STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Commonwealth Edison Company                   :
Application for a Certificate of
Public Convenience and Necessity,            :  07-0441
pursuant to Section 8-406 of the
Illinois Public Utilities Act, to construct,
operate and maintain a new
138,000-volt electric transmission line
in DeKalb County, Illinois.

ORDER

By the Commission:

On August 13, 2007, Commonwealth Edison Company (“Petitioner” or “ComEd”) filed a verified Petition with the Illinois Commerce Commission (the “Commission”) seeking, pursuant to Section 8-406 of the Public Utilities Act (the “Act”), a Certificate of Public Convenience and Necessity (“Certificate”) to construct a new electric transmission line in DeKalb County, Illinois.

Pursuant to notice given in accordance with the rules and regulations of the Commission, an evidentiary hearing was held on November 19, 2007, before a duly authorized Administrative Law Judge of the Commission at its offices in Chicago, Illinois. At the hearing, Petitioner appeared by its counsel and presented testimony and exhibits in support of the Petition. Staff of the Commission also appeared and presented testimony. At the conclusion of the hearing, the matter was marked “Heard and Taken.”

TESTIMONY OF THE PARTIES

ComEd’s Testimony

ComEd presented the testimony of three witnesses: Frank A. Luedtke, P.E., Capacity Planning Manager in ComEd’s Distribution Capacity Planning Department; Neil F. Kaup, P.E., Senior Overhead Transmission Engineer; and Robert M. Jones, Sr., Manager, Acquisition, in ComEd’s Real Estate and Facilities Department. Mr. Luedtke evaluated the options for serving a new natural gas compressor station proposed by ComEd’s customer, Guardian Pipeline LLC (“Guardian”), and testified why a 138-kilovolt (“kV”) line is necessary. Mr. Kaup is ComEd’s transmission engineer for the proposed line and testified about the
proposed route and the line’s design. Mr. Jones considered various route alternatives and real estate issues associated with the proposed line, which will be located in Sycamore Township, DeKalb County, Illinois.

Mr. Luedtke and his department evaluated options for providing electricity to a new compressor station on an existing natural gas pipeline owned by Guardian, an interstate pipeline company, and helped develop a plan that was least cost. Guardian is adding a compressor station with a 45,000 horsepower motor in Sycamore Township, DeKalb County, to increase the capacity of its pipeline.

Mr. Luedtke testified that based on data provided by Guardian, it appears that the compressor station will have a peak demand of 36 megawatts (MW). Since the compressor is not expected to be run continuously, ComEd’s system needs to be capable of starting the motor without negatively impacting other customers.

Mr. Luedtke testified that ComEd proposes to connect Guardian to its 138 kV system because it is the least cost plan that meets the customer’s needs and provides adequate, efficient, reliable and environmentally safe service. The next lowest standard voltage on the ComEd system in this area is 34 kV. Based on motor data from Guardian, Mr. Luedtke found that the existing 34 kV system could not start Guardian’s motor. ComEd studied building a 138 kV to 34 kV substation adjacent to its existing 138 kV line and extending a 34 kV line to the proposed Guardian facility, and determined that by extending three of such lines and operating them in parallel, ComEd would be able to start and run the motor. However, such a plan would cost significantly more than the proposed 138 kV line. ComEd also considered extending 345 kV lines to serve Guardian, but that would have been much more costly.

Mr. Luedtke testified that the poles as described by Mr. Kaup will initially serve a single, three-phase circuit and two static wires, but they will be able to support a future 138 kV circuit using a second set of arms that will be installed when the second circuit is needed. The second circuit is projected to be needed in 2010 to provide additional reinforcement to the 138 kV system. The extra cost of constructing the line now with heavier two-circuit poles, as compared to single-circuit poles, is $210,000, but the cost of installing single-circuit poles, and then removing the single-circuit poles and replacing them with heavier poles in 2010 would be more expensive than the proposed construction. ComEd will seek another certificate to construct the second circuit, the need for which is not driven by the Guardian facility, when it can be more conclusively justified.

Finally, Mr. Luedtke testified that ComEd is capable of financing the project without adverse financial consequences for ComEd or its customers. The expected cost of the
proposed line is $4.5 million, which will come from ComEd's construction budget and will be placed into ComEd’s rate base as distribution plant when the line is placed into service. The cost of the additional easements necessary for construction of the line was borne by Guardian. In accordance with ComEd’s Rider DE – Distribution System Extensions, Guardian will deposit a sum of money with ComEd in the approximate amount of ComEd’s investment to ensure that ComEd’s other customers will not suffer an adverse financial impact should the line fail to produce the expected revenues. ComEd will refund the deposit to Guardian in whole or in part based on the actual distribution revenue that ComEd receives from Guardian over a period of up to 10 years.

