

BRUCE H. BECKETT
WILLIAM JAY POWELL
JOHN L. ROARK
COLLY J. DURLEY
JAMES B. LOWERY
MICHAEL R. TRIPP

OF COUNSEL
ROBERT C. SMITH

RAYMOND C. LEWIS, JR. (1926-2004)

SMITH LEWIS, LLP
ATTORNEYS AT LAW

P.O. BOX 918
COLUMBIA, MISSOURI 65205-0918

...
CITY CENTRE
111 SOUTH NINTH STREET, SUITE 200
COLUMBIA, MISSOURI 65201-4891

(573) 443-3141 • Fax (573) 442-6686

PHEBE LA MAR
DAVID M. KURTZ
SARAH E. GIBONEY

NURSE CONSULTANT
ANNETTE THORNHILL, RN, PhD

PARALEGAL
VICKI R. SCHUMACHER

February 9, 2004

HAND-DELIVERED

Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Public Service Commission
P.O. Box 360
Jefferson City, Missouri 65202

FILED

FEB 09 2004

**Missouri Public
Service Commission**

RE: In re: Application of Union Electric Company
for Authority to Participate in the Midwest ISO through
a contractual relationship with GridAmerica
Case No. EO-2003-0271

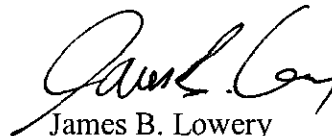
Dear Mr. Roberts:

Enclosed please find an original and eight copies of AmerenUE's Motion to Approve Stipulation and Agreement, Request to Set Date and Time for Presentation of Stipulation and Agreement to the Commission, and Motion for Expedited Treatment. Attached to this motion is a Stipulation and Agreement concerning the above-referenced case.

Copies of this motion and the stipulation have been served via e-mail on all parties of record.

Please note that this motion requests expedited treatment. Should you have any questions, please contact me at the telephone number listed in the letterhead above. Thank you for your assistance.

Sincerely,


James B. Lowery

Tai

Enclosures

c w/enc: All parties of record (via e-mail)

FILED

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FEB 09 2004

Missouri Public
Service Commission

In re: Application of Union Electric Company
for Authority to participate in the Midwest
ISO through a contractual relationship
with GridAmerica

)
)
)
)
)

Case No. EO-2003-0271

**MOTION TO APPROVE STIPULATION AND AGREEMENT, REQUEST TO SET DATE
AND TIME FOR PRESENTATION OF STIPULATION AND AGREEMENT TO THE
COMMISSION, AND
MOTION FOR EXPEDITED TREATMENT**

COMES NOW Union Electric Company d/b/a AmerenUE (the "Company" or "AmerenUE"), and, pursuant to 4 CSR 240-2.115, hereby files a Stipulation and Agreement resolving all of the issues in the above-captioned case, requests that the Commission order that the parties appear on February 20, 2004 at 9:00 a.m. for an on-the-record presentation of the Stipulation and Agreement to the Commission, and requests expedited treatment of this Motion and with respect to approval of the Stipulation and Agreement. In this regard, the Company states as follows:

1. This case arises out of AmerenUE's Application for authority to participate in the Midwest ISO through a contractual relationship with GridAmerica.
2. Hearings in this case have been continued since June 19, 2003, when the Commission granted AmerenUE's Motion for Continuance in order to allow the parties to pursue settlement discussions. Serious negotiations have continued unabated since the continuance was granted.

3. Included with this Motion is a Stipulation and Agreement signed by six of the ten parties to this case.¹ As Staff's Second Status Report filed January 27, 2004 indicated, the remaining four parties are not opposed to this Stipulation and Agreement and they have advised the Company that they will file pleadings to that effect shortly after this Motion is filed.

4. After consultation with all other parties and Judge Lewis Mills, it is the Company's understanding that Friday, February 20, 2004 is currently an open date on the Commission's hearing calendar. Originally, proceedings in Case No. EO-2004-0263 were scheduled at 10:00 a.m. on February 20, but the Company has been in contact with all parties to that case as well as Judge Kevin Thompson, who is presiding over the EO-2004-0263 case, and those parties and Judge Thompson have agreed to reschedule the EO-2004-0263 proceedings to February 17, 2004 at 1:30 p.m. It is the Company's understanding that their cooperation in rescheduling the EO-2004-0263 hearing frees the Commission's hearing calendar on February 20, 2004. Therefore, the Company hereby respectfully requests that the Commission order that an on-the-record presentation concerning the Stipulation and Agreement submitted herewith be held on February 20, 2004 commencing at 9:00 a.m., or as soon thereafter as the Commission's schedule allows.

5. The Company requests this relatively early hearing date in the hope, subject of course to the Commission's approval of the Stipulation and Agreement, that the Company will gain the Commission's approval in sufficient time to allow the Company, the Midwest ISO, and National Grid to take the steps necessary to transfer functional control of the Company's transmission system to the Midwest ISO on or prior to May 1, 2004. The steps required to

¹ Counsel for all signatories have signed the Stipulation and Agreement, and counsel for MIEC's signature has been affixed by the undersigned counsel for AmerenUE with the permission of MIEC's counsel.

ensure a safe, reliable and efficient transfer of functional control should commence 60 days or more before the actual transfer date (by March 1, 2004 if a May 1, 2004 transfer date is to be achieved). Given the Commission's rather full calendar in the weeks ahead, it appears that February 20 is likely the only available date until perhaps March 12, or later. The Company and, the Company believes, the other signatories to the Stipulation, all agree that it is preferable for the Company to be able to transfer functional control this Spring if possible. As the Company has explained in earlier pleadings filed in this case, the Company believes that a May 1 transfer date (or earlier) is advisable because it allows functional control to be transferred prior to the beginning of warmer weather and the resulting demands on the transmission system warmer weather brings.

7. One of the benefits of a transfer of control this Spring, as opposed to having to wait until the Fall of 2004 if the May 1 date is missed, is that it allows the Company, the Midwest ISO and National Grid to have fully integrated the Ameren system into the Midwest ISO before the Midwest ISO's energy markets actually begin operation in late 2004. It also allows the Company to begin "live" operations that will produce data useful to the cost-benefit analysis discussed in the Stipulation and Agreement.

8. The Company also respectfully requests expedited treatment of this Motion and expedited approval of the Stipulation and Agreement. This Motion was filed as soon as it could have been under the circumstances in that final agreement on the Stipulation and Agreement was reached only this week. Granting this Motion will have no negative effect on the Company's customers or the general public, and will not prejudice any party insofar as all of the parties are either signatories to the Stipulation and Agreement or do not oppose it. In particular, acting on and sustaining this Motion and approving the Stipulation and Agreement on or prior to March 1,

2004 will help ensure that a smooth transfer of functional control can occur this Spring, in accordance with and subject to the conditions contained in the Stipulation and Agreement. Furthermore, the Company states that because all parties have been consulted about the proposed presentation date, and because all parties are signatories to or do not oppose the Stipulation and Agreement, there is no need to allow time for responses under 4 CSR 240-2.080(15). This Motion is being served on all parties via email concurrently with its filing.

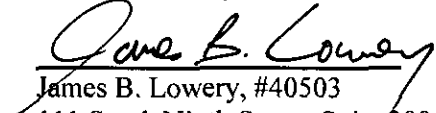
9. The Company would expect that the presentation could be completed in its entirety on February 20, and intends to have key witnesses available to address questions the Commission may have. It is the Company's understanding that other signatories likewise intend to have key witnesses available. [Signatures appear on next page]

WHEREFORE, Applicant AmerenUE respectfully prays that the Commission make and enter its order scheduling an on-the-record presentation concerning the Stipulation and Agreement filed herewith on Friday, February 20, 2004 at 9:00 a.m., or as soon thereafter as the Commission's schedule allows, and further respectfully prays that the Commission expedite its approval of the Stipulation and Agreement on or before March 1, 2004.

Dated: February 6, 2004

Respectfully submitted,

SMITH LEWIS, LLP


James B. Lowery, #40503
111 South Ninth Street, Suite 200
P.O. Box 918
Columbia, MO 65205-0918
(573) 443-3141
(573) 442-6686 (Facsimile)
lowery@smithlewis.com

David Hennen, #46776
Associate General Counsel
Joseph H. Raybuck, #31241
Managing Associate General Counsel
Ameren Services Company
One Ameren Plaza
1901 Chouteau Avenue
P.O. Box 66149 (MC 1310)
St. Louis, MO 63166-6149
314-554-4673
314-554-4014 (fax)
dhennen@ameren.com
jraybuck@ameren.com
Attorneys for Union Electric Company

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing document was served on the following parties of record, on this 6th day of February, 2004, via email at the email addresses set forth below:

General Counsel
Missouri Public Service Commission
P.O. Box 360
Jefferson City, Missouri 65102
gencounsel@psc.state.mo.us

Robert C. Johnson
Lisa C. Langeneckert
720 Olive Street, 24th Floor
St. Louis, MO 63101
rjohnson@blackwellsanders.com
llangeneckert@blackwellsanders.com

Dean L. Cooper
Brydon, Swearingen & England, P.C.
312 E. Capitol Avenue
P.O. Box 456
Jefferson City, MO 65102
dcooper@brydonlaw.com

Michael A. Rump
Senior Attorney
Kansas City Power & Light Company
1201 Walnut
P.O. Box 418679
Kansas City, MO 64141-9679
mike.rump@kcpl.com

