Exhibit No.: ~~10~~ 4
Issue(s): Representation/Voting at MISO
Witness: Jaime Haro
Sponsoring Party: Union Electric Company
Type of Exhibit: Surrebuttal Testimony
Case No.: EO-2011-0128
Date Testimony Prepared: November 1, 2011

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. EO-2011-0128

SURREBUTTAL TESTIMONY

OF

JAIME HARO

ON

BEHALF OF

UNION ELECTRIC COMPANY
d/b/a Ameren Missouri

St. Louis, Missouri
November, 2011

SURREBUTTAL TESTIMONY

OF

JAIME HARO

CASE NO. EO-2011-0128

Q. Please state your name and business address.

A. My name is Jaime Haro. My business address is One Ameren Plaza, 1901 Chouteau Avenue, St. Louis, Missouri 63103.

Q. By whom are you employed and in what capacity?

A. I am Director, Asset Management and Trading for Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri" or "Company").

Q. Please describe your educational background and employment experience.

A. I received a Bachelor's degree in Electro-mechanical Engineering from Universidad Panamericana (Mexico City, Mexico) in 1995 and a Master of Business Administration degree from Tulane University in 1998. From 1992 to 1998, I held several positions with Grupo Bursatil Mexicano ("GBM"), a leading Mexican financial services and brokerage firm, dealing with money markets, currency exchange, debt placement, and risk management. In 1998, I joined Ameren Energy Inc. ("AE") and worked as an energy trader of real time energy products before assuming an analytical support position in the long-term energy market trading area of AE. From 1999 to 2004, I led the group within AE that provided quantitative analysis for AE's trading operations. In 2004, I became responsible for trading operations, including managing the transition to trading AmerenUE's power (with AE acting as AmerenUE's agent) in the Day 2 energy markets started by the Midwest Independent Transmission System Operator, Inc. ("MISO") on April 1, 2005. On December

31, 2006, the Joint Dispatch Agreement between AmerenUE and AmerenCIPS terminated, and as a result, effective January 1, 2007, AE's activities were solely related to AmerenUE's generation asset management, including the trading and marketing operations. On January 1, 2008, AmerenUE terminated the agency relationship with AE related to generation asset management, including the trading and marketing operations. As a result, those AE employees formerly responsible for these activities, including me, became employees of AmerenUE. At that time, I assumed my current title, Director, Asset Management and Trading ("AM&T") and added the responsibilities of marketing and asset management to my existing duties. Additionally, in early 2011, the Gas Supply function was merged into Asset Management and Trading.

Q. What are your responsibilities in your current position?

A. As Director of AM&T, I manage the following specific areas: (i) Real Time Operations, (ii) Trading, (iii) Market Origination, and (iv) Gas Supply; providing guidance, oversight and coordination of activities in these areas.

Q. What is the purpose of your surrebuttal testimony in this proceeding?

A. The purpose of my testimony is to respond to certain statements included in the rebuttal testimony of Office of Public Counsel ("OPC") witness Ryan Kind relating to Ameren Missouri's representation in MISO stakeholder groups. Ameren Missouri witness Maureen Borkowski will address Mr. Kind's testimony regarding the Transmission Owners Committee, and I will address his testimony as it relates to the other MISO stakeholder groups.

Q. Mr. Kind asks the Commission to "require UE to cease having Ameren Services represent it at MISO and instead have its own representative actively

participating in the MISO Transmission Owners Committee and as needed in other MISO stakeholder groups . . .." How do you respond?

A. Such a condition is unnecessary and unwise.

Q. Why?

A. Primarily because Mr. Kind's recommendation reflects a fundamental misunderstanding about Ameren Missouri's interaction with the MISO stakeholder groups that impact my areas of responsibility.[1] I would also note that as is the case with the Transmission Owners Committee, as noted in Ms. Borkowski's surrebutal testimony, Ameren Missouri simply does not have its "own vote" in other MISO stakeholder groups and would not have its own vote even if an Ameren Missouri employee sat at the table instead of the Ameren Services employees who act as agents for Ameren Missouri and its sister companies that participate in MISO.

Q. Please explain.

A. In the MISO stakeholder process, voting is limited to one vote per voting member. When multiple subsidiaries of a single holding company are MISO members, MISO treats those companies together as having a single vote. Currently, there are four such Ameren operating companies: Ameren Energy Marketing Company, Ameren Illinois Company, Ameren Missouri and Ameren Transmission Company of Illinois. Ameren Missouri cannot vote separately or differently than the other Ameren companies.[2]

Q. You indicated that Mr. Kind's recommendation is unnecessary and unwise, please elaborate.

[1] As noted, Ms. Borkowski will address transmission-related matters. My areas of responsibility relate to all of the other parts of the MISO stakeholder process; specifically, issues associated with the energy, capacity and ancillary services markets, generation dispatch, market settlements, financial transmission rights and resource adequacy, to name a few.

