

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

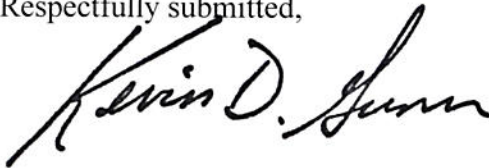
In the Matter of the Application of Union)	
Electric Company for Authority to Continue)	
the Transfer of Functional Control of Its)	Case No. EO-2011-0128
Transmission System to the Midwest)	
Independent Transmission System Operator, Inc.)	

NOTICE OF COMMUNICATION

Issue Date: February 2, 2012

On January 31, 2012, we received the attached correspondence from John R. Bear, President and CEO of MISO, Inc. by US Mail.

Respectfully submitted,



Kevin D. Gunn, Chairman
Robert S. Kenney, Commissioner
Terry M. Jarrett, Commissioner

Dated at Jefferson City, Missouri,
on this 2nd day of February, 2012.

John R. Bear
President & CEO
317-249-5176
jbear@misoenergy.org



January 27, 2012

The Honorable Kevin Gunn, Chairman
Missouri Public Service Commission
200 Madison Street
P.O. Box 360
Jefferson City, Missouri 65102-0360

The Honorable Robert S. Kenney, Commissioner and President, Organization of
MISO States
Missouri Public Service Commission
200 Madison Street
PO Box 360
Jefferson City, Missouri 65102-0360

Dear Chairman Gunn and Commissioner Kenney:

Thank you for taking the time to meet with me and other members of the MISO team last Wednesday. We sincerely appreciated the opportunity to discuss MISO's value proposition, our work on EPA regulations, MVPs, and capacity deliverability.

As a follow-up to the meeting, I would like to respectfully request that the Missouri Public Service Commission send a letter to Federal Energy Regulatory Commission (FERC) Chairman Jon Wellinghoff urging him to convene a technical conference or revive efforts to promote a joint and common market to review a potential capacity deliverability problem that we believe exists between the PJM and MISO RTOs in the Midwest.

As we discussed at our meeting, MISO and PJM have administrative rules governing how electricity generation capacity is counted within their respective RTOs. Even though capacity could physically move between MISO and PJM, we

Chairman Gunn
Commissioner Kenney
January 27, 2012
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believe these rules create a "seam" between them that prevents the free-flow of capacity between the RTOs and across the Midwest. As noted in our meeting, a recent study by Brattle Group calculates there is approximately 4000 - 6000 MW of power that cannot move from MISO to PJM resulting in \$2 to \$4 billion in excess capacity costs for consumers. Just as importantly, any barrier to free and open capacity deliverability in the Midwest aggravates the potential reliability threat resulting from electricity generating plant shutdowns, retrofit or replacements needed to comply with the proposed US EPA air emission rules.

Several states including Indiana, Michigan, Ohio, and Indiana have expressed a concern to FERC over this issue. I have attached the letters sent to Chairman Wellinghoff from Michigan and Wisconsin. Your help in similarly urging FERC to require the RTOs to work together to study whether these administrative barriers exist and, if so, whether they can be eliminated, would be of great value. By convening a technical conference, or reviving FERC's earlier efforts to promote a joint and common market, we can explore the depth and nature of the problem as well as identify potential solutions.

Once again, thank you for taking the time to meet last Wednesday. If you have any questions or would like more information, please do not hesitate to contact me.

Sincerely,



John R. Bear, President and CEO

2 enclosures: PSC of WI Ltr
 MI PSC Ltr

cc: Terry M. Jarrett, Commissioner
 Steve Stoll, Commissioner



Public Service Commission of Wisconsin

Phil Montgomery, Chairperson
Eric Callisto, Commissioner
Ellen Nowak, Commissioner

610 North Whitney Way
P.O. Box 7854
Madison, WI 53707-7854

December 6, 2011

The Honorable Jon Wellinghoff, Chairman
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Dear Chairman Wellinghoff:

We write to respectfully request that the Federal Energy Regulatory Commission (FERC) take action to investigate a potential capacity deliverability issue that has been brought to our attention by the Midwest Independent Transmission System Operator, Inc. (MISO). This deliverability issue between the PJM Interconnection, LLC (PJM), and MISO regional transmission organizations (RTOs) may result in inefficiencies, and could challenge the concept of a robust market for energy that benefits consumers. In light of the challenges related to the implementation of new U.S. Environmental Protection Agency (EPA) regulations, it is critical that these issues are quickly reviewed.