Diana M. Vuylsteke
Bryan Cave, LLP
211 N. Broadway, Suite 3600
St. Louis, MO 63102
dmvuylsteke@bryancave.com

Charles Brent Stewart
Jeffrey A. Keevil
STEWART & KEEVIL, L.L.C.
1001 Cherry Street, Suite 302
Columbia, Missouri 65201
stewart499@aol.com
PER594@aol.com

Office of the Public Counsel
P.O. Box 7800
Jefferson City, Missouri 65102
opcservice@ded.state.mo.us

Dennis Williams, Manager
Missouri Electric Regulatory Affairs
Aquila, Inc.
10700 E. 350 Hwy.
P.O. Box 11739
Kansas City, MO 63138
denny.williams@aquila.com

Timothy Rush
Director, Regulatory Affairs
Kansas City Power & Light Company
1201 Walnut
P.O. Box 418679
Kansas City, MO 64141-9679
tim.rush@kcpl.com

Mike Palmer
Vice President of Commercial Operations
The Empire District Electric Company
602 Joplin Street
P.O. Box 127
Joplin, MO 64802
mpalmer@empiredistrict.com

Gregory A. Hale
Assistant General Counsel
Joel deJesus, Counsel
National Grid USA Service Co., Inc.
25 Research Drive
Westborough, MA 01582
gregory.hale@us.ngrid.com
joel.dejesus@us.ngrid.com

Paul J. Halas
Senior Vice President and General Counsel
Grid America LLC
Key Tower, 50th Floor—Suite 5000
127 Public Square
Cleveland, OH 44114
paul.halas@us.ngrid.com

Susan L. Hodgson
Manager, Regional Tariff Development
National Grid USA Service Co., Inc.
300 Erie Boulevard West
Syracuse, NY 13202
Sue.Hodgson@us.ngrid.com

Karl Zobrist
Blackwell Sanders Peper Martin, LLP
2300 Main Street, Suite 1000
Kansas City, MO 64108
kzobrist@blackwellsanders.com

Stephen G. Kozey
Vice President and General Counsel
Lori Spence
Associate General Counsel
Midwest Independent Transmission
System Operator, Inc.
701 City Center Drive
Carmel, IN 46032
lspace@midwestiso.org

/s/James B. Lowery
James B. Lowery

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In re: Application of Union Electric Company)	
for Authority to participate in the Midwest)	Case No. EO-2003-0271
ISO through a contractual relationship)	
with GridAmerica LLC)	
)	

STIPULATION AND AGREEMENT

As a result of discussions among the Staff of the Missouri Public Service Commission ("Staff"), the Office of the Public Counsel ("Public Counsel"), Union Electric Company d/b/a AmerenUE ("AmerenUE"), the Midwest Independent Transmission System Operator, Inc. (the "Midwest ISO"), National Grid USA ("National Grid"), and the Missouri Industrial Energy Consumers ("MIEC") (collectively, the "Signatories," and individually, a "Signatory"), the Signatories hereby submit to the Missouri Public Service Commission ("MoPSC") for its consideration and approval this Stipulation and Agreement (the "Stipulation"), in resolution of Case No. EO-2003-0271. The Empire District Electric Company ("Empire"), Aquila, Inc. ("Aquila"), Kansas City Power & Light Company ("KCPL"), and the Missouri Energy Group ("MEG") the four non-Signatory parties to this case, have also participated in the above-referenced discussions. While they have not signed this Stipulation, it is the Signatories' understanding that neither Empire nor Aquila nor KCPL nor MEG opposes any part of this Stipulation, and that they will each file pleadings indicating as such and waiving any objection to this Stipulation and waiving their right to a hearing thereon pursuant to 4 CSR 240-2.115(2)(E).

With regard to this Stipulation, the Signatories state as follows:

A. BACKGROUND

1. On February 4, 2003, AmerenUE initiated the present case by filing its Application and Motion for Expedited Treatment seeking expedited MoPSC approval of its participation in the Midwest ISO through a contractual relationship with GridAmerica, LLC ("GridAmerica"). GridAmerica is an independent transmission company ("ITC") that is operating within the Midwest ISO. As proposed, the GridAmerica ITC will be comprised of Ameren Services Company, as agent for its operating companies AmerenUE and Central Illinois Public Service Company d/b/a AmerenCIPS ("AmerenCIPS"), American Transmission Systems, Incorporated, a transmission subsidiary of FirstEnergy Corp., and Northern Indiana Public Service Company. GridAmerica Holdings, Inc., an affiliate of National Grid USA, serves as the independent managing member. GridAmerica, GridAmerica Holdings, Inc. and National Grid USA are collectively referred to herein as "National Grid" except where the context otherwise requires. Ameren Services Company, American Transmission Systems, Incorporated and Northern Indiana Public Service Company are collectively referred to herein as the "GridAmerica Companies."

2. On February 13, 2003, AmerenUE filed its Motion for Expedited Procedural Schedule, and Public Counsel, Staff, and MIEC filed pleadings containing objections to the procedural schedule originally proposed by AmerenUE.

3. AmerenUE filed direct testimony on February 24, 2003. National Grid filed direct testimony on March 7, 2003, and direct testimony of one additional witness was filed by AmerenUE on March 10, 2003.

4. An initial Prehearing Conference was held on February 26, 2003, and by Order Establishing Procedural Schedule effective March 20, 2003, an alternative procedural schedule proposed by Staff was adopted.

5. AmerenUE, without objection from any other party, sought modification of the procedural schedule by Motion dated March 20, 2003. By Order effective April 3, 2003, the MoPSC modified the original procedural schedule as requested by AmerenUE.

6. On May 2, 2003, Staff, Public Counsel, and Aquila filed rebuttal testimony.

7. On May 14, 2003, without objection from any other party, AmerenUE sought modification of the then-effective procedural schedule to obtain additional time to prepare its surrebuttal testimony because AmerenUE believed the rebuttal testimony that had been filed addressed a broader range of issues than AmerenUE had believed were at issue in this case. The MoPSC, by order effective May 15, 2003, granted AmerenUE's motion, and set the evidentiary hearings in this case for June 30 – July 3, 2003.

8. By Notice Establishing Deadlines for Objection to Testimony, dated May 16, 2003, the MoPSC also set certain deadlines by which the parties were required to object to direct and rebuttal testimony, including objections based upon the scope of testimony.

9. On May 30, 2003, in compliance with the MoPSC's May 16 Notice, AmerenUE filed its Motion to Limit Scope of Proceedings, Suggestions in Support Thereof, Alternative Motion to Clarify Prior Commission Orders, and Objections to Rebuttal Testimony. The foregoing Motion sought, *inter alia*, an order from the MoPSC that would limit the scope of this case to the determination of whether the Company's

participation in the Midwest ISO on a basis other than that already authorized in Case No. E0-98-413, and specifically, through the proposed contractual relationship with GridAmerica, is detrimental to the public interest.

10. On or about June 3, 2003, AmerenUE, the Midwest ISO, and National Grid filed surrebuttal testimony, and Staff and Public Counsel filed cross-surrebuttal testimony.

11. Staff, by pleadings filed June 9 and 10, 2003, and Public Counsel, by pleading filed on June 10, 2003, opposed AmerenUE's Motion to Limit Scope *et al.*, arguing that the scope of the present case was not limited as alleged by AmerenUE, and that the MoPSC has the authority to approve or disapprove AmerenUE's participation in the Midwest ISO or other Regional Transmission Organization ("RTO") participation, and that the scope of the rebuttal testimony of Staff's and Public Counsel's witnesses was proper and within the proper scope of this case.

12. After obtaining a modest extension of the deadline for filing a List of Issues, Order of Witnesses and Order of Cross-Examination, Staff timely filed a List of Issues *et al.*, such list containing approximately 40 issues and sub-issues. The number of issues reflected, in part, the disparate views of the parties to this case regarding its proper scope and resolution.

13. By Unopposed Motion for Continuance and Motion for Expedited Treatment dated June 17, 2003, AmerenUE advised the MoPSC that recent discussions with Staff and Public Counsel indicated that a settlement of this case might be possible, and requested that the MoPSC enter an order continuing generally the hearings in this case.

14. By order effective June 19, 2003, the MoPSC granted AmerenUE's Motion for Continuance and suspended indefinitely the deadlines for filing Statements of Positions and objections to surrebuttal testimony. The MoPSC's June 19 order also required Staff, Public Counsel and AmerenUE to file pleadings, no later than June 26, 2003, addressing certain MoPSC inquiries with regard to the possible impact of the continuance.

15. In compliance with the MoPSC's June 19, 2003 Order, Staff, Public Counsel and AmerenUE, together with the Midwest ISO, timely filed such pleadings.

16. On August 22, 2003, the MoPSC directed Staff to file, by September 5, 2003, a report on the status of the parties' settlement discussions. On September 5, 2003, Staff filed its Status Report.

17. On September 18, 2003, AmerenUE, in compliance with 4 CSR 240-2.110(2)(A), asked the MoPSC to extend the general continuance earlier granted by the MoPSC to allow the parties to continue their settlement discussions. On October 3, 2003, the MoPSC issued a Notice Regarding Continuance indicating that it would allow the continuance to remain in effect.

18. Since the MoPSC initially entered its order continuing this case, the parties to this case have had ongoing discussions in an effort to resolve the issues presented by this case, and the Signatories have reached agreement to settle the case. The following stipulations memorialize that agreement. Capitalized terms not otherwise defined herein shall have the meanings given them in the attached Service Agreement (defined in Section B.II of this Stipulation, below).

