

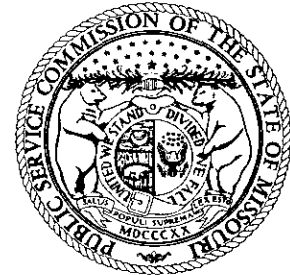
Notice of *Ex Parte* Communication

TO: Data Center
All Parties in Case No. **ER-2008-0318**

FROM: Commissioner Terry Jarrett

TMJ

DATE: October 21, 2008



On October 21, 2008, I received the attached faxed copy of a letter addressed to Commissioner Robert M. Clayton III from Tom Voss, President and Chief Executive Officer of AmerenUE, responding to Commissioner Clayton's October 15, 2008 inquiry, also attached, regarding a story in the Hannibal Courier-Post and a potential dispute among the Hannibal Board of Public Works, AmerenUE, and the Midwest ISO.

In an abundance of caution, I am filing this notice, since the Commission has an active case involving AmerenUE, ER-2008-0318, which is a contested case. In contested cases, the Commission is bound by the same *ex parte* rule as a court of law.

Although communications from members of the public, members of the Legislature or others are always welcome, those communications must be made known to all parties to a contested case so that all parties have the opportunity to respond. According to the Commission rules (4 CSR 240-4.020(8)), when a communication (either oral or written) occurs outside the hearing process, any member of the Commission or Regulatory Law Judge who received the communication shall prepare a written report concerning the communication and submit it to each member of the Commission and the parties to the case. The report shall identify the person(s) who participated in the *ex parte* communication, the circumstances which resulted in the communication, the substance of the communication, and the relationship of the communication to a particular matter at issue before the Commission.

Therefore, I submit this report pursuant to the rules cited above. This will ensure that any party to this case will have notice of the attached information and a full and fair opportunity to respond to the comments contained therein.

cc: Commissioners
Executive Director
Secretary/Chief Regulatory Law Judge
General Counsel



Date: October 21, 2008
To: Commissioner Terry Jarrett
Company: Missouri Public Service Commission
Fax #: 573-526-7341
Phone #: 573-751-4221

From: Thomas R. Voss
President & CEO
AmerenUE

Fax #: (314) 554-3066

Phone #: (314) 554-2549

Pages Including Cover Page: 3

Message:

*If you did not receive all of the pages in good condition, please call
Paula Held at (314) 554-2798 at your earliest convenience. Thank you.*

AmerenUE

Thomas R. Voss, P.E.
President & Chief Executive Officer

One Ameren Plaza
1901 Chouteau Avenue
PO Box 66149, MC 08
St. Louis, MO 63166-6149
314.554.2549
314.554.3066 fax
tvoss@ameren.com

October 20, 2008

VIA FAX: (573) 526-7341

Commissioner Robert M. Clayton, III
Missouri Public Service Commission
P.O. Box 360
Jefferson, City MO 65102

RE: City of Hannibal/AmerenUE/MISO Congestion Charges

Dear Commissioner Clayton:

This is to confirm receipt of your letter dated October 15 to Mr. Graham Edwards of the Midwest ISO (MISO) and also to me.

AmerenUE has information responsive to your questions and will cooperate fully to provide the same to you as promptly as we can. We acknowledge your request that our responses should include only public information. We are in the process of determining how we can do that.

We generally do not release billing-related information about a customer without that customer's permission. As a result, we do not believe that we should provide any billing-related information about the Hannibal Board of Public Works (BPW) without its written permission. By copy of this letter, we are requesting that the BPW provide us with written permission as to what, if any, information it is willing to have AmerenUE provide to you and to be made public as a result of your request. We will contact representatives of the BPW shortly to expedite this. In doing so, we will advise them as to what billing-related information we could provide, and seek their input as to what AmerenUE should provide to you and make public.

Sincerely,



cc: Mr. Jeff Davis, Chairman
Ms. Connie Murray, Commissioner
Mr. Terry Jarrett, Commissioner
Mr. Kevin Gunn, Commissioner
Mr. Don Willis, BPW General Manager
Mr. Graham Edwards, President, Midwest ISO

Missouri Public Service Commission

P.O. BOX 360
JEFFERSON CITY, MO 65102

ROBERT M. CLAYTON III
COMMISSIONER

TELEPHONE 573-751-4221
FAX 573-526-7341
ROBERT.CLAYTON@PSC.MO.GOV

Via Facsimile ONLY 314-554-3066 and 317-249-5600

October 15, 2008

Mr. Thomas Voss
President
AmerenUE
P.O. Box 66149
St. Louis, MO 63166-6149

Mr. Graham Edwards
President
Midwest ISO
P.O. Box 4202
Carmel, IN 46082

Re: City of Hannibal/AmerenUE/MISO Congestions Charges

Gentlemen:

On October 10, 2008, the Hannibal Courier-Post published a story highlighting a potential dispute among the Hannibal Board of Public Works (BPW), AmerenUE and the Midwest ISO (MISO). The dispute involves a recent billing of congestion charges to the City of Hannibal of over \$435,000, which is nearly half of an entire month's revenues to the BPW. This is a significant charge that will have a direct impact on Hannibal's electric customers. I have attached a copy of that article for your review.