Mr. Kaup testified that the line will consist of two-circuit steel poles supporting one 138 kV circuit and two static wires, and the poles will be capable of supporting a second 138 kV circuit to serve future system needs. The 138 kV circuit will use three circuit conductors, strung in a vertical phase configuration, and will be supported by arms on one side of the pole. Two static wires will be installed above the circuit conductors for lightning protection. The line will extend from ComEd's existing 138 kV lines approximately 2.8 miles to a proposed new electric service station (to be designated ESS-B200 on ComEd's system).

Mr. Kaup testified that ComEd looked for alternative routes for the line. However, because ComEd already has a right-of-way extending in a straight line from its existing transmission line to the proposed service station, except for one parcel, any other route would be longer, more costly, and more difficult to acquire.

Finally, Mr. Kaup testified that the proposed line will be constructed by ComEd forces and by experienced contractors under ComEd’s supervision, and that the contracts will be managed by ComEd’s Project and Contract Management Organization, which will also conduct field inspections and construction review. The proposed cost of the line is estimated to be $4.5 million and will take about three months to build.

Mr. Jones is responsible for coordinating the acquisition of real property for use as transmission and distribution rights-of-way and substation sites. Mr. Jones described the route of the transmission line, which primarily traverses undeveloped agricultural land in DeKalb County, and testified that no railroad tracks, utility lines, pipelines, or communication lines will interfere with the proposed line. Mr. Jones testified that the location of the route was primarily dictated by the location of the customer’s new facility and the nearest source of 138 kV power, and that the proposed route is the shortest, most direct route between the existing line and the transformer yard that Guardian will construct.

Mr. Jones testified that ComEd already owned or had rights to the entire proposed
route except for one parcel. Guardian obtained an easement from that parcel’s landowner at Guardian’s own expense and will grant its rights to ComEd. Therefore, there are no right-of-way acquisition costs associated with the proposed route and there will be no need to condemn any property.

Mr. Jones testified that ComEd identified individuals, based on tax records obtained less than 30 days before filing the Petition, who may have an interest in the land upon or across which the proposed line will be constructed and contacted them. Guardian also hosted an open house to discuss the project, including the proposed compressor station and transmission line, on August 1, 2007, in Genoa, Illinois, and approximately eight people attended.

Finally, Mr. Jones testified that the proposed transmission line will have no significant effect on aviation, agricultural property, or historically or archaeologically significant property. ComEd does not anticipate that any Illinois endangered or threatened species will be affected by the proposed route. ComEd may have to obtain wetland permits from the United States Corps of Engineers pending final engineering and the designation of specific pole locations. ComEd will apply for road crossing permits as needed.

Staff Testimony

Staff presented the testimony of Ronald Linkenback, Senior Engineer in the Electric Section in the Engineering Department of Staff’s Energy Division. Mr. Linkenback reviewed the evidence provided by ComEd and also visited the area and inspected the proposed transmission line site in order to offer his opinion on ComEd’s request. Specifically, Mr. Linkenback focused on two statutory requirements under Section 8-406 of the Public Utilities Act: 1) whether the proposed transmission line is necessary to provide adequate, reliable, and efficient service, and is the least-cost means to satisfy the service needs of ComEd’s customer, and 2) whether ComEd is capable of efficiently managing and supervising the construction.

Mr. Linkenback determined that ComEd has adequately supported its need to have the proposed transmission line in service by May 1, 2008. Mr. Linkenback testified that the proposed project is not required to reinforce or upgrade ComEd’s transmission system, but is necessary to serve one customer, Guardian. Mr. Linkenback stated that ComEd provided sufficient information to show that the proposed 138 kV line is necessary to serve this customer. He noted that the alternatives to 138 kV service were more expensive than the proposed project and that they could not meet Guardian’s required in-service date.

Mr. Linkenback testified that the Commission has the authority to issue the certificate even if all the permits and approvals had not yet been obtained from state and federal
agencies. He stated that the route is reasonable and least cost, and that ComEd has assurances, through the deposit mechanism of its Rider DE, that ComEd will recoup its investment from Guardian in constructing the line. Additionally, Mr. Linkenback testified that it is reasonable to construct the line with heavier poles that can eventually support a second circuit based on ComEd’s forecast that it will need the second circuit in 2010.

Mr. Linkenback also testified that ComEd is capable of efficiently managing and supervising the construction process and has taken sufficient action to ensure adequate and efficient construction and supervision. Having found that ComEd met the two statutory criteria he examined, Mr. Linkenback recommended to the Commission that it grant ComEd’s petition.
COMMISSION CONCLUSIONS

Section 8-406(b) of the Public Utilities Act, as amended, effective January 1, 1998[1], requires that a utility demonstrate three elements before being granted a Certificate of Public Convenience and Necessity. They are:

1) that the proposed construction is necessary to provide adequate, reliable and efficient service to its customers and is the least-cost means of satisfying the service needs of its customers; (2) that the utility is capable of efficiently managing and supervising the construction process and has taken sufficient action to ensure adequate and efficient construction and supervision thereof; and (3) that the utility is capable of financing the proposed construction without significant adverse financial consequences for the utility or its customers.

This Commission finds that based on the evidence in this record, ComEd has presented evidence establishing each of these requirements.

