

March 12, 2014

VIA E-TARIFF

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

Re: *Ameren Illinois Company*
Docket No. ER14-____-000
Submission of Facilities Service Agreement

Dear Ms. Bose:

In accordance with section 205 of the Federal Power Act (“FPA”), 16 U.S.C. § 824d (2006), and section 35.13 of the Federal Energy Regulatory Commission’s (“Commission” or “FERC”) regulations issued thereunder, 18 C.F.R. § 35.13 (2012), Ameren Illinois Company (“Ameren Illinois”) respectfully submits an unexecuted Facilities Service Agreement (“FSA”) between White Oak Energy, L.L.C. (“Interconnection Customer” or “White Oak”) and Ameren Services Company (“Ameren Services”), as agent for and on behalf of Ameren Illinois. A copy of the Service Agreement is included as Attachment A hereto. As discussed below, the FSA is being filed on an unexecuted basis because the parties do not agree on whether the FSA is the proper method for White Oak to fund its required Network Upgrades to the Ameren Illinois transmission system.

White Oak is the developer of a wind generation project near Carlock, Illinois, which is interconnected with the transmission system of Ameren Illinois. To facilitate its interconnection, White Oak provided the up-front funding for certain Network Upgrades on the Ameren Illinois transmission system required to interconnect the White Oak project. Ameren Illinois now seeks to return the funding provided by White Oak and establish a charge pursuant to the FSA filed herein. This method of cost recovery was previously covered by Option 1 in Attachment FF of

the MISO Tariff.¹ White Oak has refused to accept repayment of those funds, and the establishment of the FSA-based Network Upgrade Charge, on the basis that Ameren Illinois no longer has the ability to elect Option 1 cost recovery as a result of the Commission's decision in Docket No. EL11-30. Under that decision, the Commission ordered Option 1 removed from the MISO Tariff effective March 22, 2011.² For the reasons that follow, Ameren Illinois disagrees with White Oak's position as applied to this project and believes the enclosed FSA should be accepted for filing.

I. Factual Background

As noted above, White Oak is the developer of a wind generation project near Carlock, Illinois (designated MISO Project No. IP04) that is interconnected with the transmission system of Ameren Illinois. The White Oak project proceeded through the MISO Attachment X Generator Interconnection Procedures and White Oak signed a Large Generator Interconnection Agreement originally dated August 28, 2007 (the "White Oak LGIA"), as subsequently amended. The White Oak LGIA was deemed a conforming interconnection agreement and therefore was not separately filed with the Commission, but was instead reported on MISO's Electric Quarterly Reports.

The White Oak project was evaluated as part of the Central Illinois Group Study along with another wind generation project designated as MISO Project No. IP08. The study results identified common Network Upgrades that were the joint responsibility of both IP04 and IP08. The IP08 project was later suspended and eventually withdrawn from the MISO queue.

Pursuant to the MISO Tariff as memorialized in the White Oak LGIA, the White Oak project was directly assigned cost responsibility for certain Network Upgrades to the Ameren

¹ Before the Commission ordered modifications to Attachment FF in Docket No. EL11-30, a transmission owner was allowed to select between three options for recovery of the costs of network upgrades. Under Option 1, the interconnecting Transmission Owner would refund 90 or 100 percent of the cost of network upgrades to the interconnection customer and charge the interconnection customer for the non-reimbursable portion through a monthly Network Upgrade Charge. Under Option 2, the interconnection customer provides the funding for 90 to 100 percent of the cost of the Network Upgrades and has no further payment responsibility for the Network Upgrades. Under the third "self-funding" option, the Transmission Owner may elect to provide the initial funding for Network Upgrades. See *E.ON Climate & Renewables North America, LLC v. Midwest Indep. Trans. Sys. Operator, Inc.*, 137 FERC ¶ 61,076 at P 37 (2011) ("Although this part of the MISO Tariff refers to only two options, Option 1 and Option 2, the transmission owners in MISO actually have three options under their tariff. Specifically, under the *pro forma* LGIA adopted in Order No. 2003 and included in MISO's Tariff, the interconnection customer is required to provide the funding for network upgrades up-front, unless the transmission owner elects to fund them. Thus, the third option is that the transmission owner can elect to fund the upgrades from the start."). See also *Midcontinent Indep. System Operator*, Docket No. ER13-125, Letter Order (Dec. 12, 2012) (accepting GIA for filing that implements transmission owner self-funding option).