B. STIPULATIONS

I INTERIM AND CONDITIONAL APPROVAL OF AMERENUE'S PARTICIPATION IN THE MIDWEST ISO

(A) Approval/Term.

The Signatories agree that the MoPSC should conditionally approve on an interim basis AmerenUE's RTO participation substantially as described in AmerenUE's filing dated February 4, 2003 on the basis that, subject to the conditions and modifications set forth below, said participation is not detrimental to the public interest. Notwithstanding Section B.XI(A) of this Stipulation, the Signatories agree that AmerenUE's decision to participate on an interim and conditional basis in the Midwest ISO under the terms provided for in this Stipulation is prudent and reasonable. The Signatories further agree that the approval is interim and conditional during a term ending five (5) years after the "control date" (the "Termination Date").¹ The "control date" is provided for in the Amended and Restated Appendix I ITC Agreement dated February 14, 2003 between the Midwest ISO and GridAmerica (the "ITC Agreement"), as modified by an Acknowledgment of Procedures for Achieving the Control Date filed with the Federal Energy Regulatory Commission ("FERC") on August 28, 2003. The permission to be granted as contemplated herein shall terminate as of the Termination Date unless it is extended. The Signatories agree AmerenUE's RTO participation as contemplated herein satisfies, through the time period ending on and including the Termination Date, the requirement in the MoPSC's February 21, 1997 Report and Order in Case No. EM-96-

¹ For example, if permission is granted hereunder and the FERC approves the Service Agreement in the first quarter of 2004, Ameren Services Company would transfer functional control of the AmerenUE transmission system in the Spring of 2004, triggering the "control date," meaning the Termination Date as defined herein would occur on the fifth (5th) anniversary of transfer of functional control, which as a result would be in the Spring of 2009.

149 ordering AmerenUE to file or join in the filing of an Independent System Operator (“ISO”) meeting the requirements of FERC Order 888, and specifically, condition 1(a)² provided for on pages 20-21 of said Report and Order.³ The Signatories further agree that all of the terms of the MoPSC’s May 13, 1999 Order Granting Intervention and Approving Stipulation and Agreement in MoPSC Case No. EO-98-413 shall be, if this Stipulation is approved by the MoPSC, superseded by this Stipulation.⁴

(B) Sunset Provision.

The permission granted as contemplated herein shall be exercised by AmerenUE on or before the later of: (i) the date that is six (6) months after the effective date of the MoPSC’s order approving this Stipulation (the “6-Month Sunset”); or (ii) November 1, 2004, if (a) the 6-Month Sunset occurs between June 1, 2004 and October 1, 2004, and (b) as of the 6-Month Sunset, all regulatory approvals necessary to allow AmerenUE to transfer functional control of its transmission system to the Midwest ISO through a contractual relationship with GridAmerica have then been obtained (including approval

² MIEC asserts that condition 1(a), provided for on pages 20-21 of the MoPSC’s Report and Order in Case No. EM-96-149 as referenced above, imposes an ongoing, perpetual obligation on AmerenUE to participate in an ISO meeting the characteristics of FERC Order 888. AmerenUE disagrees. AmerenUE believes that upon transferring functional control of its transmission system to the Midwest ISO via a contractual relationship with GridAmerica pursuant to the permission sought herein, it will have fully and finally satisfied condition 1(a), subject to further lawful orders of the MoPSC. The Signatories all agree, however, that the disagreement between MIEC and AmerenUE on this point does not affect this Stipulation, the permission sought hereby or the MoPSC’s ability to approve this Stipulation as requested herein.

³ The FERC now requires an RTO to meet the RTO characteristics of FERC Order 2000, which include the ISO characteristics of FERC Order 888. The Staff and Public Counsel assert that the circumstances today are markedly different than the circumstances at the time of the MoPSC’s February 21, 1997 Report and Order in Case No. EM-96-149. Staff’s and Public Counsel’s position on this matter does not affect this Stipulation, the permission sought hereby or the MoPSC’s ability to approve this Stipulation as requested herein.

⁴ The Staff and Public Counsel assert that the circumstances today are markedly different than the circumstances at the time of the MoPSC’s May 13, 1999 Order Granting Intervention and Approving Stipulation and Agreement in Case No. EO-98-413, and that AmerenUE previously withdrew from the Midwest ISO and would need to obtain MoPSC approval to rejoin the Midwest ISO at this time and sign the current Midwest ISO Agreement. Staff’s and Public Counsel’s position on this matter does not affect this Stipulation, the permission sought hereby or the MoPSC’s ability to approve this Stipulation as requested herein.

by the FERC of the Service Agreement as provided for in Section B.II(A) below). The deadline provided for by (i) or (ii) in this subsection (B), as applicable, may be extended with the approval of the MoPSC by request made by a Signatory in this docket.

II SERVICE AGREEMENT

(A) **Approval – Condition Precedent to AmerenUE’s Participation.** The Signatories have agreed upon the terms and conditions of an Agreement for the Provision of Transmission Service to Bundled Retail Load (the “Service Agreement”), a copy of which is attached as Attachment A. The Signatories agree that approval of AmerenUE’s RTO participation is subject to the condition precedent that the Service Agreement will be approved by the FERC. AmerenUE and the Midwest ISO have executed the Service Agreement and have filed it with the FERC concurrently with the filing of this Stipulation with the MoPSC. If the MoPSC approves this Stipulation (which will include MoPSC approval of the Service Agreement), and if the FERC unconditionally accepts the Service Agreement, no further proceedings before the MoPSC with regard to approval of the Service Agreement will be required as part of the conditional approval of AmerenUE’s RTO participation as contemplated herein, and this condition precedent shall be satisfied.

If, however, the FERC orders changes or modifications to the Service Agreement, AmerenUE and the Midwest ISO will determine if such changes or modifications are acceptable or, if they are not acceptable, whether AmerenUE and the Midwest ISO can agree to different changes or modifications that they believe would result in FERC approval. In either of such circumstances, AmerenUE and the Midwest ISO must also obtain MoPSC approval of any such FERC-ordered changes or modifications, or of any

changes or modifications agreed upon by AmerenUE and the Midwest ISO.⁵ If the MoPSC does not approve such FERC-ordered changes or modifications (assuming they are otherwise acceptable to AmerenUE and the Midwest ISO), or if either the MoPSC or the FERC does not approve such changes or modifications agreed to by AmerenUE and the Midwest ISO in response to the FERC order, this condition precedent will be deemed not satisfied. As a result, the MoPSC's approval of AmerenUE's RTO participation as contemplated herein and the Service Agreement executed by the Midwest ISO and AmerenUE shall be null and void.

(B) **Purpose of Service Agreement.** The Service Agreement's primary function is to ensure that the MoPSC continues to set the transmission component of AmerenUE's rates to serve its Bundled Retail Load. Consistent with Section 3.1 of the Service Agreement and its primary function, the Signatories agree that to the extent that the FERC offers incentive "adders" for participation in an RTO or in an ITC to the rate of return allowed for providing Transmission Service to wholesale customers within the Ameren zone, such incentive adders shall not apply to the transmission component of rates set for Bundled Retail Load by the MoPSC.

(C) **Transmission Service under Midwest ISO OATT.** Currently, FERC requires Bundled Retail Load to take Transmission Service under the Midwest ISO's OATT once AmerenUE participates in the Midwest ISO. There is currently pending in the United States Court of Appeals for the District of Columbia a case styled *Midwest ISO Transmission Owners, Petitioners v. FERC, Respondent*, consolidated case numbers 01-1121, 02-1122, 03-1236, and 03-1256. Said case could determine that AmerenUE is

⁵ AmerenUE and the Midwest ISO shall file with the MoPSC an amended agreement embodying any agreed-to changes or modifications prior to making their compliance filing with the FERC.

not required to secure Transmission Service under the Midwest ISO's OATT. The Signatories agree that if as a result of said case, or as a result of any other final, non-appealable order or judgment of a court of competent jurisdiction or a final, non-appealable order, rule or regulation of the FERC, AmerenUE is no longer required to secure Transmission Service for Bundled Retail Load under the Midwest ISO's OATT, then the Service Agreement will no longer be required. Therefore, the Signatories agree that if there later exists a final, non-appealable order or judgment of a court of competent jurisdiction or a final, non-appealable order, rule or regulation of the FERC, in either case providing that AmerenUE is not required to secure Transmission Service for Bundled Retail Load under the Midwest ISO OATT, then, and in such event, the Service Agreement will terminate concurrently with the effectiveness of such order, rule, or regulation. The Signatories further acknowledge, however, that as a participant in the Midwest ISO as contemplated herein, AmerenUE may remain subject to administrative charges from the Midwest ISO for Bundled Retail Load similar to the charges contained in Schedules 10, 10-FERC, 16, and 17 and any other administrative charges provided for by Schedules that are in effect from time to time under the Midwest ISO OATT to the extent that such charges are assessed ratably to all load-serving utilities who are participants in the Midwest ISO, but who are not taking Transmission Service for their Bundled Retail Load under the Midwest ISO OATT. As provided for in Section B.XI(A) of this Stipulation, the Signatories also acknowledge that no ratemaking treatment has been adopted for these charges.