[2] Midwest ISO Stakeholder Governance Guide, effective 6.15.2011, Section 7.3.

A. It is unnecessary because Ameren Missouri's interests are already adequately represented at MISO through the utilization of employees of Ameren Services (whose costs are shared amongst the Ameren operating companies) and a select number of hours of some of my employees. Consequently, it would be unwise to do what Mr. Kind suggests because it would result in a duplication of effort and increase Ameren Missouri operating costs, which in turn increases the costs reflected in retail rates, without any improvement in how Ameren Missouri's interests are represented, given MISO's stakeholder voting policies.

Q. Can you elaborate more specifically on why Ameren Missouri's interests are adequately represented?

A. Absolutely. Not counting the Transmission Owner's Committee, MISO has approximately 30 active committees, subcommittees, work groups, task teams and task forces which meet on a monthly basis. Ameren Services employees participate in all of these entities to differing degrees on behalf of Ameren Missouri; in addition, Ameren Missouri employees directly participate in these groups to some degree. Where primary coverage on these stakeholder groups is assigned to Ameren Services employees, each of the operating companies' overall cost of MISO membership is lower than the alternative, which would be for each of the operating companies to assign individuals to the specific MISO groups. Additionally, each of the operating groups--mine included--have individuals monitor a variety of the stakeholder meetings based on what is on the agenda of the particular meeting. Consequently, when there is a topic of particular interest to Ameren Missouri, then typically an Ameren Missouri representative will participate.

Q. Please provide examples of how your employees are personally involved in the MISO stakeholder process.

A. Members of my work team focus on the MISO work groups that have the greatest impact on Ameren Missouri's market activities. Those work groups are as follows:

- **Markets Subcommittee** ("MSC"): this group provides guidance to the Advisory Committee on all market activities including, but not limited to, transmission, energy, and capacity, Financial Transmission Rights ("FTR"), and credit and ancillary markets.

- **Supply Adequacy Work Group** ("SAWG"): this group develops recommendations regarding the use of mechanisms to ensure adequate capacity supply within the MISO footprint.

- **Financial Transmission Rights Work Group** ("FTRWG"): this group is responsible for identifying and recommending solutions to increase and instigate consistent funding of FTRs.

- **Reliability Subcommittee** ("RSC"): this group is primarily responsible for providing direction in security coordination and tariff administration functions, and the developing and recommending of operational procedures.

- **Seams Management Work Group**: this group considers issues and topics related to seams coordination with other market or non-market entities and other RTOs in order to optimize the efficiencies and communication across the seams.

In most instances, my employees participate through conference calls and the utilization of Webex services. In general this interaction may include some time of five or six individuals who work for me. To the extent we need other coverage at the MISO, we rely upon Ameren Services employees, who are in regular communication with us regarding MISO matters, Ameren Missouri's concerns, viewpoints, and needs.

Q. Would you please describe some of the interactions that you and your staff have with Ameren Services employees regarding the MISO stakeholder process?

A. Yes. On a biweekly basis, we meet with Ameren Services' Wholesale Power and Fuels Accounting group which is responsible for RTO interactions and trading financial settlements. On a biweekly basis we meet with members of Ameren Services Strategic Initiative and Corporate Development groups to discuss MISO issues that may have some effect on my operations, which in turn affect Ameren Missouri as a whole. Members of my staff have almost daily conversations with many of the Ameren Services employees who are assigned to follow the MISO processes.

Q. Can you provide some examples of Ameren Missouri positions that were addressed or reflected in the overall position expressed on behalf of the four Ameren MISO members or in a vote as part of the MISO stakeholder process?

A. Absolutely, I have three examples; of course, these are just illustrative of the day-to-day interactions that happen within the Ameren Services MISO process:

- Revenue Sufficiency Guarantee ("RSG"): Several years ago, Ameren Services (and Northern Indiana Public Service Company) initiated a proceeding at FERC regarding how MISO was calculating and distributing RSG costs within its footprint. Ameren Services' main concern (a concern supported by Ameren Missouri) was that Market Participants who were causing the specific RSG cost were not the ones financially responsible for the cost to the footprint. Though parts of this proceeding are still ongoing, the bottom line is that Ameren Missouri has seen a reduction in first-pass RSG charges.

