

**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)	File No. EO-2011-0128
Functional Control of Its Transmission)	
System to the Midwest Independent)	
Transmission System Operator, Inc.)	

**JOINT MOTION TO MAKE ADDITIONAL MODIFICATIONS TO
APRIL 19, 2012 REPORT AND ORDER**

COMES NOW Union Electric Company d/b/a Ameren Missouri (“Ameren Missouri” or the “Company”), the Staff of the Missouri Public Service Commission (“Staff”), the Office of the Public Counsel (“OPC”), and the Missouri Industrial Energy Consumers (“MIEC”), by and through counsel, and hereby request the Commission to make additional modifications to its April 19, 2012, *Report and Order*¹ in this case and, as reasons for their request, state as follows:

¹ In the Commission’s April 19, 2012, *Report and Order* the Ordering Paragraphs of note are in Ordering Paragraph 2. In the Commission’s May 17, 2012, *Order Granting Ameren Missouri’s Motion to Clarify Report and Order* the Ordering Paragraphs of note are in Ordering Paragraph 2.2. In the Commission’s December 22, 2014 *Order Modifying 2012 Report and Order* (“*First Modification Order*”), the Ordering Paragraphs of note are in Ordering Paragraph 1.2. In the Commission’s March 8, 2017 *Order Further Modifying 2012 Report and Order* (“*Second Modification Order*”), the Ordering Paragraphs of note are in Ordering Paragraph 2 and Ordering Paragraph 3. In the Commission’s *Third Order Modifying 2012 Report and Order*, and corrected by its *Order Correcting Order Nunc Pro Tunc* (collectively, “*Third Modification Order*”), the Ordering Paragraph of note is Paragraph 2. For purposes of brevity, this pleading will refer to just the alphanumeric for the appropriate Ordering Paragraph: “Ordering Paragraph 2.”

The Commission’s April 19, 2012, *Report and Order* set out all Ordering Paragraphs of Ameren Missouri’s authorization to participate in MISO. Ordering Paragraphs 2.B, 2.E, and 2.G, of the Commission’s April 19, 2012, *Report and Order* were clarified by the Commission’s May 17, 2012, *Order Granting Ameren Missouri’s Motion to Clarify Report and Order*, which also added Ordering Paragraph 2.T (defines the term “Stakeholders”) and Ordering Paragraph 2.U (addresses “highly confidential” and “proprietary” information).

I. Procedural History

1. Ameren Missouri first transferred functional control of its transmission system to MISO² on May 1, 2004, pursuant to the Commission's February 26, 2004 *Order Approving Stipulation and Agreement* in File No. EO-2003-0271. Ameren Missouri has, on a continuous basis since then, been a MISO member and has continuously participated in the MISO energy, ancillary services, and capacity markets since the inception of each of those (now integrated and co-optimized) markets.³ Neither Ameren Missouri nor the Commission had experience with operation within a regional transmission organization ("RTO") at the time Ameren Missouri's initial term of MISO participation was set.

2. As contemplated by the above-referenced stipulation approved in File No. EO-2003-0271, Ameren Missouri's continued participation in MISO was re-examined in File No. EO-2008-0134, which commenced on November 1, 2007 and concluded with the Commission's approval of another *Order Approving Stipulation and Agreement* dated September 9, 2008, which extended the permission to participate for an additional three years.⁴ The costs and benefits of MISO participation were examined in the EO-2008-0134 docket pursuant to a detailed, third-party study conducted by Charles River & Associates, which indicated substantial benefits of MISO participation versus certain alternatives.

3. This docket was commenced on November 11, 2010 and included an examination of an updated study performed by the Company using the earlier Charles River & Associates study as the starting point. On April 19, 2012, the Commission issued its *Report and Order* in this docket

² Midcontinent Independent System Operator, Inc., formerly known as the Midwest Independent Transmission System Operator, Inc.

³ MISO's energy markets commenced operations April 1, 2005, its ancillary services market commenced operations January 6, 2009, and its capacity market commenced operations June 1, 2013.

⁴ The Commission's initial permission for participation in MISO was for a term of 5 years.

extending the Company's permission to participate in MISO by an additional three years. That *Report and Order* also required that the Company initiate a subsequent case respecting its continued participation by a date certain (November 15, 2015), and imposed certain other conditions relating to cost-benefit studies and the continuation of the terms of a Service Agreement by and between Ameren Missouri and MISO, which was approved by both the Commission and the Federal Energy Regulatory Commission ("FERC") as part of Ameren Missouri's initial MISO participation case, File No. EO-2003-0271.

