

STAFF REPORT

IUB Denial of Ames Municipal Electric Transmission Line Franchise

July 11, 2008

Last week the Iowa Utilities Board (IUB) issued an order denying the franchise petitions of the Ames Municipal Electric System. The petitions requested franchises to construct a 161 kV transmission line from a substation in Ames to the Northeast Ankeny Substation. While the order denying the petitions is disappointing, it was not entirely surprising since the earlier proposed ruling of the administrative law judge did not approve of the transmission line franchises.

In denying the franchise petitions, the IUB affirms in part and modifies in part the proposed ruling of the administrative law judge issued last September. The IUB order finds that the route study conducted by the City of Ames in part favored the route of an existing transmission line to the same degree that it favored division lines of land, roads, and railroads. State statute requires that the route selection process begin with consideration of division lines of land, roads, and railroads. While a route following an existing transmission line was approved in a 1995 opinion of the Iowa Supreme Court, the IUB order distinguishes that case based on the amount of interference with land use caused by the second transmission line.

The IUB order does include several positive points for the City of Ames. First, the order concludes that the transmission line would serve a necessary public purpose. Second, the transmission line would represent a reasonable relationship to the overall plan of transmitting electricity in the public interest. Third, the IUB finds that the proposal meets all construction and safety requirements. Finally, the IUB concludes that the electric line and magnetic fields would not adversely affect public health or safety.

Staff from the Legal and Electric Departments are meeting to study the IUB order, evaluate the use of outside counsel and consultants, and formulate future plans of action. Most likely those plans will involve re-commissioning the route study at an anticipated cost of \$50,000 to \$100,000, and then re-filing new franchise petitions with the IUB based on modified route proposals. It appears unlikely at this point that any renewed transmission line franchise petition would propose a route that totally departs from the original proposal. A new route study and new franchise petition will take time, however, and additional delays in the project likely will result in increased future construction costs.