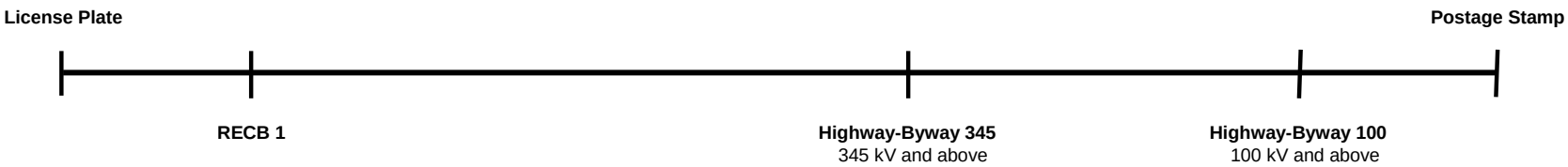
Impact of Alternative Transmission Cost Allocation Designs

March 29, 2007

Key Assumptions

- The 2006 rates are the current Schedule 7 numbers derived from 2005 cost of service data, except for the ATC, which uses a future cost year
- The capital expenditures are from the Midwest ISO MTEP-06 as of November, 2006
- Generation interconnections costs are treated as transmission costs
  - Generation interconnection projects are listed in the GEN IC Analysis tab of the spreadsheet
- The annual incremental revenue requirement uses a 20 percent Fixed Charge Rate
- The assumed annual load growth is 2.5 percent
- The assumed depreciation rate is 2.6 percent
- Joint projects were allocated on the basis of relative load ratio shares, except for MAPP, where better information became available
- Ameren IL 2006 License Plate rate is the weighted sum of CILCO and IP

Transmission Cost Allocation Rate Design Spectrum



License Plate. Transmission customers in a local zone pay for the existing and new transmission facilities.

Postage Stamp. Transmission customers in the Midwest ISO (or region) pay the weighted average rate for new facilities in the region. All existing facilities are recovered through the Licesne Plate rate.

Highway-Byway 345. New high voltage (*i.e.*, 345 kV and above) facilities are in a regional rate, while all existing facilities and new additions under 345 kV are recovered through the existing License Plate rate.

