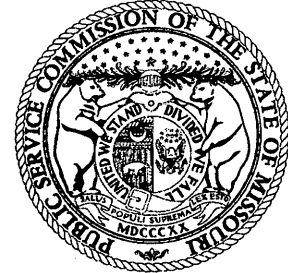


Notice of *Ex Parte* Contact

TO: Data Center
All Parties in Case No. **EO-2008-0134**

FROM: Chairman Jeff Davis

DATE: February 26, 2008



On February 25, 2008, I received notification of an OMS meeting by conference call with GAO. I forwarded the message to Mike Proctor and asked for his thoughts on the conference call topics. I received his response and forwarded it to Gaye Suggett of Ameren. All documentation and correspondence is attached. This case, **EO-2008-0134**, is a contested case. The Commission is bound by its *ex parte* rule, and, I am therefore giving notice to the parties this communication has been received.

Although communications from members of the public and members of the legislature are always welcome, those communications must be made known to all parties to a contested case so that those parties have the opportunity to respond. According to the Commission's rules (4 CSR 240-4.020(8)), when a communication (either oral or written) occurs outside the hearing process, any member of the Commission or Regulatory Law Judge who received the communication shall prepare a written report concerning the communication and submit it to each member of the Commission and the parties to the case. The report shall identify the person(s) who participated in the *ex parte* communication, the circumstances which resulted in the communication, the substance of the communication, and the relationship of the communication to a particular matter at issue before the Commission.

Therefore, we submit this report pursuant to the rules cited above. This will ensure that any party to this case will have notice of the attached information and a full and fair opportunity to respond to the comments contained therein.

cc: Commissioners
Executive Director
Secretary/Chief Regulatory Law Judge
General Counsel

Gregory, Sheryl

From: Davis, Jeff
Sent: Tuesday, February 26, 2008 1:48 PM
To: Gay Suggestt (gsuggestt@ameren.com)
Cc: Mills, Lewis; Gregory, Sheryl
Subject: FW: Additional Guidance for Wednesday's call with GAO - Feb 27 at 9:00 CST
Attachments: Response to GAO.doc

Dear Gay,

I have a conference call with GAO tomorrow on MISO. Proctor has put together the attached sheet. Can you check with your people to see if they have any further input?

Also, please note that I am instructing Sheryl to file this as an ex-parte communication in the currently pending MISO case along with Mike Proctor's document and any response from AEE.

Thanks,

JND

From: Proctor, Mike
Sent: Tuesday, February 26, 2008 8:25 AM
To: Davis, Jeff
Subject: RE: Additional Guidance for Wednesday's call with GAO - Feb 27 at 9:00 CST

Jeff,
Attached are my thoughts on these questions. I am attending a meeting with AmerenUE today, but should be back around 3 pm. If you have further questions, let me know and I will try to answer before the end of the day. I will be at the CAWG meeting in Dallas and will not be available for this call.
Mike

From: Davis, Jeff
Sent: Monday, February 25, 2008 4:20 PM
To: Proctor, Mike
Subject: FW: Additional Guidance for Wednesday's call with GAO - Feb 27 at 9:00 CST

Do you have any thoughts on each of these topics?

Thanks,

JND

From: Julie Mitchell [mailto:Julie@misostates.org]
Sent: Monday, February 25, 2008 4:17 PM
To: Bill Smith; Illinois - Bob Lieberman; Indiana - Greg Server; Iowa - John Norris ; Kentucky - Mark David Goss; Manitoba - Graham Lane; Michigan - Monica Martinez; Minnesota - Tom Pugh; Davis, Jeff; Montana - Greg

2/26/2008

Jergeson; Nebraska - Eugene Bade; North Dakota - Susan Wefald; Ohio - Valerie Lemmie ; Pennsylvania - Kim Pizzingrilli ; South Dakota - Gary Hanson; Wisconsin - Dan Ebert

Cc: Andrea Schroeder; Ashley Davidson; Brendah Stith; Bryan Baldwin ; Claire Tipton ; Demaris Axthelm ; Gerry Gaudreau; Gregory, Sheryl; Heather Forney; Jeff Kaman ; Judi Brooks ; Judy Scheier; Kim Beemer; Laura Cvangros; Lisa Pappas ; Mary Swoboda; Quanetta Batts ; Rolayne Wiest; Ronnie Slager ; Sandy Paske; Sean Brady

Subject: Additional Guidance for Wednesday's call with GAO - Feb 27 at 9:00 CST

REMINDER: OMS Meeting by Conference Call with GAO*

Wednesday, February 27, 2008

at 9:00 am CST

Dial in: 877-452-6418 Code: 515-243-0742

Discussion Topics for GAO's meeting with the Organization of MISO States:

- **Please provide a brief overview of your organization's membership and how they participate in MISO's stakeholder process.**
- **Please describe how MISO involves state PUCs and other stakeholders when making decisions. How is stakeholder input incorporated?**
- **In general, how effective is the MISO stakeholder process?**
- **Please provide an example of when the stakeholder process worked well.**
- **Please provide an example of when the stakeholder process did not work well.**
- **How effectively does MISO monitor and minimize its operational and investment costs?**
- **What changes, if any, should MISO institute in its stakeholder process?**
- **What changes, if any, should MISO institute in its budget process?**

