per FERC USOA Electric Plant Instruction No. 5. Ms. Jones also testified that Ameren Illinois' journal entry to record the purchase of the 161kV transmission line reflects the original cost of the existing line, which was placed into service in 1957, as opposed to MidAmerican's cost to rebuild the 161 kV transmission line, which will be included in the cost of the new 345 kV double circuit transmission line.

Ms. Jones recommended that the Petitioners each file with the Chief Clerk of the Commission, with a copy to the Manager of Accounting, copies of the actual journal entries used to record the sale and purchase of MidAmerican Illinois-based transmission assets within sixty days of the closing of the transaction.

IV. PETITIONERS' REBUTTAL

Mr. Brownfield stated Ameren Illinois has no objection that the transfer be conditioned upon the granting of the Certificates in the above dockets as Staff proposes. Mr. Brownfield also addressed Mr. Rockrohr's valuation of the Transmission Line stating that Ameren Illinois does not agree with Staff's recommendation and application of Section 7-102. The consideration Ameren Illinois is paying MidAmerican is below the statutory limit requiring Commission approval, regardless that the resultant project may have a greater value to MidAmerican. What is relevant is the amount Ameren Illinois will pay for the line. Mr. Brownfield goes on to state that MidAmerican is replacing the line with its functional equivalent and the value of the functional equivalent remains the same as far as Ameren Illinois is concerned. Mr. Brownfield concluded that Ameren Illinois will file with the Chief Clerk of the Commission, and the Manager of Accounting, copies of the actual journal entries used to record the sale and purchase of MidAmerican's Illinois-based transmission assets within sixty days of the closing of the Transaction.

MidAmerican witness Mr. Stevens testified that the catalyst bringing about the discussions of realigning the facilities was the development of the MVPs by MISO. Mr. Stevens stated that the MVPs are planned and approved by MISO specifically to serve regional transmission needs, and the MVP-16 planned by MISO included a 345 kV line from MidAmerican's Oak Grove Substation near the Quad Cities to Ameren Transmission Company of Illinois' new Sandburg Substation near Galesburg. Mr. Stevens testified in order to reduce the impact on landowners, MidAmerican will utilize the current 161 kV line right-of-way to site the new 345 kV transmission line.

Mr. Stevens agreed with Mr. Rockrohr's recommendations concerning the disposition of the Transformers but he did take issue with certain of Mr. Rockrohr's positions concerning the Transmission Line. Mr. Stevens agrees with Mr. Rockrohr's testimony that the value of the Transformers is less than $300,000 and that Commission approval is not required for the transfer. Mr. Stevens further testified agreement with Mr. Rockrohr's assessment of cost recovery and that the 345 kV line cost will be allocated broadly across the MISO footprint. Mr. Stevens clarifies that the cost recovery of the rebuilt Transmission Line is on the same basis as the 345 kV line only if the costs are considered an integral part of the 345 kV transmission project.

Mr. Stevens' primary disagreement is with Mr. Rockrohr's valuation of the Transmission Line. Mr. Stevens does not agree that the incremental cost to build the new 345 kV line as a double-circuit line with the existing Transmission Line as opposed to a single-circuit 345 kV line translates into an increase in value of the 161 kV line. The incremental cost to build the new 345 kV line as a double circuit is $14 million, but Mr. Stevens asserts the underlying 161 kV line has not increased in value by that amount.

Mr. Stevens explains that had Ameren Illinois and MidAmerican bifurcated the Transaction, starting with a separate sale of the Transmission Line from MidAmerican to Ameren Illinois, the effect would be to transfer ownership of the 161 kV line segment from Mercer to East Galesburg on the same terms as the proposed Agreement. He continues by stating that MidAmerican could, after the sale, replace the existing 161 kV line with a new double-circuit line. Had MidAmerican chosen that approach, Ameren Illinois would have no cost responsibility for rebuilding the line and the investment would remain the same, and the value of the line owned by Ameren Illinois would remain unchanged in the books.

Mr. Stevens testified that the Transmission Line would continue to serve the same function as before despite it having an increased capacity as a result of it being rebuilt. He states the functional equivalency is due to the line still serving the same purpose of connecting the two Ameren substations. Mr. Stevens explains that the existing 161 kV line and its components will not be used to rebuild the Transmission Line as part of the double-circuit structure because it would not be practical or prudent due to the age of the parts. Further, the materials are also incompatible with current standard line designs which require the use of twisted pair conductors for better galloping performance and the use of current standard conductor size for operations and maintenance purposes.

