

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 30th day
of August, 2007.

In the Matter of the Application of Interstate Power and)	
Light Company, f/k/a IES Utilities, Inc., and ITC Midwest)	
LLC for Approval to Transfer Certificate of Convenience)	<u>Case No. EO-2007-0485</u>
and Necessity and Transmission Line Facilities in Clark)	
County, Missouri and Motion for Expedited Treatment)	

**ORDER GRANTING CERTIFICATE OF CONVENIENCE
AND NECESSITY, GRANTING VARIANCES FROM CERTAIN
COMMISSION RULES, AND AUTHORIZING SALE OF ASSETS**

Issue Date: August 30, 2007

Effective Date: September 7, 2007

Syllabus:

This order authorizes Interstate Power and Light Company to transfer to ITC Midwest LLC its high-voltage transmission line assets in Clark County, Missouri, grants ITC Midwest LLC a certificate of convenience and necessity to operate those assets, and grants ITC Midwest LLC variances from Commission Rules 4 CSR 240-3.175 and 4 CSR 240-3.190(1) and (3).

Procedural History:

On June 15, 2007, Interstate Power and Light Company (IPL), f/k/a IES Utilities, Inc., and ITC Midwest LLC (ITC) asked the Commission to transfer a certificate of convenience and necessity from IPL to ITC. The applicants ask that the Commission approve this application no later than September 1, 2007.

The Commission issued an Order and Notice on June 19. In that Order and Notice, the Commission directed interested parties to file applications to intervene no later than July 9. Union Electric Company, d/b/a AmerenUE, filed a timely request to intervene, which the Commission granted.

On August 17, the Staff of the Commission filed its Recommendation. Staff recommends that the Commission grant the applicants authority to transfer the assets, grant ITC a certificate of convenience and necessity, and grant ITC variances from certain reporting requirements that would otherwise be required by Commission rule.

Commission Rule 4 CSR 240-2.080(15) allows parties ten days to respond to pleadings. No party responded to Staff's Recommendation.

Findings of Fact:

The Commission, upon review of the parties' verified pleadings, which are admitted into evidence, makes the following findings of fact:

IPL is an Iowa corporation. IPL is a subsidiary of Alliant Energy Corporation, and is a public utility in Iowa, Minnesota and Illinois. Due to a recent sale of its Illinois electric and natural gas distribution systems, IPL no longer has any retail customers in Illinois.

ITC is a Michigan limited liability company, and a wholly owned subsidiary of ITC Holdings Corp. ITC was organized to acquire the high voltage electric transmission assets of IPL, a small portion of which are located in Clark County, Missouri.

ITC wishes to purchase approximately 9.5 miles of a 161 kV transmission line in Clark County, which connects IPL's transmission system in Keokuk, Iowa with Ameren's transmission system near Wayland, Missouri. IPL currently has a certificate of convenience

and necessity for that 9.5-mile section of line.¹ No tax impact on the tax revenues of the political subdivisions in which IPL's assets are location will occur. No Missouri retail customers are served by the transmission assets that the applicants propose to transfer.

Staff recommends that the Commission grant the requested authority. Staff believes that the proposed service is not detrimental to the public interest because the line serves no Missouri retail customers, and because ITC has the managerial and technical capability to own, operate and maintain the line. Staff recommends that the Commission condition ITC's authority to purchase the transmission line upon ITC's receipt of a certificate authorizing it to conduct business in Missouri from the Missouri Secretary of State.

Moreover, Staff further recommends that the Commission waive certain reporting requirements for ITC. Staff states that because ITC will have no Missouri retail customers, no purpose would be served by having ITC file depreciation studies and power plant information, so long as ITC continues to not have Missouri retail customers.

Conclusions of Law:

IPL and ITC are "electrical corporations" and "public utilities."² They are subject to the jurisdiction of this Commission under to Chapters 386 and 393, RSMo 2000.

Before ITC may acquire the transmission line in Clark County, Missouri, the Commission must first authorize ITC to do so.³ The Commission will authorize the transaction if it is not detrimental in the public interest to do so.⁴ ITC has the managerial,

¹ Commission Case No. EA-2002-296, *Order Granting Certificate of Public Convenience and Necessity* (April 18, 2002).

