

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 17<sup>th</sup> day of May, 2012.

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 GRANTING AMEREN MISSOURI'S MOTION TO CLARIFY  
REPORT AND ORDER**

Issue Date: May 17, 2012

Effective Date: May 27, 2012

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 the Midwest Independent Transmission System Operator, Inc., subject to several specified conditions. The conditions the Commission imposed on its grant of authority were based on the nonunanimous stipulation and agreement of some of the parties. Since that nonunanimous stipulation and agreement was opposed by some of the parties, the Commission could not approve the stipulation and agreement as submitted and instead modified and incorporated some of those conditions into its report and order in the manner described in its report and order.

The Commission's report and order became effective on April 30, and no party has requested rehearing of the report and order. However, on April 27, Ameren Missouri filed a motion asking the Commission to clarify and modify certain provisions of the report and order. More than ten days have passed since Ameren Missouri filed its motion and no

other party has responded to that motion. The Commission will take up Ameren Missouri's motion as unopposed.

Ameren Missouri's motion explains that the nonunanimous stipulation and agreement carefully defined the term "Stakeholders" as including both the parties to this case that signed the nonunanimous stipulation and agreement - Ameren Missouri, Staff, Midwest ISO, and Missouri Industrial Energy Consumers (MIEC) - as well as the parties to this case who did not sign - Public Counsel, The Empire District Electric Company, Southwest Power Pool, Inc. (SPP) and the Missouri Joint Municipal Electric Utility Commission (MJMEUC). Ameren Missouri points out that the Commission's report and order requires it to work with and to give notice to "Stakeholders", but fails to incorporate the nonunanimous stipulation and agreement's definition of the term. Furthermore, the Commission substituted new terms for "Stakeholders" in two provisions that require Ameren Missouri to consult with "interested persons or entities" (paragraph 2B) and work with "interested individuals and entities" (paragraph 2E). Ameren Missouri explains that the term "Stakeholders" should be precisely defined so that the Company will be able to identify the parties with whom it must consult and who must receive notifications pursuant to the order.

In addition, the language of the report and order inadvertently changed the level of involvement and access to information that Ameren Missouri is required to give to the Midwest ISO and SPP. The nonunanimous stipulation and agreement requires Ameren Missouri to give Staff, Public Counsel and MIEC substantive input regarding the development of the specific methodology, inputs, outputs and other features to be included in the Actual Analysis. The nonunanimous stipulation and agreement also required

Ameren Missouri to advise and update the Midwest ISO and SPP about the development of the features of the Actual Analysis but did not allow them substantive input.<sup>1</sup> The Commission's report and order blurred that distinction by substituting the phrase "interested individuals and entities" for "Staff, Public Counsel, and MIEC" as specified in the nonunanimous stipulation and agreement.

Finally, Ameren Missouri asks the Commission to order that any non-Staff and non-Public Counsel party that wishes to receive highly confidential or proprietary information as part of the process be required to agree that it will handle that information in accord with the Commission's rule on the handling of such information.

After reviewing Ameren Missouri's unopposed motion for clarification, the Commission finds that the modifications proposed in that motion are appropriate. The Commission will grant the motion for clarification and will make the proposed modifications.

**THE COMMISSION ORDERS THAT:**

1. Ameren Missouri's Motion for Clarification of Report and Order is Granted.
2. Ordered Paragraph 2 of the report and order issued in this case on April 19, 2012, is withdrawn and replaced with the following:

2. Ameren Missouri's authority to continue the transfer of functional control of its transmission system to the Midwest Independent Transmission System Operator, Inc. is granted subject to the following conditions:

- A. The Commission approves, on an interim basis, Ameren Missouri's continued RTO participation in the Midwest ISO during a term

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<sup>1</sup> The distinction is necessary because Midwest ISO and SPP have a vested interested in analysis

ending May 31, 2016, provided that if the Commission has not by May 31, 2016, further extended its approval of Ameren Missouri's participation in the Midwest ISO, Ameren Missouri shall be deemed to have Commission approval to continue its Midwest ISO participation for the additional time necessary to re-establish functional control of its transmission system so that it may operate the same as an 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, 2014, 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, 2016, or its operation as an ICT. Such study, at a minimum, shall examine continued participation in the Midwest ISO versus participation in Southwest Power Pool and continued participation in Midwest ISO versus operation as an ICT. Such study shall examine a period after May 31, 2016, 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

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results that would favor Ameren Missouri's future participation in their organization.