4. Since that time, the Commission has been asked to modify the April 19, 2012, *Report and Order* on three prior occasions. The Commission has granted those requests, including the latest request made in 2019, which amended and restated (so that all relevant orders continue to appear in just one order), all ordering provisions of the April 12, 2012 *Report and Order* and further extended the Company's permission to participate in MISO to May 31, 2024.

5. Recently, Ameren Missouri convened Stakeholder meetings to discuss the matters specified in restated and amended Ordering Paragraph 2, as required by the *Third Motion to Modify* that had been filed and approved in 2019. As a result of those meetings and related discussions among Ameren Missouri and the Stakeholders, consensus was reached on additional modifications to the terms and conditions of Ameren Missouri's MISO participation.

6. Specifically, this *Fourth Motion to Modify* reflects a request for an order that would continue the basic terms of Ameren Missouri's longstanding MISO participation with one exception. That exception is that instead of extending the permission and authority to transfer functional control of Ameren Missouri's transmission to MISO for a fixed term, the permission would be extended indefinitely but with the condition that the Commission would retain the authority to require further proceedings respecting Ameren Missouri's MISO participation.

7. Many considerations underlie the Joint Movants' agreements as reflected in this *Fourth Motion to Modify*, including the following:

- a. Ameren Missouri represents that MISO has indicated to Ameren Missouri that if Ameren Missouri were to exit, Ameren Missouri would owe MISO a lump-sum exit fee of approximately \$23.8 million, as required by MISO's FERC-approved tariff.
- b. In addition, under MISO's FERC-approved tariff, a member who exits MISO remains obligated to pay its pro-rata share of transmission charges to cover already-constructed regionally allocated transmission projects (including MISO Multi-Value Projects ("MVPs") and additional Long Range Transmission Projects ("LRTP") that are likely to be approved before any exit could be accomplished). Ameren Missouri represents that it estimates that its pro-rata share of MVP projects would range from \$48 million to \$60 million per year for the next 20 years, and that its pro-rata share of LRTP projects once approved and all projects are in-service (a date several years into the future) could eventually total in the range of \$73 million per year to \$92 million per year, with charges to be assessed over approximately 40 years.
- c. Ameren Missouri represents that MISO estimates (from its 2019 MVP triennial analysis) that the benefit-cost ratio of MISO participation for MISO Zone 5 (which is made up almost entirely of Ameren Missouri's service territory) arising just from the MISO Multi-Value Projects is between 1.2 – to 2.1. Ameren Missouri represents that if Ameren Missouri were to exit MISO, it would have to incur substantial additional costs in the form of transmission service charges to access those

benefits,⁵ in addition to the above-mentioned sums Ameren Missouri indicated it would owe.

- d. With respect to the overall benefits of MISO participation, Ameren Missouri represents that MISO estimates that it provides between \$3.1 and 3.9 billion of benefits annually, which implies (based on Ameren Missouri's load-share ratio in MISO) that Ameren Missouri receives between \$167.4 million and \$210.6 million in benefits from its MISO membership on an annual basis.
- e. If Ameren Missouri were to leave MISO and join another RTO, it would expect to be responsible for an allocation of the transmission charges arising from already built/approved RTO transmission projects in the new RTO, the costs of which (similar to MISO MVPs), are allocated regionally, having already been responsible to pay via an exit fee its pro-rata share of regionally allocated transmission project charges completed or approved prior to an exit from MISO, as outlined above.
- f. If Ameren Missouri were to leave MISO, but the remainder of its affiliates to remain in MISO, its Illinois generating assets located in MISO Zone 4 (essentially, Southern Illinois) would remain in MISO, unless it incurred significant costs to "pseudo tie" one or more of these assets to its new RTO. Assuming status quo, and absent such an arrangement (or a similarly costly acquisition of firm transmission service out of MISO into the new RTO), Ameren Missouri would be short capacity in the new RTO and consequently face an uncertain cost exposure. Ameren Missouri represents that it estimates it would incur MISO "through and out"

⁵ Ameren Missouri could engage in transactions in MISO's markets even if it is not a member, but to do so, it would be required to incur substantial "through and out" transmission charges that MISO members do not have to pay.

charges of approximately \$94 million per year in order to “pseudo tie” all of its Illinois-based assets into another RTO.

8. It should be noted that changing the default participation term from a fixed term to an indefinite term, but with ongoing Commission authority to require that the question be reexamined, is supported by a condition to Ameren Missouri’s MISO participation added by the 2019 order, that is, the requirement that Ameren Missouri convene a Stakeholder meeting should an event(s) or circumstance(s) occur in the MISO footprint that Ameren Missouri believes significantly affects its position in MISO, and that a Stakeholder can request such a meeting for the same reason, with mechanisms to make further filings and for the Commission to provide for further proceedings if it believes it should do so.

