

ITEM #: 26a

DATE: September 9, 2008

**COUNCIL ACTION FORM**

**SUBJECT: EXERCISE OF OPTION TO ACQUIRE EASEMENT ON THE ORIGINAL  
ROUTE OF 161-kV TRANSMISSION LINE**

**BACKGROUND:**

In order to improve electric service reliability for our customers, there is the need for an additional transmission line to connect to the regional electric transmission grid. Following years of system impact studies, a route study, and substation and transmission line design work, the City determined that the best route for an additional transmission line extends from Ames to Ankeny. This project has been underway since 2004.

On July 2, 2008, the Iowa Utilities Board issued its final ruling, effectively denying the City's petition for a franchise to construct its 161kV transmission line outside the city limits to NE Ankeny. In its final decision, the IUB acknowledges the need for the line and does not contest the route specifically, but rather takes issue with the provision of evidence that the Iowa Code was the basis for the initial route planning for the portion from Ames to Ankeny.

Given the extensive research that went into determining the original proposed route, staff does not anticipate that a new routing study would determine a better primary route than the one that was proposed. However, a new, independent routing study is needed to address the issues raised in the final order.

The City has obtained options to acquire easements for the location of a transmission line along the original proposed route. One of the options to acquire an easement will expire on September 11; the cost of acquiring this easement is \$6,000. This property is in Polk County on the east side of I-35, south of the portion of the original route that paralleled the existing CIPCO transmission line (which is the area most in question in the IUB order). While it is not possible to conclude a new proposed route at this time, it is likely that the portion of the original route which includes this parcel will become part of any newly proposed route, given the extensive amount of research done to date reviewing alternatives. Staff will endeavor to negotiate an additional extension for this and all options coming due, but may not be successful in those negotiations before this option expires.

**ALTERNATIVES:**

1. The City Council can authorize staff to exercise the option to acquire this easement due to expire on September 11, 2008, in the amount of \$6,000.
2. The City Council can allow this easement option to expire and direct staff to begin the process of securing a new option for easements in this location once a new proposed route is determined.

**MANAGER'S RECOMMENDED ACTION:**

This easement will likely be needed in order to finally complete a transmission line from the Ames Plant, south to the substation near Ankeny. A new routing study may determine that parts of the original route may need to be redesigned and this easement may no longer be of use to the City. However, it is likely that this easement will be of future use in locating the interconnection line, and to let this option expire may mean that the easement would need to be repurchased later at a higher cost. Staff feels that the risk of purchasing an unusable easement outweighs the possible cost for having to renegotiate this easement at a later date.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1, authorizing staff to exercise the option to acquire this easement due to expire on September 11, 2008, in the amount of \$6,000.