III FURTHER RTO PARTICIPATION

(A) Further Filings

AmerenUE will file, no later than eighteen (18) months prior to the Termination Date, a pleading with the MoPSC regarding the matter of AmerenUE's continued RTO participation beyond the Termination Date. This filing will address, among other things, the following: (i) whether a service agreement or similar mechanism for the provision of Transmission Service to Bundled Retail Load would be in effect between AmerenUE and any RTO in which AmerenUE may participate; and (ii) the need, if any, for independence in control area functions not being performed by the Midwest ISO or other RTO in which AmerenUE may participate. Notwithstanding the foregoing, if the MoPSC, prior to the time AmerenUE makes the filing required by this Section B.III(A), announces that it is considering market power issues subsequent to a legislative mandate to allow retail customers in Missouri to choose their suppliers of electricity other than on a pilot basis, AmerenUE will address the subject matter of item (ii) above within a reasonable time after the MoPSC announces its consideration of such market power issues.

(B) Cost-Benefit Analysis

Concurrently with the filing of its pleading under Section B.III(A) above, AmerenUE will file a completed cost-benefit analysis meeting the general parameters provided for in Attachment B attached hereto and incorporated herein by this reference. AmerenUE agrees to work with the Staff, Public Counsel, and any other interested Signatory and to give them substantive input regarding the development of the inputs, outputs and other features to be included in the cost-benefit analysis to be filed hereunder. AmerenUE will act as the project manager with respect to such cost-benefit analysis and will engage and direct the work of AmerenUE employees or consultants

assigned or retained to perform the analysis. Subject to any applicable privilege recognized by law and to the entry by the MoPSC of an appropriate protective order to protect confidential or proprietary information or trade secrets of AmerenUE or its affiliates, AmerenUE agrees that (i) Staff and Public Counsel will be given meaningful and substantial access to data necessary for, and used in, preparing the cost-benefit analysis, and (ii) Staff, Public Counsel and other interested Signatories will be given regular progress reports, will have access to employees or consultants utilized by AmerenUE to perform the cost-benefit analysis, and will be given the opportunity to have meaningful input in the preparation of the analysis.

IV UNANTICIPATED FERC ACTIONS SUBSEQUENT TO APPROVAL BY THE MoPSC

The Signatories acknowledge and agree that MoPSC approval of the Service Agreement is an integral part of this Stipulation, including the Service Agreement's primary function to ensure that the MoPSC continues to set the transmission component of AmerenUE's rates to serve its Bundled Retail Load. Therefore, the Signatories agree that the MoPSC will have the right to rescind its approval of AmerenUE's participation in the Midwest ISO⁶ and to require AmerenUE to withdraw on any of the following bases:

- (i) The issuance by the FERC of an order or the adoption by the FERC of a final rule or regulation, binding on AmerenUE, that has the effect of precluding the MoPSC from continuing to set the transmission component of AmerenUE's rates to serve its Bundled Retail Load; or
- (ii) The issuance by the FERC of an order or the adoption by the FERC of a final rule or regulation, binding on AmerenUE, that has the effect of amending,

⁶ Either indirectly through a contractual relationship with GridAmerica as contemplated herein or directly as a "transmission owner" member of the Midwest ISO.

modifying, changing, or abrogating in any material respect any term or condition of the Service Agreement previously approved by the MoPSC and by the FERC.

AmerenUE agrees to immediately notify the MoPSC and Public Counsel if AmerenUE becomes aware of the issuance of any order, rule or regulation amending, modifying, changing, or abrogating any term or condition of the Service Agreement. If any Signatory to this Stipulation desires to make a filing with the MoPSC as a result of an action by FERC as described in subsections (i) or (ii) above, the Signatory wishing to make a filing must do so within ninety (90) days after AmerenUE has notified the MoPSC and the Public Counsel in writing of such FERC action. Any Signatory not making a filing with the MoPSC within the 90-day time frame provided for above shall be deemed to have waived its right to make a filing with the MoPSC in response to such FERC action.

Any order issued by the MoPSC that, on a basis provided for in subsections (i) or (ii) of this Section B.IV, terminates the MoPSC's approval of AmerenUE's participation in the Midwest ISO⁷ shall be effective at the earlier of (a) when AmerenUE has re-established functional control of its transmission system as a transmission provider (or transfers functional control to another RTO depending further orders of the MoPSC and the FERC), or (b) six (6) months after the MoPSC order requiring withdrawal becomes effective.

Notwithstanding any term or condition provided for in this Section B.IV, the Signatories agree that any termination of the Service Agreement that might occur under Section B.II(C) of this Stipulation and Section 2.4 of the Service Agreement shall not

⁷ Either indirectly through a contractual relationship with GridAmerica as contemplated herein or directly as a "transmission owner" member of the Midwest ISO.

constitute an action of the FERC described in subsections (i) or (ii) above of this Section B.IV, and shall therefore not trigger the MoPSC's right to require withdrawal as provided for in this Section B.IV.

V PERFORMANCE INCENTIVES

The GridAmerica Documents provide that the GridAmerica participants may develop incentives by which GridAmerica's managing member, National Grid, may be rewarded for improvements in the efficiency and performance of the transmission systems under GridAmerica's control. Up to seventy-five percent (75%) of the financial benefits of any such incentives are to accrue to the GridAmerica participants, including Ameren Services Company, as agent for AmerenUE and AmerenCIPS (with AmerenUE to receive its pro-rata share of such combined AmerenUE and AmerenCIPS benefits), as the GridAmerica participants may agree. By entering into this Stipulation, neither the MoPSC nor any Signatory hereto shall be deemed for the purposes of any Missouri ratemaking proceeding to have agreed upon the prudence or reasonableness of any such incentive arrangements for the purposes of any Missouri ratemaking proceeding. If GridAmerica decides to move forward with any incentive mechanism which has a material risk of increasing the price of delivered power to Bundled Retail Load, AmerenUE and GridAmerica will jointly give notice to the MoPSC no less than ninety (90) days prior to implementation of the incentive mechanism. The notice will include a reasonable description of the material terms and conditions of the incentive mechanism.

VI JOINT OPERATING AGREEMENTS

As discussed with the MoPSC at on-the-record presentations held in this case on November 4, 2003 and November 14, 2003, inter-RTO coordination of transmission system operations is important to ensure reliability of the integrated transmission grid.

In light of the importance of reliability, the Signatories believe reliability issues ought to be addressed herein. Therefore, the Midwest ISO, as part of this Stipulation, has agreed to use its best efforts to establish joint operating agreements with the respective transmission providers at the Midwest ISO's Missouri seams or at Midwest ISO seams with any transmission provider doing business in Missouri. Any joint operating agreement ("JOA") will provide its parties the ability to coordinate the operation of their portion of the transmission grid so as to maintain the reliability of the power system at an acceptable level. In order to meet such an acceptable level, such JOA will:

(i) Establish joint emergency operating procedures that clearly establish who has the authority to make the critical decisions required to respond to emergency conditions on the transmission system. These procedures will be designed to reduce the risk of a potential outage, as well as minimize the duration of an outage or other emergency event and its economic effect.

(ii) Develop a procedure for the timely exchange on a continuous, real-time basis of data and information, including real-time and projected operating data, SCADA data, EMS models, operations planning data, and planning information and models. Such data may be used by the parties to a JOA to estimate electrical flows on their respective transmission systems.

(iii) Account operationally for the impact of loop flows from power system transactions on the transmission facilities of other parties, and establish rules by which such transactions would be curtailed because of their adverse impacts on the transmission facilities of other parties to the JOA.

(iv) Provide generation support through operating reserve sharing agreements required to maintain the delivery of electricity during an emergency.

(v) Establish joint procedures for the coordination of planned generation and transmission outages in such a way as to eliminate adverse impacts to power system security and generation adequacy.

The Midwest ISO agrees to submit to the MoPSC for its review and comment, prior to or contemporaneous with submission to the FERC, any JOAs not already submitted to the FERC if the JOA's involve utilities directly connected to the Ameren transmission system, including the Midwest ISO's JOA with PJM Interconnection, L.L.C.

VII FIRM TRANSMISSION RIGHTS⁸

The Signatories have agreed upon a process whereby the MoPSC will be provided an analysis of congestion prices and firm transmission rights ("FTRs") in the Midwest ISO's energy market.

The analysis process agreed upon by the Signatories with respect to FTRs is as follows:

- (i) To the extent it has not already done so, the Midwest ISO shall promptly provide AmerenUE with estimates of the congestion prices from each of AmerenUE's designated network resources to serve AmerenUE's Bundled Retail Load. These estimates will be based on Locational Marginal Pricing ("LMP") forecasts that are developed from the market simulation model analysis of the

⁸ The term "Firm Transmission Rights" as used in this Stipulation and in the Service Agreement, as well as in the Wholesale Power Market Platform White Paper (issued by the FERC on April 28, 2003), is intended to be synonymous with "Financial Transmission Rights" (Midwest ISO, 102 FERC ¶ 61, 196 (Feb. 23, 2003)) or "Congestion Revenue Rights" (as used in the FERC Standard Market Design Notice of Proposed Rulemaking, No. RM01-12-000 (July 31, 2002)).

Midwest ISO's energy market for 2005. LMP forecasts will include a base case, as well as additional scenarios that will be developed with AmerenUE and other Midwest ISO stakeholders. The Midwest ISO will use its best efforts to perform in a timely manner as many scenarios as stakeholders reasonably request.

Midwest ISO agrees to work with AmerenUE to determine the assumptions necessary for the Midwest ISO to make these estimates.

