



# Memo

Electric Services / Administration

**TO:** Mayor and City Council

**FROM:** Donald Kom, Director of Electric Services

**DATE:** November 1, 2007

**SUBJECT:** 161-kV line Project Update

Some time ago Electric Services spoke to you about our 161-kV transmission project to improve the electric service reliability to the City and ISU. After several years of system impact studies, a route study, substation and transmission line design work, a plan was developed with multiple phases. The phase which requires the most coordination is the proposed line from Ames to Ankeny.

A hearing requesting the approval of a franchise (route approval) was held this past summer before an Administrative Law Judge (ALJ). Speaking at the hearing were several expert witnesses for the City of Ames (COA) covering “need”, plan, route, environmental effects, and line design. Also testifying were six landowners along the route who are against having the line cross their properties in the manner and design proposed by the City. One of these six is the City of Huxley.

On September 12, the ALJ issued a “Proposed Decision and Order Denying Franchises” which denied the COA request for a franchise. On September 27, the COA filed a “Motion to Reopen Hearing” and an “Amendment to Petition” in an effort to address the main points of the ALJ’s denial of our request for the franchise. These points included condemnation of one city by another, the option of double-circuiting along a section of the route, and route selection criteria. Staff and outside counsel have developed several compelling arguments regarding each of these points. In the case of double-circuiting, a study was done to support the COA case that a joint line will be significantly less reliable. This has since been shared with the Office of Consumer Advocate, a party to the hearing that has supported a joint line.

Unfortunately, on October 25, the ALJ issued an “Order Denying Motion to Reopen Hearing”. On October 29<sup>th</sup>, staff, outside counsel, and other COA consultants met to discuss the next steps, which we will share with Council on November 2<sup>nd</sup>.

Meanwhile, part of the process when proposing a line is to meet with impacted land owners and acquire options on easements. At this point, the COA has acquired options on 85% of the route. We can renew options twice before we must either exercise the option or release the landowner. Significant time has passed since our Right-of-Way consultant began acquiring easement options. Several options are coming “due” on November 10<sup>th</sup> and a few more in December.

Staff is still committed to the completion of the project. **It should be remembered that this line is necessary in order for Electric Services to adequately serve our customers in the future.** All but one of the easements due fall outside the area paralleling the existing line (which is significant in light of the ALJ's preference for double circuiting and road routing issues). Outside counsel recommends that the COA exercise the easement options for the parcels coming due in November and December; costs are \$79,410.50 in November and \$41,085.00 in December. With these easements, the COA will be in a better position to gain a franchise once we work out a solution in and around the Huxley parcel. Failure to purchase these now may result in the loss of already acquired easements.

It is worth noting that buying the easements may result in some stranded investment. The portions of the route may change at some locations making some of the easements along the old route unnecessary. However by holding off exercising the easements there exists the possibility that some landowners will refused to grant us the same easement in the future.

Staff agrees with outside counsel that exercising the easement options now due in November and December, is in the best interests of the utility and the residents of Ames.