

STATE OF MISSOURI
MISSOURI PUBLIC SERVICE COMMISSION

FILED

JUL 19 1999

Missouri Public
Service Commission

In the matter of the Application of)
Union Electric Company, d/b/a AmerenUE,)
for approval of the transfer of)
generating assets by an affiliate)
to another affiliate)

Case No. EA-2000-37

MOTION FOR EXPEDITED TREATMENT

COMES NOW Union Electric Company, d/b/a AmerenUE, and requests this Commission to establish an expedited schedule for the consideration and entry of an order in the accompanying Application for Findings Pursuant to 15 U.S.C. §79z-5a, and in support thereof states:

1. AmerenUE has filed an Application to this Commission to make certain limited findings under the Public Utility Holding Company Act of 1935 ("PUHCA") pertaining to a restructuring of AmerenCIPS generation business located solely in Illinois.
2. AmerenCIPS, an Illinois utility, intends to transfer certain generation assets and liabilities to an affiliated non-utility generation company that will be established as an Exempt Wholesale Generator ("EWG"). Since Ameren is a registered public utility holding company system subject to PUHCA, provisions of federal law that govern establishment of EWGs require certain limited findings by the state commission with primary jurisdiction over the transferor, as well as by any state commission with jurisdiction over any other affiliate utility. Accordingly, and as set forth more fully in the Application, AmerenUE is requesting that the Missouri Public Service Commission find that the transfer of AmerenCIPS generation assets and liabilities will benefit consumers, is in the public interest and will not violate any provision of Missouri law. See, 15 U.S.C. §79z-5a (c).

3. The transfer of AmerenCIPS generation assets and liabilities will be made pursuant to provisions of the Illinois Electric Service Customer Choice And Rate Relief Law of 1997 ("Customer Choice Law"), which implemented a comprehensive restructuring of the electric industry in Illinois. The restructuring package includes mandatory rate cuts for residential consumers and phases in the opportunity for all consumers to choose their electric supplier. Other parts of the package provide utilities the opportunity to quickly and efficiently restructure, reorganize and transfer assets in order to adjust to the competitive market. The proposal to transfer AmerenCIPS' generation and marketing to a new affiliate is fully authorized, and indeed, encouraged by the Customer Choice Law, as well as by previous statements of the Illinois Commerce Commission ("ICC").

4. Section 16-101A of the Customer Choice Law contains legislative findings which included a recognition that the citizens and businesses of the State of Illinois have been well-served by the electrical utility system which provided safe, reliable and affordable service. 220 ILCS 5/16-101A (a). At the same time, the Illinois General Assembly recognized that forces were affecting the market for electricity and, as a result, that long-standing regulatory relationships needed to be altered in order to accommodate competition. 220 ILCS 5/16-101A (b). The alteration of "long-standing regulatory relationships" is clearly accomplished where generation and energy sales, which are now competitive in Illinois at both the retail and wholesale level, are separated from the utility, which will remain a provider of regulated monopoly services.

5. The ICC has expressed the belief that competition would be enhanced where competitive generation and marketing functions were physically or functionally separated from the utility transmission and distribution system. For example, in the ICC's "Report to the Senate

President: Analysis of Electric Restructuring with Particular Emphasis on S. B. 55,” dated August 15, 1997, the ICC observed that spin-off of generation assets would be one manner to address market power concerns. (Id., pp. 9-14). Likewise, in its Order implementing affiliate transaction rules, the ICC noted its preference that the unregulated generation and marketing function be separated from the utility transmission and distribution functions. (Order, Rulemaking on Non-Discrimination in Affiliate Transactions for Electric Utilities, ICC Docket Nos. 98-0013 and 98-0035 cons.)(September 14, 1998, pp. 8-9). While separation is not necessary to prevent discrimination in access to essential facilities, the proposal by AmerenCIPS to transfer its generating assets is precisely the type of reorganization which the ICC has indicated would promote the development of competition in that state.

6. The pace of change and restructuring in the Illinois energy market has greatly accelerated. On July 8, 1999, the Commission issued its order in a proceeding with Illinois Power (“IP”) pursuant to Section 16-111(g) approving the transfer of generating assets to a new wholesale subsidiary of IP. Also, pending before the Commission is the request by Commonwealth Edison Company (“ComEd”) to transfer its fossil fuel generating plants to Edison Mission. The Hearing Examiners issued a proposed order on July 14, 1999 recommending approval of the ComEd transfer. A final determination with regard to this transfer is expected by mid-August 1999. Likewise, the pace of merger activity has increased. A number of Illinois utilities have entered into strategic combinations within the last two years and, within the last month, IP announced a merger with Dynegy, a company that has as its majority investor Chevron, a very large diversified energy company. Considering the above, Ameren seeks to conclude the restructuring discussed herein as quickly as possible to compete with the new entities that are entering the Illinois market.

7. AmerenCIPS now provides retail service exclusively in Illinois which will be open to retail competition beginning on October 1, 1999. The Illinois Customer Choice Law created the right of electric utilities to quickly and efficiently transfer assets or to restructure to meet competitive challenges. Accordingly, Section 16-111(g) of the Customer Choice Law, which governs this transaction under Illinois law, provides that an electric utility may without obtaining any approval of the Illinois Commerce Commission, except as described below, provide a Notice that it will transfer assets or restructure. By law, the Notice becomes effective within 30 days unless the Commission determines to conduct a hearing. If a hearing is to be conducted, the entire process must be complete within 90 days. Moreover, the Illinois General Assembly limited review of such proposed transactions to only two grounds: (1) will the transaction render the utility unable to provide its tariffed services in a safe and reliable manner; or, (2) is there a strong likelihood that consummation of the transaction will result in the electric utility being entitled to an increase in its base rates during the Mandatory Transition Period. Finally, Illinois Law promotes quick action on any Notice to Transfer Assets by restricting intervention to only those parties that can demonstrate a direct interest in the transaction. See, 220 ILCS §5/16-111(g).

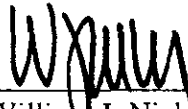
8. The assets involved in this transaction are entirely jurisdictional to Illinois or to the FERC. Ameren seeks approval of the Missouri Commission under provisions of law that apply solely to registered holding companies under PUHCA. See, 15 U.S.C.A. §79z-5a (c).

9. AmerenUE requests that the Commission issue its Order making the findings necessary under PUHCA to permit establishment of a wholesale generating company within the same 90 day time period provided to the Illinois Commission under the Customer Choice Law.

WHEREFORE AmerenUE respectfully requests this Commission to make and enter its Order as stated in the accompanying Application for Findings within 90 days hereof.

Respectfully submitted,

UNION ELECTRIC COMPANY



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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing pleading was hand-delivered to the Office of Public Counsel, P.O. Box 7800, Jefferson City, Missouri, on this 19th day of July, 1999.

A handwritten signature in black ink, appearing to read 'W. Niehoff', is written over a horizontal line.

William J. Niehoff