Please consider this letter as a formal inquiry into the dispute. I would ask that you each respond to the following questions. I would further request that your responses include only public information as it is my intention to share them with interested parties. Additionally, it is my understanding that this dispute does not involve any issues associated with AmerenUE's pending rate case, Case No. ER-2008-0318, but the results of this inquiry may be filed in that docket so that all parties are aware of this dispute and my communication among these parties. If a party believes that this dispute involves issues in the case, that party may raise its concern as it feels appropriate.

I would ask that you each respond to the following, if you have information responsive to the question:

1. The article describes the charges as being related to congestion costs incurred by AmerenUE from the Midwest ISO. Identify

the specifics of the charges involved in this dispute, the time period involved in the dispute and a description of how the charges were computed.


2. Identify the document, rule, statute or tariff, as well as the specific reference therein, which authorizes such charges to be levied against the Hannibal BPW. If other entities are similarly affected and if their identity is public information, please identify those other similarly affected parties.
3. It is my understanding that the BPW does not fit the description of a "market participant" that would normally be able to hedge the type of congestion charges referenced in the attached news article. Explain whether BPW or AmerenUE is responsible for hedging Midwest ISO congestion costs for BPW, and how that responsibility was determined. Explain why delivery of power from AmerenUE to BPW is subject to congestion cost risk rather than a fixed contractual rate for power.
4. What time period is covered by the bills in dispute? Did either entity err in computing the bills in dispute? Explain the type of error made in computing the bills in dispute and what was the cause of the error.
5. Identify the amount of the bill associated with the dispute or whether it remains under review. Please explain the methodology used to determine the alleged outstanding amount.
6. How many wholesale customers of AmerenUE are served through bi-lateral contracts such as the Hannibal BPW, the city of Kirkwood and others involved in this billing dispute? Are other bi-lateral contract customers of AmerenUE subject to similar types of congestion charges, or is the question of who bears the congestion charges a matter for negotiation between AmerenUE and the customer?
7. If you are alleging the BPW is required to pay an amount similar to the above-referenced \$435,000, please provide options in lessening the impact of these charges on BPW and their customers?

October 15, 2008

Page 3

Thank you very much for your assistance in this matter. Please advise if you have any questions or concerns.

Very truly yours,


Robert M. Clayton III, Commissioner
Missouri PSC

Enclosure

Cc: City Councilmen
City Manager
BPW General Manager
Mayor
Commissioners
Commission Advisors

HBPW facing additional MISO charge

By DANNY HENLEY

Hannibal Courier-Post

Posted on 09/20/08 @ 06:45 AM

Hannibal, MO —

The Hannibal Board of Public Works will have to come up with over \$400,000 to pay its share of "congestion charges" billed to AmerenUE by the Midwest Independent Systems Operator (MISO). The unexpected bill was a point of frustration during Wednesday's meeting of the HBPW Board.

MISO, a federally mandated organization to which all entities must belong that buy or sell power with the exception of electric co-ops, notified AmerenUE that the amounts billed Hannibal from Jan. 1, 2007, to July 11, 2008, were incorrect. According to the notice it received last month the city owns \$432,529.

"This is going to kill us," said Don Willis, general manager of the HBPW. "This is way more than we budgeted for."

After Willis challenged the accuracy of the amount, a check by AmerenUE revealed that the total was indeed incorrect. As of Wednesday's meeting, a revised figure had not been supplied by AmerenUE. The HBPW, along with six other cities who are a part of the present power supply contract with AmerenUE, has indicated that it is not going to make any payment until it is given definitive proof of the error. However, Willis told the board that he has been advised by an attorney that while the city could fight the revised fee, it would only be delaying the inevitable.

This is not the first billing problem brought about by MISO. In 2006, the city's MISO charge totaled \$350,000 before Ameren, after reviewing the complicated MISO bill, discovered some major problems. The errors were so large that eventually a new memorandum of agreement was drafted between Hannibal and AmerenUE. Under the new agreement which took effect March 29, 2006, the city's slate was wiped clean. It also received a credit from AmerenUE for its '05 MISO payments.

Apparently AmerenUE, which joined MISO in 2003, has grown weary of the MISO-related billing mistakes. Willis told the board that AmerenUE has indicated that it is considering withdrawing from MISO.

After this year Hannibal will no longer face unexpected MISO bills. As a part of its new electric contract with Ameren Energy Marketing, which takes effect Jan. 1, 2009, Hannibal will only pay a flat \$2 per megawatt hour fee.

"We won't see this charge again," he said.

Regarding the latest billing mistake, the HBPW Board intends to voice its displeasure to about anyone

who will listen. That list includes state and federal elected officials, as well as the Missouri Public Service Commission.