STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

Central Illinois Public Service Company	**)**	
d/b/a AmerenCIPS	**)**	
Union Electric Company	**)**	
d/b/a AmerenUE	**)**	**Docket 02-0657**
	)	
Petition for approval of tariff sheets	**)**	
suspending operation of transition charge	**)**	
and purchased power option service until	**)**	
June, 2005.	**)**	

DRAFT PROPOSED ORDER

By the Commission:

I. PROCEDURAL HISTORY

On October 1, 2002, Central Illinois Public Service Company ("AmerenCIPS") and Union Electric Company ("AmerenUE") ("Petitioners" or "Ameren Companies") filed a verified petition requesting that the Illinois Commerce Commission ("Commission") approve certain revised tariff sheets that would suspend the operation of the Petitioners' Rider TC and Rider PPOS from June, 2003 through May, 2005. Petitioners explained Rider TC governs the collection of the transition charge and Rider PPOS governs the offering of purchased power option service.

Petitions to intervene were filed by Midwest Generation, LLC and by a group (the "RES Coalition") consisting of MidAmerican Energy Company, AmerenEnergy Marketing, Blackhawk Energy Services, LLC, Constellation NewEnergy, Inc., Central Illinois Light Company ("CILCO"), Nicor Energy, LLC and Peoples Energy Services Corporation. These petitions were granted.

Pursuant to notice as required by law and the rules and regulations of the Commission, status hearings were held in this matter before a duly authorized Administrative Law Judge at the

Commission's offices in Springfield, Illinois on November 7, December 3 and December 18, 2002 and January 24 and February 24, 2003. An evidentiary hearing was held on March 4, 2003.

The Petitioners, the RES Coalition and Staff of the Commission ("Staff") appeared at the evidentiary hearing. Mr. Robert J. Mill, Regulatory Manager for Ameren Services Company, an affiliate of Petitioners, testified on behalf of Petitioners. Dr. Eric P. Schlaf, an Economist in the Energy Division of the Commission, testified on behalf of Staff. There were no other witnesses. Thereafter, on ____, 2003, the record was marked "heard and taken."

Subsequent to the filing of the petition in this proceeding, the Commission issued an Order in Docket No. 02-0428 authorizing Petitioners' parent, Ameren Corporation, to acquire CILCORP, the parent of CILCO, subject to certain conditions contained in that Order. One of the conditions, designated Condition H, provides that "CILCO, AmerenCIPS and AmerenUE agree that they will eliminate transition charges in the period commencing June, 2003 through at least May, 2005." Order, Docket No. 02-0428, Appendix, ¶H (Dec. 4, 2002).

In his direct testimony, Mr. Mill, among other things, sponsored Ameren Ex. 1.1, which consists of revised tariffs. As originally proposed by Petitioners, the suspension of Rider TC and Rider PPOS would expire by June, 2005, and the two riders would become operational again without need for further Commission action. Mr. Mill's testimony explained that the revised sheets contained in Ameren Ex. 1.1 remove the self-executing reinstatement provisions.

Mr. Mill also recommended that in this proceeding, the Commission should address the question of whether, as a legal matter, the transition charge, once suspended, may be reinstated at a later date.

Dr. Schlaf testified that he believed that certain provisions of the Petitioners' proposed tariffs were inconsistent with Condition H of the Order in Docket No. 02-0428. He stated that

the tariffs as filed by the Petitioners implied that they would be reinstated in June, 2005, unless the Commission issued a further Order extending the suspension. He explained that the tariffs should be revised to include language indicating: that the tariffs are suspended until "at least" June, 2005; that the Petitioners may seek approval for reinstatement as of June, 2005; and that Petitioners would inform customers if such approval were obtained. In this regard, Dr. Schlaf recommended that the tariff provide that Petitioners inform customers of such Commission approval by a date certain.

Dr. Schlaf also disagreed with Mr. Mill's recommendation that the Commission address the issue of whether the tariffs may legally be reinstated as of June, 2005. Dr. Schlaf stated that it would be impossible to determine at this point whether future reinstatement would be appropriate.

Dr. Schlaf also made several recommendations regarding the form and timing of notice to customers of suspension of the tariffs. Specifically, Dr. Schlaf recommended that the Petitioners should send two letters to current delivery services customers notifying them of the suspension of the tariffs. He recommended that the letters sent to current purchase power option ("PPO") customers should explain that this service will not be offered from June, 2003 until June, 2005 and that, therefore, these customers should seek another supply option. He stated that customers may choose to switch to a Retail Electric Supplier ("RES") or to take any Ameren power and energy service for which they qualify. Dr. Schlaf stated that PPO customers should also be informed that if they do not choose a new source of supply by the expiration date of their PPO service, Ameren will place them on Interim Supply Service ("ISS"). He also indicated that Staff would appreciate the opportunity to work with the Petitioners on these letters.

Lastly, Dr. Schlaf noted that Ameren could place a customer whose PPO service expires on bundled service rather than the ISS tariff. He noted that this might require a change to Rider ISS and, possibly, Rider PPOS. He also noted that while this would require customers to remain on bundled service for 12 months, Petitioners might mitigate this concern by allowing customers to switch to a RES within the first 12 months.