***U.S. Government Accountability Office**

Julie Mitchell

Organization of MISO States

100 Court Avenue * Suite 218

Des Moines, IA 50309

Ph: 515-243-0742

2/26/2008

FAX:515-243-0746

julie@misostates.org

www.misostates.org

From: Bill Smith

Sent: Monday, February 11, 2008 3:40 PM

To: Bill Smith; Illinois - Bob Lieberman; Indiana -Greg Server; Iowa - John Norris ; Kentucky - Mark David Goss; Manitoba - Graham Lane; Michigan - Monica Martinez; Minnesota - Tom Pugh; Missouri -Jeff Davis; Montana - Greg Jergeson; Nebraska - Eugene Bade; North Dakota - Susan Wefald; Ohio - Valerie Lemmie ; Pennsylvania - Kim Pizzigrilli ; South Dakota - Gary Hanson; Wisconsin - Dan Ebert

Cc: Andrea Schroeder; Ashley Davidson; Brendah Stith; Bryan Baldwin ; Claire Tipton ; Demaris Axthelm ; Gerry Gaudreau; Gregory, Sheryl; Heather Forney; Jeff Kaman ; Judi Brooks ; Judy Scheier; Kim Beemer; Laura Cvengros; Lisa Pappas ; Mary Swoboda; Quanetta Batts ; Rolayne Wiest; Ronnie Slager ; Sandy Paske; Sean Brady; Julie Mitchell

Subject: FW: Meeting with GAO - Feb 27 - 9:00 CST

At the end of last week I had a call from Paige Gilbreath, an analyst for the US GAO. As explained, we've scheduled a call for **9:00 CST (10:00 EST) on Wednesday, February 27**, to discuss the issues outlined. I hope several commissioners will be able to participate in the discussion.

Bill Smith

-----Original Message-----

From: Paige Gilbreath [<mailto:GilbreathP@gao.gov>]

Sent: Thursday, February 7, 2008 17:33

To: Bill Smith

Cc: Nkenge Gibson; Randolph D Jones

Subject: Meeting with GAO

Bill -

Thanks so much for scheduling a teleconference with us and the MISO state representatives. We look forward to the conversation on Wednesday, February 27 at 10:00 Eastern (9:00 Central).

As I mentioned when we talked this morning, we're conducting a review at the request of Senator Lieberman and Senator Collins that broadly considers the costs and benefits of ISOs and RTOs. We'll plan on following up with more specific discussion topics but would generally like to touch on the states' experiences with the MISO stakeholder process, the extent to which and how MISO makes cost-effective decisions, and thoughts on FERC's oversight of MISO costs.

Finally, we would appreciate any suggestions you or others may have about stakeholders from the various MISO industry sectors who are knowledgeable about the above issues.

Thanks again for agreeing to speak with us, and please don't hesitate to call with any questions.

2/26/2008

Sincerely,

Paige Gilbreath

U.S. Government Accountability Office (GAO)

Dallas Field Office

1999 Bryan St. Suite 2200

Dallas, TX 75201

214-777-5724

- **Please provide a brief overview of your organization's membership and how they participate in MISO's stakeholder process.**

Membership includes a Board of state commissioners, one from each state that has transmission under MISO. Participation involves various OMS working groups composed of staff and Board members that are assigned to various stakeholder groups within MISO. These working groups develop a proposed position on issues for the OMS Board to discuss, modify and adopt. These positions have been proposed in the MISO stakeholder process, or have been put into OMS filings at the FERC.

- **Please describe how MISO involves state PUCs and other stakeholders when making decisions. How is stakeholder input incorporated?**

MISO holds meetings through subcommittees and task forces in which stakeholder comments are received, and where stakeholders can present their positions on issues. The stakeholders will comment on issues. Based on comments received, MISO develops a position that stakeholders then vote on. If a stakeholder or group of stakeholders does not agree with a MISO position, they can and do offer alternatives that are also included in the voting process. When stakeholders do not adopt a position with a 2/3rds or better majority, but that position has a majority, then the position is taken to the Advisory Committee for further discussion and a vote.

- **In general, how effective is the MISO stakeholder process?**

At a policy level, the process is effective in bringing out various positions of stakeholders and these positions receive fairly thorough discussion. At a technical level, a detailed knowledge is required in order to understand whether or not a specific set of rules or tariff language accomplishes a policy objective. What can be difficult is that stakeholder groups can get immersed in technical details and it is not clear what policy objectives are being met. Some of the MISO facilitators are good at translating the technical details into policy objectives, others are not as good.

- **Please provide an example of when the stakeholder process worked well.**

The allocation of financial transmission rights is a highly complex subject that involved several options. The stakeholder process took over a year, involving many issues and proposals. Ultimately, the process came to a resolution that was supported by most of the stakeholders. The process was not quick, but it was effective.

- **Please provide an example of when the stakeholder process did not work well.**

Initially the process on resource adequacy did not work well. The MISO stakeholder group (Supply Adequacy Working Group - SWAG) did not seem to well defined objectives. The SAWG met for over two years without reaching any resolution. Ultimately, the OMS took over the leadership through its Resource Adequacy Working Group and developed workable solutions that were ultimately adopted by the MISO. The RAWG worked with the SAWG to keep all other stakeholders informed and to receive full stakeholder input.

- **How effectively does MISO monitor and minimize its operational and investment costs?**

Need input from other OMS members to answer this question.

- **What changes, if any, should MISO institute in its stakeholder process?**

MISO is continually looking at this question and receiving inputs from the stakeholders for improvements in its stakeholder process. The difficulty for many stakeholders is having enough resources to cover all of the subcommittees and working groups where the bulk of the work is done. One suggestion for these more technical working groups is that with all proposals they be clear on how their proposals address the overriding policy issues.

- **What changes, if any, should MISO institute in its budget process?**

Need input from other OMS members to answer this question.