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Sponsoring Party: Public Counsel
Case No.: EO-2011-0128

SUPPLEMENTAL REBUTTAL TESTIMONY

OF

RYAN KIND

Submitted on Behalf of
the Office of the Public Counsel

**UNION ELECTRIC COMPANY
D/B/A AMEREN MISSOURI**

Case No. EO-2011-0128

DPC Exhibit No. 13-NP
Date 2-9-12 Reporter JK
File No. EO-2011-0128

**

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Denotes Highly Confidential Information that has been Redacted

January 18, 2012

NP

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

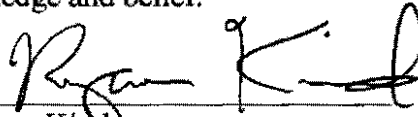
In the Matter of the Application of Union)
 Electric Company for Authority To)
 Continue the Transfer of Functional) Case No. EO-2011-0128
 Control of Its Transmission System to the)
 Midwest Independent Transmission)
 System Operator, Inc.)

AFFIDAVIT OF RYAN KIND

STATE OF MISSOURI)
) ss
 COUNTY OF COLE)

Ryan Kind, of lawful age and being first duly sworn, deposes and states:


1. My name is Ryan Kind. I am a Chief Utility Economist for the Office of the Public Counsel.
2. Attached hereto and made a part hereof for all purposes is my supplemental rebuttal testimony.
3. I hereby swear and affirm that my statements contained in the attached affidavit are true and correct to the best of my knowledge and belief.


 Ryan Kind

Subscribed and sworn to me this 18th day of January 2012.



JERENE A. BUCKMAN
 My Commission Expires
 August 23, 2013
 Cole County
 Commission #06754037


 Jerene A. Buckman
 Notary Public

My commission expires August 23, 2013.

SUPPLEMENTAL REBUTTAL TESTIMONY
OF
RYAN KIND
UNION ELECTRIC COMPANY
CASE NO. EO-2011-0128

1 **Q. PLEASE STATE YOUR NAME, TITLE, AND BUSINESS ADDRESS.**

2 A. Ryan Kind, Chief Energy Economist, Office of the Public Counsel, P.O. Box 2230,
3 Jefferson City, Missouri 65102.

4 **Q. ARE YOU THE SAME RYAN KIND THAT HAS PREVIOUSLY FILED REBUTTAL AND**
5 **SURREBUTTAL TESTIMONY IN THIS CASE?**

6 A. Yes.

7 **Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL REBUTTAL TESTIMONY?**

8 A. The purpose of my supplemental rebuttal testimony is to address the new positions that
9 have been adopted by the Union Electric Company (UE or the Company), the Midwest
10 Independent System Operator (MISO), the Commission Staff (Staff), and the Missouri
11 Industrial Energy Consumers (MIEC) as a result of entering into the Non-Unanimous
12 Stipulation and Agreement (the Agreement).

13 **Q. WHY DID THE POSITIONS OF THE SIGNATORIES TO THE AGREEMENT CHANGE AS A**
14 **RESULT OF ENTERING IN TO THE AGREEMENT?**

15 A. My counsel informs me that when a Non-Unanimous Stipulation and Agreement is filed
16 with the Commission and one or more parties objects to that agreement, then the Non-

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1 Unanimous Stipulation and Agreement becomes a joint position statement representing
2 the positions of the parties that have entered into that agreement.

3 ***I. Response to Position of Agreement Signatories Regarding Positions in***
4 ***OPC Rebuttal and Surrebuttal Testimony.***

5 **Q. DID THE AGREEMENT ADDRESS THE NEW POSITIONS OF THE NON-SIGNATORY**
6 **PARTIES REGARDING THE TERMS AND CONDITIONS UNDER WHICH THE COMMISSION**
7 **SHOULD APPROVE AN EXTENSION OF ITS AUTHORIZATION FOR UE TO CONTINUE**
8 **PARTICIPATING IN THE MISO?**

9 A. Yes. Paragraph 8 of the agreement states that the signatories believe that

10 Taken together, the rebuttal and surrebuttal testimony indicates that the
11 **Stakeholders** have no material disagreements regarding the Company's
12 updated cost-benefit study results, and **have no material disagreements**
13 **regarding the appropriateness of extending the interim and**
14 **conditional permission for Ameren Missouri to participate in the**
15 **Midwest ISO. [Emphasis added]**

16 The term "Stakeholders" is defined on page of the Agreement to include both the
17 signatory and non-signatory parties to this case. Therefore the reference to Stakeholders
18 in this sentence represents the position that the Signatories have regarding whether or not
19 Public Counsel and other non-signatory parties have any "material disagreements
20 regarding the appropriateness of extending the interim and conditional permission for
21 Ameren Missouri to participate in the Midwest ISO."

22 **Q. IS THE ABOVE QUOTED SENTENCE FROM PARAGRAPH 8 OF THE AGREEMENT**
23 **ACCURATE WITH RESPECT TO WHETHER PUBLIC COUNSEL HAS ANY "MATERIAL**
24 **DISAGREEMENTS"?**

25 A. No.

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1 **Q. PLEASE EXPLAIN WHY NOT.**

2 A. The question and answer beginning at line 20 on page 6 of my rebuttal testimony
3 addresses the inadequacy of the terms and conditions of continued MISO participation
4 that were specified in UE's initial application and notes that these terms and conditions
5 are essentially the same as the terms and conditions that were included in the Stipulation
6 and Agreement that was approved by the Commission in Case No. EO-2008-0134. UE's
7 initial application in this case is presumably the un-named "filing dated November 1,
8 2010" that is referenced in the third line of paragraph 9 on page 4 of the Agreement.
9 Paragraph 9 states in part that:

10 9. Approval/Term. The Signatories agree that the MoPSC should
11 conditionally approve, on an interim basis, Ameren Missouri's continued
12 RTO participation in the Midwest ISO substantially as described in
13 **Ameren Missouri's filing dated November 1, 2010** on the basis of
14 finding that, subject to the **conditions and modifications set forth**
15 **below**, said participation is not detrimental to the public interest.
16 [Emphasis added]

17 The term "conditions and modifications set forth below" appears to refer primarily to
18 subsections 10.a. through 10.j although these terms apply to "continued" MISO
19 participation and there is also a provision in paragraph 9 for "extended" MISO
20 participation beyond May 31, 2016 which would become effective:

21 ...if the MoPSC has not (by May 31, 2016) further extended its approval
22 of Ameren Missouri's Midwest ISO participation beyond May 31, 2016,
23 the Company shall be deemed to have MoPSC permission to continue its
24 Midwest ISO participation for the additional time necessary to re-
25 establish functional control of its transmission system so that it may
26 operate the same as an ICT, or to transfer functional control of the same
27 to another RTO, as the case may be...