Mr. Stevens takes issue with Mr. Rockrohr's testimony that the actual line to be transferred does not yet exist because the existing line will be rebuilt. Mr. Stevens is of the opinion that the functionally equivalent line does exist today and it is in the same line on which the net book value is based. He states that the site of Sandburg Substation is immediately adjacent to the existing East Galesburg Substation and is functionally equivalent in terms of serving as a terminus to the Transmission Line and that line already has a certificate and does not need another. However, Mr. Stevens states that Petitioners are willing to concede that the approval of the transfer can be conditioned on the granting of the Certificates in each of the Petitioners' respective dockets.

Mr. Stevens agrees MidAmerican will file with the Chief Clerk of the Commission, with a copy to the Manger of Accounting, copies of the actual journal entries used to record the sale and purchase of MidAmerican's Illinois-based transmission assets within sixty days of the closing of the Transaction.

V. STAFF'S REBUTTAL

Mr. Rockrohr testified in response to the ALJs' request for additional information about the transfer of the Transmission Line with respect to the following five topics: 1) Alternative methods of cost recovery; 2) Alignment of investment, ownership, and needs; 3) Past asset transfers similar in nature to what is contemplated in this docket; 4) Reasonableness of re-using existing transmission components; and 5) Effect of Petitioners' rebuttal testimony on Staff's recommendation.

Mr. Rockrohr testified that Mr. Stevens is correct in his conclusion that if the 161 kV line was not included in the MISO MVP portfolio then MVP cost sharing across MISO would not apply and instead the 161 kV transmission line, if constructed, would be borne solely by MidAmerican and Ameren Illinois customers through zonal transmission rates. Further, Mr. Rockrohr agreed with Mr. Stevens regarding the cost allocation that will actually be used for the 345/161 kV double-circuit transmission line, if the lines are constructed. Mr. Rockrohr testified that as part of MVP-16, the allocation for cost recovery for MidAmerican's double circuit 345/161 kV transmission line, including the portion that comprises the line being purchased by Ameren Illinois, will be across the entire MISO footprint.

Mr. Rockrohr testified that the manner in which the costs for an asset are allocated do not affect its value. He states that the proposed method of allocation has no real effect on the value of the Transmission Line. Mr. Rockrohr further testified that its value would not depend on whether customers across MISO pay, or only Ameren Illinois and MidAmerican ratepayers pay.

Mr. Rockrohr stated that the value of the Transmission Line to be built is not the same as the value of the existing depreciated 161 kV line that is to be removed. He explained that regardless of whether Ameren Illinois wants a new 161 kV transmission line, the Petition states that Ameren Illinois will purchase a newly built line. He continued that the value of the Transmission Line Ameren Illinois plans to purchase will be approximately $14 million, not the net book value of the existing 161 kV line that will no longer exist. Mr. Rockrohr pointed to the fact that even though MidAmerican plans to sell the Transmission Line to Ameren Illinois for a reduced price and recover the rest of its cost from across MISO's footprint, that does not cause the Transmission Line's value to diminish. Mr. Rockrohr summarized his position that the value of the Transmission Line will be approximately $14 million regardless of how the cost is allocated, and regardless of how much of the $14 million cost Ameren Illinois pays MidAmerican. He continued by stating that if this were not so, MidAmerican would have no reason to include any cost for the Transmission Line, along with its cost for the proposed 345 kV line, for recovery as part of the MVP-16 and, in fact, MidAmerican plans to recover the $14 million for

constructing the 161 kV line and adding that cost to its cost for constructing the 345 kV line that will be supported by the same poles.

Mr. Rockrohr testified that the Petitioners make it clear in their Petition that it is Ameren Illinois, not MidAmerican, that needs the 161 kV connection from Oak Grove. Mr. Rockrohr explained that in MidAmerican's Docket No.14-0494, a MidAmerican witness explained that Ameren Illinois intends to install Mercer Substation along the Oak Grove to East Galesburg 161 kV line, and that without the upgrades, overloads will exist on the Oak Grove to Mercer segment of this line. Mr. Rockrohr stated that such overloads could place Ameren Illinois customers at risk, not MidAmerican's, and that if considering the needs of the parties, he would conclude that Ameren Illinois is the party that needs the new upgraded 161 kV line and not MidAmerican. Thus, he concluded that aligning construction responsibility with need would result in Ameren Illinois constructing the new 161 kV line, not MidAmerican.

