

Midwest Independent Power Suppliers

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May 2, 2003

Ms. Elizabeth Rolando
Chief Clerk
Illinois Commerce Commission
527 East Capitol Avenue
Springfield, Illinois 62794-9280

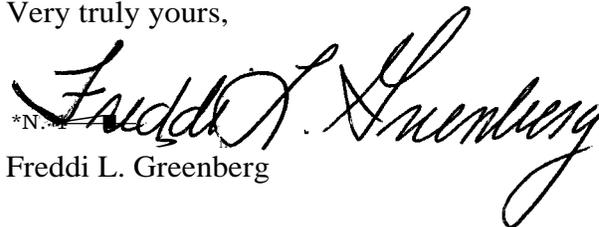
Re: Docket No. 03-0083
Petition to Intervene of the Midwest Independent Power Suppliers
Coordination Group

Dear Ms. Rolando:

Enclosed please find the Reply of the Midwest Independent Power Suppliers Coordination Group to the Response of Union Electric Company in Opposition to the Midwest Independent Power Suppliers Coordination Group Petition to Intervene filed on behalf of Midwest Independent Power Suppliers Coordination Group.

Thank you for your assistance in this matter.

Very truly yours,


*N.
Freddi L. Greenberg

FLG: jp

Enclosures

cc: Service List
Larry Jones
Steve Hickey

**STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION**

UNION ELECTRIC COMPANY)	
)	
Verified Petition Seeking Approval of Asset)	Docket 03-0083
Transfer Agreements with Affiliated Company)	
Pursuant to Section 7-101 of the Illinois Public)	
Utilities Act.)	

**REPLY OF THE MIDWEST INDEPENDENT
POWER SUPPLIERS COORDINATION GROUP
TO THE RESPONSE OF
UNION ELECTRIC COMPANY IN OPPOSITION TO THE MIDWEST
INDEPENDENT POWER SUPPLIERS COORDINATION GROUP
PETITION TO INTERVENE**

The Midwest Independent Power Suppliers Coordination Group (“MWIPS”) hereby replies to the Response of Union Electric Company in Opposition to the MWIPS Petition to Intervene in the captioned proceeding. MWIPS states as follows:

1. Union Electric Company (“AmerenUE”) filed a petition in this proceeding seeking approval under Section 7-101 of the Illinois Public Utilities Act of two asset transfer agreements with Ameren Energy Generating Company, an affiliated company which is not regulated by the Illinois Commerce Commission.
2. On April 15, 2003, MWIPS filed a Petition to Intervene in this proceeding. As stated in that Petition, MWIPS members own and operate electric

generating plants located in Illinois and elsewhere in the Midwest.¹ In its Petition, MWIPS stated that the asset transfer proposed by AmerenUE will impact the continued development of the wholesale market for electricity in Illinois and that such impact will significantly affect MWIPS members that supply electricity at wholesale in Illinois or that plan to do so.

3. On April 25, 2003, AmerenUE filed a Response in Opposition to MWIPS' Petition to Intervene. In its response, AmerenUE claims that because the regulation of wholesale electricity markets is the responsibility of FERC, MWIPS "does not have an interest relevant to proceedings before the Commission." As shown below, MWIPS has an interest in the outcome of this proceeding because of the impact of the outcome on MWIPS members both as participants in the wholesale electric market and as retail electric consumers in Illinois.

4. The outcome of this proceeding will strongly impact the wholesale power market in Illinois. In this proceeding, Ameren has asked the Commission to approve its purchase of generating assets from an affiliated company at book value. Granting the requested approval without requiring that Ameren UE first conduct a contemporaneous, independently evaluated solicitation for the needed capacity would remove from the wholesale marketplace demand for the energy and capacity that AmerenUE seeks to obtain by purchasing two generating plants from its affiliate. This result would eliminate the opportunity for MWIPS members to compete to supply 548 MW of load. This result also would place

¹ The positions contained in this Reply or in any other document filed in this proceeding by MWIPS do not necessarily represent the position of any individual MWIPS member.

MWIPS members and other generators that are not affiliated with AmerenUE at a competitive disadvantage compared to Ameren Energy Generating Company.

5. MWIPS members who own generation in Illinois and who are retail electric consumers will be significantly impacted by any Commission decision regarding the manner in which Illinois utilities may obtain needed capacity or energy needed to serve electric consumers in Illinois. As wholesale electric markets in the United States have moved toward a model in which competition has replaced cost-plus regulation, retail prices in the United States have declined². Wholesale competition has put downward pressure on the price of wholesale electricity as competitive suppliers have offered more than one alternative to a utility that needs additional capacity. Accordingly, to the extent the proposed transaction has the potential to diminish wholesale competition in Illinois, MWIPS members and other Illinois electric consumers will be deprived of the lower costs resulting from wholesale competition.

6. The facts stated in MWIPS Petition demonstrate that MWIPS has an interest in this proceeding that the Commission can recognize. Nonetheless, MWIPS respectfully requests that it be permitted to amend its Petition to Intervene by adding the following language after the first sentence in Paragraph 3:

MWIPS members who own generation in Illinois are retail electric consumers. Those MWIPS members will be significantly impacted by

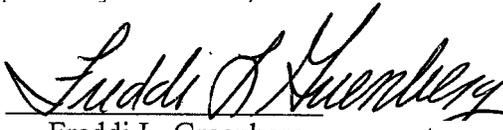
² A recent study of the relationship between wholesale and retail electric markets in the United States found a significant drop in retail electric rates. See **Attachment A, Assessing the “Good Old Days” of Cost-Plus Regulation**, a report on trends in electricity prices during the emerging competitive regime from 1980 to 1999, plus a brief look at risk management then and in the future, The Boston Pacific Company, 2001.

any Commission decision regarding the manner in which Illinois utilities may obtain needed capacity or energy needed to serve electric consumers in Illinois.

WHEREFORE, for the reasons set out above, MWIPS respectfully requests

(a) that the Administrative Law Judge deny AmerenUE's request to deny MWIPS' Petition to Intervene and (b) that MWIPS be permitted to amend its Petition to Intervene as described above and (c) that MWIPS be granted leave to intervene and be treated as a party to this proceeding pursuant to Section 200.200 of the Commission's Rules of Practice.

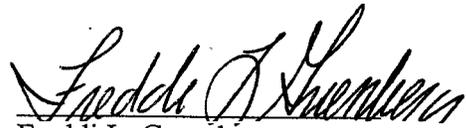
Respectfully submitted,

By: 
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NOTICE OF FILING

On this 2nd day of May, 2003, we have filed with the Chief Clerk of the Illinois Commerce Commission, 527 East Capitol Avenue, Springfield, Illinois, the Reply of the Midwest Independent Power Suppliers Coordination Group to the Response of Union Electric Company in Opposition to the Midwest Independent Power Suppliers Coordination Group Petition to Intervene.



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CERTIFICATE OF SERVICE

The undersigned certifies that a copy of the Reply of the Midwest Independent Power Suppliers Coordination Group to the Response of Union Electric Company in Opposition to the Midwest Independent Power Suppliers Coordination Group Petition to Intervene filed on behalf of Midwest Independent Power Suppliers Coordination Group was served upon the Service List by electronic mail this 2nd day of May, 2003.


Freddi L. Greenberg

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