

Commissioners

KELVIN L. SIMMONS
Chair

CONNIE MURRAY

SHEILA LUMPE

STEVE GAW

BRYAN FORBIS

Missouri Public Service Commission

POST OFFICE BOX 360
JEFFERSON CITY MISSOURI 65102
573-751-3234
573-751-1847 (Fax Number)
<http://www.psc.state.mo.us>

ROBERT J. QUINN, JR.
Executive Director

WESS A. HENDERSON
Director, Utility Operations

ROBERT SCHALLENBERG
Director, Utility Services

DONNA M. PRENGER
Director, Administration

DALE HARDY ROBERTS
Secretary/Chief Regulatory Law Judge

DANA K. JOYCE
General Counsel

March 18, 2003

The Honorable Magalie R. Salas, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington D.C. 20426

Re: Ameren Energy Generating Co. and Union Electric Co. d/b/a AmerenUE,
Docket No. EC03-53-000 -- Comments of the Missouri Public Service
Commission Regarding the Application to Transfer Generating Assets from
Ameren Energy Generating Co. to AmerenUE

Dear Ms. Salas:

Union Electric Company d/b/a AmerenUE ("AmerenUE") has asked the Missouri Public Service Commission ("Missouri Commission") to submit a letter to the Federal Energy Regulatory Commission ("FERC") requesting that the FERC expeditiously approve the February 5, 2003 Application of Ameren Energy Generating Company ("AEG") and AmerenUE (collectively, "Applicants") filed in Docket No. EC03-53-000 for all authorizations and approvals necessary, under section 203 of the Federal Power Act ("FPA"), 16 U.S.C. § 824b, for AEG to sell and transfer, and AmerenUE to purchase and accept, certain generation assets now owned by AEG. This letter is the Missouri Commission's response to AmerenUE's request.

The Missouri Commission agrees with the Applicants that the proposed transaction would address certain provisions of a Stipulation and Agreement ("Stipulation") that was approved by the Missouri Commission on July 25, 2002. Specifically, the transaction would address the term of the Stipulation that says AmerenUE is to make infrastructure investments to add 700 MW of generating capacity over the period of an agreed to rate moratorium through June 30, 2006. [Stipulation, Section 4]. The Stipulation allows for this obligation to be met through the purchase of generating facilities from an affiliate at net book value but the Stipulation does not require that the additional generating capacity obligation be satisfied through the purchase of capacity from an affiliate to the exclusion of other available options. At the time the costs from this transaction are considered for ratemaking purposes, AmerenUE will be responsible to demonstrate that this transaction was prudent and reasonable in light of other available options.

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Neither the Commission nor its Staff have conducted an evaluation of the prudence of the present course of action taken by AmerenUE, which evaluation would include an examination of the options available to AmerenUE to meet this need. Missouri statutes do not require the pre-approval by the Missouri Commission of a utility's acquisition or construction of generating assets. Instead, at the time the costs of such acquisitions are sought to be recovered in rates and the investment is sought to be included in rate base for Missouri bundled retail customers, the Missouri Commission will make a determination whether such costs were prudently and reasonably incurred by the utility, including whether such an acquisition was a prudent long-run cost alternative for meeting the needs of Missouri bundled retail customers.¹

AmerenUE projects a need for 543 megawatts of generation capacity to meet its generation adequacy requirement² for the summer of 2003, and the Application would transfer 548 megawatts of combustion turbine capacity to meet that need. Because the Missouri Commission is concerned that the FERC might place some incorrect interpretation on the Missouri Commission's not intervening in FERC Docket No. EC03-53-000, the Missouri Commission states that it has not filed an intervention as it expects that this transfer of assets will come before the Missouri Commission in a state ratemaking proceeding at a future date. Thus, even if the Missouri Commission were to intervene, it would not participate in any manner that might indicate prejudgment of the matters that later will be decided by the Missouri Commission, if the FERC approves the February 5, 2003 Application.

The Missouri Commission assures the FERC that the interests of bundled retail customers in Missouri will be protected in a Missouri Commission proceeding, and on that basis requests that the FERC timely consider the AmerenUE and AEG Application and states further that it does not object to FERC approval of that Application. The Missouri Commission further states that it is not seeking to comment in any manner on the protests filed by various entities in the instant proceeding.

