



Commissioners
KELVIN L. SIMMONS
Chair
CONNIE MURRAY
SHEILA LUMPE
STEVE GAW

Missouri Public Service Commission

POST OFFICE BOX 360
JEFFERSON CITY, MISSOURI 65102
573-751-3234
573-751-1847 (Fax Number)
<http://www.psc.state.mo.us>

September 28, 2001

ROBERT J. QUINN, JR.
Executive Director
WESS A. HENDERSON
Director, Utility Operations
ROBERT SCHALLENBERG
Director, Utility Services
DONNA M. KOLILIS
Director, Administration
DALE HARDY ROBERTS
Secretary/Chief Regulatory Law Judge
DANA K. JOYCE
General Counsel

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

RE: Case No. EO-2001-684

Dear Mr. Roberts:

Enclosed for filing in the above-captioned case are an original and eight (8) conformed copies of **LIST OF ISSUES, ORDER OF WITNESSES AND ORDER OF CROSS-EXAMINATION**.

This filing has been mailed or hand-delivered this date to all counsel of record.

Thank you for your attention to this matter.

Sincerely yours,

Steven Dottheim
Chief Deputy General Counsel
(573) 751-7489
(573) 751-9285 (Fax)

SD:ccl
Enclosure
cc: Counsel of Record

FILED³

SEP 28 2001

Missouri Public
Service Commission

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED³

SEP 28 2001

In the Matter of the Application of Union)
Electric Company d/b/a AmerenUE for an)
Order Authorizing It to Withdraw from)
the Midwest ISO to Participate in the)
Alliance RTO)
)

Missouri Public
Service Commission

Case No. EO-2001-684

LIST OF ISSUES, ORDER OF WITNESSES
AND ORDER OF CROSS-EXAMINATION

COMES NOW the Staff of the Missouri Public Service Commission ("Staff") and respectfully states as follows:

1. On June 11, 2001, Union Electric Company d/b/a AmerenUE ("UE" or "Company") filed with the Missouri Public Service Commission ("Commission") an application for an order authorizing the Company to withdraw from the Midwest ISO ("MISO") in order to participate in the Alliance RTO ("ARTO").

2. Subsequent applications to intervene in the matter were timely filed by the Missouri Joint Municipal Electric Utility Commission ("MJMEUC"), the Missouri Industrial Energy Consumers ("MIEC"), the Missouri Energy Group ("MEG"), and the Doe Run Resources Corporation ("Doe Run"). The Commission granted intervention to these parties in an order dated July 26, 2001.

3. Pursuant to the Commission's Order Adopting Procedural Schedule, issued August 15, 2001, the parties have assembled the following List Of Issues, Order Of Witnesses And Order Of Cross-Examination. The listing of issues below is not to be considered as an agreement by any party that any particular listed issue is, in fact, a valid or relevant issue. Indeed, in the subsequent filing of position statements, some parties may state that they consider

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a particular listed issue to not be a valid issue. This “non-binding” listing of issues is not to be construed as impairing any party’s ability to argue about any of these issues or related matters, or to restrict the scope of its response to arguments made by other parties.

LIST OF ISSUES

The parties have agreed upon the following list of issues:

1. Should UE’s application for permission to withdraw from the Midwest ISO (“MISO”) to join the Alliance RTO (“ARTO”) be approved? Issues to be considered in making this determination include, but may not be limited to, the following:

- a. Will the not-for-profit governance structure of the MISO or the for-profit structure of the ARTO be of greater benefit to the public interest?
- b. Is UE’s retention of transmission revenues from ARTO rates, based on the rate design set out in the Settlement Agreement between the MISO and ARTO, of benefit to Missouri customers?
- c. Will “seams” between MISO and ARTO continue to affect Missouri transmission customers through payments of pancaked transmission rates?
- d. Has the fact that ARTO has yet to establish an independent Board of Directors and a Stakeholder Advisory Committee to provide advice to this Board allowed the ARTO transmission owners to influence RTO formation decisions such that those decisions are, or may be, harmful to the public interest, and if so, can this be corrected without imposing delays and additional costs?
- e. Has the fact that ARTO has yet to establish an independent Board of Directors and a Stakeholder Advisory Committee to provide advice to this Board allowed the ARTO transmission owners to avoid compliance with the requirements of FERC Order No. 2000 or other FERC orders, and if so, can this be corrected without imposing delays and additional costs?
- f. Can ratepayers be harmed by provisions of the ARTO agreements that provide for future transfers of transmission assets at market value?
- g. Was UE’s exit fee payment to the MISO a prudent regulatory expense?

2. If the Commission decides to approve the Company's request to withdraw from the MISO and to join the ARTO, which (if any) of the following conditions should be required?

a. Staff's Conditions

1) Preliminary Conditions:

a) No transfer from MISO to ARTO before additional evidence of December 15, 2001 start-up is filed (December 5, 2001), with follow-up hearing (December 12, 2001).

b) No transfer unless ARTO is approved by FERC as operational by December 15, 2001.

c) No transfer unless ARTO has FERC-approved permanent independent Board of Directors in place and a Stakeholder Advisory Committee making recommendations to that Board by December 15, 2001.

d) No transfer unless the ARTO and MISO have implemented the IRCA¹ and are providing non-pancaked transmission service within the ARTO-MISO super-region by December 15, 2001.

