

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

In the Matter of the Application of)
Union Electric Company for Authority)
To Continue the Transfer of)
Functional Control of Its Transmission)
System to the Midwest Independent)
Transmission System Operator, Inc.)

Case No. EO-2008-0134

STATUS REPORT

COMES NOW Union Electric Company d/b/a AmerenUE (Company or AmerenUE), and hereby files the status report called for by paragraph 15 of the Stipulation and Agreement approved by the Commission in this docket. In this regard, AmerenUE states as follows:

1. On September 9, 2008, the Commission approved a Stipulation and Agreement between AmerenUE, the Staff of the Commission, the Office of the Public Counsel, the Midwest Independent Transmission System Operator, Inc. (Midwest ISO), and the Missouri Industrial Energy Consumers respecting AmerenUE's continued participation in the Midwest ISO.

2. Paragraph 15 of the Stipulation and Agreement provides that AmerenUE will provide a status report respecting the progress of discussions with the Midwest ISO regarding the risks outlined in paragraph 12 of the Stipulation and Agreement. This status report was due to be filed and provided to the Stakeholders (as defined in the Stipulation and Agreement) by December 1, 2008. On December 1, 2008, AmerenUE filed a motion requesting an extension of time to file the status report to December 22, 2008, which motion was granted by the Commission in an order dated December 12, 2008.

3. AmerenUE's Application (in particular paragraph 12 thereof), which opened this docket, enumerated twelve potentially significant uncertainties relating to continued Midwest

ISO participation. Set forth below is an update (if any new developments have occurred) with respect to each of those twelve items.¹

- a) Potential loss of incremental revenues: No change.
- b) Cost allocation of Midwest ISO transmission expansion projects (RECB)²: This month the Midwest ISO convened a new RECB Task Force. Ameren Services Company (Ameren), as agent for AmerenUE, will be actively participating in the new task force. The Midwest ISO's Board of Directors asked that each sector address its views on cost allocation in comments that were presented at the Midwest ISO's December Advisory Committee meeting. Ameren led the effort to draft the comments for the Midwest ISO transmission owners' sector.
- c) Ancillary Services Market: The start of the ancillary services market has been delayed to Jan. 6, 2009. This delay occurred after the Midwest ISO's August 26, 2008 Federal Energy Regulatory Commission (FERC) filing in which the Midwest ISO stated that "a short delay of the commencement of the ASM [ancillary services market] is warranted to provide the Midwest ISO the opportunity to resolve any substantive issues and to facilitate a successful ASM launch. The Midwest ISO, therefore, intends to defer the September 9, 2008 launch date. This deferral will allow an opportunity to further review and analyze the test results; develop and implement any software modifications that may be required; and, if necessary, work with stakeholders on any potential Tariff revision that may be required."
- d) Revenue Sufficiency Guaranty (RSG) and Revenue Neutrality (RNU) Payments: The FERC issued an order on November 7, 2010, which corrected the Midwest ISO's calculation of certain RSG charges. The FERC issued a second order on November 10, 2008 in which the FERC substantially agreed with Ameren's position that the allocation of RSG costs was not just and reasonable. The orders required the Midwest ISO to make compliance filings by December 7 and 10, 2008, respectively, and require the Midwest ISO to refund to customers the amounts due, with interest, for both the recalculations and the overcharges. The November 7, 2008 order applies from the start of the Midwest ISO's Day Two Markets, which the December 10, 2008 order applies to RSG charges starting on August 10, 2007. The Midwest ISO made the required compliance filings on December 7 and 10. Several parties have requested rehearing of the FERC's orders. Those rehearing requests have not yet been ruled upon.
- e) Exit Fee: No change.
- f) Availability and Cost of Transmission in the ICT Case: No change.

¹ The letters, below, correspond to the letters used in paragraph 12 of the Company's Application.

² "RECB" stands for "Regional Expansion Criteria and Benefits Mechanism."

- g) Revenues in the ICT Case: No change.
- h) SPP Day Two Markets: The SPP has no plans to implement Day Two Markets at this time.
- i) Changes in Costs or Revenues Due to Change in Midwest ISO Participants: There are no new transmission owners since the Stipulation and Agreement in this docket was approved. With regard to Module F of the Midwest ISO's Energy Markets Tariff (the Midwest ISO's Western Expansion Proposal), on October 10, 2008, FERC accepted Parts I and II (Reliability Coordination and Congestion Management), but rejected Part III (Market Coordination Service). Part III would have permitted full market participation by entities who still maintain functional control of their transmission assets under their own FERC-approved open access transmission tariff. FERC held a Technical Conference on Nov. 16, 2008. The Midwest ISO and the Midwest ISO transmission owners are filing comments in response to the Technical Conference.
- j) Impact on ICT Case if Gas Prices Increase or Carbon Controls are Implemented: No change.

4. AmerenUE continues to believe that its continued participation in the Midwest ISO, as outlined in the Stipulation and Agreement approved by the Commission, is appropriate. As it has throughout its participation in the Midwest ISO, AmerenUE will continue to work with the Midwest ISO through the stakeholder process to mitigate the uncertainties listed above, both for the benefit of itself and ultimately its customers.

WHEREFORE, AmerenUE respectfully submits this status report.

Dated: December 22, 2008.

SMITH LEWIS, LLP

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served via e-mail, to the following parties, on the 22nd day of December 2008, as follows:

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