

Exhibit No.:
Issues: Effect of Transfer on
Transmission Service
Witness: Edward C. Pfeiffer
Sponsoring Party: Union Electric Company
d/b/a AmerenUE
Type of Exhibit: Surrebuttal Testimony
Case No.: EO-2004-0108
Date Testimony Prepared: March 1, 2004

MISSOURI PUBLIC SERVICE COMMISSION

Case No. EO-2004-0108

FILED⁴

APR 16 2004

**Missouri Public
Service Commission**

SURREBUTTAL TESTIMONY

OF

EDWARD C. PFEIFFER

ON

BEHALF OF

UNION ELECTRIC COMPANY

d/b/a AmerenUE

St. Louis, Missouri
March 1, 2004

Exhibit No. 13
Case No(s). EO-2004-0108
Date 3-25-04 Rptr xs

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

**In the Matter of the Application of Union)
Electric Company d/b/a AmerenUE for)
an Order Authorizing the Sale, Transfer)
an Assignment of Certain Assets, Real Estate)
Leased Property, Easements and Contractual)
Agreements to Central Illinois Public)
Service Company d/b/a AmerenCIPS, and)
in Connection Therewith, Certain Other)
Related Transactions.)**

Case No. EO-2004-0108

AFFIDAVIT OF EDWARD C. PFEIFFER

STATE OF MISSOURI)
) SS
CITY OF ST. LOUIS)

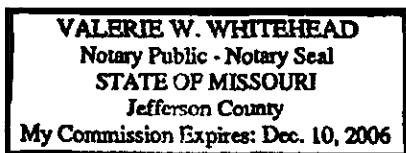
Edward C. Pfeiffer, being first duly sworn on his oath, states:

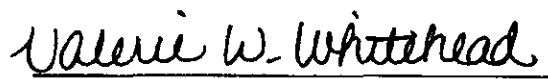
1. My name is Edward C. Pfeiffer. I am the Director of the Transmission Planning and Services Department for Ameren Services Company.
2. Attached hereto and made a part hereof for all purposes is my Surrebuttal Testimony consisting of 7 pages, all of which have been prepared in written form for introduction 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.



Edward C. Pfeiffer

Subscribed and sworn to before me this 1st day of March, 2004.





Notary Public

1 A. The purpose of my testimony is to respond to the rebuttal testimony of Missouri
2 Public Service Commission ("Commission") Staff witnesses Michael S. Proctor
3 and Alan J. Bax relating to effects on transmission service they allege might occur
4 relating to the transfer of AmerenUE's Illinois assets to Central Illinois Public
5 Service Company, Inc. d/b/a AmerenCIPS. The fact that I have not responded in
6 this Surrebuttal Testimony to a particular issue raised or position taken by other
7 witnesses that have filed rebuttal testimony in this case, or to all of the issues
8 raised or positions taken by these witnesses, should not be construed to mean that
9 I agree with or support such issues or positions.

10 **Q. On page 19 of his rebuttal testimony, Dr. Proctor indicates that "AmerenUE**
11 **should have obtained written assurance from Ameren that it would be held**
12 **harmless with respect to transmission service and transmission charges on**
13 **any of its generating plants that are separated from its transmission system**
14 **because of the proposed Metro East transfer." Do you agree with Dr.**
15 **Proctor's statement?**

16 A. No. As I discuss in more detail below, the Metro East transfer changes nothing
17 with regard to how transmission service will be provided, or regarding what
18 transmission charges might or might not exist, for service from AmerenUE
19 generating plants to AmerenUE load in Missouri.

20 **Q. Please explain.**

21 A. Today, the transmission costs attributable to AmerenUE to deliver capacity and
22 energy from a generator within the combined AmerenUE and AmerenCIPS
23 control area are the same whether the generator is directly connected to

1 AmerenUE's transmission network or embedded within the AmerenCIPS
2 transmission system. Therefore, assuming for the moment that functional control
3 of the combined AmerenUE and AmerenCIPS transmission system is not
4 transferred to the Midwest Independent System Operator, Inc. ("MISO") as
5 requested in Case No. EO-2003-0271, before the Metro East Transfer it makes no
6 difference which operating company (AmerenUE or AmerenCIPS) owns the
7 poles, easements, and wires that comprise the transmission system. The
8 combined transmission system, as Dr. Proctor recognizes in his rebuttal
9 testimony, is operated as a single control area. That operation of the system, and
10 the ability of AmerenUE to designate network resources within the control area,
11 occurs irrespective of which operating company holds title to the individual
12 transmission assets. After the Transfer, absolutely nothing will change in that
13 regard. There is nothing to "hold AmerenUE harmless" from what would be or
14 could be "caused" by the Metro East Transfer.

15 **Q. Does your answer to the prior question remain the same if functional control**
16 **of the combined AmerenUE and AmerenCIPS transmission system is**
17 **transferred to the MISO?**

18 **A.** Yes. The distinction in ownership – which entity holds title – to the transmission
19 assets is irrelevant to the MISO. The cost of delivering capacity and energy to
20 AmerenUE from generation resources located anywhere within the Ameren
21 control area, after functional control has been transferred to MISO, will not be
22 impacted at all by the Transfer. Moreover, AmerenUE's ability to designate
23 network resources to serve its load within the control area will not be impacted by

1 the Transfer either. MISO's evaluation of the resources designated by AmerenUE
2 to meet its bundled load obligation would be the same whether or not the Transfer
3 occurs. The combined AmerenUE and AmerenCIPS transmission assets will
4 continue to operate as part of one control area and pricing zone within the larger
5 MISO footprint.

