

# AMERENUE ILLINOIS SERVICE TERRITORY TRANSFER SUMMARY OF BENEFITS TO MISSOURI RATEPAYERS--REVISED

## 1. Background

- AmerenUE seeks to transfer its Illinois transmission and distribution assets and liabilities (gas and electric) to AmerenCIPS.

*Source: Nelson Direct, pp. 5-9; Schedules 1-2*

## 2. Benefits to Missouri Ratepayers

### A. Generation

- Currently, AmerenUE's low-cost, primarily base-load generation is allocated approximately 92% to Missouri, 6% to Illinois and 2% to FERC.
- At transaction closing, Missouri will obtain Illinois' share of AmerenUE generation increasing its allocation to 98%.
- By acquiring this additional 6% of AmerenUE's low-cost (\$374/kw) generation, Missouri ratepayers will realize a 26% savings when compared to the next least-cost option (gas fired generation at \$471/kw).
- As a consequence of this reallocation, Missouri would also acquire an additional 6% allocation of AmerenUE's generation-related liabilities (pre- & post-closing).

*Sources: Voytas Direct, p. 2; Voytas Surrebuttal, Schedule 1; Weiss Surrebuttal, p. 9; Nelson Direct, Schedule 1*

### B. Joint Dispatch Agreement

- As a condition of approval of this transaction by the MoPSC, AmerenUE is agreeable to amending the JDA such that revenues from off system sales will be allocated between the generating parties (AmerenUE and AEG) based upon generation output rather than load. This amendment will benefit Missouri ratepayers by at least \$7 million per year (the projected benefit is actually \$24 million per year).

*Sources: Nelson Surrebuttal, p. 10; Voytas Surrebuttal, p. 4; Exhibit 51*

### C. Transmission

- Based on the methodology for allocating transmission plant and revenues, revenue requirements for AmerenUE's Missouri customers as a result of the Metro East transfer are reduced by \$4.9 million per year. This is offset by \$4.5 million per year due to a reduction in third party revenues allocated to Missouri. Overall, the transfer results in a net benefit of \$0.4 million per year to Missouri.

*Source: Transmission Analysis by Gary Weiss*

### D. Total Benefits to Missouri Ratepayers

- The total benefit to Missouri ratepayers for the additional allocation of low-cost AmerenUE generation (\$2.4 million/yr), the JDA amendment (\$7 million/yr) and transmission (\$0.4 million/yr.) is approximately \$9.8 million/yr. Discounted at 9.5%, the net present benefit is at least \$94 million (could be as high as \$255 million depending on market prices for electricity).

*Sources: Nelson Surrebuttal, p. 10; Voytas Direct, p. 7; Voytas Surrebuttal, p. 4; Weiss Transmission Analysis*

### E. No Detriment to Missouri Ratepayers

- Clearly, based upon the foregoing, there is no detriment to Missouri ratepayers.

*Sources: Nelson Surrebuttal, pp. 2-5, 10*

## 3. Miscellaneous

- Funds held in Illinois Nuclear Decommissioning Trust Fund will be transferred to Missouri Decommissioning Trust Fund. Going forward, Missouri would be responsible for 98% (up from 92%) of future decommissioning contributions.
- Do not believe Affiliate Transaction Rules apply, but request a waiver if Commission determines otherwise.
- Staff and OPC have raised issues regarding EEInc. and SO<sub>2</sub> allowances that are not properly part of this case – Staff has indicated its intent to file a separate investigation on these matters.

*Sources: Redhage Direct, pp. 3-4; Nelson Direct, p. 9; Nelson Surrebuttal, pp. 3-4, 15-17, 23-24*

## 4. Conclusion

The proposal offered by the Company is a tremendous economic benefit to Missouri ratepayers.

In addition, it makes AmerenUE a "Missouri-only" Company and removes it from conflicting regulatory objectives from doing business in both regulated and unregulated states.

*Sources: Nelson Direct and Surrebuttal*