- Financial Transmission Rights Work Group ("FTRWG"): Recently, this group took up the issue of FTR funding and how to fix the consistent underfunding of

these rights which the market has seen over the last several years. The FTRWG proposed a convoluted decision-tree type of analysis which had proposals ranging from doing nothing to completely revamping the entire process. Ameren Missouri (and its affiliate Ameren Illinois) advocated going forward with process improvements to the current methodology and Ameren Services advocated for this position at the FTRWG.

- Recent Resource Adequacy Enhancement filing "RAC Filing": Given Ameren Missouri's forecasted long capacity position and this Commission's position on Integrated Resource Planning and reliability (i.e. Reserve Margin requirements), it is my opinion that a forward capacity market (a version of which is being proposed by MISO in its RAC Filing) is beneficial to Ameren Missouri and its retail customers. During discussions and negotiations at MISO in preparation for the RAC Filing, Ameren Missouri was primarily concerned with two things: (1) assurance that we were able to serve our native load with our resources and (2) assurance that generation resources Ameren Missouri owns, which are located in Illinois and are utilized to serve native load in Missouri, will not be subject to any future zonal cost adders. MISO's RAC Filing included a self-serve/self-supply option (as well as an opt-out option) and the creation of "Grandmothered Agreements" which address the concerns we outlined as a vertically-integrated market participant. Addressing those concerns was advanced by Ameren Services as the overall "Ameren" position, consistent with Ameren Missouri's interests.

Q. **How does the voting power of Ameren Services acting on behalf of the Ameren subsidiaries who are MISO market participants compare to the voting power of other stakeholders at MISO?**

A. Given MISO's one-vote per group of holding company subsidiaries that are MISO transmission owners construct, Ameren Services' one vote in the stakeholder process reflects no more or less voting power than any other stakeholder's vote. In fact, to the extent that like-thinking-entities combine their votes, one could say that their votes carry more weight in providing guidance to MISO. For example, the Load Serving Entity Coalition[3] typically has 13 votes that substantially impact the outcome of most any stakeholder votes that occur at MISO. Furthermore, I would note that all state regulatory authorities (including this Commission) and Public Consumer Groups (including OPC) have individual voting rights in the stakeholder groups. This means that OPC has a vote equal to the one vote Ameren Services can cast, although I would note that OPC has acknowledged in response to a data request that the Company submitted to Mr. Kind that "no voting has taken place for about 10 years and OPC has not had any reason to determine what our current voting rights are."

Q. Why do you discuss Ameren Services' voting in the context of the voting power of other stakeholders?

A. Simply to illustrate an additional reason why Mr. Kind's recommendation is unnecessary and unwise. Duplication of work already being done (and done well) by Ameren Services employees who have developed specialized knowledge and skills in these matters, who deal with these matters more cost-effectively, who already regularly communicate with Ameren Missouri about MISO matters, and who already properly represent Ameren Missouri's interests at the MISO, makes no sense. It makes even less

[3] Current LSE Coalition includes; Basin Electric Coop, Central Minnesota Municipal Power Agency, Great Lakes Utilities, Illinois Municipal Electric Agency, Indiana Municipal Power Agency, Michigan Public Power Agency, Missouri River Energy Services, City of Muscatine, Prairie Power (formerly Soyland), Southern Minnesota Municipal Power Agency, Western Area Power Administration, Wolverine Power Supply, Wisconsin Power supply Coop. Membership may change from time-to-time.

sense when one considers that duplicating the work they already do will not result in Ameren Missouri having a separate or additional vote, and when one considers that this Commission and OPC have the power to exercise voting rights that together exceed the number of votes that can be cast on Ameren Missouri's behalf at the MISO.

Q. Does this conclude your surrebuttal testimony?

A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of Union Electric Company d/b/a Ameren Missouri for Authority to Continue the Transfer of Functional Control of Its Transmission System to the Midwest Independent Transmission system Operator, Inc.	)))))	Case No. EO-2011-0128

AFFIDAVIT OF JAIME HARO

STATE OF MISSOURI)
) **ss**
CITY OF ST. LOUIS)

Jaime Haro, being first duly sworn on his oath, states:

1. My name is Jaime Haro. I work in the City of St. Louis, Missouri, and I am employed by Union Electric Company d/b/a Ameren Missouri as Director of Asset Management and Trading.

2. Attached hereto and made a part hereof for all purposes is my Surrebuttal Testimony on behalf of Ameren Missouri consisting of 9 pages, all of which have been prepared in written form for introduction into evidence in the above-referenced docket.

3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct.

Jaime Haro

Subscribed and sworn to before me this 1st day of November, 2011.

Mary Hoyt
Notary Public

My commission expires: 4-11-2014

Mary Hoyt - Notary Public
Notary Seal, State of
Missouri - Jefferson County
Commission #10397820
My Commission Expires 4/11/2014