

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 24th day of
January, 2008.

In the Matter of the Application of Union Electric)
Company for Authority to Continue the)
Transfer of Functional Control of Its Transmission)
System to the Midwest Independent Transmission)
System Operator, Inc.)

Case No. EO-2008-0134

**ORDER SCHEDULING A PREHEARING CONFERENCE TO ADDRESS
COMMISSIONER QUESTIONS**

Issue Date: January 24, 2008

Effective Date: January 24, 2008

On November 1, 2007, Union Electric Company, d/b/a AmerenUE, filed an application requesting authority from the Commission to extend its current arrangement with the Midwest Independent Transmission System Operator, Inc. (Midwest ISO). Under that arrangement, which this Commission approved in 2004, AmerenUE transferred functional control of its transmission system to the Midwest ISO. That arrangement will end on April 30, 2009, unless the Commission approves an extension.

AmerenUE based its application for an extension on its cost-benefit analysis purporting to show that AmerenUE's interests, as well as those of its ratepayers, would be best served by continuing the arrangement with the Midwest ISO. On December 17, the day a prehearing conference had been set to discuss the establishment of a procedural schedule; AmerenUE filed a notice regarding proceedings pending before the Federal Energy Regulatory Commission (FERC) that could have an impact on AmerenUE's

proposal to continue its arrangement with the Midwest ISO. Because of the uncertainty surrounding the FERC proceedings, AmerenUE asked the Commission to suspend further proceedings in this case.

AmerenUE explained that the Midwest ISO Transmission Owners have filed a proposed revision to the Midwest ISO's FERC tariff that would substantially reduce the revenues AmerenUE expected to receive from the Midwest ISO. According to AmerenUE, this reduction in revenues would have a significant effect on the quantification of the benefits of its continued participation in the Midwest ISO when compared to its other options, as addressed in the cost-benefit analysis upon which AmerenUE relied in seeking an extension of its membership in the Midwest ISO. AmerenUE is opposing the revision of the Midwest ISO's tariff and wants to be able to resolve that dispute before deciding whether to extend its arrangement with the Midwest ISO.

The December 17 prehearing conference proceeded as scheduled, and the presiding officer directed the parties to discuss the matter and file proposals on how the Commission should proceed. On December 28, AmerenUE filed a recommendation in which it indicates it has provided contractually required notice to the Midwest ISO of its intention to withdraw from the Midwest ISO effective December 31, 2008, subject to regulatory approval. AmerenUE's notice to the Midwest ISO does not mean that it will actually withdraw from the Midwest ISO at the end of the year, but does preserve AmerenUE's right to do so, depending upon how the tariff dispute before the FERC is resolved. AmerenUE recommends the Commission suspend further proceedings in this case until June 30, to allow time for the tariff dispute to be resolved.

AmerenUE represented that all other parties, except the Midwest ISO, either support, or do not oppose the suspension of the proceedings. The Midwest ISO filed a separate recommendation on December 28, in which it argues that there are many factors supporting AmerenUE's continued participation in the Midwest ISO aside from the revenue issue being considered by the FERC. It suggests the Commission establish a procedural schedule to consider those factors, or as an alternative, order the parties to file a status report by February 29 explaining the progress of events at the FERC.

There are many uncertainties surrounding the revenue dispute currently being considered by the FERC and AmerenUE is no longer certain that it wants to extend its arrangements with the Midwest ISO. Given those uncertainties, it is not appropriate to establish a formal procedural schedule at this time. However, the Commission is very concerned that this matter not be allowed to languish for several months, forcing the Commission to hastily resolve the issue later in the year. Furthermore, the question of whether AmerenUE should remain in the Midwest ISO is very complex and the Commission needs the assistance of subject matter experts to fully understand these matters.

Therefore, the Commission will schedule a prehearing conference at which the Commissioners intend to question the parties regarding this matter. The parties shall have subject matter experts available to participate in the conference and answer questions. This is intended to be a discussion, and not an evidentiary hearing. Witnesses will not be sworn and evidence will not be taken; cross-examination will not be permitted. However, a transcript of the conference will be made.

IT IS ORDERED THAT:

1. A prehearing conference is scheduled for February 6, 2008, at 10:00 a.m., at the Commission's office at the Governor Office Building, 200 Madison Street, Jefferson City, Missouri, Room 310. This building meets accessibility standards required by the Americans with Disabilities Act. If you need additional accommodations to participate in this conference, please call the Public Service Commission's Hotline at 1-800-392-4211 (voice) or Relay Missouri at 711 before the conference.

2. This order shall become effective on January 24, 2008.

BY THE COMMISSION

A handwritten signature in black ink, appearing to read 'Colleen M. Dale', is written over a horizontal line.

Colleen M. Dale
Secretary

(S E A L)

Davis, Chm., Murray, Clayton, Appling,
and Jarrett, CC., concur.

Woodruff, Deputy Chief Regulatory Law Judge