28 **Q. ARE SOME OF THE TERMS AND CONDITIONS IN SUBSECTIONS 10.A. THROUGH 10.J**
29 **NEW TERMS AND CONDITIONS THAT WERE NOT INCLUDED IN THE STIPULATION AND**
30 **AGREEMENT THAT WAS APPROVED BY THE COMMISSION IN CASE NO. EO-2008-**
31 **0134?**

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1 A. Yes. The Agreement contains several new provisions that were not included in the
2 Stipulation and Agreements that resolved issues in EO-2008-0134 or the UE MISO
3 participation case that preceded that case (Case No. EO-2003-0271). The three new
4 provisions are contained in subsections 10.a., 10.i., and 10.j. On pages 5 and 6 of Staff
5 witness Adam McKinney's Second Supplemental Rebuttal Testimony, he describes two
6 of these subsections (10.i. and 10.j.)

7 **Q. DOES OPC STILL HAVE "MATERIAL DISAGREEMENTS REGARDING THE**
8 **APPROPRIATENESS OF EXTENDING THE INTERIM AND CONDITIONAL PERMISSION FOR**
9 **AMEREN MISSOURI TO PARTICIPATE IN THE MIDWEST ISO" WHEN THE THREE NEW**
10 **TERMS AND CONDITIONS IN SUBSECTIONS 10.A., 10.I., AND 10.J. ARE TAKEN INTO**
11 **ACCOUNT?**

12 A. Yes. There are several relevant developments that have taken place subsequent to the
13 Commission's approval of the Stipulation and Agreement in Case No. EO-2008-0134.
14 On pages 7 and 8 of my rebuttal testimony, I described four developments that have
15 arisen in the last few years that have impacted the terms and conditions that are necessary
16 to ensure that UE's continued participation in MISO will not be detrimental to the public
17 interest. An additional new development, Ameren's support of PJM-type capacity
18 markets is discussed in my surrebuttal testimony, beginning on page 2. The failure of the
19 Non-Unanimous Stipulation and Agreement to address these new developments is the
20 reason why Public Counsel still has "material disagreements regarding the
21 appropriateness of extending the interim and conditional permission for Ameren Missouri
22 to participate in the Midwest ISO" despite the three new terms and conditions in
23 subsections 10.a., 10.i., and 10.j. of the Agreement.

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Ryan Kind

1 **Q. PLEASE REVIEW THE NEW DEVELOPMENTS THAT YOU DESCRIBED ON PAGES 7 AND 8**
2 **OF YOUR REBUTTAL TESTIMONY.**

3 **A. The four new developments that were addressed in my rebuttal testimony were:**

4 (1) The new strategic initiative of the Ameren Corporation (Ameren) to
5 create a new subsidiary named the Ameren Transmission Company
6 (ATX) that Ameren wants to build most of the major new transmission
7 projects (e.g. the MISO Multi-Value Projects or MVPs) that would be
8 constructed within Missouri and Illinois.

9 (2) UE's recent assertion in its Application for re-hearing in Case No.
10 EX-2010-0254, where the Company states that a provision in
11 transmission portion of the new IRP rules is "unlawful in that it is
12 preempted by federal law (pursuant to the Supremacy Clause of the U.S.
13 Constitutions and cases decided thereunder) to the extent that it purports
14 to usurp or control the decision making process relating to the
15 construction of transmission within the footprint of a FERC-approved
16 RTO" and also states "the decision regarding what transmission should
17 be built is delegated to the RTO...by FERC." (These statements fail to
18 recognize important provisions in Section 5.3 of the Service Agreement
19 that FERC permitted to go into effect.)

20 (3) The increasingly diverse interests of Ameren subsidiaries (including
21 ATX) which are represented by UE's agent, Ameren Services, that is
22 supposed to represent the interests of UE and UE's customers at MISO.

23 (4) An August 2, 2010 affidavit filed by Dennis Kramer in support of the
24 application of ATX and various Ameren operating companies in FERC
25 Docket No. EL10-80 where he acknowledges that he communicates
26 "Ameren's corporate positions to Regional Transmission Organization
27 (RTO) stakeholders and the Midwest ISO." (Mr. Kramer is the Ameren
28 Services employee who is supposed to communicate UE's positions to
29 MISO stakeholders and MISO in his position as UE's agent that engages
30 in MISO activities on behalf of UE.)

31 ***II. Response to Position of Agreement Signatories in New Subsection 10.j.***
32 ***of the Agreement.***

33 **Q. DO SOME OF THE THREE NEW TERMS AND CONDITIONS IN SUBSECTIONS 10.A., 10.I.,**
34 **AND 10.J. OF THE AGREEMENT APPEAR TO BE INTENDED TO ADDRESS THE FIRST NEW**
35 **DEVELOPMENT THAT YOU IDENTIFIED?**

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1 A. Yes. The primary issues associated with Ameren's plan to have ATX or its subsidiaries
2 build and own the majority of new transmission facilities in Missouri that are part of the
3 MISO transmission expansion plan are:

- 4 • The loss of Missouri PSC jurisdiction over the transmission component of UE's
5 bundled retail rates for providing service to native load customers leading to
6 higher rates (relative to the level of UE's rates if jurisdiction is not lost) for UE
7 ratepayers; and
- 8 • The loss of effectiveness of the customer protection provided in Section 5.3 of
9 the Service Agreement which required UE to "obtain the approval of the
10 MoPSC prior to AmerenUE undertaking the construction of Transmission
11 Upgrades in Missouri if the Transmission Upgrades are not required to support
12 AmerenUE's specific Resource Plans but rather result from other Transmission
13 Upgrade requirements."

14 Subsection 10.j. is apparently intended to address the loss of jurisdiction that would occur
15 if ATX or an ATX subsidiary, instead of UE, built and owned new transmission facilities
16 in Missouri as part of the MISO transmission expansion plan.

