

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 20<sup>th</sup> day of March, 2019.

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**

**THIRD ORDER MODIFYING 2012 REPORT AND ORDER**

Issue Date: March 20, 2019

Effective Date: March 30, 2019

On April 19, 2012, the Commission issued a report and order that authorized Union Electric Company, d/b/a Ameren Missouri, to continue the transfer of functional control of its transmission system to what was then known as the Midwest Independent Transmission System Operator, Inc. (MISO),<sup>1</sup> subject to several specified conditions. One of those conditions required Ameren Missouri to file a new case by November 15, 2015 to address its continued participation in MISO. Subsequently, at the request of the parties, the Commission extended that date, first to November 15, 2017, and then to March 15, 2020.

On February 27, 2019, Ameren Missouri, the Staff of the Commission, the Office of the Public Counsel (Public Counsel), and the Missouri Industrial Energy Consumers (MIEC) filed a joint motion asking the Commission to further modify the 2012 Report and Order to delay the filing of a new case until March 15, 2023. The motion explains that Ameren Missouri and the other movants believe that it would be unduly expensive to perform the

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

comprehensive cost-benefit study that would be required as part of a filing to review Ameren Missouri's membership in MISO.<sup>2</sup> Further, they believe that because of the high cost to leave MISO, any such cost-benefit study could only show that Ameren Missouri's continued membership in MISO is currently in the public interest.

The Commission ordered that any party wishing to respond to the joint motion do so by March 7, 2019. No response has been filed.

After considering the matter, the Commission concludes that the joint motion should be granted. It is important to assess the value to ratepayers of Ameren Missouri's continued membership in MISO. At this time, the cost of a comprehensive cost-benefit study required to assess that value outweighs the importance of the study. Thus, a delay in the performance of that study is appropriate. Because the parties request expedited approval of the modifications, and because those modifications are not opposed by any party, the Commission will make this order effective in ten days.

**THE COMMISSION ORDERS THAT:**

1. Paragraph 2 of the April 19, 2012 Report and Order, as previously modified by the Commission's May 17, 2012 Order Granting Ameren Missouri's Motion to Clarify Report and Order, by the December 22, 2014 Order Modifying 2012 Report and Order, and by the March 8, 2017 Order Further Modifying 2012 Report and Order, is further modified to state as follows:

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<sup>2</sup> Ameren Missouri indicates such a study could cost as much as \$1 million.

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

A. The Commission approves, on an interim basis, Ameren Missouri's continued Regional Transmission Organization (RTO)) participation in MISO during a term ending May 31, 2024, provided that if the Commission has not by May 31, 2024, further extended its approval of Ameren Missouri's participation in MISO, Ameren Missouri shall be deemed to have Commission approval to continue its MISO participation for the additional time necessary to re-establish functional control of its transmission system so that it may operate the same as an Independent Coordinator of Transmission (ICT), or to transfer functional control of its transmission system to another RTO. The extended permission granted in this order is also subject to the provisions of paragraphs 2.O, 2.T, 2.U and 2.V of this order.

B. Assuming that Ameren Missouri has not earlier requested withdrawal or that withdrawal has not otherwise occurred, by December 31, 2021, Ameren Missouri soon after January 1, 2022, shall contact and consult with the Stakeholders to review with the Stakeholders the additional analysis (cost-benefit study) Ameren Missouri believes is appropriate and warranted, if any, regarding Ameren Missouri's continued participation in an RTO after May 31, 2024, or its operation as an ICT. If Ameren Missouri believes a cost-benefit study is warranted for the March 15, 2023 filing to be made as

provided for in paragraph D, such study, at a minimum, shall examine continued participation in MISO versus participation in the Southwest Power Pool (SPP) and continued participation in MISO versus operation as an ICT. Such study shall examine a period after May 31, 2024, of not less than five years or more than ten years.

C. If Ameren Missouri proposes an actual analysis pursuant to the preceding paragraph B, after taking into consideration in good faith the comments and input from the Stakeholders regarding the tentative analysis, Ameren Missouri shall, by March 1, 2022, advise the Stakeholders of the specific parameters, (including the minimum requirements provided for above) of the analysis Ameren Missouri intends to conduct.

D. By November 15, 2023, Ameren Missouri shall file a pleading (and possibly a cost-benefit study) regarding its continued RTO participation or its possible operation as an ICT after May 31, 2024. 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, 2024.