Missouri shall, by December 1, 2014, 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, 2015, 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, 2016. 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, 2016. (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, 2015 actual analysis. Ameren Missouri shall advise and update the Midwest ISO and Southwest Power Pool regarding that actual analysis. (from paragraph 10.b of the stipulation and agreement)

F. To maintain its independence and control of the actual analysis, Ameren Missouri (or Ameren Services on its behalf) shall act as the project manager for such analysis and shall engage and direct the work of Ameren Missouri or Ameren Services employees or consultants assigned or retained

to perform the actual analysis. (from paragraph 10.b of the stipulation and agreement)

G. Subject to any applicable privilege recognized by law and the provisions of the Commission's rule regarding confidential information, Staff, Public Counsel, and MIEC shall be given meaningful and substantial access to data necessary for, and used in, preparing the actual analysis, shall have access to employees or consultants utilized by Ameren Missouri to perform the actual analysis, and shall be given the opportunity to have meaningful input in the preparation of the actual analysis. Ameren Missouri shall advise and update the Midwest ISO and Southwest Power Pool regarding that actual analysis. (from paragraph 10.b of the stipulation and agreement)

H. Ameren Missouri shall provide regular reports regarding the progress and, if requested, reasonable details of the actual analysis to any party to this case that requests such updates or information. (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, 2015 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)

J. Ameren Missouri shall acknowledge that the Service Agreement's primary function is to ensure that the Missouri Public Service Commission continues to set the transmission component of Ameren Missouri's rates to serve its Bundled Retail Load. Consistent with Section 3.1 of the Service Agreement and its primary function, to the extent that the FERC offers incentive "adders" for participation in an RTO or in an ICT to the rate of return allowed for providing Transmission Service, as that term is defined in the Service Agreement, 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 Commission. (from paragraph 10.c of the stipulation and agreement)

K. Currently, FERC requires Bundled Retail Load served by Midwest ISO Transmission Owners to take Transmission Service under the Midwest ISO's Energy Markets Tariff (EMT). If, at some point, Ameren Missouri is not required to take Transmission Service for Bundled Retail Load under the EMT, the Service Agreement shall terminate concurrently with the point in time when Ameren Missouri is no longer required to take Transmission Service for Bundled Retail Load under the EMT. Termination of the Service Agreement under this provision shall not affect Ameren Missouri's membership participation status in the Midwest ISO and the Commission shall continue to have jurisdiction over the transmission

component of the rates set for Bundled Retail Load. As a participant in the Midwest ISO, Ameren Missouri may remain subject to charges from the Midwest ISO for Bundled Retail Load under the EMT that 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 EMT. No ratemaking treatment has been adopted for these changes. (from paragraph 10.d of the stipulation and agreement)

L. The Service Agreement (unless it is terminated pursuant to its terms) shall continue in its current form; provided that the Commission may rescind its approval of Ameren Missouri's participation in the Midwest ISO and may require Ameren Missouri to withdraw from participation in the Midwest ISO on any of the following bases:

- (i) The issuance by FERC of an order, or the adoption by FERC of a final rule or regulation, binding on Ameren Missouri, that has the effect of precluding the Commission from continuing to set the transmission component of Ameren Missouri's rates to serve its Bundled Retail Load; or
- (ii) The issuance by FERC of an order, or the adoption by FERC of a final rule or regulation, binding on Ameren Missouri, that has the effect of amending, modifying, changing, or abrogating in any material respect any



term or condition of the Service Agreement previously approved by the Commission and by FERC

Ameren Missouri shall immediately notify the Stakeholders if Ameren Missouri becomes aware of the issuance of any order, rule, or regulation amending, modifying, changing, or abrogating any term or condition of the Service Agreement. Any Stakeholder is free to make a filing with the Commission as a result of an action by FERC as described in this provision, but must do so within 90 days after Ameren Missouri has provided notification under this provision of such FERC action. Any stakeholder not making a filing within the 90-day time frame shall be deemed to have waived its right to make a filing with the Commission in response to such FERC action. (from paragraph 10.e of the stipulation and agreement)