Mr. Rockrohr testified that aligning the investment with the needs of the parties is not the appropriate test for setting the sale price. He states it is Ameren Illinois, not MidAmerican, that most needs the Transmission Line in order to maintain reliable service to its customers under certain contingency conditions. Mr. Rockrohr explained while it is Ameren Illinois that needs the line, it is MidAmerican that plans to construct it, and then sell the Mercer to Sandburg segment to Ameren Illinois. The agreed upon sales price does not harm ratepayers of either utility. Mr. Rockrohr is unaware of any reason to oppose the transfer at the contemplated price.

Mr. Rockrohr explained how the Petitioners' rate paying customers will not be harmed. It is his understanding that MidAmerican agreed to sell an asset worth approximately $14 million to Ameren Illinois for approximately $120,000. He continued by stating this means MidAmerican will need to recover the balance of its cost for constructing the Transmission Line. Mr. Rockrohr testified that because the Transmission Line is included as part of MVP-16, MidAmerican will recover the remainder of its $14 million cost for the Transmission Line from customers across the entire MISO footprint and even if Ameren Illinois were to pay the full price, Ameren Illinois could then recover its $14 million cost from customers across the MISO footprint.

Mr. Rockrohr addressed the question of what entity should construct the Transmission Line involved in the Agreement and concluded it would be most efficient if the same entity that constructs the proposed Oak Grove to Sandburg 345 kV lines also constructs the Transmission Line because both lines will be supported by the same poles. Mr. Rockrohr further testified Petitioners appear to agree that MidAmerican will be constructing the 345 kV line from Oak Grove to Sandburg Substations. Further, Mr. Rockrohr is of the opinion that MidAmerican should construct the Transmission Line even though Ameren Illinois is the entity in need of the line.

Mr. Rockrohr testified Ameren Illinois' assertion that it only wants or needs the current 161 kV lines as it is now would not modify his recommendation. He stated the Transaction presented in the Petition involves a Transmission Line that does not yet exist, and that MidAmerican estimates it will cost more than $14 million to construct. Even if

Ameren Illinois really only wants or needs the existing 161 kV line rather than the newly constructed $14 million Transmission Line, the existing 161 kV line will not be available for purchase.

Mr. Rockrohr concludes he does not oppose the transfer but that Commission approval is required for the transfer of the Transmission Line because the line's cost and value exceeds the threshold specified in Section 7-102 of the Act and 83 Ill. Adm. Code Part 105. He further recommends that the Commission condition its approval on the outcomes of Docket Nos.14-0494 and 14-0514 because the very existence of the 161 kV line depends upon the outcome of those two dockets, and the Commission's decision in those dockets has not yet occurred.

VI. PETITIONERS' SURREBUTTAL

Ameren Illinois' witness Mr. Brownfield testified agreement with Mr. Rockrohr's statements regarding cost recovery. First, because the project is a MISO approved MVP, the costs of the 345kV and 161 kV lines are being shared by the customers within the MISO footprint. Mr. Brownfield further testified if the 161 kV line was not part of MVP 16, MidAmerican and Ameren Illinois customers would bear the cost of the line.

Mr. Brownfield testified that Mr. Rockrohr's testimony covered some aspects that influence ownership of the 161 kV line, but did not include an overriding factor. Mr. Brownfield stated MVP 16 includes the addition of a 345 kV line from Oak Grove to Galesburg. Mr. Brownfield testified that MidAmerican is the entity which will add the 345 kV line, and they would use the physical space occupied by the existing 161 kV line to facilitate the addition 345 kV line from Oak Grove to Galesburg. Mr. Brownfield further testified that MidAmerican will be removing the 161 kV line and replacing it with a double circuit 345/161 kV line and that they have the greater "need" to replace the existing 161 kV circuit.

Mr. Brownfield stated agreement with Mr. Rockrohr's conclusion that the Petitioners' ratepayers would not be harmed by the different price and stated again, the consideration Ameren Illinois is paying for the lines is fair and appropriate. The existing 161 kV line is sufficient for Ameren Illinois to deliver power to its new Mercer Substation, so Ameren Illinois has no specific need for a new line. Mr. Brownfield further testified what has occurred is consistent with Ameren Illinois' initial desire to simply purchase the existing 161 kV line from MidAmerican notwithstanding the MVP element to the project. Mr. Brownfield concludes that Ameren Illinois should only pay the net book value for the existing line as was agreed in principle prior to the approval of the MVP portfolio, and that is how the Transaction between Ameren Illinois and MidAmerican is constructed.

Mid American's witness Mr. Stevens testified that Staff's witness's testimony regarding appropriate cost recovery methodology is correct. Mr. Stevens testified in this specific instance the cost of the double circuit 345/161 kV facility will be included in the MISO transmission rate that is charged to all users of MISO facilities.