17 **Q. HOW DOES SUBSECTION 10.J PURPORT TO ADDRESS THE LOSS OF JURISDICTION**
18 **THAT WOULD OCCUR IF ATX, INSTEAD OF UE, BUILDS NEW TRANSMISSION FACILITIES**
19 **IN MISSOURI THAT ARE PART OF THE MISO TRANSMISSION EXPANSION?**

20 A. The "rate treatment" provision applicable to affiliate-built transmission would
21 temporarily mitigate some of the harm resulting from the FERC-tariffed cost recovery
22 associated with Missouri transmission facilities built by ATX, but that mitigation would
23 end in just a few years "with the MoPSC's next order (after its order resolving this
24 docket) respecting Ameren Missouri's participation in the Midwest ISO, another RTO or

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1 operation as an ICT.” This rate treatment would only mitigate the increased rate impacts
2 from the FERC incentive rate treatments for a very limited period of the depreciable life
3 of the new transmission investments but the harm to customers from the loss of
4 jurisdiction and FERC incentive rates would continue for the life of the transmission
5 assets (up to 50 or 60 years.).

6 **Q. DID THE STIPULATION AND AGREEMENTS THAT WERE APPROVED BY THE**
7 **COMMISSION IN CASE NO. EO-2008-0134 AND THE UE MISO PARTICIPATION CASE**
8 **THAT PRECEDED THAT CASE (CASE NO. EO-2003-0271) PRESERVE THE**
9 **COMMISSION’S JURISDICTION OVER THE TRANSMISSION COMPONENT OF UE’S**
10 **BUNDLED RETAIL RATE BY ASSURING THAT THE COMMISSION RETAINS THE**
11 **AUTHORITY TO SET THE TRANSMISSION COMPONENT OF UE’S RETAIL RATES?**

12 A. Yes.

13 **Q. DID THE STIPULATION AND AGREEMENTS THAT WERE APPROVED BY THE**
14 **COMMISSION IN CASE NOS. EO-2008-0134 AND EO-2003-0271 CONTAIN “RATE**
15 **TREATMENT” PROVISIONS SIMILAR TO THE PROVISION IN SUBSECTION 10.J. IN ORDER**
16 **TO MAINTAIN THE COMMISSION’S ABILITY TO SET THE TRANSMISSION COMPONENT OF**
17 **UE’S RATES FOR SERVING ITS BUNDLED RETAIL LOAD?**

18 A. No. In those prior cases there was never any reason to consider the possibility of UE
19 giving up the rights that it had under the MISO Transmission Owners Agreement to
20 construct and own new transmission facilities in Missouri that are part of the MISO
21 transmission expansion plan. In addition, section 5.3 of the Service Agreement between
22 UE and MISO required UE to “obtain the approval of the MoPSC prior to AmerenUE
23 undertaking the construction of Transmission Upgrades in Missouri if the Transmission

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1 Upgrades are not required to support AmerenUE's specific Resource Plans but rather
2 result from other Transmission Upgrade requirements."

3 The reason the limited protections provided by subsection 10.j. are needed at this time is
4 because Ameren decided after Case No. EO-2008-0134 that ATX, rather than UE, would
5 construct most new transmission facilities in Missouri.

6 **Q. DOES THE AGREEMENT PURPORT TO RETAIN THE COMMISSION'S JURISDICTION OVER**
7 **THE TRANSMISSION COMPONENT OF THE RATES SET FOR SERVICE TO BUNDLED**
8 **RETAIL LOAD?**

9 A. Yes. Subsection 10.d. of the Agreement includes the statement that:

10 If Ameren Missouri is at some point not required to take Transmission
11 Service for Bundled Retail Load under the EMT, then, and in such event,
12 the Service Agreement will terminate concurrently with the point in time
13 when Ameren Missouri is no longer required to take Transmission
14 Service for Bundled Retail Load under the EMT, but such termination of
15 the Service Agreement under this subsection d will not affect Ameren
16 Missouri's membership participation status in the Midwest ISO and the
17 **MoPSC shall continue to have jurisdiction over the transmission**
18 **component of the rates set for Bundled Retail Load.** [Emphasis
19 added]

20 The statement that I highlighted in the above quote refers to the Commission **continuing**
21 to have jurisdiction over the transmission component of the rates set for Bundled Retail
22 Load so one must assume that all of the signatories to the Agreement believe that the
23 Commission **currently** has this jurisdiction.

24 **Q. IF THE MISSOURI COMMISSION CURRENTLY HAS JURISDICTION OVER THE**
25 **TRANSMISSION COMPONENT OF THE RATES SET FOR BUNDLED RETAIL LOAD WOULD**
26 **THERE BE ANY NEED FOR THE "RATE TREATMENT" CONDITION IN SUBSECTION 10.J?**

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1 A. No. The need for the "rate treatment" condition in subsection 10.j arises from the loss of
2 Commission jurisdiction expected to occur when UE permits ATX to construct and own
3 new transmission facilities in Missouri that are part of the MISO transmission expansion
4 plan.

5 **Q. APART FROM THE STATEMENT IN SUBSECTION 10.D. OF THE AGREEMENT THAT YOU**
6 **REFERENCED ABOVE REGARDING THE COMMISSION CONTINUING TO HAVE**
7 **JURISDICTION OVER THE TRANSMISSION COMPONENT OF THE RATES SET FOR**
8 **BUNDLED RETAIL LOAD, HAS UE EXPRESSED ITS VIEWS ON THIS ASPECT OF**
9 **COMMISSION JURISDICTION IN OTHER DOCUMENTS?**

10 A. Yes. UE and MISO entered into the Agreement for the Provision of Transmission
11 Service to Bundled Retail Load (Service Agreement) on February 19, 2004. The Service
12 Agreement was Attachment A to the Stipulation and Agreement approved by the
13 Commission in Case No. EO-2003-0271. The currently effective Service Agreement was
14 accepted by FERC in an order dated March 25, 2004 in FERC Docket No. ER04-571-000
15 and contained the following statement in Section 3.1:

16 ...AmerenUE does not concede that FERC has jurisdiction over the
17 transmission component of Bundled Electric Service provided to
18 Bundled Retail Load, and does not voluntarily submit to such
19 jurisdiction.

20 **Q. DOES THE AGREEMENT CONTAIN OTHER STATEMENTS SHOWING THAT SOME OR ALL**
21 **OF THE AGREEMENT SIGNATORIES BELIEVE THE COMMISSION HAS JURISDICTION**
22 **OVER THE TRANSMISSION COMPONENT OF THE RATES SET FOR BUNDLED RETAIL**
23 **LOAD WHICH GIVES THE COMMISSION THE ABILITY TO SET THE TRANSMISSION**
24 **COMPONENT OF UE'S RATES TO SERVE ITS BUNDLED RETAIL LOAD?**

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1 A. Yes. Subsections 10.c. and 10.e. of the Agreement contain statements about continuing to
2 ensure that the Commission has the ability to set the transmission component of UE's
3 rates to serve its bundled retail load. Subsection 10.c. includes the statement that:

4 Ameren Missouri acknowledges that the Service Agreement's primary
5 function is to ensure that the MoPSC continues to set the transmission
6 component of Ameren Missouri's rates to serve its Bundled Retail Load.