M. Any order issued by the Commission that, on a basis provided for in paragraph L(i) or L(ii), terminates the Commission's approval of Ameren Missouri's participation in the Midwest ISO shall be effective when Ameren Missouri has re-established functional control of its transmission system as a transmission provider or transfers functional control to another entity depending on further orders of the Commission and the FERC. (from paragraph 10.e of the stipulation and agreement)

N. Notwithstanding any term or condition provided for in paragraphs L or M, any termination of the Service Agreement that might occur under Section 2.4 of the Service Agreement shall not constitute an action of the FERC described in L(i) and L(ii) and shall not trigger the Commission's right to

require Ameren Missouri to withdraw from the Midwest ISO. (from paragraph 10.e of the stipulation and agreement)

O. If Ameren Missouri withdraws from Midwest ISO, or if the authority granted in this order is not extended beyond May 31, 2016, 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 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 the Midwest ISO 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 the Midwest ISO. For a possible withdrawal from the Midwest ISO to occur no later than May 31, 2016, the Commission will need to issue a decision with respect to Ameren Missouri's continued participation in Midwest ISO no later than December 15, 2015. (from paragraph 10.f of the stipulation and agreement)

P. If Ameren Missouri desires to securitize the revenues associated with its transmission system, it shall obtain additional prior permission and approval from the Commission. (from paragraph 10.g of the stipulation and agreement)

Q. If Ameren Missouri decides to seek any fundamental change in its membership participation or membership status in the Midwest ISO, it shall seek prior approval from the Commission no later than five business days

after its filing with the FERC for authorization of that change. (from paragraph 10.h of the stipulation and agreement)

R. Ameren Missouri and Ameren Transmission Company (collectively Ameren) shall participate in an investigatory case that the Commission will initiate within 60 days after the effective date of this order. In that case, the Commission will investigate plans during the next 10 years for Ameren, or another Ameren affiliate, as defined in the Commission's affiliated transaction rules for electric utilities, to build transmission in Ameren Missouri's service territory. Ameren Missouri shall not object to discovery requests relating to plans during the next 10 years for Ameren or another Ameren affiliate to build transmission in Ameren Missouri's service territory on the grounds that: (i) the discovery does not seek information that is relevant to such transmission issues; or (ii) the data request seeks information that is not in Ameren's possession if the information is in the possession of an Ameren affiliate. By participating in the case, Ameren is not waiving any applicable privilege and retains the right to object if a discovery request asks for opinions (not facts or existing data), asks for legal conclusions, asks Ameren to perform analyses that do not already exist, or is vague, unduly burdensome, or overly broad. The Commission will close the investigatory case no later than ten months after it is initiated. Neither ATX, nor any Ameren affiliate that provides information in connection with the investigatory case shall be deemed to have thereby conceded that the Commission has jurisdiction over them, or could otherwise compel them to participate in the investigatory case or to

provide such information, absent their agreement to do so. (from paragraph 10.i of the stipulation and agreement)

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 the Midwest ISO, for ratemaking purposes in Missouri, the costs allocated to Ameren Missouri by the Midwest ISO 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 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 next order regarding Ameren Missouri's participation in the Midwest ISO, another RTO, or operation as an ICT. (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, the Midwest Independent Transmission System Operator, Inc., the Missouri Industrial Energy Consumers, the Office of the Public

Counsel, The Empire District Electric Company, the Southwest Power Pool, Inc., and the Missouri Joint Municipal Electric Utility Commission.

U. Any person or party who receives highly confidential or proprietary information as part of the process established in this order shall handle that information in accordance with Commission Rule 4 CSR 240-2.135.

3. This order shall become effective on May 27, 2012.

**BY THE COMMISSION**

( S E A L )



**Steven C. Reed**  
**Secretary**

Gunn, Chm., Jarrett and Kenney, CC., concur.

Woodruff, Chief Regulatory Law Judge