

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 22nd day of December, 2014.

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 MODIFYING 2012 REPORT AND ORDER

Issue Date: December 22, 2014

Effective Date: January 1, 2015

On April 19, 2012, the Commission issued a report and order that authorized Union Electric Company, d/b/a Ameren Missouri, to continue the transfer of functional control of its transmission system to what was then known as the Midwest Independent Transmission System Operator, Inc. (MISO),¹ subject to several specified conditions. One of those conditions required Ameren Missouri to file a new case by November 15, 2015 to address its continued participation in MISO.

On November 24, 2014, Ameren Missouri, the Staff of the Commission, the Office of the Public Counsel, and the Missouri Industrial Energy Consumers (MIEC) filed a joint motion asking the Commission to modify the 2012 Report and Order to delay the filing of a new case until November 15, 2017.² The motion explains that the two-year delay would allow for a more accurate comparison of Ameren Missouri's option to stay in MISO or to

¹ That corporation is now known as the Midcontinent Independent System Operator, Inc. but still uses the acronym MISO. It will be referred to as MISO throughout this order.

move to the Southwest Power Pool, Inc. (SPP). In connection with that delay, the movants also propose to modify the timeline for the conduct of a cost-benefit study required by the Report and Order.

In response to the motion, the Commission directed that any party wishing to respond to the motion do so by December 4. MISO filed a response on December 2, indicating it does not object to the motion. No other party has responded. Therefore, the Commission will take up the motion as unopposed.

The motion would extend by two years the dates for considering whether Ameren Missouri should remain in MISO. The Commission finds that such an extension is appropriate. The Commission expects the parties to use the additional time to properly address the issues identified in the joint motion, those items included in this order, and to determine whether previous models of the benefits and costs of Ameren Missouri remaining a member of MISO remain adequate.

In addition to the issues identified in the joint motion, including the information described in footnote 3, the Commission expects any future analysis on the costs and benefits of Ameren Missouri remaining in MISO to include the impacts of (1) any resolution of FERC Docket ER14-1174, as well as other related FERC dockets; and (2) any changes to the current Congestion Management Process. The parties will need to address whether it is time to update the assumptions used in previous modeling in light of any changes to the above information items.

As the parties have agreed to begin discussions no later than September 30, 2015 on the above developments, the Commission will order the parties to file a status update on

² The movants filed an amendment on November 26 to correct one of the revised dates proposed in the motion.

any modeling discussions every six months beginning October 30, 2015, until the next case is filed by November 15, 2017.

THE COMMISSION ORDERS THAT:

1. Portions of the April 19, 2012 Report and Order, as previously modified by the Commission's May 17, 2012 Order Granting Ameren Missouri's Motion to Clarify Report and Order, are further modified to state as follows:

2. Ameren Missouri's authority to continue the transfer of functional control of its transmission system to MISO is granted subject to the following conditions:

A. The Commission approves, on an interim basis, Ameren Missouri's continued Regional Transmission Organization (RTO)) participation in MISO during a term ending May 31, 2018, provided that if the Commission has not by May 31, 2018, further extended its approval of Ameren Missouri's participation in MISO, Ameren Missouri shall be deemed to have Commission approval to continue its MISO participation for the additional time necessary to re-establish functional control of its transmission system so that it may operate the same as an Independent Coordinator of Transmission (ICT), or to transfer functional control of its transmission system to another RTO. The extended permission granted in this order is also subject to the provisions of paragraph 2.O of this order. (from paragraph 9 of the stipulation and agreement)

B. Assuming that Ameren Missouri has not earlier requested withdrawal or that withdrawal has not otherwise occurred, by September 30,

2016, Ameren Missouri shall contact and consult with the Stakeholders to review with the Stakeholders the additional analysis Ameren Missouri believes is appropriate and necessary regarding Ameren Missouri's continued participation in an RTO after May 31, 2018, or its operation as an ICT. Such study, at a minimum, shall examine continued participation in MISO versus participation in SPP and continued participation in MISO versus operation as an ICT. Such study shall examine a period after May 31, 2018, of not less than five years or more than ten years. (from paragraph 10.b of the stipulation and agreement)

C. After taking into consideration in good faith the comments and input from the Stakeholders regarding the tentative analysis, Ameren Missouri shall, by December 1, 2016, advise the Stakeholders of the specific parameters, (including the minimum requirements provided for above) of the analysis Ameren Missouri intends to conduct. (from paragraph 10.b of the stipulation and agreement)

