

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 Transmission System)
to the Midwest Independent Transmission System)
Operator, Inc.)

File No. EO-2011-0128

ORDER DIRECTING THE PARTIES TO ANSWER CERTAIN QUESTIONS

Issue Date: June 1, 2011

Effective Date: June 1, 2011

Questions have arisen regarding the Midwest Independent Transmission System Operator, Inc.'s (MISO's) Resource Adequacy Enhancements Proposal. Those questions are relevant to this case as Union Electric Company, d/b/a Ameren Missouri, has applied to the Commission to extend its authority to continue the transfer of functional control of its electric transmission system to MISO. In an effort to obtain more information, the Commission will direct all the parties to provide written answers to the following questions:

1. Can Missouri's Electric Utility Resource Planning Process currently defined in 4 CSR 240-20.010 through 20.080 be preserved if MISO's Resource Adequacy Enhancements Proposal is implemented? If the answer requires qualification, please state them.
2. Assuming MISO moves to a long-term capacity market (3 to 5 years), what qualifications or prerequisites will MISO place on Load Serving Entities (LSEs) in order for them to be able to fully "self schedule" or "opt out" of Resource Adequacy requirements in the forthcoming MISO Resource Adequacy Enhancements Proposal?

3. Are MISO, Ameren Missouri and the other parties in this proceeding willing to make Ameren Missouri's continued participation in MISO contingent on Ameren Missouri's continued participation and compliance with the Missouri Public Service Commission's Electricity Utility Resource Planning Process or any succeeding rules?
4. Would it be appropriate for the Commission to make Ameren Missouri's participation in MISO expressly contingent on MISO's willingness to waive any exit fees as a result of the Missouri Public Service Commission making a determination that Ameren Missouri or any successor's compliance with the Electric Utility Resource Planning Process and the Missouri Public Service Commission has been abrogated, changed or made irrelevant in any way or for any reason related to Ameren Missouri's compliance with the Electric Utility Resource Planning Process?
5. Will Ameren Missouri and MISO guarantee that Ameren Missouri's ratepayers and other Load Serving Entities (LSEs) located inside the Ameren Missouri transmission footprint will be held harmless if LSEs in MISO are not able to fully "self schedule" or "opt out" in order to meet their Resource Adequacy requirements in the forthcoming MISO Resource Adequacy Enhancements Proposal? See Attachment #1.
6. If Ameren Missouri and MISO cannot make the foregoing guarantee, would it be appropriate for the Commission to make its approval of Ameren Missouri's continued participation in MISO contingent on MISO's willingness to waive exit

- fees if Ameren Missouri loses the ability to self-schedule and opt out of the capacity market?
7. When MISO determines that new transmission needs to be built in Ameren Missouri's territory (such as the multi-value projects or MVPs), who has the right of first refusal to build that project? Would Ameren Transmission Company (ATC) have any right to construct transmission projects in Missouri "but for" Ameren Missouri's membership in MISO?
 8. What criteria, if any, does Ameren Missouri use to determine whether or not it will build a transmission project itself or allow ATC to construct it? Please describe and provide the statutory/regulatory support for Ameren Missouri's authority to transfer or waive its right to construct MISO transmission projects and then allow ATC construct those projects. Where Ameren Missouri either implicitly or explicitly consents to ATC constructing a transmission project in Missouri, do the Missouri Public Service Commission's affiliate transaction rules found in 4 CSR 240-20.15 apply? How can Ameren Missouri and MISO guarantee that Missouri consumers are best served by allowing ATC to construct the projects in Missouri and not bidding the projects out?
 9. Please describe ATC's right to use eminent domain in Missouri and provide both statutes and case law in support of your position. Are the parties willing to make Ameren Missouri's MISO membership contingent on Ameren and MISO agreeing to allow the Commission to approve any transmission projects to be constructed in Ameren Missouri's service territory prior to their being built? If the answer to the preceding question is no, why not?

In addition, the Commission will direct MISO and Ameren Missouri to provide written answers to the following questions:

10. Under MISO's interpretation of their Joint Operating Agreements, are The Empire District Electric Company, Kansas City Power & Light Company, KCPL-Greater Missouri Operations, and Associated Electric Cooperatives, Inc. (AECI) entitled to compensation for the use of their facilities? If so, how much estimated compensation are each entitled to receive?
11. To the extent that Entergy's proposal to become a member of MISO requires the construction of new facilities or upgrades in Missouri, what facilities and upgrades will need to be built? What will be their size and cost? What will be the cost recovery method for those facilities? Who will pay for those facilities and upgrades? What will be the total cost to Missouri ratepayers for those facilities and upgrades?
12. Why are each of the MISO Multi-Value Projects (MVP) proposed for mid-year 2011 and for MTEP 2012 necessary? Assuming the MVP costs can be passed through to ratepayers under a FERC tariff through Ameren's FAC tariff, as Construction Work in Progress (CWIP) or through some other mechanism, how much will the MVP projects cost Ameren Missouri's customers on an annualized basis and in total?
13. Wisconsin Public Power, Inc. (WPPI) paid for transmission upgrades from a new coal plant and thought they would be receiving a corresponding amount of financial transmission rights to transmit baseload generation to their customers. Please describe what happened, whether WPPI received any financial

transmission rights and what MISO did to fairly compensate WPPI? How is MISO remedying these problems going forward in similar situations? What assurances can MISO offer the Missouri Joint Municipal Electric Utility Commission (MJMEUC) that it will not have a similar problem when they start transmitting electricity from their Prairie State coal plant in Illinois and that MJMEUC will not be forced to buy capacity to meet their Resource Adequacy requirement? Also, please describe what steps have been taken to upgrade the transmission system from Illinois to Missouri to facilitate the movement of capacity and energy from Prairie State to LSEs in Missouri, and what additional transmission upgrades, if any, would be necessary under the RAR Enhancement Proposal?

14. What assurances can MISO make to Citizen's Electric Cooperative that its current contract to take service from Wabash Valley Power Association will be honored – will Citizens receive financial transmission rights for that contract?
15. Are there any MISO employees who would receive a bonus or have a portion of their compensation tied to successful implementation of the capacity market MISO is now proposing? If so, who, and how much? If so, who authorized the compensation plan? If it was a particular board at MISO, please identify the board, the members of the board, and which board members voted in in favor of the proposed capacity market, and which members voted in opposition to the capacity market.

In addition, the Commission will direct the PSC Staff, Office of Public Counsel and any other parties wishing to respond to provide a written response to the following question:

16. Are there any other questions the Commission should be asking, but has failed to ask?

THE COMMISSION ORDERS THAT:

1. Each party shall provide written answers to the questions posed to it in the body of this order no later than June 16, 2011, and at least two weeks prior to any stipulation or agreement being filed in this case.

2. This order shall become effective immediately upon issuance.

BY THE COMMISSION

(S E A L)



**Steven C. Reed
Secretary**

Morris L. Woodruff, Chief Regulatory
Law Judge, by delegation of authority
pursuant to Section 386.240, RSMo 2000.

Dated at Jefferson City, Missouri,
on this 1st day of June, 2011.