9. The Joint Movants request that the Commission issue a *Fourth Order Modifying 2012 Report and Order* that will again amend and restate Ordering Paragraph 2 to read, in its entirety, as follows:⁶

Ameren Missouri’s authority to continue the transfer of functional control of its transmission system to MISO is granted subject to the following conditions:

- A. The Commission approves Ameren Missouri’s continued RTO participation in MISO. The extended permission granted in this order is also subject to the provisions of paragraphs J and K of this order.
- B. Ameren Missouri shall acknowledge that the Service Agreement’s primary function is to ensure that the Commission continues to set the transmission component of Ameren Missouri’s rates to serve its Bundled

⁶ Ordering Paragraph 1 of the 2012 Report and Order denying Ameren Missouri’s Renewal of Objection and Motion to Strike has fully operated and unlike other Ordering Paragraphs, did not operate prospectively. The Joint Movants again suggest a complete restatement of the Ordering Paragraphs so that all in-effect orders are contained in a single order rather than in a series of orders.

Retail Load. Consistent with Section 3.1 of the Service Agreement and its primary function, to the extent that the FERC offers incentive “adders” for participation in an RTO or in an ICT to the rate of return allowed for providing Transmission Service, as that term is defined in the Service Agreement, to wholesale customers within the Ameren zone, such incentive adders shall not apply to the transmission component of rates set for Bundled Retail Load by the Commission.

C. Currently, FERC requires Bundled Retail Load served by MISO Transmission Owners to take Transmission Service under the MISO’s Energy Markets Tariff (“EMT”). If, at some point, Ameren Missouri is not required to take Transmission Service for Bundled Retail Load under the EMT, the Service Agreement shall be terminated concurrently with the point in time when Ameren Missouri is no longer required to take Transmission Service for Bundled Retail Load under the EMT. Termination of the Service Agreement under this provision shall not affect Ameren Missouri’s membership participation status in the MISO and the Commission shall continue to have jurisdiction over the transmission component of the rates set for Bundled Retail Load. As a participant in the MISO, Ameren Missouri may remain subject to charges from the MISO for Bundled Retail Load under the EMT that are assessed ratably to all load-serving utilities who are participants in the MISO, but who are not taking Transmission Service for their Bundled Retail Load under the EMT. No ratemaking treatment has been adopted for these changes.

D. The Service Agreement (unless it is terminated pursuant to its terms) shall continue in its current form; provided that the Commission may rescind its approval of Ameren Missouri's participation in the MISO and may require Ameren Missouri to withdraw from participation in the MISO if the Commission determines withdrawal is in the public interest for reasons that include, but are not limited to, the following:

(i) The issuance by FERC of an order, or the adoption by FERC of a final rule or regulation, binding on Ameren Missouri, that has the effect of precluding the Commission from continuing to set the transmission component of Ameren Missouri's rates to serve its Bundled Retail Load;

or

(ii) The issuance by FERC of an order, or the adoption by FERC of a final rule or regulation, binding on Ameren Missouri, that has the effect of amending, modifying, changing, or abrogating in any material respect any term or condition of the Service Agreement previously approved by the Commission and by FERC.

Ameren Missouri shall immediately notify the Stakeholders if Ameren Missouri becomes aware of the issuance of any order, rule, or regulation amending, modifying, changing, or abrogating any term or condition of the Service Agreement. Any stakeholder is free to make a filing with the Commission as a result of an action by FERC as described in this provision.

E. Unless ordered otherwise by the Commission, any order issued by the Commission that, on a basis provided for in paragraph D(i) or D(ii), terminates the Commission's approval of Ameren Missouri's participation in the MISO shall be effective when Ameren Missouri has re-established functional control of its transmission system as a transmission provider or transfers functional control to another entity depending on further orders of the Commission and the FERC.

F. If Ameren Missouri desires to securitize the revenues associated with its transmission system, it shall obtain additional prior permission and approval from the Commission.

G. If Ameren Missouri decides to seek any fundamental change in its membership participation or membership status in the MISO, it shall seek prior approval from the Commission no later than five business days after its filing with the FERC for authorization of that change.