7 Subsection 10.e. includes the statement that:

8 The Service Agreement (unless it is terminated pursuant to its terms) is
9 an integral part of the 2011 Stipulation, including the Service
10 Agreement's primary function to ensure that the MoPSC continues to set
11 the transmission component of AmerenUE's rates to serve its Bundled
12 Retail Load.

13 **Q. DO YOU BELIEVE THAT THE INCLUSION OF THE RATE TREATMENT PROTECTION**
14 **PROVISION IN SUBSECTION 10.J IS CONSISTENT WITH THE VIEWS OF THE**
15 **SIGNATORIES EXPRESSED IN THE AGREEMENT THAT THE COMMISSION HAS: (1)**
16 **JURISDICTION OVER THE TRANSMISSION COMPONENT OF AMERENUE'S RATES TO**
17 **SERVE ITS BUNDLED RETAIL LOAD; AND (2) THE ABILITY TO SET THE TRANSMISSION**
18 **COMPONENT OF AMERENUE'S RATES?**

19 A. No. If the Commission truly retained this jurisdiction and rate-setting capability despite
20 the prospect of ATX building major transmission facilities in Missouri (included in the
21 MISO transmission expansion plan) instead of UE, then there would be no need for the
22 limited customer rate protections that are afforded by Subsection 10.j. Subsection 10.j. is
23 essentially a Band-Aid. It is designed to last for just a few years and ignores the harm
24 from the loss of jurisdiction that will last for decades.

25 **Q. ASSUME THAT ATX OR ONE OF ITS SUBSIDIARIES CONSTRUCTS AND OWNS**
26 **TRANSMISSION FACILITIES IN MISSOURI THAT WOULD HAVE OTHERWISE BEEN**
27 **CONSTRUCTED AND OWNED BY UE. HOW WOULD THIS SCENARIO PUT UPWARD**

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1 **PRESSURE ON THE TRANSMISSION COMPONENT OF THE BUNDLED RATES FOR**
2 **SERVING UE'S MISSOURI RETAIL CUSTOMERS?**

3 A. Since UE does not own these facilities, there will be a revenue requirement calculation
4 associated with these facilities for ATX or its subsidiary instead of having the revenue
5 requirement associated with these facilities as part of the UE revenue requirement. When
6 the revenue requirement for these new Missouri transmission facilities is collected on
7 behalf of ATX through formula rates in Attachment O of the MISO tariff, UE customers
8 will arguably be subject to these Attachment O charges in MISO rates for these facilities.
9 These charges will reflect the 12.38% return on equity (ROE) that Ameren transmission
10 assets receive under the MISO tariff instead of the generally lower ROE (by 200 basis
11 points or more) that is part of revenue requirement calculations for UE in Missouri rate
12 cases.

13 Additional FERC incentives may apply if requested and approved by FERC including the
14 various FERC transmission rate incentives that may be sought pursuant to Section 219 of
15 FERC Order No. 679. These transmission rate incentives include Construction Work in
16 Progress (CWIP), Abandoned Plant Recovery, Hypothetical Capital Structure, recovery
17 on a current basis instead of capitalizing pre-commercial operations expenses, and
18 accelerated depreciation. Ameren Services (on behalf of ATX and other specified
19 Ameren affiliates) submitted a Petition for Declaratory Order for Incentive Rate
20 Treatment on August 2, 2010 in FERC Docket No. EL10-80-000. On May 19, 2011,
21 FERC issued its Order on Transmission Rate Incentives in that docket which approved
22 the request for certain rate incentives for two major transmission projects and denied,
23 without prejudice, the requests pertaining to two other projects.

24 **Q. WOULD THE RATE TREATMENT PROVISIONS IN SUBSECTION 10.J OF THE AGREEMENT**
25 **INSURE THAT UE'S MISSOURI RETAIL CUSTOMERS ARE HELD HARMLESS FROM THE**

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1 **ADVERSE IMPACTS OF ALL INCENTIVE RATE TREATMENTS THAT FERC MAY HAVE**
2 **APPROVED FOR ATX OR ANOTHER AMEREN AFFILIATE THAT CONSTRUCTS AND OWNS**
3 **FACILITIES IN MISSOURI THAT ARE PART OF THE MISO TRANSMISSION EXPANSION**
4 **PLAN?**

5 A. No. First of all, as I previously noted, the rate protections in Subsection 10.j are only
6 effective for a few years, during the time in which the extension of the interim approval
7 for UE to participate in MISO provided for in the Agreement is in effect. Charges that
8 would impact UE's retail customers for the remainder of the life of the transmission
9 assets would not be adjusted pursuant to Subsection 10.j and UE's Missouri ratepayers
10 would still be subject to these charges, inflated by the FERC ROE and possibly additional
11 Transmission Rate Incentives, for the life of the transmission assets.

12 In addition, the Transmission Rate Incentives that are addressed in Subsection 10.j are
13 limited to the FERC ROE, hypothetical capital structure, and CWIP. The increased
14 charges that could be imposed on UE's Missouri retail customers from other possible
15 FERC Transmission Rate Incentives including Abandoned Plant Recovery, recovery on a
16 current basis instead of capitalizing pre-commercial operations expenses, and accelerated
17 depreciation are not addressed by Subsection 10.j.

18 The other way that Subsection 10.j falls short of providing full rate protection to UE's
19 Missouri retail customers, even for the limited time that it would be in effect, is the
20 geographical restriction of the rate treatment provisions. The rate treatment provisions are
21 only effective for "facilities located in Ameren Missouri's certificated service territory."
22 This could exclude portions of major transmission upgrades included in MISO's most
23 recent transmission expansion plan such as the Mark Twain project, which according to
24 Ameren's December 8, 2011 press release (See Attachment A) regarding ATX projects
25 that have been approved by MISO, is "preliminarily estimated to cost \$230 million" and

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1 "will span 89 miles in Missouri of new 345-kilovolt transmission line from the Iowa
2 border to Adair, Mo., on to Palmyra, Mo."