The Public Service Commission of Wisconsin's understanding of the underlying issue is as follows: MISO and PJM have administrative rules that govern how electricity generation capacity is counted within their respective RTOs. Even though capacity could physically move between MISO and PJM, the rules create a "seam" between the RTOs that prevents the free-flow of capacity across the Midwest. To the extent transfer is limited by these rules, it could result in less competitive electricity prices. Preliminary analysis presented by MISO indicates that this issue implicates up to 4,000 megawatts of additional, economically efficient, capacity transfers that could be made between MISO and PJM. Aside from these economic issues, barriers to free and open capacity deliverability could hamper efforts to ensure reliability as the RTOs, utilities, and states work to implement and comply with pending EPA air emission rules.

We request that FERC investigate these issues and work with the RTOs to study whether existing rules act as a barrier and, if so, whether they can and should be eliminated. By convening a technical conference, or other similar process, the RTOs could explore the depth and nature of the problem as well as identify potential solutions. To be clear, the issue that has been identified by MISO is one of capacity deliverability, and not an issue of resource adequacy. Resource adequacy is an important issue in MISO, and Wisconsin has provided significant input to MISO as well as FERC. The desire to address capacity deliverability issues between MISO and PJM does not, and should not, be interpreted as modifying Wisconsin's position on the resource adequacy issue. Our comments on those issues stand on their own, and are not changed here.

The Honorable Jon Wellingshoff, Chairman

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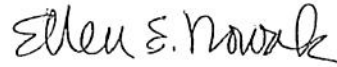
December 6, 2011

Thank you for your time and attention to this matter.

Sincerely,


Phil Montgomery
Chairperson


Eric Callisto
Commissioner


Ellen Nowak
Commissioner

PM:EC:EN:sp:K:\Commissioners Letters\2011\Letter to FERC re potential capacity deliverability issue dec 2011

cc: The Honorable Philip D. Moeller, FERC
The Honorable Marc Spitzer, FERC
The Honorable John R. Norris, FERC
The Honorable Cheryl A. LaFleur, FERC
Midwest Independent Transmission System Operator, Inc.
The Organization of MISO States, Inc.
The Organization of PJM States, Inc.



RICK SNYDER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
PUBLIC SERVICE COMMISSION

STEVEN H. HILFINGER
DIRECTOR

ORJIAKOR N. ISIOGU JOHN D. QUACKENBUSH GREG R. WHITE
COMMISSIONER CHAIRMAN COMMISSIONER

December 22, 2011

The Honorable Jon Wellinghoff
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Dear Chairman Wellinghoff:

The Michigan Public Service Commission (Michigan Commission) requests that the Federal Energy Regulatory Commission (Commission) consider convening a technical conference to review potential options to better manage seams between the Regional Transmission Organizations (RTOs) to address potential reliability issues that are likely to arise with the implementation and timeline of new proposed U.S. Environmental Protection Agency (EPA) regulations or resume its efforts to promote a Joint and Common Market. It is especially critical for the MISO / PJM seam.

The Michigan Commission understands that MISO and PJM have administrative rules governing how inter-RTO transactions occur and how electricity generation capacity is counted within each RTO. Even though transactions may physically move between MISO and PJM, such rules can create seams that prevent free-flowing beneficial transactions between the RTOs and across the Eastern Interconnection. When this occurs, it can result in less competitive electricity prices, which cost Michigan electricity customers more money. Barriers to free and open markets in the Midwest can exacerbate the potential reliability threat resulting from electricity generating plant shutdowns, retrofits, or replacements needed to comply with the proposed EPA regulations and its timelines.

The Michigan Commission strongly encourages the Commission to direct PJM and MISO to work together to study any administrative barriers that currently exist between them and, if found, how they can be eliminated. Through a Commission technical conference and

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renewed Commission efforts to promote a Joint and Common Market, RTOs could explore seam problems and identify potential solutions. It is essential to ensure that needed resources, whether traditional plants, demand response, or innovative technology, are able to provide reasonably priced and reliable electricity in Michigan and other parts of the country. Any administrative barriers should not impede this goal.

Thank you for your time and attention to this matter.

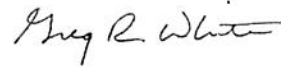
Sincerely,



John D. Quackenbush
Chairman



Orjiakor N. Isiogu
Commissioner



Greg R. White
Commissioner

cc: The Honorable Philip D. Moeller, FERC
The Honorable Cheryl A. LaFleur, FERC
The Honorable John R. Norris, FERC
Midwest Independent Transmission System Operator, Inc.
PJM
The Organization of MISO States, Inc.
The Organization of PJM States