E. If a cost-benefit study is to be submitted as part of the March 15, 2023 filing, 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 actual analysis. Ameren Missouri shall advise and update MISO and SPP regarding that actual analysis.

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.

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, and shall be given the opportunity to have meaningful input in the preparation of the actual analysis. Furthermore, Ameren Missouri shall advise and update MISO and SPP regarding the actual analysis.

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.

I. If any difference of opinion regarding the particular details or preliminary assumptions that are necessary to and part of the cost-benefit study to be performed by Ameren Missouri arises, Ameren Missouri shall ultimately be responsible for, and have the burden of presenting whatever evidence it deems appropriate and necessary at the time of its March 15, 2023 filing. Accordingly, Ameren Missouri is entitled to maintain a level of

independence and control of its filing, while other parties retain their right to oppose Ameren Missouri's positions or to provide alternative positions.

J. Ameren Missouri shall acknowledge that the Service Agreement's primary function is to ensure that the 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.

K. Currently, FERC requires Bundled Retail Load served by MISO Transmission Owners to take Transmission Service under the MISO'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 MISO and the Commission shall continue to have jurisdiction over the transmission component of the rates set for Bundled Retail Load. As a participant in MISO, Ameren Missouri may remain

subject to charges from MISO for Bundled Retail Load under the EMT that are assessed ratably to all load-serving utilities who are participants in MISO, but who are not taking Transmission Service for their Bundled Retail Load under the EMT. No ratemaking treatment has been adopted for these changes.

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 MISO and may require Ameren Missouri to withdraw from participation in the MISO 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.

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 MISO 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.

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 MISO.

O. If Ameren Missouri withdraws from MISO, or if the authority granted in this order is not extended beyond May 31, 2024, Ameren Missouri



will have to re-establish functional control of its transmission system as a transmission provider, or, depending upon further orders of the Commission and the Federal Energy Regulatory Commission (FERC), Ameren Missouri may have to transfer functional control of its transmission system to another entity. In either case, Ameren Missouri would have to give notice to MISO of its withdrawal. Under Article Five of the Service Agreement, such notice shall not be effective before December 31 of the calendar year following the calendar year in which notice is given by Ameren Missouri to MISO. For a possible withdrawal from the MISO to occur no later than May 31, 2024, the Commission will need to issue a decision with respect to Ameren Missouri's continued participation in MISO no later than December 15, 2023.

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.

Q. If Ameren Missouri decides to seek any fundamental change in its membership participation or membership status in MISO, 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.

R. For transmission facilities located in Ameren Missouri's certificated service territory that are constructed by an Ameren affiliate and that are subject to regional cost allocation by MISO, for ratemaking purposes in Missouri, the costs allocated to Ameren Missouri by MISO shall be adjusted by an amount equal to the difference between: (i) the annual

revenue requirement for such facilities that would have resulted if Ameren Missouri's Commission-authorized ROE and capital structure had been applied and there had been no construction work in progress (CWIP) (if applicable), or other FERC Transmission Rate Incentives, including Abandoned Plant Recovery, recovery on a current basis instead of capitalizing pre-commercial operations expenses and accelerated depreciation, applied to such facilities and (ii) the annual FERC-authorized revenue requirement for such facilities. The ratemaking treatment established in this provision will, unless otherwise agreed or ordered, end with the Commission's report and order at the conclusion of the case to be filed by Ameren Missouri on or before March 15, 2023, regarding its continued participation in MISO, switch to participation in another RTO, or operation as an ICT.

S. Ameren Missouri shall provide the Stakeholders a presentation on the current and near-term plans for Ameren (Ameren Missouri, ATX, and ATXI) regarding local and regional transmission construction in Missouri during 2019, 2020, 2021, 2022, and 2023 at a mutually convenient time and location.

T. Ameren Missouri shall convene a Stakeholder meeting should an event(s) or circumstance(s) occur in the MISO footprint prior to December 31, 2021 that Ameren Missouri believes significantly affects its position in MISO. Any Stakeholder can request such a meeting be convened for the same reason. Such a Stakeholder meeting shall also be held in January

2021 without respect to whether Ameren Missouri or a Stakeholder believes such an event or circumstance has occurred prior to that time. If because of such a meeting, Ameren Missouri agrees that a further filing respecting its RTO participation or operation as an ICT should be made in advance of March 15, 2023, it may make such a filing and it may include a cost-benefit study with its filing if it believes a cost-benefit study is warranted. If because of such a meeting Ameren Missouri does not agree that such a filing should be made or that such a filing should be made but that a cost-benefit study is not warranted, any Stakeholder can petition the Commission to enter, after hearing, its order requiring a further filing with or without a cost-benefit study.