2) Subsequent Conditions: If the preliminary conditions are met, then the Commission should attach the following conditions to its approval of the requested transfer:

a) No transfer unless UE agrees to withdraw from the Alliance if the FERC orders a single RTO in the Midwest, and to take whatever actions are necessary to participate in the single RTO.

b) No transfer unless UE agrees to withdraw from the ARTO if ARTO is granted a PBR incentive to take a position in the energy market.

b. Other Conditions (OPC)

1) The application should not be approved unless the FERC determines that the ARTO is in sufficient compliance with FERC Order No. 2000 prior to the proposed ARTO start-up date on December 15, 2001.

2) The application should not be approved unless the FERC determines that the ARTO is in sufficient compliance with the IRCA provisions agreed to in the settlement that provided for Ameren's withdrawal from the MISO, prior to the proposed ARTO start-up date on December 15, 2001.

3) The application should not be approved unless the FERC determines that the ARTO's outstanding compliance issues with FERC orders have been adequately satisfied prior to

¹ Inter-RTO Cooperation Agreement between the Alliance Companies and the Midwest ISO, § 2.17 ("Early Ending of Inter-RTO Transition Period"), approved by the Commission in *Illinois Power Co.*, 95 FERC ¶ 61,183 (2001)

the proposed ARTO start-up date on December 15, 2001. These outstanding compliance issues include the following: (1) proposal of an acceptable Business Plan for achieving independence, (2) development of an independent market monitoring plan, (3) revising its proposal for a stakeholder advisory process, and (4) revisions to the Operating Protocol, the Planning Protocol, and the Pricing Protocol.

4) The application should not be approved unless UE and its parent, Ameren Corporation, agree to hold all Missouri ratepayers harmless from any adverse rate effects that could result from the transfer of its transmission assets to the Alliance Transco or some other entity at market value.

5) The application should not be approved unless UE and its parent, Ameren Corporation, agree not to transfer ownership of its transmission assets or otherwise dispose of those assets, regardless of any future changes in state law, unless such ownership transfers or other disposition are approved by this Commission.

6) The application should not be approved unless UE and its parent, Ameren Corporation, agree that it will hold all Missouri ratepayers harmless from, and never seek recovery, either directly or indirectly, of the \$18 million exit fee that Ameren paid to the MISO.

c. Other conditions (MIEC)

1) No transfer unless UE agrees to return to MISO if ARTO does not meet FERC startup requirements by December 31, 2002.


2) No transfer unless UE agrees to abide by the terms and conditions of the Stipulation And Agreement in Case No. EO-98-413, as if the ARTO was the MISO.

Legal Issues

1. What is the appropriate standard for the Commission to use in deciding this case?
2. Independent of the Stipulation And Agreement in Case No. EO-98-413, is the Commission's authorization necessary for UE to withdraw from the MISO and join the Alliance?
3. Has the Commission conceded that UE's withdrawal from MISO is in the public interest by failing to object to such a finding already made by FERC?
4. Did UE violate the Stipulation and Agreement in Case No. EO-98-413 by failing to file with the Commission a notice of withdrawal at the same time the notice was filed at the FERC on January 16, 2001?

Certificate of Service

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the attached service list this 28th day of September 2001.



ORDER OF WITNESSES

David A. Whiteley
Michael S. Proctor
Ryan Kind
James R. Dauphinais
Eve A. Lissik

ORDER OF CROSS-EXAMINATION

For Mr. Whiteley, cross will be by Staff, OPC, Doe Run, MJMEUC, MIEC, then MEG.
For Dr. Proctor, cross will be by OPC, Doe Run, MJMEUC, MIEC, MEG, then UE.
For Mr. Kind, cross will be by Staff, Doe Run, MJMEUC, MIEC, MEG, then UE.
For Mr. Dauphinais, cross will be done by Staff, OPC, Doe Run, MJMEUC, MEG, then UE.
For Dr. Lissik, cross will be by Staff, OPC, Doe Run, MIEC, MEG, then UE.

Respectfully submitted,

DANA K. JOYCE
General Counsel



Dennis L. Frey
Associate General Counsel
Missouri Bar No. 44697

Steven Dottheim
Chief Deputy General Counsel
Missouri Bar No. 29149

Attorneys for the Staff of the
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102
(573) 751-8700 (Telephone)
(573) 751-9285 (Fax)
e-mail: dfrey03@mail.state.mo.us

Service List for
Case No. EO-2001-684
Verified: September 26, 2001 (ccl)

Office of the Public Counsel
P.O. Box 7800
Jefferson City, MO 65102

David B. Hennen
Ameren Services Company
1901 Chouteau
PO Box 66149 (MC 1310)
St. Louis, MO 63166-6149

Robin E. Fulton
Schnapp, Fulton, Fall, McNamara & Silvey
135 E. Main St., P.O. Box 151
Fredericktown, MO 63645-0151

Diana M. Vulysteke
Bryan Cave LLP
One Metropolitan Square
211 North Broadway, Suite 3600
St. Louis, MO 63102

Robert C. Johnson
Lisa C. Langeneckert
Law Office of Robert C. Johnson
720 Olive Street, Suite 2400
St. Louis, MO 63101

Duncan Kincheloe
Attorney at Law
2407 W. Ash
Columbia, MO 65203