² *E.ON Climate & Renewables North America, LLC v. Midwest ISO*, 137 FERC ¶ 61,076 (2011) ("E.ON").

Illinois system to effectuate White Oak's desired interconnection.³ The estimated cost of the directly-assigned Network Upgrades was approximately \$2,329,781. White Oak provided the up-front funding for the Network Upgrades between November 2008 and December 2009 and Ameren Illinois has subsequently constructed the upgrades. Ameren Illinois completed the construction of the network upgrades on or about February 18, 2011. The White Oak project entered commercial operation on June 20, 2011.

The White Oak LGIA has been amended on two occasions. The White Oak LGIA was amended March 19, 2009. This first amended GIA addressed the suspension of the IP08 project. The March 2009 amendment clarified that the common Network Upgrades would not be constructed until the IP08 project came out of suspension. Subsequently, the IP08 project was withdrawn, thus removing any need for the common Network Upgrades. The White Oak LGIA was again amended on September 27, 2011, to remove any reference to IP08. There were no other changes to the White Oak LGIA in that amendment, and no changes to the Network Upgrades originally required just for White Oak.

On September 1, 2011, following the construction of the Network Upgrades, Ameren Illinois communicated to White Oak Ameren Illinois' intent to refund the funds that White Oak had provided and to establish an FSA-based Option 1 charge. On October 3, 2011, White Oak acknowledged receipt of Ameren Illinois' Option 1 FSA draft and communicated its refusal to sign. On October 16, 2012, Ameren Illinois again forwarded a draft FSA to White Oak. On November 12, 2012, White Oak again communicated to Ameren Illinois its refusal to sign the FSA.

In the intervening time between the November 2012 notice from White Oak and the instant filing, the Commission has considered and issued multiple orders on application of Option 1.⁴ While it was Ameren Illinois' hope that line of cases would provide a clear path forward for the recovery of the White Oak Network Upgrade Charge, unfortunately that line of

³ While the Commission's Order No. 2003 default provisions require a transmission provider to reimburse an Interconnection Customer for 100% of the prepayments provided for Network Upgrades, under the MISO Tariff interconnection customers are directly responsible for either 90 or 100 percent (depending on voltage) of the costs of Network Upgrades required to facilitate their interconnection. *See Midwest Indep. Transmission Sys. Operator, Inc.*, 129 FERC ¶ 61,060 at P 49 (2009) (accepting allocation of Network Upgrade costs to interconnection customers on either a 90 or 100 percent basis).

⁴ *See E.ON Climate & Renewables North America, LLC v. Midwest Independent Transmission System Operator, Inc.*, 142 FERC ¶ 61,048 (2013) (E.ON Rehearing Order). 142 FERC ¶ 61,048 (2013) ("E.ON Rehearing Order") (holding that the *E.ON* decision "did not automatically modify any existing agreement" and that its decision "will not apply to agreements effective prior to March 22, 2011"); *Rail Splitter Wind Farm, LLC v. Ameren Services Co., et al.*, 142 FERC ¶ 61,047 (2013) ("Rail Splitter") (rejecting complaint that Facilities Service Agreement executed before March 22, 2011 was unjust and unreasonable as a result of the decision in *E.ON*); *Midwest Indep. Transmission Sys. Operator, Inc.*, 143 FERC ¶ 61,050 at PP 66-70 (2013) ("Settlers Trail Rehearing Order") ("Consistent with our clarification in the E.ON Rehearing Order as to the effect of that order on previously executed agreements, the Original GIAs were not affected by the E.ON Order's rejection of Option 1. Therefore, we deny the Interconnection Customers' protest as to the use of the Option 1 cost reimbursement mechanism for the network upgrades identified in the Original GIAs."); *Midcontinent Indep. System Operator, Inc.*, 145 FERC ¶ 61,111 at P 40 (2013) ("Hoopeston Order"); *Rail Splitter Wind Farm LLC v. Ameren Services Co. et al.*, 146 FERC ¶ 61,017 (2014) (denying rehearing of *Rail Splitter* on the applicability of E.ON decision to previously-executed agreements).