U. A Stakeholder meeting soon after January 1, 2022, is when Ameren Missouri should advise the other Stakeholders if it does not believe that a cost-benefit study is warranted and one need not be performed for the March 15, 2023 filing and/or if it proposed to seek to extend from March 15, 2023 to a later date the filing of the proceeding to authorize Ameren Missouri to participate further in MISO, switch to participation as a member in another RTO, or operate as an ICT. Any decision, agreement, or proposal either by Ameren Missouri, on its own initiative, or Ameren Missouri and another Stakeholder(s) that the filing of a cost-benefit study and/or holding of a proceeding to authorize Ameren Missouri to participate further in MISO, in another RTO or as an ICT should not occur as scheduled, must be approved by the Commission and, after hearing, if opposed by a non-Ameren Missouri

Stakeholder. Nothing precludes any non-Ameren Missouri Stakeholder(s) from opposing Ameren Missouri's decision, agreement, or proposal.

V. Any cost-benefit study to be submitted pursuant to paragraph 2.T or 2.U will at a minimum examine continued participation in MISO versus participation in SPP and continued participation in MISO versus operation as an ICT for a range of years of not less than five nor more than ten years. With respect to any such cost-benefit study, Ameren Missouri shall work with Staff, Public Counsel, and MIEC, and give them substantial input regarding the development of the specific methodology, inputs, outputs, and other features to be included in such a cost-benefit study. Ameren Missouri shall also advise and update MISO and SPP regarding the cost-benefit study. If any difference of opinion regarding the scope, particular details or preliminary assumptions that are necessary to and part of such a cost-benefit study arises, Ameren Missouri shall ultimately have responsibility for, and the burden of presenting a study in support of whatever position it deems appropriate and necessary at the time of its filing respecting its further RTO participation or operation as an ICT. Accordingly, Ameren Missouri is entitled to maintain a level of independence and control of any such cost-benefit study, while other parties retain their right to oppose Ameren Missouri's positions or to provide alternative positions. 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 any such cost-benefit study, and shall be given the opportunity to have meaningful input in the preparation of any such cost-benefit study. Furthermore, Ameren Missouri shall advise and update MISO and SPP regarding such a cost-benefit study. Ameren Missouri will also provide regular reports regarding the progress and, if requested, reasonable details of the study to any party to this case that requests such updates or information. To maintain its independence and control of such cost-benefit study, Ameren Missouri (or Ameren Services on its behalf) shall act as the project manager for such cost-benefit study and shall engage and direct the work of Ameren Missouri or Ameren Services employees or consultants assigned or retained to perform the cost-benefit study.

W. 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 Midcontinent Independent System Operator, Inc., the Missouri Industrial Energy Consumers, the Southwest Power Pool, Inc., and the Missouri Joint Municipal Electric Utility Commission.

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

3. This order shall be effective on March 30, 2019.

**BY THE COMMISSION**



*Morris L. Woodruff*

Morris L. Woodruff  
Secretary

Silvey, Chm., Kenney, Hall, Rupp, and  
Coleman, CC., concur.

Woodruff, Chief Regulatory Law Judge

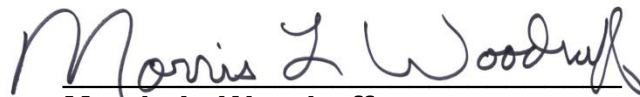
**STATE OF MISSOURI**

**OFFICE OF THE PUBLIC SERVICE COMMISSION**

I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.

**WITNESS my hand and seal of the Public Service Commission,  
at Jefferson City, Missouri, this 20<sup>th</sup> day of March 2019.**



  
**Morris L. Woodruff**  
**Secretary**

**MISSOURI PUBLIC SERVICE COMMISSION**

**March 20, 2019**

**File/Case No. EO-2011-0128**

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**Enclosed find a certified copy of an Order or Notice issued in the above-referenced matter(s).**

**Sincerely,**

A handwritten signature in black ink that reads "Morris L. Woodruff". The signature is written in a cursive style with a large, prominent "M" and "W".

**Morris L. Woodruff  
Secretary**

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Recipients listed above with a valid e-mail address will receive electronic service. Recipients without a valid e-mail address will receive paper service.