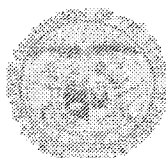
Respectively submitted,

/s/ Kelvin L. Simmons

Kelvin L. Simmons

¹ In 1999, certain Missouri investor-owned electric utilities, including Union Electric Company, filed an application requesting that the Missouri Commission rescind its electric resource planning rules (4 CSR 240-22). As a result of that filing, a Unanimous Stipulation And Agreement was reached and approved by the Missouri Commission, whereby the Missouri investor-owned electric utilities were granted variances from the Commission's electric resource planning rules. Instead of following the detailed procedures set out in those rules, the Missouri investor-owned electric utilities meet with the Missouri Commission Staff and others every six months to provide an update on their resource plans. These utilities also submit to the Manager of the Missouri Commission's Energy Department, a letter and documents in support of specific resource acquisitions. Neither the electric resource planning rules, the bi-annual meetings nor the letters and documents in support of specific resource acquisitions require or constitute pre-approval by the Missouri Commission for purposes of setting utility rates. (If the Missouri Commission grants a utility a certificate of convenience and necessity to serve a specified service territory, the utility does not need subsequent Commission authorization to construct generation, transmission or distribution facilities within that certificated service territory.)

² AmerenUE's generation adequacy requirement is to meet the reliability reserve requirements of the Mid-American Interconnected Network, Inc, of which AmerenUE is a member.



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Secretary/Chief Regulatory Law Judge
DANA K. JOYCE
General Counsel

June 3, 2003

The Honorable Magalie R. Salas, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Re: Ameren Energy Generating Co. and Union Electric Co. d/b/a AmerenUE,
Docket No. EC03-53-000 - Additional Comments of the Missouri Public Service
Commission

Dear Ms. Salas

By letter dated March 18, 2003, the Missouri Public Service Commission ("Missouri Commission") submitted comments to the Federal Energy Regulatory Commission ("FERC") on the February 5, 2003 Application of Ameren Energy Generating Company ("AEG") and Union Electric Company d/b/a ("AmerenUE") (collectively, "Applicants"), filed in FERC Docket No. EC03-53-000 ("February 5 Application"). A copy of the March 18th letter is attached. By order issued May 5, 2003 in Docket No. EC03-53, the FERC set the February 5 Application for hearing to examine its possible effects on competition.¹

As recognized in the May 5th Order (at ¶13, 47), the option for AmerenUE to purchase generating plant from AEG was provided for in the rate case settlement and stipulation that was approved by the Missouri Commission on July 25, 2002 ("Settlement"). Prior to the Settlement, AmerenUE had met on several occasions with Missouri Commission staff to discuss AmerenUE's purchase of generating units from AEG, more particularly, purchase of the Columbia² and Pinckneyville units. The Missouri Commission believes that infrastructure improvement was a

¹ Ameren Energy Generating Co. and Union Electric Co. d/b/a AmerenUE, 103 FERC ¶ 61,128, at P 35 (2003) ("May 5 Order").

² Subsequent to those Staff discussions, AmerenUE discussed with MoPSC Staff the substitution of the Kimmunity plant for the Columbia plant due to issues that made transfer of the Columbia facility less feasible.

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fundamental component of the Settlement. AmerenUE's ability to purchase the Columbia and Pinckneyville generating units from AEG was a known and viable option for meeting capacity infrastructure needs at the time of the Settlement.

The Missouri Commission is mindful of FERC's policy considerations set forth in the Cinergy order.³ The Missouri Commission is also mindful that the stipulation approved by the Missouri Commission became effective prior to FERC's reference in Cinergy to a prospective methodology. The Missouri Commission requests that the FERC recognize AmerenUE's need to acquire secure supplies, just as it recognized the need of PSI in the Cinergy case.

The Missouri Commission prefers the surety and reliability of dedicated assets to meet Missouri load requirements to protect Missouri consumers from price spikes and curtailment issues. AmerenUE's application to purchase the generating units is consistent with this preference and with the rate case settlement and stipulation approved by the Missouri Commission, and the prudence of this transaction will be reviewed by the Missouri Commission. AmerenUE agrees that the Missouri Commission has the authority to fully analyze the prudence of this proposed transaction, including, but not limited to, the timing of the purchase, the amount of the purchase, the need for the purchase, and the appropriateness of the purchase in light of other options, including purchase on the market or acquisition of other assets. In exercising this authority, the Missouri Commission is confident that it can protect the interests of ratepayers and shareholders.

The Missouri Commission requests, therefore, that the FERC expeditiously reconsider its May 5 Order in which it set this matter on a hearing track. Further, the Missouri Commission asks that FERC not render a decision or establish a policy that promotes a competitive market in exchange for Missouri consumers being exposed to greater upward price volatility and a reduced reliability of supply.

Respectfully submitted,



Kelvin L. Simmons
Chair

Attachment

cc: Hon. Connie Murray
Hon. Steve Gaw
Hon. Bryan Forbis
Hon. Robert Clayton III
Steven R. Sullivan, Vice-President Regulatory Policy,
General Counsel and Secretary, Ameren Services, Co.

³ See, Cinergy Services, Inc., 102 FERC ¶ 61,128 (2003) ("Cinergy").