(ii) AmerenUE shall select, in accordance with the Midwest ISO's OATT and after consultation with all interested Signatories, what AmerenUE believes to be a reasonable hold harmless portfolio of FTRs. AmerenUE will advise all interested Signatories in writing of its initial FTR portfolio, and its analysis and evaluation thereof and will consult reasonably and in good faith with all such interested Signatories with regard to whether AmerenUE has selected a reasonable hold harmless portfolio of FTRs to serve its Bundled Retail Load. Agreement by a Signatory with AmerenUE's initial portfolio of FTRs shall not constitute agreement by a Signatory with AmerenUE's decisions regarding how it may or may not change its portfolio of FTRs on a going-forward basis.

VIII WITHDRAWAL

If the permission contemplated hereby is not extended beyond the Termination Date, AmerenUE will have to re-establish functional control of its transmission system as a transmission provider or, depending upon further orders of the MoPSC and the FERC, will have to transfer functional control of its transmission system to another RTO. In either case, AmerenUE would have to give notice to GridAmerica and/or the Midwest ISO of its withdrawal. Under the GridAmerica Documents, such notice must be given no

later than six (6) months prior to the Termination Date.⁹ Therefore, the Signatories agree that a decision with respect to AmerenUE's continued RTO participation pursuant to the filing AmerenUE is required to make under Section B.III(A) of this Stipulation must be issued by the MoPSC no later than nine (9) months prior to the Termination Date.¹⁰

IX DIVESTITURE/SECURITIZATION

By becoming a Signatory hereto, AmerenUE acknowledges and agrees that:

- (i) For the duration of the time period beginning on the effective date of a MoPSC order approving this Stipulation and ending on the Termination Date, AmerenUE shall secure explicit MoPSC approval before proceeding with any divestiture of its transmission assets to GridAmerica or any other entity; and
- (ii) In the event AmerenUE desires to securitize the revenues associated with its transmission system, AmerenUE is required to obtain additional permission and approval from the MoPSC prior to securitizing the revenues associated with its transmission system.¹¹

X MOPSC APPROVAL FOR CHANGES IN RTO/ITC PARTICIPATION

AmerenUE agrees that, if it decides to seek any fundamental change in its participation in the Midwest ISO through a contractual relationship with GridAmerica, it shall seek prior approval from the MoPSC no later than five (5) business days after the date of its filing with the FERC for FERC authorization of this change. Notwithstanding anything to the contrary contained in this Stipulation, the Signatories acknowledge and

⁹ The GridAmerica Documents also provide that if the notice requirement under the Midwest ISO Agreement (which also provides for a 6-month notice of withdrawal) is changed, the notice requirement in the GridAmerica Documents will be changed accordingly. If the 6-month notice requirement under the Midwest ISO Agreement is increased, the time by which AmerenUE must make its filing under Section B.III(A), and the time by which the MoPSC must render its decision under Section B.VIII, shall be moved back by a number of months equal to the number of months by which the 6-month notice requirement in the Midwest ISO Agreement is increased.

¹⁰ For example, if AmerenUE transfers functional control on April 1, 2004, the Termination Date would be March 31, 2009, and a MoPSC decision would be required by June 30, 2008.

¹¹ "Securitization," as used herein, does not include a grant by AmerenUE of a security interest in its transmission assets as security for a loan made to AmerenUE in the ordinary course of AmerenUE's business. "Securitization," as used herein, refers to the situation where AmerenUE might choose to sell, in exchange for an upfront payment, the revenue stream that would otherwise flow to AmerenUE from AmerenUE's transmission system.

agree that AmerenUE shall have the right, as provided for in the GridAmerica Documents, to elect to withdraw from GridAmerica while remaining in the Midwest ISO as a transmission owner pursuant to an "off-ramp" provided for in the GridAmerica Documents, and may exercise such right without further MoPSC approval or permission. The "off-ramp" may currently be exercised by notice given by AmerenUE to National Grid and the other GridAmerica participants on or before April 1, 2005, with the withdrawal to then become effective on September 30, 2005.¹² If AmerenUE exercises the "off-ramp," AmerenUE will, within fifteen (15) days after its exercise, notify the other Signatories in writing that AmerenUE has exercised the "off-ramp." Notwithstanding the Signatories' agreement that AmerenUE's RTO participation as contemplated herein is prudent and reasonable as provided for in Section B.I(A), no Signatory shall be deemed to have acquiesced in the prudence or reasonableness or lack of prudence or reasonableness respecting AmerenUE's decision to exercise or not exercise the "off-ramp."

XI EFFECT OF THIS NEGOTIATED SETTLEMENT

(A) None of the Signatories shall be deemed to have approved or acquiesced in any question of MoPSC authority, accounting authority order principle, cost of capital methodology, capital structure, decommissioning methodology, ratemaking or procedural principle, valuation methodology, cost of service methodology or determination, depreciation principle or method, rate design methodology, jurisdictional allocation

¹² Because the GridAmerica Documents originally contemplated that AmerenUE would transfer functional control and participate in GridAmerica in late 2002 or early 2003, the GridAmerica participants may decide to amend the GridAmerica documents to move the "off-ramp" dates to a later time (e.g., to 2006), subject to approval by the FERC of any such amendment.

methodology, cost allocation, cost recovery, or question of prudence¹³, that may underlie this Stipulation, or for which provision is made in this Stipulation.

(B) This Stipulation represents a negotiated settlement. Except as specified herein, the Signatories to this Stipulation shall not be prejudiced, bound by, or in any way affected by the terms of this Stipulation: (i) in any future proceeding; (ii) in any proceeding currently pending under a separate docket; and/or (iii) in this proceeding should the MoPSC decide not to approve this Stipulation, or in any way condition its approval of same.

(C) The provisions of this Stipulation have resulted from extensive negotiations among the Signatories and the provisions are interdependent.

(D) In the event that the MoPSC does not approve and adopt the terms of this Stipulation in total, or approves this Stipulation with modifications or conditions that a Signatory objects to, it shall be void and no Signatory shall be bound, prejudiced, or in any way affected by any of the agreements or provisions hereof.

(E) When approved and adopted by the MoPSC, this Stipulation shall constitute a binding agreement between the Signatories hereto. The Signatories shall cooperate in defending the validity and enforceability of this Stipulation and the operation of this Stipulation according to its terms. Nothing in this Stipulation is intended to impinge, restrict or limit in any way Public Counsel's discovery powers, including the right to access information and investigate matters related to AmerenUE.

(F) This Stipulation does not constitute a contract with the MoPSC. Acceptance of this Stipulation by the MoPSC shall not be deemed as constituting an

¹³ Except as provided for in Section B.I(A).

agreement on the part of the MoPSC to forego, during the term of this Stipulation, the use of any discovery, investigative or other power which the MoPSC presently has. Thus, nothing in this Stipulation is intended to impinge or restrict in any manner the exercise by the MoPSC of any statutory right, including the right to access information, or any statutory obligation.

(G) The Signatories agree that, in the event the MoPSC approves this Stipulation without modification or condition, then the prefiled testimony of all witnesses in this proceeding may be included in the record of this proceeding without the necessity of such witness taking the witness stand.

(H) The terms, conditions, and covenants in this Stipulation shall be of no further force or effect from and after the expiration or termination of AmerenUE's authority to participate in an RTO as contemplated herein.

XII MOPSC APPROVAL OF THE STIPULATION

(A) The Staff shall file suggestions or a memorandum in support of this Stipulation and the other Signatories shall have the right to file responsive suggestions or prepared testimony.

(B) If requested by the MoPSC, the Staff shall have the right to submit to the MoPSC an additional memorandum addressing any matter requested by the MoPSC. Each Signatory shall be served with a copy of any such initial or additional memorandum and shall be entitled to submit to the MoPSC, within five (5) business days of receipt of the same, a responsive memorandum, which shall also be served on all parties of record. The contents of any memorandum provided by any Signatory are its own and are not acquiesced in or otherwise adopted by the other Signatories to this Stipulation, whether or not the MoPSC approves and adopts this Stipulation.

(C) The Staff shall also have the right to provide, at any agenda meeting at which this Stipulation is noticed to be considered by the MoPSC, whatever oral explanation the MoPSC requests, provided that the Staff shall, to the extent reasonably practicable, provide the other parties with advance notice of when the Staff shall respond to the MoPSC's request for such explanation once such explanation is requested from the Staff. The Staff's oral explanation shall be subject to public disclosure, except to the extent it refers to matters that are privileged or protected from disclosure pursuant to any protective order issued in this case.

(D) If the MoPSC does not unconditionally approve this Stipulation without modification, and notwithstanding its provision that it shall become void thereon, neither this Stipulation, nor any matters associated with its consideration by the MoPSC, shall be considered or argued to be a waiver of the rights that any party has to a hearing on the issues presented by the Stipulation, for cross-examination, or for a decision in accordance with Section 536.080 RSMo 2000 or Article V, Section 18 of the Missouri Constitution, and the parties shall retain all procedural and due process rights as fully as though this Stipulation had not been presented for approval, and any suggestions or memoranda, testimony or exhibits that have been offered or received in support of this Stipulation shall thereupon become privileged as reflecting the substantive content of settlement discussions and shall be stricken from and not be considered as part of the administrative or evidentiary record before the MoPSC for any further purpose whatsoever.