² Section 386.020(15), (42), Cum. Supp. 2006.

³ Section 393.190, RSMo 2000.

⁴ Commission Rule 4 CSR 240-3.110(1)(D).

financial and technical resources to own, operate and maintain that line.⁵ Therefore, the Commission concludes that ITC's ownership, operation and maintenance of that line would not be detrimental to the public interest.

An electrical corporation may not exercise any right under a franchise without first obtaining the permission and approval of this Commission.⁶ The Commission may give permission and approval when it has determined that such construction or the exercise of such right under a franchise is "necessary or convenient for the public service."⁷ The statute requires the Commission to provide "due hearing; however, no requests for intervention have been received and no party has requested a hearing. The requirement for a hearing is met when the opportunity for hearing has been provided and no proper party has requested the opportunity to present evidence. Since no one has requested a hearing, the Commission may grant the relief requested based on the verified application."⁸

The Commission may also impose such conditions as it deems reasonable and necessary upon its grant of permission and approval.⁹

The Commission concludes that ITC's ownership of the proposed transmission line is both necessary and convenient for the public service because by owning that line, ITC will continue to serve customers in the Keokuk, Iowa area that IPL currently serves. Therefore, the Commission will authorize ITC to purchase, own, operate, and maintain the

⁵ See *Staff Recommendation, App. A* (filed August 17, 2007).

⁶ Sections 393.170.1 and 2, RSMo 2000.

⁷ Section 393.170.3, RSMo 2000.

⁸ *State ex rel. Rex Deffenderfer Enterprises, Inc. v. Public Service Commission*, 776 S.W.2d 494, 496 (Mo. App., W.D. 1989).

⁹ Section 393.170.3, RSMo 2000.

transmission line as described by its application. However, the Commission will condition the certificate upon ITC's receipt and filing of a certificate to conduct business in Missouri as a foreign corporation from the Missouri Secretary of State.

Further, because ITC will have no Missouri retail customers, the Commission will waive the requirement in Commission Rule 4 CSR 240-3.175 that would otherwise require ITC to file depreciation studies with the Commission. Finally, the Commission will also waive the fuel and outage reporting requirements in Commission Rule 4 CSR 240-3.190(1) and (3).

IT IS ORDERED THAT:

1. ITC Midwest LLC is granted a certificate of public convenience and necessity to, own, operate, and maintain a 161 kV transmission line in only the portion of Clark County, Missouri, described in its application.
2. ITC Midwest LLC is granted authority to purchase from Interstate Power and Light Company the transmission line and any accompanying assets referenced in paragraph 1 and described in its application.
3. The certificate of convenience and necessity referenced in ordered paragraph 1 shall become effective on the effective date of this order, except as otherwise provided in paragraph 4.
4. The authority granted to ITC Midwest LLC in this order is conditioned upon ITC Midwest LLC obtaining a certificate to do business as a foreign corporation in Missouri from the Missouri Secretary of State, and filing a certified copy of that certificate with the Commission.

5. The Commission grants ITC Midwest LLC a waiver from the reporting requirements of Commission Rule 4 CSR 240-3.175 and 3.190(1), (3).

6. Nothing in this order shall be considered a finding by the Commission of the reasonableness or prudence of the expenditures herein involved, nor of the value for ratemaking purposes of the properties herein involved, nor as an acquiescence in the value placed on said property.

7. The Commission reserves the right to consider the ratemaking treatment to be afforded the properties herein involved, and the resulting cost of capital, in any later proceeding.

8. This order shall become effective on September 7, 2007.

9. This case shall be closed on September 8, 2007.

BY THE COMMISSION

A handwritten signature in black ink, appearing to read 'Colleen M. Dale', is written over a horizontal line.

Colleen M. Dale
Secretary

(S E A L)

Davis, Chm., Murray, Gaw, Clayton,
and Appling, CC., concur.

Pridgin, Senior Regulatory Law Judge