H. For transmission facilities located in Ameren Missouri's certificated service territory that are constructed by an Ameren affiliate and that are subject to regional cost allocation by MISO, for ratemaking purposes in Missouri, the costs allocated to Ameren Missouri by MISO shall be adjusted by an amount equal to the difference between: (i) the annual revenue requirement for such facilities that would have resulted if Ameren Missouri's Commission-authorized ROE and capital structure had been applied and there had been no construction work in progress (CWIP) (if applicable), or other FERC Transmission Rate Incentives, including

Abandoned Plant Recovery, recovery on a current basis instead of capitalizing pre-commercial operations expenses and accelerated depreciation, applied to such facilities and (ii) the annual FERC-authorized revenue requirement for such facilities. The ratemaking treatment established in this provision will, unless otherwise agreed or ordered, continue as long as Ameren Missouri's transmission system remains under MISO's functional control.

I. Ameren Missouri shall provide the Stakeholders a presentation on the current and near-term plans for Ameren (Ameren Missouri, ATX, and ATXI) regarding local and regional transmission construction in Missouri annually while it participates in MISO at a mutually convenient time and location.

J. Ameren Missouri shall convene a Stakeholder meeting should an event(s) or circumstance(s) occur in the MISO footprint or that of an adjacent RTO of which Ameren is aware that Ameren Missouri believes significantly affects its position in MISO. Ameren Missouri shall apprise Stakeholders by email of such events that may affect its position in MISO. Any Stakeholder can request such a meeting be convened for the same reason. If, because of such a meeting, Ameren Missouri agrees that a further filing respecting its RTO participation or operation as an ICT should be made, it may make such a filing and it may include a cost-benefit study with its filing if it believes a cost-benefit study is warranted. If because of such a meeting Ameren Missouri does not agree that such a filing should be made

or that such a filing should be made but that a cost-benefit study is not warranted, any Stakeholder can petition the Commission to enter, after hearing, its order requiring a further filing with or without a cost-benefit study.

K. Any cost-benefit study to be submitted, pursuant to a Commission order under paragraph J, will at a minimum examine continued participation in MISO versus participation in SPP and continued participation in MISO versus operation as an ICT for a range of years of not less than five (5) nor more than twenty (20) years. With respect to any such cost-benefit study, Ameren Missouri shall work with Staff, Public Counsel, and MIEC, and give them substantive input regarding the development of the specific methodology, inputs, outputs, and other features to be included in such a cost-benefit study. Ameren Missouri shall also advise and update MISO and SPP regarding the cost-benefit study. If any difference of opinion regarding the scope, particular details or preliminary assumptions that are necessary to and part of such a cost-benefit study arises, Ameren Missouri shall ultimately have responsibility for, and the burden of presenting a study in support of whatever position it deems appropriate and necessary at the time of its filing respecting its further RTO participation or operation as an ICT. Accordingly, Ameren Missouri is entitled to maintain a level of independence and control of any such cost-benefit study, while other parties retain their right to oppose Ameren Missouri's positions or to provide alternative positions. Subject to any applicable privilege recognized by law

and the provisions of the Commission's rule regarding confidential information, Staff, OPC, and MIEC shall be given meaningful and substantial access to data necessary for, and used in, preparing any such cost-benefit study, and shall be given the opportunity to have meaningful input in the preparation of any such cost-benefit study. Furthermore, Ameren Missouri shall advise and update the MISO and SPP regarding such a cost-benefit study. Ameren Missouri will also provide regular reports regarding the progress and, if requested, reasonable details of the study to any party to this case that requests such updates or information. To maintain its independence and control of such cost-benefit study, Ameren Missouri (or Ameren Services on its behalf) shall act as the project manager for such cost-benefit study and shall engage and direct the work of Ameren Missouri or Ameren Services employees or consultants assigned or retained to perform the cost-benefit study.

L. For purposes of the conditions imposed in this order, the Stakeholders are defined as Union Electric Company, d/b/a Ameren Missouri, the Staff of the Commission, the Midcontinent Independent System Operator, Inc., the Missouri Industrial Energy Consumers, the Office of the Public Counsel, The Empire District Electric Company, the Southwest Power Pool, Inc., and the Missouri Joint Municipal Electric Utility Commission.

M. Any person or party who receives confidential or highly confidential information as part of the process established in this order shall handle that information in accordance with Commission Rule 20 CSR 4240-2.135.

WHEREFORE, the Joint Movants request the Commission make and enter an order further modifying the April 19, 2012 *Report and Order*, by amending and restating in their entirety, its Ordering Paragraphs to state as outlined in paragraph 9 of this Joint Motion.

/s/ Wendy K. Tatro

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**OFFICE OF THE PUBLIC
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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served via e-mail on counsel for the parties of record to this case, on this 18th day of May, 2022.

/s/James B. Lowery
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