ComEd has demonstrated that the proposed 138 kV transmission line is needed to provide adequate and reliable service to its customer, Guardian Pipeline. ComEd also presented persuasive evidence that the proposed facilities are the least-cost feasible means of providing service to Guardian. The Commission finds that the proposed transmission line will serve the public convenience and necessity.

The proposed route selection is reasonable because it is the shortest and most direct. ComEd owns a right-of-way along the entire proposed route except for one parcel on which Guardian purchased an easement and will grant ComEd rights. Moreover, the proposed site will not impact wetlands, aviation, or agricultural, archaeological, or historic property.

The Commission also finds that ComEd is capable of financing the construction of the line without adverse financial consequences for ComEd or its customers. Not only does the cost of construction represent a small fraction of ComEd’s construction budget, but ComEd also has collected a deposit from Guardian, to be repaid only as the compressor continues to operate, as protection to ensure other ComEd customers will not inappropriately bear the cost of this project if Guardian does not operate as expected.

Finally, the record demonstrates that ComEd is capable of efficiently managing and supervising the construction of the facilities.

For these reasons, the Commission is of the opinion that ComEd should be granted a
Certificate of Public Convenience to permit the required construction.

FINDINGS AND CONCLUSIONS

The Commission, having examined the entire record herein, and being fully advised in the premises, is of the opinion and finds that:

1) Commonwealth Edison Company, an Illinois corporation engaged in the business of furnishing electric service in the State of Illinois, is a public utility within the meaning of Section 3-105 of the Public Utilities Act;

2) the Commission has jurisdiction over ComEd and the subject matter herein;

3) the recitals of fact heretofore set forth are supported by the evidence in the record and are hereby adopted as findings of fact herein;

4) ComEd is authorized to construct, operate and maintain a new 138 kV electric transmission line together with such related facilities or repairs, renewals, and improvements to, or changes in, such line as are or may be come convenient and necessary to secure adequate, efficient, and reliable service along the route shown on Exhibit A to the Petition, admitted into evidence herein, and alternatively described in Appendix 1, attached hereto;

5) the proposed project is the best and the least-cost means of serving the Guardian Pipeline facility, ComEd’s customer; and

6) ComEd has demonstrated those elements necessary to be granted a Certificate of Public Convenience and Necessity in order to permit the construction of the proposed transmission line.

IT IS THEREFORE ORDERED that Commonwealth Edison’s petition seeking a Certificate of Public Convenience and Necessity, filed August 13, 2007, be and is hereby granted.

IT IS FURTHER ORDERED that the Certificate of Public Convenience and Necessity herein granted shall be the following:
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY

IT IS HEREBY CERTIFIED that public convenience and necessity require: (1) construction, operation, and maintenance by Commonwealth Edison Company of a transmission line as described in the Petition herein at the location described in Appendix 1 attached hereto and as shown on Exhibit A, admitted into evidence in this proceeding, together with such related facilities or repairs as are or may become reasonably necessary to promote the public convenience and necessity and to secure adequate service; and (2) the transaction of an electric public utility business in connection therewith, all as herein before set forth.

IT IS FURTHER ORDERED that pursuant to the provisions of Section 10-113 of the Public Utilities Act (220 ILCS 5/10-113) and 83 Ill. Adm. Code 200.880, this Order is final; it is not subject to the Administrative Review Law.

By Order of the Commission this 5th day of December, 2007.

(SIGNED) CHARLES E. BOX

CHAIRMAN
APPENDIX 1

ONE PROPOSED DOUBLE CIRCUIT 138KV TRANSMISSION LINE TO BE LOCATED IN DEKALB COUNTY, ILLINOIS:

SAID TRANSMISSION LINE TO BEGIN AT COMED’S EXISTING NORTHWEST TO SOUTHEAST TRANSMISSION RIGHT OF WAY LOCATED APPROXIMATELY ½ MILE SOUTH OF BASELINE ROAD IN SECTION 6, TOWNSHIP 41 NORTH, RANGE 5 EAST OF THE THIRD PRINCIPAL MERIDIAN IN DEKALB COUNTY, ILLINOIS. SAID TRANSMISSION LINE TO PROCEED EASTERLY APPROXIMATELY 3 MILES TO A PROPOSED NATURAL GAS PIPELINE COMPRESSOR STATION OWNED BY GUARDIAN PIPELINE COMPANY LOCATED APPROXIMATELY ½ MILE SOUTH OF BASELINE ROAD IN SECTION 3, TOWNSHIP 41 NORTH, RANGE 5 EAST OF THE THIRD PRINCIPAL MERIDIAN IN DEKALB COUNTY, ILLINOIS.

[1] 220 ILCS 5/8-406(b) was amended by P.A. 95-700, which became effective November 9, 2007, after this Petition was filed. The amendment does not affect the Commission’s determination of this case. The relevant amended section, which is underlined, states:

(1) that the proposed construction is necessary to provide adequate, reliable and efficient service to its customers and is the least-cost means of satisfying the service needs of its customers or that the proposed construction 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; (2)