

CASSIDY SCHEDULE 1

HAS BEEN DEEMED

PROPRIETARY IN ITS ENTIRETY

CASSIDY SCHEDULE 2

HAS BEEN DEEMED

PROPRIETARY IN ITS ENTIRETY

**Ameren UE's Response to
MPSC Staff Data Request
Case No. EC-2002-1
Excess Earning Compliant
Staff of MPSC v Union Electric Company d/b/a AmerenUE**

No. 182


Request:

1. Does AmerenUE accrue for costs associated with Callaway refueling?
2. If the answer to number 1 above is no, then please explain why not.

Response:

1. No.
2. Based upon my research, a decision was made by Senior Management to book Callaway re-fueling costs as they actually were incurred. AmerenUE has not accrued for future period expenditures, if the service or material has not been received /performed in the current period.

Signed By:


Prepared By: Connie S. Scheinmocker
Title: Manager - Accounting

CASSIDY SCHEDULE 4

HAS BEEN DEEMED

PROPRIETARY IN ITS ENTIRETY

ORIGINAL

FILED
OFFICE OF THE SECRETARY
02 MAY 28 PM 1:49
FEDERAL ENERGY
REGULATORY COMMISSION

JONES, DAY, REAVIS & POGUE
51 LOUISIANA AVENUE, N.W.
WASHINGTON, D.C. 20001-2113
PHONE: 202-879-3939 • FACSIMILE: 202-626-1700

WRITER'S DIRECT NUMBER:

202-879-5426

May 28, 2002

Magalie R. Salas
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington DC 20426

Re: **Alliance Companies, et al.,**
Docket No. EL02-65-000: 006
Compliance Filing of Ameren Services Company

Dear Ms. Salas:

By its Order on Petition for Declaratory Order ("Order"), issued April 25, 2002, in this docket, the Commission required the Alliance Companies to make a compliance filing within 30 days of the date of the Order and, in such filing, to declare which regional transmission organization ("RTO") the Alliance Companies plan to join and "whether such participation will be collective or individual." *Slip op.* at 5. In compliance with the Order, Ameren Services Company ("Ameren"), as agent for and on behalf of Union Electric Company, dba Ameren UE, and Central Illinois Public Service Company, dba Ameren CIPS, advises the Commission that Ameren will join the Midwest Independent Transmission System Operator, Inc. Regional Transmission Organization ("MISO").

Ameren and MISO executed the enclosed Memorandum of Understanding ("MOU") on May 24, 2002. Ameren will apply for membership in MISO on or before June 23, 2002 (thirty days after the date of the MOU), either as an individual transmission owner or as part of an Independent Transmission Company ("ITC"). Were Ameren to join MISO initially as an individual owner, Ameren, nonetheless, will retain the option to convert its status at any time to that of a participant member in an ITC under MISO.

Ameren and MISO will promptly negotiate and execute the necessary membership and other agreements for filing with this Commission and any other regulatory agencies. Ameren and MISO intend that Ameren shall begin operations under MISO no later than four months after receipt of the last regulatory approval.

Within sixty days of receipt of FERC approval, MISO shall return to Ameren, with interest, the \$18 million payment that Ameren made to MISO to exit MISO and join the Alliance RTO under the terms of the settlement accepted by this Commission in *Illinois Power Company, et al.*, 95 FERC ¶ 61,183, *reh'g denied*, 96 FERC ¶ 61,026 (2001).

020606-0023-1

DOCKETED

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*ASSOCIATE FIRM

Schedule 5-1

JONES, DAY, REAVIS & POGUE

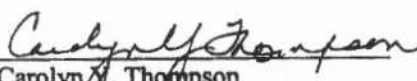
Magalie R. Salas
May 28, 2002
Page 2

Any communications or correspondence concerning this compliance filing should be directed to:

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Senior Vice President
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1901 Chouteau Avenue
St. Louis MO 63103
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carolynthompson@jonesday.com

Respectfully submitted,
Ameren Services Company


Carolyn Y. Thompson
One of its attorneys

WA-1298479v1

Schedule 5-2

Memorandum of Understanding

This Memorandum of Understanding is entered into this 24th day of May 2002 between Ameren Services Company ("Ameren Services"), as agent for Union Electric Company, d/b/a AmerenUE and Central Illinois Public Service Company, d/b/a AmerenCIPS, and the Midwest Independent Transmission System Operator, Inc. ("MISO"). Ameren Services and MISO may individually be referred to below as a "Party" or collectively as "Parties".

Witnesseth:

Whereas Union Electric Company and Central Illinois Public Service Company (collectively, the "Ameren Operating Companies") are wholly owned subsidiaries of Ameren Corporation ("Ameren"), a multi-state public utility holding company system; and

Whereas Ameren Services, as agent for the Ameren Operating Companies, operates the transmission facilities of the Ameren Operating Companies as a single system pursuant to Ameren Services' Open Access Transmission Tariff; and

Whereas the transmission facilities operated by Ameren Services are not currently under the operational control of a Federal Energy Regulatory Commission ("FERC") approved Regional Transmission Organization ("RTO"); and

Whereas MISO is a FERC approved RTO with an open architecture that accommodates various forms of participation in its organization including independent transmission companies; and

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Whereas Ameren Services, as agent for the Ameren Operating Companies, desires to pursue participation in the MISO in a manner that maximizes the value of the transmission assets that Ameren Services operates; and

Whereas the Parties have entered into negotiations to develop arrangements that would allow Ameren Services to participate either as a transmission owner within MISO or as a member of an independent transmission company within MISO; and

Whereas the Parties desire to set forth the principles and conditions governing Ameren Services' proposed participation in MISO.