cases has not led to an agreement between Ameren Illinois and White Oak, and this filing has become necessary. More recently, in February 2014, Ameren Illinois communicated its desire to enter into an FSA with White Oak one additional time, in hopes of avoiding the instant filing. White Oak again declined.

II. The FSA is Just and Reasonable and Should be Accepted for Filing

Ameren Illinois believes that the FSA filed herein is an appropriate way for Ameren Illinois to recover the costs of the White Oak Network Upgrades and is an appropriate exercise of the final step of a properly-elected Option 1 funding mechanism. The White Oak LGIA was executed in 2007, long before the March 22, 2011 refund effective date in Docket No. EL11-30 pursuant to which Option 1 was removed from the MISO Tariff.⁵ At the time White Oak agreed to take interconnection service, the MISO Tariff put White Oak on notice that Ameren Illinois had the option to refund to the Interconnection Customer any funds advanced and to establish a Network Upgrade Charge like the one included in the FSA. Conversely, Ameren Illinois had no notice at that time that if it accepted the Interconnection Customer's up-front funding (instead of electing to fund the upgrades itself) that Ameren Illinois would later be denied the ability to follow the then-effective terms of the MISO Tariff and establish the Network Upgrade Charge under Attachment FF pursuant to an FSA.

The passing of time in this case – *i.e.* the time between the customer's agreement to take interconnection service in 2007 (under the terms and conditions in effect at that time) and the instant filing to establish the Network Upgrade Charge – was a result of the time needed to construct Network Upgrades to serve White Oak, the time to prepare final project cost, the time to work with White Oak in an attempt to resolve the execution of the FSA, and the pendency of several Option 1 cases before the Commission that had the potential to resolve this dispute without involving the Commission. Unfortunately, that line of cases has not led to an agreement between Ameren and White Oak, and this filing has become necessary.

A. The Commission's Recent "Option 1" Decisions Support Ameren Illinois' Filing of the FSA

Ameren Illinois' ability to establish a Network Upgrade Charge for White Oak through the FSA is supported by the series of orders the Commission has issued on Option 1 since the *E.ON* complaint was filed and acted upon.⁶

First, it is not in dispute that the Commission's decision in *E.ON* only has prospective effect, from the refund effective date forward. On January 17, 2013, the Commission denied rehearing of the *E.ON Order* and clarified the applicability of the *E.ON* decision to existing

⁵ *Id.*

⁶ *Id.*

agreements.⁷ Specifically, noting that the Commission is at the zenith of its discretion when fashioning remedies, the Commission clarified that the *E.ON* decision: “did not automatically modify any existing agreement; this issue was not before the Commission. However, the Commission will clarify that its decision will not apply to agreements effective prior to March 22, 2011.”⁸ The Commission subsequently upheld that ruling and emphasized the prospective nature of the *E.ON* decision in a number of cases.⁹

The White Oak LGIA was originally signed in 2007, long before Option 1 was removed from the MISO Tariff, and thus the *E.ON* decision does not apply to the White Oak LGIA.