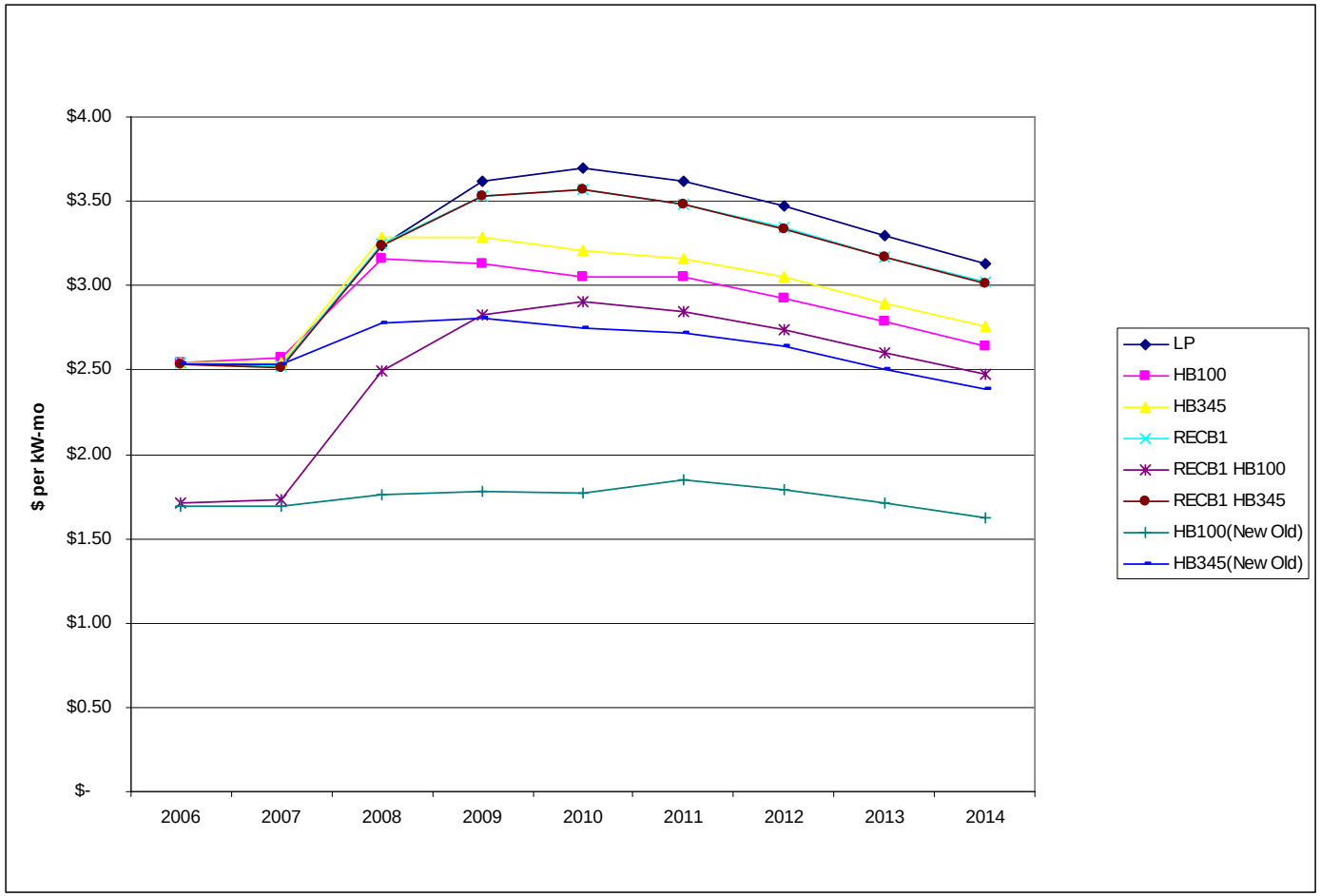
Highway-Byway 100. New transmission facilities above 100 kV are in a regional rate, while all existing transmission facilities are in the License Plate rate.

RECB 1. A percentage (20 percent) of new high voltage (*i.e.*, 345 kV and above) facilities are recovered in a regional rate. The rest of the high voltage facilities that are not recovered in the regional rate are allocated to local zones that are impacted by the construction of the facility based on LODF. Existing facilities and any new additions under 345 kV are recovered through the existing License Plate rate.