6 **Q. What concerns does Mr. Bax express?**

7 A. He essentially reiterates Dr. Proctor's statement. Specifically, Mr. Bax states that
8 "a main concern lies with assuring transmission capability to transport available
9 power generated at AmerenUE's Illinois facilities to Missouri." He alleges that
10 "little or no assurance has been provided thus far that Missouri customers would
11 retain (or be guaranteed) priority status with respect to the power generated at
12 AmerenUE owned facilities in Illinois." He concludes by recommending that the
13 Commission only approve the Metro East transfer if Ameren provides the "hold
14 harmless" commitment Dr. Proctor advocates in his testimony.

15 **Q. Please respond to Mr. Bax's concerns.**

16 A. My response to Mr. Bax's concerns is the same as my responses outlined above to
17 Dr. Proctor's concerns. The Transfer does not and will not have any impact on
18 whether the generation resources that will no longer be directly connected to
19 AmerenUE's lines can be used as designated resources for serving AmerenUE
20 load. Moreover, the Transfer will not adversely affect transmission costs for
21 delivering the capacity and energy to AmerenUE either.

22 **Q. Do you have any additional information that further clarifies Mr. Bax's**
23 **concerns?**

1 A. Yes. We recently received responses to three Data Requests to Mr. Bax, as
2 follows:

3 DR No. 1: Mr. Bax indicates at pages 4 and 5 of his rebuttal testimony
4 that AmerenUE could [be] forced to install additional transmission
5 facilities to ensure the availability of its generation, as Ameren Services
6 may not value transmission availability and/or energy transfers to
7 Missouri customers as highly as AmerenUE does. It is understood based
8 on Mr. Bax's rebuttal testimony at pages 4 and 5, lines 10-23 and 1-4,
9 respectively, that joint dispatch of assets is reason in part for his concern.
10 Assuming this to be the case, is Mr. Bax aware of any instance where
11 AmerenUE was forced to install additional transmission facilities to
12 ensure the availability of its generation, during anytime the agreement
13 pertaining to joint dispatch of assets was in effect? If so, please identify
14 all facts and circumstances surrounding each instance and provide all
15 relevant documents.

16
17 Mr. Bax's Response: No, I am not aware of any such instance. As
18 referred to in my rebuttal testimony, this concern, as it pertains to
19 transmission assets currently owned by AmerenUE in Illinois, is
20 prospective in nature.

21
22 DR No. 2: Explain what Mr. Bax means at page 4, line 21 of his rebuttal
23 testimony when he refers to "priority status".

24
25 Mr. Bax's Response: I will be changing the word "priority" to the words
26 "network resource" in my rebuttal testimony. By "network resource
27 status" I mean the ability of the utility to include that resource in meeting
28 its capacity needs, including the transmission service to provide electricity
29 from that resource to its load without having to build or buy additional
30 transmission.

31
32 DR No. 3: Please explain how retention of the transmission assets as
33 identified in Mr. Bax's rebuttal testimony at pages 4 and 5 would ensure
34 that AmerenUE Missouri customers would have "priority status" with
35 respect to the power generated at AmerenUE owned facilities in Illinois.

36
37 Mr. Bax's Response: This is based on the belief that retaining ownership
38 of the transmission assets would increase the likelihood of: 1) having the
39 generation connected to that transmission being granted network resource
40 status; and 2) controlling the potential use of those transmission assets.
41 Moreover, the risk of losing influence over the use of an asset is increased
42 when ownership of property is relinquished.

43
44 **Q. Please comment on Mr. Bax's responses to these Data Requests.**

1
2 A. Mr. Bax's responses confirm that his concerns, and those of Dr. Proctor, are
3 misplaced. As I explained above, AmerenUE's ability to designate resources,
4 whether or not the combined AmerenUE and AmerenCIPS systems are or are not
5 under the functional control of the MISO, will not be impacted by which entity
6 holds "title" to the transmission assets. Thus, the ability of AmerenUE to
7 include "that resource in meeting its capacity needs" (a concern clarified by Mr.
8 Bax in his response to DR No. 2) is totally unaffected by the Metro East transfer.

9 **Q. What about Mr. Bax's "beliefs," expressed in his answer to Data Request No.**
10 **3?**

11 A. I already explained that ownership – title – to the transmission assets does not
12 impact whether or not generation can be designated as a network resource. With
13 regard to Mr. Bax's second "belief," regarding "controlling" the potential use of
14 those transmission assets, his concerns miss the mark there as well. The
15 AmerenUE transmission system, today – before the Transfer – is functionally
16 controlled by Ameren Services Company as agent for AmerenUE and
17 AmerenCIPS as part of one control area and under the Ameren OATT. After the
18 Transfer, nothing changes, unless functional control is transferred to the MISO, in
19 which case MISO will take over functional control and MISO's OATT will apply
20 instead of Ameren's OATT. The ability of AmerenUE to "control" or "influence"
21 the use of the system is unaffected, however, by the Transfer, whether the systems
22 are, or are not, in MISO.

1 **Q.** Is a “hold harmless” commitment from Ameren to AmerenUE to the effect
2 that the Metro East Transfer will not negatively impact transmission service
3 or transmission costs necessary, or does it even make sense?

4 **A.** No. There is nothing about the Transfer that affects service or costs so there is
5 nothing for Ameren to “hold AmerenUE harmless” from arising from the
6 Transfer.

7 **Q.** Does that conclude your testimony?

8 **A.** Yes.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing has been sent to all parties of record this 1st day of March, 2004 by electronic mail (e-mail) or U.S. Mail.

/s/ Joseph H. Raybuck