The Commission’s decision to remove Option 1 from the MISO Tariff only on a going-forward basis is consistent with its treatment of similar questions in other RTOs. In *West Deptford*,¹⁰ the Commission accepted an unexecuted interconnection agreement entered into among PJM, West Deptford Energy, LLC (West Deptford), and Atlantic City Electric Company over West Deptford’s objection. West Deptford entered PJM’s interconnection queue on July 31, 2006 and as a result of the study process West Deptford was assigned \$10,761,078 in cost responsibility for a particular Network Upgrade. West Deptford objected to the cost allocation on the grounds that PJM later revised its tariff to adopt a “but for” test for Network Upgrade responsibility after West Deptford entered the queue but before it signed its interconnection service agreement. The Commission framed and decided the question as: “which version of Section 219 of PJM’s tariff to use: the version that is currently effective, or the version that was effective at the time that West Deptford’s request entered the queue, on July 31, 2006.”¹¹ Citing its decision in *Marcus Hook III*,¹² the Commission found in *West Deptford* that “the 2006 version of the PJM Tariff should apply to the West Deptford interconnection because, at the time when West Deptford entered the PJM interconnection queue, that provision was the one that established its financial responsibility.”¹³

On rehearing, the Commission rejected arguments that applying the 2006 version of the tariff after the tariff’s interconnection rules had changed violated the filed rate doctrine and the prohibition on retroactive ratemaking.¹⁴ The Commission expressly held that, “[n]either of these related doctrines is violated where a utility proposed a tariff change to be effective prospectively for those customers that seek interconnection service after that date. The essence of the filed rate

⁷ *E.ON Climate & Renewables North America, LLC v. Midwest Independent Transmission System Operator, Inc.*, 142 FERC ¶ 61,048 (2013) (E.ON Rehearing Order). See also *Midwest Indep. Transmission Sys. Operator, Inc.*, 143 FERC ¶ 61,050 (2013) (clarifying that Option 1 still applied to generator interconnection agreements that pre-date the effective date of the *E.ON* decision.)

⁸ *Id.* at P 34, citing *Niagara Mohawk Power Corp. v. FPC*, 379 F.2d 153, 159 (D.C. Cir. 1967).

⁹ See *supra* n. 4.

¹⁰ *PJM Interconnection, LLC*, 136 FERC ¶ 61,195 (2011) (“West Deptford”), *on reh’g* 139 FERC ¶ 61,184 (2012) (“West Deptford Rehearing Order”).

¹¹ West Deptford at P 31.

¹² *Marcus Hook III*, 118 FERC ¶ 61,169 (2007), *reh’g denied*, 123 FERC ¶ 61,289 (2008).

¹³ *Id.* at P 35.

¹⁴ West Deptford Rehearing Order at P 27.

doctrine is that customers be on notice of the rates that will apply to their transaction.”¹⁵ Moreover, as the Commission pointed out in *West Deptford*,¹⁶ the U.S. Court of Appeals for the D.C. Circuit held in *Associated Gas Distributors* that under the filed rate doctrine, “the appropriate inquiry seeks to identify the purchase decisions to which the costs are attached.”¹⁷ *West Deptford*’s argument, according to the Commission, if accepted, “would lead to the situation where all prior contractual commitments and studies would be effectively discarded whenever a utility changes its interconnection process.” Like *West Deptford*, White Oak “was on notice throughout this process that its cost allocation would be determined under the tariff that existed when it initiated its interconnection request.”¹⁸

Because the removal of Option 1 from the MISO Tariff was made effective on a prospective basis, the filed rate doctrine also requires that the pre-existing tariff rules apply to the White Oak LGIA. The filed rate doctrine¹⁹ applies to protect both customers and utilities,²⁰ and well-established Commission precedent holds that changes in interconnection policies do not impact customers who sought and agreed to take interconnection service under existing rates, terms, and conditions of the tariffs on file at that time.