Now therefore, the Parties agree as follows:

1. For purposes of this Memorandum of Understanding, the transmission facilities proposed to be transferred to MISO's operational control include all transmission facilities owned by the Ameren Operating Companies within the control area operated by Ameren Services.
2. Ameren Services, on behalf of the Ameren Operating Companies, will apply for membership in MISO as an individual transmission owner or, as part of an Independent Transmission Company, under Appendix I of the MISO Agreement. Such Independent Transmission Company may be the Alliance Gridco. Ameren Services will apply for such membership in MISO within thirty days of execution of this Memorandum of Understanding. If Ameren Services assumes membership in MISO as an individual transmission owner, Ameren Services may nonetheless transfer the transmission facilities of the Ameren Operating Companies to an Independent Transmission Company operating under Appendix I of the MISO Agreement at any time. Ameren Services' rights and obligations under this Memorandum of Understanding will apply whether Ameren Services joins MISO as an individual transmission

owner or as part of an Independent Transmission Company, except that the withdrawal provisions for an individual transmission owner would apply if Ameren Services joins and remains as an individual transmission owner.

3. Ameren Services will remain in MISO through at least December 31, 2004, but has the right to withdraw from MISO at anytime thereafter, subject to the required regulatory approvals. Except as provided in paragraphs 6 and 7, Ameren Services will provide MISO with no less than twelve months written notice of its intent to withdraw from MISO. While Ameren Services will not be responsible for an exit fee in order to withdraw, Ameren Services will remain responsible for all financial obligations it incurs under the applicable MISO agreements and the MISO Open Access Transmission Tariff (MISO Tariff) before the date of its withdrawal. It is the intent of the Parties that Ameren Services' financial obligations to the MISO upon its departure will be limited to (i) any unamortized Ameren Services integration costs as described in paragraph 8, (ii) any unamortized Alliance RTO and Alliance Participants Administrative and Start-Up Activities Company LLC costs as described in paragraph 12, (iii) should the Offer of Settlement in Docket No. ER02-111-000 concerning the Schedule 10 to the MISO Tariff (MISO Schedule 10) be approved by the FERC, Ameren Services' proportional share of any unamortized settlement credits and associated financing costs that were applicable in a month when load served within the Ameren Services zone was paying the MISO Schedule 10 charges and the settlement credits were in force, and (iv) Ameren Services load ratio share of any unamortized amounts resulting from the payment pursuant to paragraph 14.
4. MISO will make no assessment or other allocation to Ameren Services or other MISO transmission owners or Independent Transmission Companies of capital costs associated with the integration of the Southwest Power Pool, its transmission owners or members into MISO. The costs associated with such integration will be recovered under MISO Schedule 10.

5. MISO will make no assessment or other allocation to Ameren Services or other MISO transmission owners or Independent Transmission Companies of capital costs associated with the development and implementation of a standard market design. The MISO will file with the FERC a proposal for deferring and recovering costs associated with the development and implementation of a standard market design from all market participants through a user based transaction mechanism similar to MISO Schedule 10; provided however, MISO will not make such FERC filing until after MISO has first presented the proposal to its stakeholders for review and comment.
6. If ownership of all or a substantial portion of the Ameren Operating Companies transmission facilities is changed as a result of a sale, merger, or acquisition involving a party other than an affiliate of the Ameren Operating Companies, then the new owner may withdraw the applicable Ameren Operating Companies' transmission facilities from MISO at any time following thirty days written notice to MISO, subject to applicable regulatory approvals.
7. Subject to FERC approval, Ameren Services, on behalf of the Ameren Operating Companies, will have the right to withdraw from MISO upon thirty days written notice if any MISO transmission owners or Independent Transmission Companies withdraw from MISO and either: a) the transmission facilities of the Ameren Operating Companies are no longer directly interconnected with a remaining MISO member; or, b) in Ameren Services sole discretion, a material portion of the transmission facilities under MISO's operational control are removed by the withdrawing member or members.
8. MISO and Ameren Services will incur costs to integrate the transmission facilities of the Ameren Operating Companies into MISO. MISO and Ameren Services will agree upon an integration plan and budget prior to any integration expenditures being made. MISO will reimburse Ameren Services for its integration costs upon completion of the integration plan activities.

MISO will recover its costs, both those directly incurred and those incurred to reimburse Ameren Services, exclusively from MISO Schedule 10 revenues. Ameren Services will not have to pay the MISO membership application fee because of Ameren's existing MISO membership status. Ameren Services, the Ameren Operating Companies, Ameren's affiliate companies or their customers, as applicable, will pay the MISO Schedule 10 charge applicable to load served within the Ameren Services zone.