(E) In the event the MoPSC accepts the specific terms of the Stipulation, the parties waive their respective rights to call, examine and cross-examine witnesses, pursuant to Section 536.070(2) RSMo 2000; their respective rights to present oral

argument and written briefs pursuant to Section 536.080.1 RSMo 2000; their respective rights to the reading of the transcript by the MoPSC pursuant to Section 536.080.2 RSMo 2000; their respective rights to seek rehearing, pursuant to Section 386.500 RSMo 2000; and their respective rights to judicial review pursuant to Section 386.510 RSMo 2000. This waiver applies only to a MoPSC Report and Order respecting this Stipulation issued in this proceeding, and does not apply to any matters raised in any subsequent MoPSC proceeding, or any matters not explicitly addressed by this Stipulation.

XIII Miscellaneous.

(A) Counterparts.

This Stipulation may be executed in one or more counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same instrument. The agreements of the Signatories shall be binding on and inure to the benefit of their respective successors and assigns. The Section and subsection captions are for the convenience of the reader only and are not intended to be a part of this Stipulation.

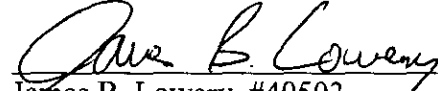
(B) Notices.

Any notice required or permitted under this Stipulation shall be valid only if in writing, delivered personally, by commercial carrier, sent by U.S. Mail, sent by confirmed telefacsimile transmission, or sent by email, to counsel for each Signatory at the addresses, telefacsimile numbers, or email addresses set forth with their signatures below, or to such other addresses, telefacsimile numbers, or email addresses as a Signatory may designate by notice to the other Signatories. A validly given notice will be effective when delivered personally, by telefacsimile, or by a commercial courier, when sent by certified mail with return receipt requested, postage prepaid, or when sent

by email. Notice sent by email or facsimile shall be confirmed by a telephone call to the intended recipient.

Respectfully submitted,

SMITH LEWIS, LLP



James B. Lowery, #40503
11 South Ninth Street, Suite 200
Columbia, MO 65205-0918

(573) 443-3141

(573) 442-6686 (facsimile)

lowery@smithlewis.com

David Hennen, #46776

Associate General Counsel

Joseph H. Raybuck, #31241

Managing Assistant General Counsel

Ameren Services Company

One Ameren Plaza

1901 Chouteau Avenue

P.O. Box 66149 (MC 1310)

St. Louis, MO 63166-6149

(314) 554-4673

(314) 554-2976

(314) 554-4014 (facsimile)

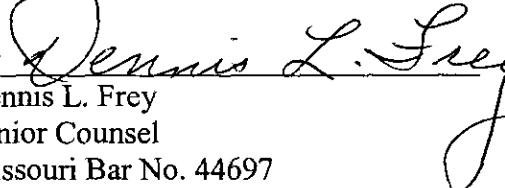
dhennen@ameren.com

jraybuck@ameren.com

Attorneys for Union Electric Company

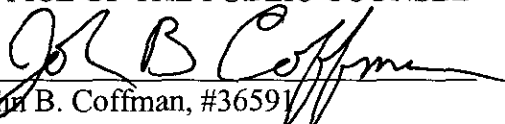
DANA K. JOYCE
General Counsel

Steven Dottheim
Chief Deputy General Counsel
Missouri Bar No. 29149

By 
Dennis L. Frey
Senior Counsel
Missouri Bar No. 44697

P.O. Box 360
Jefferson City, MO 65102
(573) 751-7489
(573) 751-9285 (facsimile)
stevedottheim@psc.state.mo.us
**Attorneys for the Staff of the Missouri
Public Service Commission**

OFFICE OF THE PUBLIC COUNSEL


John B. Coffman, #36591
Public Counsel
P.O. Box 2230
Jefferson City, MO 65102
(573) 751-5565
(573) 751-5562 (facsimile)
John.Coffman@ded.mo.gov
Public Counsel

Karl Zobrist, #28325

Blackwell Sanders Peper Martin LLP
2300 Main Street, Suite 1100
Kansas City, MO 64108
(816) 983-8000
(816) 983-8080 (facsimile)
kzobrist@blackwellsanders.com
Attorneys for Midwest ISO

DANA K. JOYCE
General Counsel

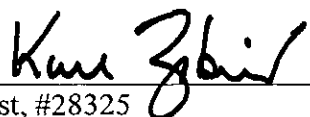
Steven Dottheim
Chief Deputy General Counsel
Missouri Bar No. 29149

By _____
Dennis L. Frey
Senior Counsel
Missouri Bar No. 44697

P.O. Box 360
Jefferson City, MO 65102
(573) 751-7489
(573) 751-9285 (facsimile)
stevedottheim@psc.state.mo.us
**Attorneys for the Staff of the Missouri
Public Service Commission**

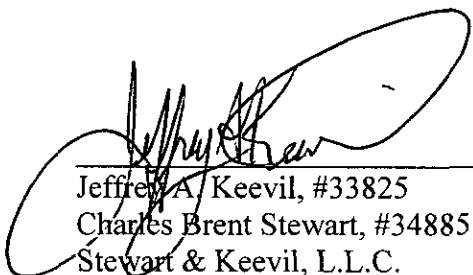
OFFICE OF THE PUBLIC COUNSEL

John B. Coffman, #36591
Public Counsel
P.O. Box 2230
Jefferson City, MO 65102
(573) 751-5565
(573) 751-5562 (facsimile)
John.Coffman@ded.mo.gov
Public Counsel

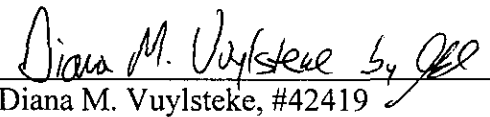


Karl Zobrist, #28325

Blackwell Sanders Peper Martin LLP
2300 Main Street, Suite 1100
Kansas City, MO 64108
(816) 983-8000
(816) 983-8080 (facsimile)
kzobrist@blackwellsanders.com
Attorneys for Midwest ISO



Jeffrey A. Keevil, #33825
Charles Brent Stewart, #34885
Stewart & Keevil, L.L.C.
4603 John Garry Dr, Suite 11
Columbia, MO 65203
(573) 499-0635
(573) 499-0638 (facsimile)
per594@aol.com (Mr. Keevil's email)
stewart499@aol.com (Mr. Stewart's email)
Attorneys for National Grid USA



Diana M. Vuylsteke, #42419
211 N. Broadway, Suite 3600
St. Louis, MO 63102
(314) 259-2543
(314) 259-2020 (facsimile)
dmvuylsteke@bryancave.com
**Attorney for Missouri Industrial Energy
Consumers**

**ATTACHMENT A TO STIPULATION AND AGREEMENT
CASE NO. EO-2003-0271
AGREEMENT FOR THE PROVISION OF TRANSMISSION SERVICE TO
BUNDLED RETAIL LOAD**

This AGREEMENT FOR THE PROVISION OF TRANSMISSION SERVICE TO BUNDLED RETAIL LOAD (hereinafter the "Agreement") is entered into as of this _____ day of _____ 2004, by and between the MIDWEST INDEPENDENT TRANSMISSION SYSTEM OPERATOR, INC. (the "Midwest ISO") and Ameren Services Company ("Ameren"), as agent for UNION ELECTRIC COMPANY, d/b/a AMERENUE ("AmerenUE"). This Agreement shall be in addition to the Network Operating Agreement ("NOA") and Network Integration Transmission Service Agreement ("NITSA") to be executed by Ameren and the Midwest ISO under the Midwest ISO's Open Access Transmission Tariff on file with the Federal Energy Regulatory Commission. The transmission service provided by the Midwest ISO pursuant to the terms and conditions of the NOA and NITSA and any successor transmission service such as Network Access Service shall hereinafter be referred to collectively as "Transmission Service." The Midwest ISO and AmerenUE are referred to, jointly, as the "Parties" and, individually, as a "Party."

WITNESSETH:

WHEREAS, the Federal Energy Regulatory Commission ("FERC"), in Order No. 2000, called for the formation of regional transmission organizations ("RTOs") to promote the creation of large electricity markets and to provide reliable, cost-efficient services to customers; and

WHEREAS, the Midwest ISO is a FERC-approved RTO with an open architecture that accommodates various forms of participation by transmission owning

utilities, including participation through an independent transmission company (“ITC”);
and

WHEREAS, Ameren, as agent for AmerenUE and Central Illinois Public Service Company d/b/a AmerenCIPS (collectively, the “Ameren Operating Companies”), along with American Transmission Systems, Incorporated (“ATSI”), a subsidiary of FirstEnergy Corp., and Northern Indiana Public Service Company (“NIPSCO”) have elected to comply with Order No. 2000 through the formation of the GridAmerica ITC within the Midwest ISO; and

WHEREAS, Ameren, ATSI and NIPSCO have entered into a number of agreements that codify the terms and conditions necessary to the formation and operation of the GridAmerica ITC within the Midwest ISO; and

WHEREAS, the GridAmerica LLC and the Midwest ISO have entered into an Appendix I ITC Agreement to codify the terms, conditions and responsibilities of the parties for integrating the GridAmerica ITC into the Midwest ISO; and

WHEREAS, the Ameren Operating Companies currently operate their transmission systems under a single open access transmission tariff approved by FERC;
and

WHEREAS, AmerenUE currently provides and will continue to provide bundled electric service (including capacity, energy, transmission and distribution) to certain Missouri retail load pursuant to rates established by the Missouri Public Service Commission (“MoPSC”) and in accord with certain tariffs and rate schedules on file with the MoPSC; and