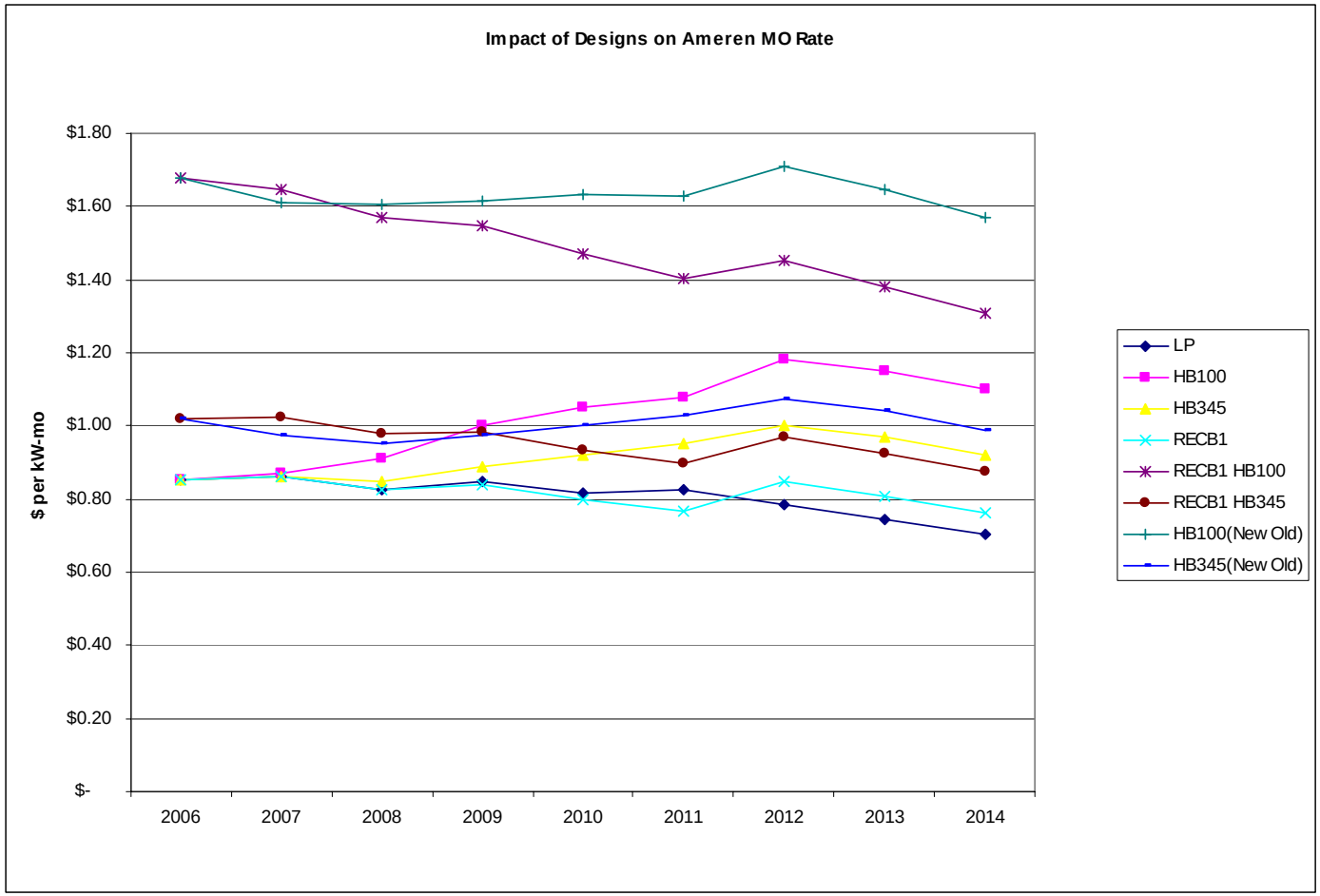
Rate Design Key

		Existing Facilities					New Facilities			
Rate Design	Description of Rate Design	345 kV	Rest of 345 kV	Rest of Facilities 345 to 100 kV	All Facilities above 100 kV		345 kV	Rest of 345 kV	Rest of Facilities 345 to 100 kV	All Facilities above 100 kV
LP	License Plate new facilities				LP					LP
HB100	Highway-Byway new 100 kV and above facilities				LP					HB
HB345	Highway-Byway only new 345 kV facilities				LP		HB		LP	
RECB1	Postage stamp 20% of 345 kV facilites, LODF rest of 345 kV facilities, and LP the lower voltage facilities				LP		20%	LP	LP	
RECB1 HB100	RECB1 new facilities HB100 existing facilities				HB		20%	LP	LP	
RECB1 HB345	RECB1 new facilities HB345 existing facilities	HB		LP			20%	LP	LP	
HB100(NewOld)	Highway-Byway new and existing 100 kV and above facilities				HB					HB
HB345(NewOld)	Highway-Byway new and existing 345 kV facilities and LP the rest of the facilities	HB		LP			HB		LP	