3 **Q. IS THERE AN ALTERNATIVE APPROACH THAT THE AGREEMENT COULD HAVE USED TO**
4 **PROTECT UE'S MISSOURI RETAIL CUSTOMERS FROM ADVERSE RATE IMPACTS FROM**
5 **FERC TRANSMISSION RATE INCENTIVES THAT DOES NOT HAVE THE MANY DEFECTS**
6 **THAT YOU HAVE IDENTIFIED ABOVE REGARDING THE "RATE TREATMENT" PROVISIONS**
7 **IN SUBSECTION 10.J OF THE AGREEMENT?**

8 A. Yes. A new subsection modeled on the approach used in Subsection 10.c. for "Incentive
9 Adders" could have been included in the Agreement. Just as Subsection 10.c is not
10 limited in time or geographic scope, a new subsection similar to Subsection 10.c could
11 have been included in the Agreement such as the following:

12 *Transmission Rate Incentives. Ameren Missouri acknowledges that the Service*
13 *Agreement's primary function is to ensure that the MoPSC continues to set the*
14 *transmission component of Ameren Missouri's rates to serve its Bundled Retail Load.*
15 *Consistent with Section 3.1 of the Service Agreement and its primary function, to the*
16 *extent that the FERC offers "Transmission Rate Incentives" pursuant to Section 219 of*
17 *FERC Order No. 679 as part of the revenue requirement for providing Transmission*
18 *Service (as that term is defined in the Service Agreement) to wholesale customers within*
19 *the Ameren zone, such "Transmission Rate Incentives" shall not apply to the*
20 *transmission component of rates set for Bundled Retail Load by the MoPSC.*

21 A new subsection like the one above would serve to both: (1) provide long-term and
22 comprehensive rate protection to UE's Missouri retail customers; and (2) not diminish the
23 Commission's jurisdiction over the transmission component of the rates set for Bundled
24 Retail Load.

1 **III. Response to Position of Agreement Signatories in New Subsection 10.i.**
2 **of the Agreement.**

3 **Q. PLEASE ADDRESS THE EXTENT TO WHICH SUBSECTION 10.I. ADDRESSES ANY OF**
4 **OPC'S "MATERIAL DISAGREEMENTS REGARDING THE APPROPRIATENESS OF**
5 **EXTENDING THE INTERIM AND CONDITIONAL PERMISSION FOR AMEREN MISSOURI TO**
6 **PARTICIPATE IN THE MIDWEST ISO."**

7 A. Subsection 10.i. provides for an "investigatory docket" for the purpose of investigating
8 "plans during the next 10 years for Ameren or another Ameren affiliate to build
9 transmission in Ameren Missouri's service territory." This subsection appears to be
10 designed to address questions raised by the parties and the Commission about the plans
11 for ATX to build transmission facilities in Missouri that were expected to have been built
12 by UE prior to the new development of Ameren determining that it was instead seeking
13 to have ATX or its subsidiaries build most of the large transmission projects included in
14 MISO transmission expansion plans.

15 While an investigatory docket of this type may serve some purpose, especially given the
16 attempts of UE to limit access to information related to ATX's plans during this case,
17 OPC would not expect the docket to accomplish very much. The first issue that we have
18 with this subsection is that it is poorly drafted. The subsection begins by creating a new
19 term to refer collectively to UE and ATX. Unfortunately this new term creates
20 unnecessary confusion by using the term "Ameren", which is more commonly the name
21 of the holding company that owns and controls UE and ATX. The subsection also
22 includes commitments that UE has made on behalf of ATX which are of questionable
23 value since ATX is not a signatory to the Agreement. The only substantial commitments
24 made in the subsection are UE's commitments that ATX would agree to participate and
25 not be overly obstructive in its responses to discovery requests.

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1 **Q. DOES PUBLIC COUNSEL BELIEVE THAT THE COMMITMENTS THAT UE HAS MADE ON**
2 **BEHALF OF ATX TO BE RESPONSIVE TO DISCOVERY REQUESTS ARE WORTHWHILE?**

3 A. Absolutely not. The commitments that UE makes here are largely the same commitments
4 that UE made to this Commission when it merged with Central Illinois Public Service
5 Company and restructured to create the Ameren Corporation as its parent holding
6 company in Case No. EM 96-149. In that case, the Commission approved a Stipulation
7 and Agreement wherein UE agreed that "UE, Ameren, and any affiliate or subsidiary
8 thereof would continue voluntary and cooperative discovery practices." Despite that
9 agreement, UE has consistently been much more adversarial and uncooperative in its
10 discovery practices than any other regulated utility since the time in 1997 when UE made
11 that commitment in Case No. EM 96-149. If, during this case, UE had practiced the
12 "voluntary and cooperative" discovery practices that it committed to in the 1997 case,
13 there would probably be no need for an investigatory docket.

14 **Q. AT LINE 5 ON PAGE 16 OF YOUR REBUTTAL TESTIMONY YOU INDICATED THAT UE HAD**
15 **OBJECTED TO OPC DR Nos. 2006 AND 2007 WHICH REQUESTED UE TO PROVIDE**
16 **STRATEGIC/BUSINESS PLANS FOR AMEREN AND ATX PERTAINING TO THE PLANNING,**
17 **CONSTRUCTION, OPERATION, OR MAINTENANCE OF EXISTING OR POSSIBLE FUTURE**
18 **TRANSMISSION FACILITIES IN MISSOURI. HAS OPC BEEN ABLE TO RECEIVE ANY OF**
19 **THAT REQUESTED INFORMATION?**

20 A. Yes, several weeks after the filing of my surrebuttal testimony in this case, UE provided a
21 copy of the Ameren Transmission Company March 25, 2010 Business Plan (ATX Plan)
22 in response to OPC DR No. 2007. The 43 page ATX Plan and the cover sheet for UE's
23 DR response is included in Attachment B.

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Supplemental Rebuttal Testimony of
Ryan Kind

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**Supplemental Rebuttal Testimony of
Ryan Kind**

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Supplemental Rebuttal Testimony of
Ryan Kind

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**Supplemental Rebuttal Testimony of
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**Q. HAVE ANY MISSOURI COMMISSIONERS PUBLICLY EXPRESSED THEIR VIEWS ABOUT
FERC'S ENHANCED TRANSMISSION RATE INCENTIVES AND THE IMPACT THEY MAY
HAVE ON UTILITY TRANSMISSION PLANS AND RATES PAID BY UTILITY CONSUMERS?**

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**A. Yes. This topic raises concerns for Commissioners from a number of states, including
Missouri. Former Commissioner Jeff Davis presented his views on this subject in an
article that appeared in the November 1, 2010 edition of Transmission and Distribution
World. His article was titled "Consumers Get the Shaft" (See Attachment C) and
included the following paragraphs:**

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The great transmission gold rush is on. From the Southwest to the
Midwest, anyone remotely connected to the electric business is hanging
out their shingle as a transmission builder and rushing to claim a piece of
the transmission gold mine the Federal Energy Regulatory Commission
(FERC) has created. And who can blame them?