WHEREAS, AmerenUE is currently subject to a rate moratorium which, absent defined exigent circumstances, precludes AmerenUE from increasing the rates and charges for bundled service under the tariffs and rate schedules on file with the MoPSC until June 2006; and

WHEREAS, AmerenUE currently provides the generation, transmission and distribution service necessary to furnish such bundled retail electric service to its Missouri bundled retail customers; and

WHEREAS, upon Ameren's joining GridAmerica by transferring functional control of its transmission facilities pursuant to the Operation Agreement referred to below, AmerenUE will thereafter secure Transmission Service from the Midwest ISO, while this Agreement is in effect, in order to provide the transmission services necessary to furnish such bundled retail electric service; and

WHEREAS, the MoPSC, by order dated November 14, 2002, required AmerenUE to obtain approval of the MoPSC prior to AmerenUE's being able to participate in the Midwest ISO through GridAmerica; and

WHEREAS, the FERC, in various orders¹ and in its White Paper, Wholesale Power Market Platform, issued April 28, 2003 ("White Paper"), contemplated, among other things, that a transmission owner and the RTO in which it holds membership (directly or indirectly through an ITC) may elect to enter into a service agreement that specifies that the rate for Transmission Service used to provide bundled retail electric service will be the transmission component of the bundled retail rates set by the state commission with retail jurisdiction over the transmission owner; and

WHEREAS, the Parties hereto desire to codify the terms and conditions under which the Midwest ISO will provide Transmission Service to Bundled Retail Load.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, which each of the Parties hereto acknowledges to be sufficient consideration, the Midwest ISO and Ameren, on behalf of AmerenUE, agree as follows:

ARTICLE I - DEFINITIONS

Terms not specifically defined in this Article or elsewhere in this Agreement have the same meaning as in the Midwest ISO OATT or the Midwest ISO Agreement.

Section 1.1. Bundled Electric Service: The provision of electric service as a single service that includes all component services (capacity, energy, transmission and distribution) as distinguished from the provision of electric service where some or all such components are sold and purchased as separate (“unbundled”) services.

Section 1.2 Bundled Retail Load: The retail electric customers of AmerenUE in the State of Missouri, on whose behalf and to whom AmerenUE, by statute, franchise, regulatory requirement or contract, has an obligation to provide Bundled Electric Service.

Section 1.3 GridAmerica Documents: Those documents on file with the FERC concerning the formation of the GridAmerica ITC and the ITC’s integration into the Midwest ISO, as amended and supplemented from time to time, including specifically, the Appendix I ITC Agreement between GridAmerica LLC and the Midwest ISO; the Master Agreement by and among GridAmerica Holdings Inc., GridAmerica LLC, the GridAmerica Companies, and National Grid USA; the Limited

¹ *Cleco Power, et al.*, 103 FERC ¶ 61,272 (2003), and *Midwest Indep. Trans. System Operator, Inc.*, 102 FERC ¶ 61,192 (2003).

Liability Company Agreement of GridAmerica LLC by and between GridAmerica Holdings Inc. and GridAmerica LLC; and the Operation Agreement by and among the GridAmerica Companies and GridAmerica LLC.

Section 1.4 ITC: An independent transmission company that has been approved by FERC and that has executed a FERC approved Appendix I Agreement with the Midwest ISO.

Section 1.5 Midwest ISO Agreement: The Agreement of Transmission Facilities Owners to Organize the Midwest Independent Transmission System Operator, Inc., a Delaware Non-Stock Corporation (the Midwest ISO's First Revised FERC Rate Schedule No. 1), as amended from time to time in accordance with its terms.

Section 1.6 Midwest ISO OATT: The open access transmission service tariff of the Midwest ISO (the Midwest ISO's FERC Electric Tariff, Second Revised Volume No. 1), as amended from time to time.

Section 1.7 Transmission System: The facilities owned, controlled or operated by the Midwest ISO or GridAmerica that are used to provide Transmission Service under the Midwest ISO OATT. The Transmission System includes facilities, the functional control of which has been transferred to the Midwest ISO. In addition, the Transmission System includes other facilities booked to transmission accounts that are not controlled or operated by the Midwest ISO but are facilities that a Transmission Owner by an agency agreement has allowed the Midwest ISO to use in providing service under the Midwest ISO OATT.

ARTICLE II - FILING, EFFECTIVE DATE, INITIAL TERM AND TERMINATION

Section 2.1 As soon as practicable following the execution of this Agreement, the Midwest ISO and AmerenUE shall jointly file this Agreement with the FERC for acceptance or approval. If FERC accepts this Agreement without conditions or modifications, this Agreement shall become effective on the date upon which AmerenUE begins to take Transmission Service under the Midwest ISO OATT for Bundled Retail Load (the "Effective Date"). Each Party shall use its best efforts to gain FERC acceptance or approval of this Agreement on an expedited basis, without modification or change, and agrees to provide support for this Agreement in public fora and elsewhere.

Section 2.2 If the FERC accepts this Agreement for filing, but subject to modification or change, and requires a compliance filing by either or both of the Parties, the Parties shall evaluate whether such required compliance filing materially changes or frustrates the intent of this Agreement. If either Party determines, in good faith, that the changes or modifications required by the FERC constitute a material change or may frustrate the intent of the Agreement, the Parties agree to negotiate in good faith to establish new terms and conditions that place the Parties in the same position as bargained for in this Agreement. The Parties shall file any amended Agreement incorporating new terms and conditions with the MoPSC at the same time the Parties make such a compliance filing with the FERC, indicating in such a compliance filing that the amended Agreement is subject to MoPSC approval as provided for herein. If within thirty (30) days after the FERC's conditional acceptance of the Agreement, or such other reasonable time period as may be mutually agreed to by the Parties, the Parties have not reached agreement on new terms and conditions and filed the amended Agreement with

the MoPSC for approval or, if the amended Agreement is not subsequently unconditionally approved or accepted by both the MoPSC and the FERC, the Agreement shall be void *ab initio*, and neither Party shall have further obligations to the other Party hereunder.

Section 2.3 This Agreement shall remain in effect following the Effective Date for an initial term ending the earlier of: (i) the date that AmerenUE simultaneously withdraws from GridAmerica and the Midwest ISO or the date that AmerenUE withdraws from the Midwest ISO (should AmerenUE have withdrawn from GridAmerica and joined the Midwest ISO as a Transmission Owner), or (ii) at 12:00:01 a.m., on the date that is five (5) years and six (6) months after the date AmerenUE transferred functional control of its transmission system (the "Initial Term"). Subject to the termination provisions of this Section 2.3, the Initial Term shall automatically be extended from year to year (a "Renewal Term") unless either Party shall have given the other six (6) months written notice of termination prior to the end of the Initial Term, or the end of any Renewal Term if such notice is given at least six (6) months prior to the term then ending. Termination of this Agreement by any action of the Midwest ISO or AmerenUE shall be subject to prior approval of the MoPSC. The Parties acknowledge that upon termination they will make an informational filing with the FERC advising the FERC that this Agreement has been terminated.

Section 2.4 Notwithstanding Section 2.3, should there later be a final, non-appealable order or judgment of a court of competent jurisdiction, or a final, non-appealable order, rule, or regulation of the FERC, in either case providing that AmerenUE is not required to secure Transmission Service for Bundled Retail Load under

the Midwest ISO OATT, then, and in such event, this Agreement shall terminate concurrently with the effectiveness of such final, non-appealable court order or judgment or FERC order, rule, or regulation.

Section 2.5 Nothing in this Agreement shall in any way affect the rights or obligations of Ameren to withdraw from GridAmerica or the Midwest ISO pursuant to the terms and conditions of the Midwest ISO Agreement, the GridAmerica Documents or any MoPSC order pertaining to AmerenUE's participation in the Midwest ISO through GridAmerica or as an individual transmission owner.

ARTICLE III - RATE FOR TRANSMISSION SERVICE TO SERVE BUNDLED RETAIL LOAD

Section 3.1 Schedule 9 of the Midwest ISO OATT establishes a zonal transmission rate applicable to load within the Ameren pricing zone that is taking Transmission Service from the Midwest ISO. Notwithstanding Schedule 9 and the rates therein, AmerenUE does not concede that FERC has jurisdiction over the transmission component of Bundled Electric Service provided to Bundled Retail Load, and does not voluntarily submit to such jurisdiction. AmerenUE shall not pay the rate set forth in Schedule 9 of the Midwest ISO OATT for service to its Bundled Retail Load, but will include Bundled Retail Load in the total load used to calculate the zonal rate for Ameren. Consistent therewith, and in accordance with Section 37.3 of the Midwest ISO OATT, as amended, AmerenUE, when taking Transmission Service from the Midwest ISO in order to serve its Bundled Retail Load, shall not pay charges pursuant to Schedules 1 through 6 and Schedule 9 of the Midwest ISO OATT. Without limiting the foregoing, to the extent that the FERC offers incentive "adders" for participation in an RTO or in an ITC to the

rate of return allowed for providing Transmission Service to wholesale customers within the Ameren zone, such incentive adders shall not apply to the transmission component of rates set for Bundled Retail Load by the MoPSC.

Section 3.2 Notwithstanding Section 3.1 of this Agreement, AmerenUE shall be obligated to pay the Midwest ISO for any transmission services and ancillary services that AmerenUE requires to serve its Bundled Retail Load to the extent that AmerenUE does not provide such services for itself.