In his rebuttal testimony, Mr. Mill stated that the Petitioners accept Dr. Schlaf's proposed language changes, with two modifications. First, he stated the Ameren Companies believe that any reinstatement could become effective after May, 2005, not June, 2005, consistent with the express terms of Condition H to the Order in Docket No. 02-0428. Second, he stated the Ameren Companies do not object to a requirement that they inform customers of reinstatement in some appropriate manner and at some appropriate time. Regardless of whatever date Petitioners might choose now for such notification, however, whether the Commission has acted on a request for reinstatement by such date is a matter within the Commission's control and discretion. Accordingly, Mr. Mill stated the Petitioners cannot commit to a specific date. Instead, he stated they can commit to notify customers within ten days of a Commission Order approving reinstatement of transition charge recovery. Thus, the Ameren Companies would accept Dr. Schlaf's proposed modifications to Rider TC, for example, if the notification requirement were restated as: "The Company will inform customers within 10 days of a Commission Order approving the reinstatement of transition charges after May, 2005."

Mr. Mill also noted that Dr. Schlaf may have misinterpreted the scope of Petitioners' proposal regarding the reinstatement of the tariffs. Dr. Schlaf indicates that it would not be appropriate at this point in time to attempt to forecast market conditions in 2005 and beyond to determine whether transition charge recovery should be reinstated. Mr. Mill stated that it was

not Petitioners' intent to propose either determination in this proceeding of what the criteria should be for reinstatement or whether transition charge recovery should be reinstated. Rather, his proposal was merely to brief a purely legal issue: whether transition charge recovery, once suspended, may legally be reinstated under the Illinois Public Utilities Act ("Act"). Mr. Mill explained that the Ameren Companies are not aware of any statutory bar to reinstatement, but on one occasion in the past when the Ameren Companies were considering suspension of transition charge recovery, it was suggested by other parties that, once suspended, transition charge recovery could never be reinstated. Mr. Mill explained that the Ameren Companies believe that it is appropriate to resolve this legal question in this docket and do not propose that any other aspect of reinstatement be addressed.

Mr. Mill also stated that the Ameren Companies do not object to the means of notification proposed by Dr. Schlaf and will provide the Staff drafts of the letters prior to their distribution.

With respect to options available to customers coming off the PPO, Mr. Mill stated that the Ameren Companies intend to treat customers in the manner set forth in the existing tariffs. A customer on the PPO may, at the end of the PPO term, switch to another supplier, return to bundled service, including use of Ameren's time-of-use tariff, subject to all terms and conditions stated in the tariffs. Failure of a customer to provide notification of a switch pursuant to its tariffs will result in customer being placed on Rider ISS. Mr. Mill explained the Ameren Companies have not proposed, and do not seek, any change in the tariffs that would establish a different set of rules for customers leaving the PPO now.

At the hearing, Mr. Mill testified that, if they sought reinstatement of the transition charge and PPO, Petitioners would file a petition with the Commission approximately six months

prior to the proposed reinstatement effective date. Thus, for reinstatement as of June 1, 2005, Petitioners would file a petition with the Commission by December 1, 2004.

At the conclusion of the March 4, 2003 evidentiary hearing, the only issue outstanding was whether to address in this proceeding the question of whether, under the terms of the Act, the transition charge can be reinstated at a future date. The Staff indicated that such a determination was in the nature of declaratory relief, which would most properly be addressed in a formal petition for declaratory relief. On March 10, 2003, the Administrative Law Judge issued a ruling agreeing with the Staff's position, and Petitioners elected not to challenge that ruling.

On March __, 2003, Petitioners filed a Draft Proposed Order. No party submitted any objections to that Draft Proposed Order.

II. FINDINGS AND ORDERING PARAGRAPHS

The Commission, having considered the entire record, is of the opinion and finds that:

(1) AmerenCIPS is an Illinois corporation providing electric and natural gas services to the public in Illinois as a public utility within the meaning of the Act; AmerenUE is a Missouri corporation providing electric and natural gas services to the public in Illinois as a public utility within the meaning of the Act;

(2) the Commission has jurisdiction over the Petitioners and over the subject matter hereof;

(3) the recitals of fact and conclusions reached in the prefatory portion of this Order are supported by the evidence of record and are hereby adopted as findings of fact;

(4) AmerenCIPS and AmerenUE should be directed to file, within five (5) days of this Order, revised tariff sheets in the form set forth in Appendix A hereto;

(5) If Petitioners seek to reinstate their suspended tariffs on June 1, 2005, Petitioners shall file a verified petition with the Commission seeking such reinstatement no later than December 1, 2004; if Petitioners seek reinstatement on any date subsequent to June 1, 2005, Petitioners shall file a verified petition no later than 180 days prior to the date on which reinstatement is sought.

IT IS THEREFORE ORDERED that AmerenCIPS and AmerenUE shall file, within five (5) days of this Order, revised tariffs in the form of Appendix A hereto.

IT IS FURTHER ORDERED that should Petitioners desire to reinstate the suspended tariffs, they shall comply with the schedule for submitting verified petitions established herein.

IT IS FURTHER ORDERED that this order is final and is subject to the Administrative Review Law.