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Once approved, you can get construction work in progress financing to
lower your borrowing costs. Transmission builders can get 100% of their
costs capitalized, guaranteed cost recovery for pretty much all their
expenses, little or no regulatory oversight on costs and cost-overruns, as
well as a hypothetical capital structure to combine with a 13% to 14%
return on equity for their projects. All you have to do is complete the
project. If that. This begs the question: If you have guaranteed cost
recovery and a profit margin, do you really need more incentive?
Consumers are going to end up shelling out billions of dollars more than
traditional rate-of-return regulation so transmission owners can develop
hundreds of millions of dollars in assets they don't even have to operate.

Supplemental Rebuttal Testimony of
Ryan Kind

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3 FERC's repudiation of the "beneficiaries pay" doctrine along with all the
4 "candy" incentives they are offering have created a modern-day gold
5 rush to the transmission sector. Unfortunately, all the gold in this mine
6 winds up in the hands of the transmission owners who get paid
7 handsomely to build assets they end up owning. Consumers won't even
8 realize they have gotten "the shaft" until a few years from now when
9 their electric bills start going up to pay for these projects. The more these
10 projects get rolled into rates, the madder those consumers are going to
11 get. And who can blame them? If FERC has its way, we'll all be
12 spending the next 30 years depositing our gold into someone else's mine.
All we get is the shaft.

13 **Q. DO YOU HAVE ANY ADDITIONAL REMARKS PERTAINING TO THE "INVESTIGATORY**
14 **DOCKET" IN SUBSECTION 10.I. THAT THE SIGNATORIES SUPPORT AS PART OF THE**
15 **AGREEMENT?**

16 **A.** Yes. For such a docket to have any value, it should evaluate possible negative impacts on
17 UE's ratepayers from both (1) the attempts of Ameren and its affiliates to have ATX
18 build most new major transmission facilities in Missouri that have been approved in the
19 MISO transmission expansion plan under a range of scenarios including one where the
20 Commission loses its authority to determine the transmission component of the bundled
21 retail rates charged to UE's retail customers; and (2) the development/imposition of a
22 PJM-type capacity market in MISO under a range of scenarios including: (a) the absence
23 of opt out and self-scheduling provisions and; (b) a range of capacity excess or capacity
24 shortfall positions for UE over the next ten to twenty years.

25 **Q. WILL IT BE POSSIBLE TO EFFECTIVELY ADDRESS THESE IMPORTANT ISSUES AS PART**
26 **OF THE TERMS AND CONDITIONS THAT ARE SPECIFIED IN SUBSECTION 10.I. FOR THE**
27 **"INVESTIGATORY DOCKET"?**

28 **A.** No. UE and ATX have not agreed to cooperate in performing the quantitative modeling
29 necessary to perform the type of evaluations described in my prior answer. In fact,

Supplemental Rebuttal Testimony of
Ryan Kind

1 Subsection 10.i. in the Agreement specifies that UE and ATX will not be required to
2 participate in performing these types of evaluations because that subsection limits the
3 scope of issues to be addressed in the docket by stating that:

4 The purpose of such investigatory docket shall be to investigate plans
5 during the next 10 years for Ameren or another Ameren affiliate to build
6 transmission in Ameren Missouri's service territory.

7 The above language relieves UE and ATX of any obligations to evaluate the impact of
8 newly developed or proposed MISO capacity markets on UE customers. In addition,
9 Subsection 10.i. relieves UE and ATX of the obligation to perform any new analysis as
10 part of this docket by stating:

11 By agreeing to participate in the docket Ameren is not waiving any
12 applicable privilege and reserves the right to object if a discovery request
13 asks for opinions (not facts or existing data), asks for legal conclusions,
14 asks Ameren to perform analyses that do not already exist, or is vague,
15 unduly burdensome, or overly broad.

16 The above language would relieve UE and ATX of any obligation to perform an
17 evaluation of the possible impacts on UE's customers related to the attempts of Ameren
18 and its affiliates to have ATX build the majority of major new transmission facilities in
19 Missouri that have been approved in the MISO transmission expansion plan under a
20 range of scenarios as more fully described above.

21 **III. Response to Position of Agreement Signatories in New Subsection**
22 **10.a. of the Agreement.**

23 **Q. PLEASE ADDRESS THE EXTENT TO WHICH SUBSECTION 10.A. ADDRESSES ANY OF**
24 **OPC'S MATERIAL DISAGREEMENTS.**

25 **A.** While not entirely clear, subsection 10.a. appears to be designed to address concerns that
26 several parties in this case have expressed about possible adverse impacts from a new
27 MISO-run capacity market that would become part of the MISO Resource Adequacy

Supplemental Rebuttal Testimony of
Ryan Kind

1 construct. While a condition like the one sketched in subsection 10.a. could be helpful in
2 addressing some of the concerns of parties to this case, it does not address the broader
3 remaining disagreement that OPC has with extending the interim and conditional
4 permission for Ameren Missouri to participate in the MISO. This broader concern stems
5 from UE being represented at MISO by individuals from Ameren Services who are
6 simultaneously representing the interests of other Ameren affiliates. These other Ameren
7 affiliates have a diverse set of interests in how MISO plans and operates the regional
8 transmission grid and regional wholesale power markets that are often in conflict with the
9 interests of UE and its customers.

10 The Ameren Services personnel who represent the views of all the Ameren affiliates
11 cannot adequately represent the unique interests of UE and its customers. MISO decided
12 to move towards mandatory PJM type capacity markets despite the opposing views of
13 most of its customers, public interest representatives, state consumer advocates, and state
14 regulators. On the other hand, the Ameren affiliates were consistently supportive of
15 moving towards mandatory PJM-type capacity markets. Since Ameren is MISO's largest
16 transmission owner, not to mention a vital connection for making Entergy's membership
17 in MISO feasible, the views of the various Ameren affiliates (including UE, Ameren
18 Illinois, Ameren Corporation, ATX, Ameren Energy Marketing, Ameren Energy
19 Generating, Ameren Energy Resources, and Ameren Energy Resources Generating) were
20 surely given substantial weight in policy determinations made at the MISO.