Section 3.3 Except as otherwise provided in this Agreement, AmerenUE shall be subject to and shall pay to the Midwest ISO all applicable non-congestion related Midwest ISO OATT charges associated with Transmission Service taken by AmerenUE to serve Bundled Retail Load including, but not limited to, the charges contained in Schedules 10, 10-FERC, 16, 17, 18 and 19 and charges in any other Schedules that are in effect from time to time under the Midwest ISO OATT to the extent that such charges are assessed ratably to all load taking Transmission Service from the Midwest ISO. The Midwest ISO agrees that it shall file any such charges as separate charges to assure transparency as to the type of service provided and the charge for such service.

Section 3.4 AmerenUE shall be subject to all non-price related terms and conditions under the Midwest ISO OATT applicable to Transmission Service when AmerenUE takes such service in order to serve Bundled Retail Load.

ARTICLE IV - FIRM TRANSMISSION RIGHTS AND CONGESTION MANAGEMENT CHARGES

Section 4.1 The White Paper states that the FERC intends that customers will be able to protect themselves from congestion costs through Firm Transmission Rights

("FTRs").² It states that an RTO using Locational Marginal Pricing ("LMP") must ensure that existing customers, including transmission owners like AmerenUE with a service obligation for Bundled Retail Load, have the opportunity to obtain FTRs equivalent to that customer's existing firm rights. RTOs must also ensure that such customers have the ability to obtain FTRs for future load growth. The Midwest ISO shall provide AmerenUE with the ability to obtain an allocation of such protection from congestion charges related to the Midwest ISO's energy market.³ However, because the details of the administration of FTRs are still being developed as of the date of this Agreement, the Parties agree that the Midwest ISO's final FTR mechanism shall reflect the following principles and procedures set forth in the following sections of this Article IV.

Section 4.2 To the extent it has not already done so, the Midwest ISO shall promptly provide Ameren with estimates of the congestion prices from each of AmerenUE's designated network resources to serve Bundled Retail Load. These estimates will be based on LMP forecasts that are developed from the market simulation model analysis of the Midwest ISO's energy market for 2005. LMP forecasts will include a base case, as well as additional scenarios that will be developed with Ameren and other Midwest ISO stakeholders. The Midwest ISO will use its best efforts to perform in a timely manner as many scenarios as stakeholders reasonably request.

² The term "Firm Transmission Rights," as used in this Agreement and in the FERC White Paper, is intended to be synonymous with "Financial Transmission Rights" (Midwest ISO, 102 FERC ¶ 61,196 (Feb. 23, 2003)) or "Congestion Revenue Rights" (as used in the FERC Standard Market Design NOPR, No. RM01-12-000 (July 31, 2002)).

³ The Midwest ISO's energy market will not be deemed to apply to Ameren until transactions in that market to which FTRs apply are binding on, and have financial consequences for, Ameren.

Midwest ISO agrees to work with Ameren to determine the assumptions necessary for the Midwest ISO to make these estimates.

Section 4.3 Ameren shall select, in accordance with the Midwest ISO's OATT, what Ameren believes to be a reasonable hold harmless portfolio of FTRs for Bundled Retail Load. The objective of such portfolio shall be to provide it with the ability to obtain reasonable hold harmless protection from congestion charges related to the Midwest ISO's energy market.

ARTICLE V – NEW TRANSMISSION FACILITIES OR ENHANCEMENTS TO EXISTING TRANSMISSION FACILITIES

Section 5.1 Appendix B of the Midwest ISO Agreement governs the collaborative process pursuant to which the Planning Staff of the Midwest ISO will plan the Transmission System, including resolution of transmission constraints and expansion of the Transmission System. Appendix B contemplates the incorporation of input from the Organization of MISO States, Inc. and other state regulatory authorities with jurisdiction over the Midwest ISO Transmission Owners.

For purposes of this Agreement, the Parties further agree that in addition to the obligations they each may have as to planning pursuant to the GridAmerica Documents or the Midwest ISO Agreement (should Ameren withdraw from the GridAmerica ITC and become a Midwest ISO Transmission Owner), the Parties also shall be subject to the terms and conditions of this Article V.

Section 5.2 AmerenUE will submit its long-term generation and transmission plans (collectively, "Resource Plans") in accordance with the requirements established by the GridAmerica ITC and the Midwest ISO for submission of such plans.

Section 5.3 GridAmerica LLC and the Midwest ISO will review the Resource Plans of AmerenUE in accordance with the applicable agreements, planning protocols and guidelines and will inform AmerenUE regarding new transmission facilities or enhancements to existing transmission facilities (collectively, "Transmission Upgrades"), if any, that are needed to support the AmerenUE Resource Plans and other requirements for new transmission and the timetable for any such Transmission Upgrades. AmerenUE shall be required to obtain the approval of the MoPSC prior to AmerenUE undertaking the construction of Transmission Upgrades in Missouri if the Transmission Upgrades are not required to support AmerenUE's specific Resource Plans but rather result from other Transmission Upgrade requirements.

ARTICLE VI - MISCELLANEOUS

Section 6.1 The obligations of the Parties shall be binding on and inure to the benefit of their respective successors and assigns.

Section 6.2 This Agreement constitutes the Parties' entire agreement concerning the subject matter hereof and may be amended or modified only by a subsequent agreement in writing. A waiver, discharge, amendment, modification, or termination of this Agreement or any provision hereof, shall be valid and effective only if in writing and executed by both Parties and approved by the MoPSC and the FERC. A written waiver of a right, remedy or obligation under a provision of this Agreement will not constitute a waiver of the provision itself, a waiver of any succeeding right, remedy or obligation under the provision, or waiver of any other right, remedy, or obligation under this Agreement. Any delay or failure by a Party in enforcing any obligation or in exercising any right or remedy shall not operate as a waiver of it or affect that Party's right later to enforce the obligation or exercise the right or remedy, and a single or partial

exercise of a right or remedy by a Party does not preclude any further exercise of it or the exercise of any other right or remedy of that Party.

Section 6.3 This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same instrument.

Section 6.4 Every notice, consent or approval required or permitted under this Agreement shall be valid only if in writing, delivered personally or by mail, confirmed telefacsimile, or commercial courier, and sent by the sender to each other Party at its address or number below, or to such other address or number as each Party may designate by notice to the other Party. A validly given notice, consent or approval will be effective when received if delivered personally or by telefacsimile, or commercial courier, or certified mail with return receipt requested, postage prepaid.

If to Ameren, to:

Ameren Services Company
Manager, Electric Planning
1901 Chouteau Avenue, MC 800
St. Louis, MO 63166-6149
Fax No. 314-554-6454

If to the Midwest ISO, to:

Midwest Independent Transmission System Operator, Inc.
701 City Center Drive
Carmel IN 46032
Attention: James P. Torgerson, President and CEO
Fax No.: (317) 249-5945

Section 6.5 Upon the reasonable request of the other Party, each Party hereto agrees to take any and all such actions as are necessary or appropriate to give effect to the terms set forth in this Agreement and are not inconsistent with the terms hereof.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed
by their respective authorized officials.

Ameren Services Company

By: _____
Gary L. Rainwater
President and Chief Operating
Officer

**Midwest Independent Transmission
System Operator, Inc.**

By: _____
James P. Torgerson
President and Chief
Executive Officer

Attachment B to Stipulation and Agreement
Case No. EO-2003-0271
Ameren RTO Cost Benefit Analysis
General Parameters

- 1. Develop Viable RTO participation scenarios which may include the following:**
 - a. MISO
 - i. as member of GridAmerica (ITC)
 - ii. as stand alone TO
 - iii. as non-GridAmerica ITC
 - b. SPP
 - i. as member of GridAmerica (ITC)
 - ii. as a stand alone TO
 - iii. as non-GridAmerica ITC
 - c. PJM
 - i. as a member of GridAmerica (ITC)
 - ii. as a stand alone TO
 - iii. as non-GridAmerica ITC
 - d. Other viable Midwest transmission organizations
- 2. Develop complete list of factors to be considered in the analysis**
 - a. Treatment of transmission revenues (e.g., FERC resolution of RTOR order and other significant regulatory issues)
 - b. Transmission system modeling methodologies for expansion
 - c. Transmission system Investment cost recovery mechanisms
 - d. RTO startup costs and administrative charges
 - e. Operating and Reliability considerations
 - f. Market characteristics (e.g., market price considerations, congestion costs)
 - g. Seams issues, including appropriate transmission system modeling
 - h. Status of Joint Dispatch Agreement (JDA)
 - i. FTR allocations to Ameren as a whole as well as by operating company
 - j. Intangible cost/benefits, including liabilities
 - k. MO PSC and FERC regulatory treatment of Ameren RTO decisions
 - l. Other
- 3. Determine study parameters to guide analysis**
 - a. RTO participation scenarios will be evaluated against a base-case of not participating in an RTO
 - b. Methodologies to be utilized
 - c. Timeframes
 - i. Cooperation of parties to meet Ameren filing requirement under Section B.III(A) of the Stipulation
 - ii. Years that the cost/benefit analysis examines
 - d. Information required to complete analysis
 - e. Identification of resources necessary to complete analysis

f. Sensitivity analysis

4. A Comparison of Costs and Benefits

- a. Comprehensive analysis of costs for each scenario
- b. Comprehensive analysis of benefits for each scenario
- c. With regard to 4.a. and 4.b., the information is to be provided at a level of detail sufficient to (i) identify costs and benefits to individual Ameren operating companies as well as costs and benefits to Ameren as a whole; and (ii) identify costs and benefits to ratepayers versus costs and benefits to shareholders.