D. By November 15, 2017, Ameren Missouri shall file a pleading, along with the results of its actual analysis regarding its continued RTO participation or its possible operation as an ICT after May 31, 2018. That pleading shall also address, among other things, whether the Service Agreement or similar mechanism for the provision of transmission service to Missouri Bundled Retail Load should continue to remain in effect between Ameren Missouri and any RTO in which Ameren Missouri may participate after May 31, 2018. (from paragraph 10.b of the stipulation and agreement)

E. Ameren Missouri shall work with Staff, Public Counsel, and MIEC, and give them substantive input regarding the development of the specific methodology, inputs, outputs, and other features to be included in the November 15, 2017 actual analysis. Ameren Missouri shall advise and update MISO and SPP regarding that actual analysis. (from paragraph 10.b of the stipulation and agreement)

I If any difference of opinion regarding the scope, particular details or preliminary assumptions that are necessary to and part of any supporting analysis to be performed by Ameren Missouri arises, Ameren Missouri shall ultimately have responsibility for, and the burden of presenting an analysis in support of whatever position it deems appropriate and necessary at the time of its November 15, 2017 filing. Accordingly, Ameren Missouri is entitled to maintain a level of independence and control of any such analysis, while other parties retain their right to oppose Ameren Missouri's positions or to provide alternative positions. (from paragraph 10.b of the stipulation and agreement)

O. If Ameren Missouri withdraws from MISO, or if the authority granted in this order is not extended beyond May 31, 2018, Ameren Missouri will have to re-establish functional control of its transmission system as a transmission provider, or, depending upon further orders of the Commission and the Federal Energy Regulatory Commission (FERC), may have to transfer functional control of its transmission system to another entity. In either case, Ameren Missouri would have to give notice to MISO of its

withdrawal. Under Article Five of the Service Agreement, such notice shall not be effective before December 31 of the calendar year following the calendar year in which notice is given by Ameren Missouri to MISO. For a possible withdrawal from the MISO to occur no later than May 31, 2018, the Commission will need to issue a decision with respect to Ameren Missouri's continued participation in MISO no later than December 15, 2017. (from paragraph 10.f of the stipulation and agreement)

R. The investigatory case (EW-2012-0369) ordered in this paragraph of the April 19, 2012 Report and Order has been completed.

S. For transmission facilities located in Ameren Missouri's certificated service territory that are constructed by an Ameren affiliate and that are subject to regional cost allocation by MISO, for ratemaking purposes in Missouri, the costs allocated to Ameren Missouri by MISO shall be adjusted by an amount equal to the difference between: (i) the annual revenue requirement for such facilities that would have resulted if Ameren Missouri's Commission-authorized ROE and capital structure had been applied and there had been no construction work in progress (CWIP) (if applicable), or other FERC Transmission Rate Incentives, including Abandoned Plant Recovery, recovery on a current basis instead of capitalizing pre-commercial operations expenses and accelerated depreciation, applied to such facilities and (ii) the annual FERC-authorized revenue requirement for such facilities. The ratemaking treatment established in this provision will, unless otherwise agreed or ordered, end

with the Commission's order regarding Ameren Missouri's participation in MISO, another RTO, or operation as an ICT to be filed on or before November 15, 2017 as described in the order. (from paragraph 10.j of the stipulation and agreement)

T. For purposes of the conditions imposed in this order, the Stakeholders are defined as Union Electric Company, d/b/a Ameren Missouri, the Staff of the Commission, MISO, the Missouri Industrial Energy Consumers, the Office of the Public Counsel, The Empire District Electric Company, SPP, and the Missouri Joint Municipal Electric Utility Commission.

All other provisions of the 2012 Report and Order are unchanged and remain in effect.

2. On or before September 30, 2015, Ameren Missouri shall convene a stakeholder meeting or meetings to discuss any developments that may be pertinent to its continued MISO participation versus participation in another RTO or as an ICT. After such a meeting or meetings, any stakeholder may petition the Commission to further modify its 2012 Report and Order to change the timing of the conduct of a further cost-benefit study and subsequent filing of Ameren Missouri's next RTO-ICT-related case.

3. The parties shall provide a progress report every six months beginning October 30, 2015, until the next case is filed by November 15, 2017, on whether the modeling used in the EO-2011-0128 case remains capable of determining whether continued Ameren Missouri participation in MISO is in the public interest, or whether the modeling needs to be updated.

4. Ameren Missouri shall provide to stakeholders the information described in footnote 3 of the joint motion.

5. This order shall be effective on January 1, 2015.

BY THE COMMISSION



Morris L Woodruff

Morris L. Woodruff
Secretary

R. Kenney, Chm., Stoll, W. Kenney,
Hall, and Rupp, CC., concur.

Woodruff, Chief Regulatory Law Judge