21 From OPC's perspective, the proposed movement towards PJM type capacity markets in
22 MISO, which appears to be the major new development that subsection 10.a. of the
23 Agreement is intended to address, is one of the problems resulting from not having
24 separate UE representation at MISO. As Public Counsel indicated in its position
25 statement filed on November 17, 2011, the best way to address this problem would be for
26 the Commission to take an approach similar to the approach that the Arkansas

Supplemental Rebuttal Testimony of
Ryan Kind

1 Commission recently took Docket No. 10-011-U, Order No. 54, issued October 28,
2 2011.¹ The Arkansas Commission required, among other similar conditions:
3 “Participation as an independent, separate member on a single entity basis from the
4 OpCos [other Entergy operating companies] or any other entity, including signing the
5 TOA [Transmission Owners Agreement] on its own and, if needed, seeking a waiver
6 from FERC or any other necessary regulatory body to allow EAI [Entergy Arkansas] to
7 join an RTO on a separate basis, and remain a member on a separate basis from the
8 OpCos....” OPC recommends that the Missouri Commission take a similar approach and
9 require UE to become a separate signatory to the MISO Transmission Owner’s
10 Agreement so that it can more effectively advocate its unique interests at MISO.

11 **Q. PLEASE BRIEFLY SUMMARIZE YOUR SUPPLEMENTAL REBUTTAL TESTIMONY.**

12 A. The signatories of the Agreement have asserted that Public Counsel’s rebuttal and
13 surrebuttal testimony does not indicate that OPC has any “material disagreements
14 regarding the appropriateness of extending the interim and conditional permission for
15 Ameren Missouri to participate in the Midwest ISO”. The signatories to the Agreement
16 have totally mischaracterized Public Counsel’s positions with this assertion, for the
17 reasons described above.

18 **Q. DOES THIS CONCLUDE YOUR SUPPLEMENTAL REBUTTAL TESTIMONY?**

19 A. Yes.

¹ http://www.apscservices.info/pdf/10/10-011-u_655_1.pdf



Financial news release

Ameren Transmission Company projects receive MISO approval ATX moving forward to improve transmission system and create jobs

ST. LOUIS, Dec. 8, 2011 /PRNewswire via COMTEX/ -

Ameren Transmission Company (ATX), a wholly owned subsidiary of Ameren Corporation (NYSE: AEE), will begin work on expansion plans to invest an estimated \$1.3 billion over 10 years. The Midwest Independent Transmission System Operator (MISO) announced earlier today that its Board had approved its Transmission Expansion Plan 2011 (MTEP11), which includes the ATX projects.

According to MISO, the total investment for all of the MTEP11 projects is expected to be \$6.5 billion over 10 years, including \$5.1 billion with respect to 16 multi-value projects (MVPs). Three of those approved MVPs are the ATX projects.

The ATX projects approved by MISO's board are a part of the Grand Rivers projects, consisting of the Illinois Rivers and Spoon River transmission line projects in Illinois and Mark Twain transmission line project in Missouri. These projects address regional transmission needs as well as public policy goals. These projects also increase stakeholder value across the MISO footprint. A robust, regional transmission system enhances competition in power markets and increases consumer access to least-cost generation, regardless of fuel type.

"ATX is pleased to work with MISO to bring much needed transmission expansion and increased access to renewable energy to our region. MISO's approval is an important step for ATX to move forward with the Grand Rivers projects," said Maureen Borkowski, president and CEO, ATX. "These projects will not only benefit Midwest customers, but also create thousands of construction, supplier and other jobs which are so important to our economy today."

The ATX projects approved today by the MISO board consist of:

The Illinois Rivers project, preliminarily estimated to cost \$860 million, will span 331 miles with a new 345-kilovolt transmission line, crossing the Mississippi River near Quincy, Ill., continuing east across Illinois to the Indiana border. Key benefits include improved power transfer capability in the region and delivery and integration of renewable generation.

The Spoon River project in Illinois, preliminarily estimated to cost \$180 million, will span 70 miles of new 345-kilovolt transmission line from Oak Grove to Galesburg, Ill., continuing near Peoria, Ill. Key benefits include improved reliability in the northwestern Illinois area and integration of renewable generation.

The Mark Twain project in Missouri, preliminarily estimated to cost \$230 million, will span 89 miles in Missouri of new 345-kilovolt transmission line from the Iowa border to Adair, Mo., on to Palmyra, Mo. Key benefits include enhanced ability to import power from the upper Midwest and delivery and integration of renewable generation.

MISO is a regional organization serving a 12-state region, including the service territories of the Ameren utilities. MTEP11 is MISO's comprehensive long-term regional plan for the Midwest electric grid that meets the reliability, policy and economic needs of the region, and provides benefits of an economically efficient energy market to MISO stakeholders.

ATX was formed in August 2010 to develop regional transmission projects within the Ameren companies' 64,000-square-mile service territory and throughout the region.

Forward-looking Statements

Statements in this release not based on historical facts are considered "forward-looking" and, accordingly, involve risks and uncertainties that could cause actual results to differ materially from those discussed. Although such forward-looking statements have been made in good faith and are based on reasonable assumptions, there is no assurance that the expected results will be achieved. These statements include (without limitation) statements as to future expectations, beliefs, plans, strategies, objectives, events, conditions, and financial performance. In connection with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, we are providing this cautionary statement to identify important factors that could cause actual results to differ materially from those anticipated. The following factors, in addition to those discussed under Risk Factors in Ameren's Form 10-K for the year ended December 31, 2010, and elsewhere in this release and in our other filings with the Securities and Exchange Commission, could cause actual results to differ materially from management expectations suggested in such forward-looking statements:

Attachment A
1 of 2

- *regulatory, judicial, or legislative actions, including changes in regulatory policies and ratemaking determinations, and future regulatory, judicial, or legislative actions that seek to change regulatory recovery mechanisms;*
- *changes in laws and other governmental actions, including monetary, fiscal, and tax policies;*
- *the effects of increased competition in the future;*
- *the effects on demand for our services resulting from technological advances, including advances in energy efficiency and distributed generation sources, which generate electricity at the site of consumption;*
- *increasing capital expenditure and operating expense requirements and our ability to recover these costs through our regulatory frameworks;*
- *the effects of our and other members' participation in, or potential withdrawal from, MISO and the effects of new members joining MISO;*
- *business and economic conditions, including their impact on interest rates, and demand for our products;*
- *disruptions of the capital markets or other events that make our access to necessary capital, including short-term credit and liquidity, impossible, more difficult, or more costly;*
- *our assessment of our liquidity;*
- *actions of credit rating agencies and the effects of such actions;*
- *transmission and distribution asset construction, installation, performance, and cost recovery;*
- *the effects of strategic initiatives, including mergers, acquisitions and divestitures;*
- *the impact of current environmental regulations on utilities and power generating companies and the expectation that new or more stringent requirements, including those related to greenhouse gases, other emissions, and energy efficiency, will be enacted over time, which could increase our costs, reduce our customers' demand for electricity or natural gas, or otherwise have a negative financial effect;*
- *the impact of complying with renewable energy portfolio requirements in Missouri;*
- *legal and administrative proceedings.*

Given these uncertainties, undue reliance should not be placed on these forward-looking statements. Except to the extent required by the federal securities laws, we undertake no obligation to update or revise publicly any forward-looking statements to reflect new information or future events.