9. MISO will support the use of the existing Ameren Services Open Access Transmission Tariff ("OATT") rates and rate design within the Ameren Services zone, and will permit Ameren Services, at Ameren Services' option to convert its existing OATT rate for network integration transmission service within the Ameren Services zone to a formula based rate. MISO will support the use of Ameren Services' rate structure for operations within MISO to the greatest extent possible. Ameren Services reserves the right to proffer, individually or with other companies, the Alliance rate design endorsed by the FERC in its April 25, 2002 Order On Petition For Declaratory Order in Docket Nos. EL02-65-000 et al (hereinafter the "April 25th Order").
10. MISO will also support the recovery of Ameren Services' lost revenues resulting from the elimination of multiple zonal transmission rate charges and corresponding revenue allocation in a manner consistent with the April 25th Order.
11. MISO will either discount its total charges for Drive-Out and Drive-Through Service or make a Section 205 application with the FERC to lower the cap on its total charges for Drive-Out and Drive-Through Service. The new cap on its total charges for Drive-Out and Drive-Through Service, whether achieved by discount or filing, will be formulated to provide flexibility for the MISO to maximize revenue while minimizing the charges applied to this service.
12. MISO will make a Section 205 application with the FERC to provide for the recovery, through MISO Schedule 10, of all prudent costs incurred by the

Ameren Operating Companies for Alliance RTO development and start-up activities, including costs of establishing Alliance Participants Administrative and Start-Up Activities Company LLC.

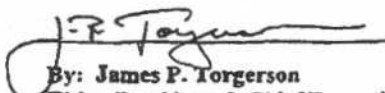
13. The Parties acknowledge that implementation of these principles and conditions may be subject to the approval of regulatory authorities. MISO and Ameren Services agree to cooperate in negotiating and executing any agreements necessary to reflect the provisions of this Memorandum of Understanding so that applications for all necessary regulatory approvals can be filed as soon as possible. It is the objective of MISO and Ameren Services that Ameren Services begin operations under MISO no later than four months after receipt of the last regulatory approval.
14. Within 60 days after final order from FERC is received accepting Ameren Services participation in MISO on terms consistent with this Memorandum of Understanding, the MISO agrees to pay to Ameren Services the \$18 million paid to the MISO pursuant to the Settlement Agreement reached in Docket No.ER01-123-002 plus interest and less credits, if any, actually received by Ameren Services or its affiliates through Schedule 10A. The interest rate will be determined monthly using the average monthly rate the MISO earned on investments from the time the monies were received by the MISO until the date of the repayment.
15. In the event that a regulatory authority materially modifies any of the terms and conditions of Ameren Services' participation in MISO, including its rights under this Memorandum of Understanding, the Parties agree to negotiate in good faith to establish new terms and conditions that place the Parties in the same position as bargained for herein. In the event that the Parties cannot reach an agreement within thirty days of the regulatory action on new terms and conditions, or the new terms and conditions are not subsequently approved by the regulatory authority, Ameren Services may withdraw its application to join MISO upon thirty days written notice.

16. All discussions and information exchanged under this Memorandum of Understanding are confidential. No information provided by the disclosing Party to the other Party may be disclosed to third parties without the consent of the disclosing Party. No Party will issue any press release or make any public disclosure concerning this Memorandum of Understanding without the consent of the other Party.

AGREED TO this 24th day of May 2002 by the undersigned representatives of Ameren Services and MISO.

Midwest Independent Transmission
Incorporated

Ameren Services Company
as agent for
Union Electric Company d/b/a
AmerenUE and
Central Illinois Public Service
Company d/b/a AmerenCIPS



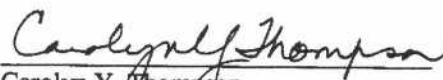
By: James P. Torgerson
Title: President & Chief Executive Officer



By: David A. Whiteley
Title: Senior Vice President

CERTIFICATE OF SERVICE

I hereby certify that the foregoing document has been this day served on each party designated on the official service list compiled by the Secretary in this proceeding.



Carolyn Y. Thompson
Jones, Day, Reavis & Pogue
51 Louisiana Avenue, NW
Washington DC 20001-2113
(202) 879-5426

Dated this 28th day
of May, 2002

WA-1265398v1

Schedule 5-10

AmerenUE's Response to
MPSC Staff Data Request
Case No. EC-2002-1
Excess Earnings Complaint
Staff of the MPSC v. Union Electric Company d/b/a AmerenUE

No. 207:

Regarding overtime expense associated with Callaway refueling, why did overtime expense associated with refueling 11 exceed each of the five previous refuelings in terms of levels of overtime expense? Please explain in detail. Provide all supporting documentation.

Response:

See AmerenUE's response to MPSC Data Request No. 138.

Signed By: Mary Hoyt
Prepared By: Mary Hoyt
Title: Legal Assistant

CASSIDY SCHEDULE 7

HAS BEEN DEEMED

PROPRIETARY IN ITS ENTIRETY