Impact of Rate Designs on ATCLLC



Impact of Rate Designs on Ameren MO
A proponent of License Plate



Impact of Alternative Rate Designs on Customers

		2006		2012		2012		2012		2012	2012		2012	2012		2012	2012
	Existing Facilities	LP		LP		LP		PS		LP	LP		HB100	HB345		HB100	HB345
	New Facilities	LP		LP		RECB 1		PS		HB100	HB345		RECB1			HB100	HB345
Alliant West		$ 2.30		$ 2.18		$ 2.13		$ 1.80		$ 2.19	$ 2.13		$ 1.68	$ 2.26		$ 1.70	$ 2.26
ATCLLC		$ 2.54		$ 3.47		$ 3.34		$ 1.80		$ 2.93	$ 3.05		$ 2.74	$ 3.34		$ 1.79	$ 2.64
Ameren IL		$ 0.92		$ 1.08		$ 1.04		$ 1.80		$ 1.24	$ 1.07		$ 1.60	$ 1.08		$ 1.70	$ 1.11
Duke (Cinergy)		$ 1.36		$ 1.09		$ 1.09		$ 1.80		$ 1.52	$ 1.31		$ 1.33	$ 1.21		$ 1.70	$ 1.43
Columbia MO		$ 0.36		$ 0.26		$ 0.26		$ 1.80		$ 0.73	$ 0.49		$ 1.23	$ 0.59		$ 1.70	$ 0.82
CWLP		$ 1.90		$ 1.39		$ 1.39		$ 1.80		$ 1.86	$ 1.61		$ 1.23	$ 1.72		$ 1.70	$ 1.95
GRE		$ 2.48		$ 2.86		$ 2.78		$ 1.80		$ 2.50	$ 2.56		$ 2.19	$ 2.67		$ 1.70	$ 2.47
ATSI (FE)		$ 1.18		$ 0.91		$ 0.92		$ 1.80		$ 1.34	$ 1.13		$ 1.28	$ 0.85		$ 1.70	$ 1.06
NIPSCO		$ 1.94		$ 1.45		$ 1.46		$ 1.80		$ 1.89	$ 1.68		$ 1.26	$ 1.29		$ 1.70	$ 1.51
Hoosier		$ 3.17		$ 2.99		$ 3.01		$ 1.80		$ 2.78	$ 3.22		$ 1.92	$ 2.86		$ 1.70	$ 3.08
Ameren MO		$ 0.85		$ 0.78		$ 0.85		$ 1.80		$ 1.18	$ 1.00		$ 1.45	$ 0.97		$ 1.71	$ 1.08
ITC		$ 1.77		$ 1.87		$ 1.86		$ 1.80		$ 1.80	$ 1.92		$ 1.79	$ 1.67		$ 1.70	$ 1.74
IP&L		$ 0.73		$ 0.56		$ 0.56		$ 1.80		$ 1.01	$ 0.78		$ 1.25	$ 0.60		$ 1.70	$ 0.82
METC		$ 1.52		$ 1.52		$ 1.50		$ 1.80		$ 1.59	$ 1.57		$ 1.61	$ 1.42		$ 1.70	$ 1.50
MP		$ 1.46		$ 1.41		$ 1.41		$ 1.80		$ 1.74	$ 1.63		$ 1.58	$ 1.73		$ 1.70	$ 1.95
MDU		$ 2.87		$ 2.26		$ 2.27		$ 1.80		$ 2.56	$ 2.49		$ 1.40	$ 2.29		$ 1.70	$ 2.52
Xcel (NSP)		$ 1.94		$ 2.53		$ 2.43		$ 1.80		$ 1.98	$ 2.12		$ 2.24	$ 2.37		$ 1.70	$ 2.07
OTP		$ 3.52		$ 5.34		$ 5.37		$ 1.80		$ 3.04	$ 5.38		$ 4.03	$ 5.60		$ 1.70	$ 5.67
SIPC		$ 1.92		$ 1.67		$ 1.67		$ 1.80		$ 2.14	$ 1.90		$ 1.50	$ 2.01		$ 1.70	$ 2.23
SMMPA		$ 2.52		$ 2.95		$ 2.79		$ 1.80		$ 2.31	$ 2.28		$ 2.18	$ 2.98		$ 1.70	$ 2.47
Vectren (SIEGO)		$ 1.26		$ 3.53		$ 3.28		$ 1.80		$ 1.39	$ 2.21		$ 3.58	$ 3.61		$ 1.70	$ 2.57
MH		$ 3.50		$ 3.46		$ 3.48		$ 1.80		$ 3.03	$ 3.68		$ 2.15	$ 3.49		$ 1.70	$ 3.71

Next Steps

- Additional rate design analysis, including the updated MISO LSE Coalition proposal
- Alternative assumptions relating to the analysis
  - Load growth, fixed charge rate, etc.
  - Project capital costs
  - In-service dates
- Correction of any identified errors in the analysis