Mr. Stevens further testified that since the 161 kV line is part of a double circuit MVP that MISO has authorized MidAmerican to own, construct and operate, it is appropriate to align investment with MidAmerican, as Staff's witness ultimately concluded.

VII. COMMISSION ANALYSIS AND CONCLUSION

The Commission agrees with the parties that the sale of the Transformers does not require Commission approval. Both Ameren Illinois and MidAmerican are electric utilities that have annual gross revenues exceeding $250,000,000 and the total purchase price of the transformers is significantly less than $5,000,000. Thus, approval under Section 7-102 and 83 Ill. Adm. Code 105.40 is not required.

Staff and the Petitioners do differ on the valuation of the Transmission Line that is to be transferred in the Agreement, and each has made compelling arguments as to their respective positions. However, as both Ameren Illinois and MidAmerican have agreed to the conditions of approval to the Transaction by Staff, the Commission need not answer the specific question as to the valuation of the Transmission Line. The Commission agrees that the amount to be paid by Ameren Illinois to MidAmerican for the Transmission Line is approximately $120,000 under the terms of the Agreement. The Commission also agrees that the cost of the constructed line will be approximately $14 million.

Ultimately the Commission finds that the Agreement, as well as the underlying Transaction, is in the public interest and the public would be convenienced by its approval. The Agreement allows Ameren Illinois to purchase certain transmission assets from MidAmerican, and to construct, own, operate and maintain a new substation interconnecting with MidAmerican's existing transmission infrastructure. The transmission interconnection is needed to provide adequate reliability to Ameren Illinois customers in the Galesburg area and also enhances the robustness of the Ameren Illinois transmission system. Furthermore, the Transaction serves to better align facility ownership with facility use among the Petitioners.

The Commission further affirms the transfer to Ameren Illinois of the franchises, easements, licenses, permits or rights to own the transmission assets pursuant to Section 7-203 of the Act, as well as the transfer to Ameren Illinois of the necessary portions of the electric transmission Certificates of Public Convenience and Necessity in the name of or that were granted to MidAmerican pursuant to Section 8-406 of the Act.

VIII. CONCLUSION AND ORDERING PARAGRAPHS

The Commission, having given due consideration to the entire record and being fully advised in the premises, is of the opinion and finds that:

(1) Ameren Illinois Company d/b/a Ameren Illinois is a corporation engaged in the business of transmitting and distributing electric power and energy and natural gas throughout its certificated service territory within the State of Illinois, and, as such, is a "public utility" within the meaning of the Public Utilities Act;

(2) MidAmerican Energy Company is an Iowa corporation engaged in the business of generating, transmitting and distributing electricity and distributing natural gas to the public in the Illinois counties of Rock Island, Henry, Mercer and Whiteside, and elsewhere, and, as such, is a “public utility” within the meaning of the Public Utilities Act;

(3) the Commission has jurisdiction over each Petitioner and of the subject matter of this proceeding;

(4) the statements of fact set forth in the prefatory portion of this Order are supported by the evidence of record and are hereby adopted as findings of fact;

(5) the Agreement attached to the Joint Petition satisfies the requirement set forth in Section 7-102 of the Public Utilities Act, as it is reasonable, will promote the public interest and convenience, and is approved;

(6) Pursuant to Section 7-203 and Section 8-406 of the Public Utilities Act, the transfer of the Certificates of Public Convenience and Necessity and any related permits from MidAmerican Energy Company to Ameren Illinois Company is approved;

(7) Petitioners will each file with the Chief Clerk of the Commission, with a copy to the Manager of Accounting, copies of the actual journal entries used to record the sale and purchase of MidAmerican Illinois-based transmission assets within sixty days of the closing of the transaction; and,

(8) Petitioners should be allowed to perform all acts that are not contrary to the Public Utilities Act and the Commission’s rules and regulations, but which are necessary to performance of the Agreement.

IT IS THEREFORE ORDERED that the Transmission Facilities Purchase Agreement between Ameren Illinois Company d/b/a Ameren Illinois and MidAmerican Energy Company be, and hereby is, approved.

IT IS FURTHER ORDERED that subject to the provisions of Section 10-113 of the Public Utilities Act and 83 Ill. Adm. Code 200.880, this Order is Final; it is not subject to the Administrative Review Law.

By Order of this Commission this _____ day of _____, 2015.

(SIGNED) BRIEN J. SHEANHAN
Chairman