With assets of \$23 billion, St. Louis-based Ameren Corporation owns a diverse mix of electric generating plants strategically located in our Midwest market, with a generating capacity of more than 16,500 megawatts. Through our Missouri and Illinois subsidiaries, we serve 2.4 million electric customers and nearly 1 million natural gas customers in a 64,000-square-mile area. Our mission is to meet their energy needs in a safe, reliable, efficient and environmentally-responsible manner. For more information, visit Ameren.com.

SOURCE Ameren Corporation

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Consumers Get the Shaft

Nov 1, 2010 12:00 PM

By Jeff Davis, Missouri Public Service Commission

The great transmission gold rush is on. From the Southwest to the Midwest, anyone remotely connected to the electric business is hanging out their shingle as a transmission builder and rushing to claim a piece of the transmission gold mine the Federal Energy Regulatory Commission (FERC) has created. And who can blame them?

Under the new transmission cost-allocation scheme FERC approved for the Southwestern Power Pool (SPP), there's virtually no risk and the sky's the limit in terms of financial reward. To get started, all you need is an Etch A Sketch for drawing lines across the map, a cost-benefit analysis demonstrating more benefits than costs and the right people to get your project approved by the relevant transmission authority.

Once approved, you can get construction work in progress financing to lower your borrowing costs. Transmission builders can get 100% of their costs capitalized, guaranteed cost recovery for pretty much all their expenses, little or no regulatory oversight on costs and cost-overruns, as well as a hypothetical capital structure to combine with a 13% to 14% return on equity for their projects. All you have to do is complete the project. If that. This begs the question: If you have guaranteed cost recovery and a profit margin, do you really need more incentive? Consumers are going to end up shelling out billions of dollars more than traditional rate-of-return regulation so transmission owners can develop hundreds of millions of dollars in assets they don't even have to operate.

It's true this country hasn't built much transmission in a quarter century or more, but FERC's transmission frenzy isn't just about revitalizing the grid or enhancing an aging infrastructure. FERC's been angling to deregulate electric sales ever since Enron convinced them it was a good idea more than a decade ago. Competitive electricity markets require a robust grid, but the real culprits for driving new transmission costs are states adopting renewable energy standards.

Since many of the best wind locations are in sparsely populated Midwestern states without any transmission infrastructure or the customer base to support new construction, it's easy to see why those states have become champions of the "we're all beneficiaries" model of cost allocation.

Earlier this year SPP became the darling of FERC by proposing its new "highway/byway" cost-allocation methodology — one that forces everyone to pay for everything 300 kV and larger regardless of the benefits they receive. One has to wonder if FERC even bothered to look at the evidence before approving SPP's

Smart Customer/ Smart Meter

[PG&E Completes Stadium Electrical Improvements, Testing to Ensure Candlestick Park Ready for Playoff Game](#)

[Elctrica de Guavaquil Completes Smart Metering Implementation in Latin America](#)

[BC Hydro Goes Live with IronD's MDM System for SAP Utility AMI Solutions](#)

[FirstEnergy's Paperless Option Offers Convenience to Electric Utility Customers](#)

[Glen Canyon Corp. to Provide Low-Cost Smart Meters and Advanced Metering Infrastructure](#)

[»More from this section](#)

Attachment C

1 of 2

cost-allocation methodology on June 17, 2010, less than two months after SPP filed its tariff changes.

If there were any questions about FERC's impartiality, they should have been laid to rest when FERC issued a Notice of Proposed Rulemaking (NOPR) covering the cost-allocation issue during the same meeting. Sure, the purpose of a NOPR is to give everyone notice and the opportunity to be heard, but what FERC is really saying to opponents of their cost-allocation scheme can best be summed up by a quote from the movie *Silverado*: "We're going to give you a fair trial, followed by a first-class hanging."

What about benefits? Reliability, synergies from having one control area, cost savings, cheaper electricity? Sure, there are benefits, but what if your utility never had any problems? Or you were one of those utilities that voluntarily agreed to join a regional transmission authority to get your merger approved? All we have is the assertion that rates are cheaper than they would be otherwise because most of the results aren't measurable. Under the new model, members or transmission owners end up owning the assets and claiming the benefits. The bill goes to the customers, and what a bill it's going to be.

Customers in the SPP footprint are facing at least \$7 billion, if not \$10 billion or more worth of large-scale transmission construction over the next two decades — that's not even covering all seven states. These estimates exclude the costs of any new projects being built to export wind as well as the underlying upgrades needed for more wind development. More importantly, there's no accounting for what will happen to customers' bills when it comes time to calculate all of the incentives with interest, taxes, depreciation and amortization.

FERC's repudiation of the "beneficiaries pay" doctrine along with all the "candy" incentives they are offering have created a modern-day gold rush to the transmission sector. Unfortunately, all the gold in this mine winds up in the hands of the transmission owners who get paid handsomely to build assets they end up owning. Consumers won't even realize they have gotten "the shaft" until a few years from now when their electric bills start going up to pay for these projects. The more these projects get rolled into rates, the madder those consumers are going to get. And who can blame them? If FERC has its way, we'll all be spending the next 30 years depositing our gold into someone else's mine. All we get is the shaft.

Jeff Davis (jeff.davis@psc.mo.gov) is a Missouri Public Service commissioner and chairman of the Regional State Committee for the Southwest Power Pool states.

Find this article at:

http://www.tdworld.com/customer_service/ferc-transmission-cost-allocation-20101101/index.html

Check the box to include the list of links referenced in the article.

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Attachment C

2 of 2

<http://www.printthis.clickability.com/pt/cpt?expire=&title=FERC+Transmission+Cost-Allocation%27s+...> 1/13/2012