

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 9th day of
September, 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 APPROVING STIPULATION AND AGREEMENT

Issue Date: September 9, 2008

Effective Date: September 19, 2008

On November 1, 2007, Union Electric Company d/b/a AmerenUE filed an application seeking authority to continue the transfer of functional control of its transmission system to the Midwest Independent Transmission System Operator, Inc. (Midwest ISO). The Commission provided notice of AmerenUE's application to the public and to potentially interested parties, and established an intervention deadline of November 30. The Commission subsequently allowed the following parties to intervene: Midwest ISO; Aquila, Inc.; the Missouri Industrial Energy Consumers (MIEC)¹; Southwest Power Pool, Inc.; Kansas City Power & Light Company; and The Empire District Electric Company.

The Commission previously allowed AmerenUE to transfer functional control of its transmission system to Midwest ISO effective March 7, 2004, for a term of five years, ending in 2009. AmerenUE's application reported the results of a cost-benefit analysis

¹ The companies identified as being part of MIEC are: Anheuser-Busch Companies, Inc.; BioKyowa, Inc.; The Boeing Company; Chrysler; Doe Run; Enbridge, Inc.; Explorer Pipeline Company; GKN Aerospace; General Motors Corporation; Hussmann Corporation; JW Aluminum; Monsanto; Pfizer; Precoat Metals; Proctor & Gamble Company; Nestlé Purina PetCare; Solutia; and U.S. Silica Company.

conducted by CRA International showing that AmerenUE's continued participation in Midwest ISO for the period of 2009 through 2011 would provide financial benefits substantially greater than the alternatives of participating in the Southwest Power Pool RTO or contracting with an ICT to coordinate operation of AmerenUE's transmission system.

On December 17, 2007, AmerenUE notified the Commission that it had a dispute with Midwest ISO concerning \$60 million in incremental revenue that might affect the cost-benefit relationship associated with continued participation in Midwest ISO. Consequently, AmerenUE asked the Commission to suspend consideration of its application while it reevaluated its continuing relationship with Midwest ISO.

On June 30, 2008, after extensive negotiations, AmerenUE, the Staff of the Commission, the Office of the Public Counsel, Midwest ISO, and MIEC filed a Stipulation and Agreement that asks the Commission to approve AmerenUE's continued participation in Midwest ISO on an interim and conditional basis for a term ending April 30, 2012. Empire, Aquila, Southwest Power Pool, and KCPL did not sign the Stipulation and Agreement, but each filed a notice indicating it does not oppose the Stipulation and Agreement. Therefore, the Commission will treat the Stipulation and Agreement as unanimous, as allowed by Commission Rule 4 CSR 240-2.115.

The Stipulation and Agreement indicates that after adjusting the cost-benefit analysis to account for changes in revenue distributions from Midwest ISO, AmerenUE's continued participation in Midwest ISO is still the most beneficial alternative, showing a net present value of over the next best alternative of approximately \$17 million for the additional three-year period. The Stipulation and Agreement provides that AmerenUE may come to the Commission to seek leave to withdraw from Midwest ISO before April 30,

2012, if it is unable to reach further agreements with Midwest ISO regarding allocation of costs and revenues. The Stipulation and Agreement also establishes a schedule of actions that AmerenUE will take to prepare for the possible continuation of its participation in Midwest ISO after April 30, 2012.

The Commission conducted an on-the-record presentation regarding the Stipulation and Agreement on August 18. At that proceeding, the parties answered Commission questions about the Stipulation and Agreement.

Based on the Stipulation and Agreement, the Commission finds that AmerenUE's continued participation in Midwest ISO on an interim and conditional basis is not contrary to the public interest. The Commission will approve the Stipulation and Agreement.

IT IS ORDERED THAT:

1. The Stipulation and Agreement filed on June 30, 2008, is approved and the signatory parties are ordered to comply with its terms. A copy of the Stipulation and Agreement is attached hereto as Exhibit A.
2. This order shall become effective on September 19, 2008.
3. This case shall be closed on September 20, 2008.

(S E A L)

BY THE COMMISSION



Colleen M. Dale
Secretary

Davis, Chm., concurs with separate concurrence to follow.
Murray, Clayton, Jarrett, and Gunn, CC., concur.

Woodruff, Deputy Chief Regulatory Law Judge