This precedent supports Ameren’s use of Option 1 and the FSA here. The Commission’s *West Deptford* decision required the application of the tariff rules that were in effect at the time a customer *entered the queue*, even though an interconnection agreement had not been signed. Here, not only had White Oak entered the queue under the prior rules, the White Oak LGIA was originally signed in 2007, roughly four years before the *E.ON* complaint would take issue with Option 1. At the time that White Oak sought and agreed to take interconnection service, Ameren’s ability to establish a charge pursuant to Option 1 was a critical component of its acceptance of customer funding.

While the White Oak LGIA did not expressly memorialize Ameren Illinois’ election of Option 1, the MISO Tariff in place at that time did not require the Transmission Owner to memorialize its election of either Option 1 or Option 2 in the GIA. The requirement to identify the election of either Option 1 or Option 2 in the GIA came at a later date, well after execution of the White Oak LGIA.²¹

¹⁵ *Id.*

¹⁶ *Id.*

¹⁷ *Associated Gas Distributors v. FERC*, 893 F.2d 349, 355 (D.C. Cir. 1989).

¹⁸ *West Deptford* Rehearing Order at P 41.

¹⁹ *See Consolidated Edison Co. of New York v. FERC*, 347 F.3d 964, 969 (D.C. Cir. 2003) (holding that the filed rate doctrine authorizes only prospective rate changes).

²⁰ *See City of Vernon, Cal.*, 115 FERC ¶ 61,297 at n.41 (2006) (“The filed rate doctrine... applies to both the company providing service and to the customer taking service.”).

²¹ On May 17, 2011, MISO made a compliance filing in Docket No. ER11-3583-000 that, among other things, amended Appendix A to the MISO *pro forma* GIA to require the transmission owner to memorialize its funding option in the GIA. *See Midwest Indep. Transmission System Operator, Inc.*, Docket No. ER11-3583-000, Letter Order (June 29, 2011) (accepting compliance filing). Due to its vintage, and the fact that the MISO filing applied only prospectively, the White Oak LGIA does not contain that language.

Similarly, in MISO, the Commission has consistently held that “the Tariff that should apply is the one that is effective and on file on the date that the interconnection agreement is executed or filed unexecuted.”²² Moreover, this approach is consistent with Order No. 2003, under which changes made to interconnection policies on a going-forward basis did not abrogate existing agreements.²³

Further, although it may be argued that the September 2011 amendment to the White Oak LGIA would eliminate the application of Option 1 pricing, the Commission has now held on a number of occasions that Option 1 pricing still applies to Network Upgrades memorialized in executed GIAs effective *before* the March 22, 2011 effective date of the removal of Option 1 from the MISO Tariff.²⁴

Regardless of whether the tariff rules attach at the time a project enters the queue (as in West Deptford) or the time the customer signs the interconnection agreement (as suggested by the MISO cases), the Commission should not find that an interconnection agreement originally executed in 2007 should be governed by a tariff change effective in 2011.

B. The FSA Should be Accepted to Avoid Unlawfully Severing the Two Steps of “Option 1”

As noted above, at the time White Oak took interconnection service (and for years after), the MISO Tariff gave Ameren Illinois the ability to elect one of three alternatives for the funding of Network Upgrades, including Option 1. The election of Option 1 called for two-steps of a single transaction: (1) up-front funding by the customer and (2) refunding that money to the customer with interest at the Commission’s rate established in 18 C.F.R. § 35.19a, and the establishment of a Network Upgrade Charge by the transmission owner. Ameren Illinois elected to accept White Oak’s initial funding on the understanding that the filed rate afforded it the ability to later establish a Network Upgrade Charge. In essence, Ameren Illinois’ filing of the FSA in this case is the equivalent of completing the process of invoicing White Oak for the interconnection service it agreed to in 2007 under the MISO Tariff in place at that time.

²² *Midwest Indep. Transmission Sys. Operator*, 129 FERC ¶ 61,060 at P 62 (2009), citing *Midwest Indep. Transmission Sys. Operator, Inc.*, 114 FERC ¶ 61,106 (2006) (“The proposed modifications to Attachment X will become effective February 5, 2006. Additionally, the Midwest ISO has not proposed in its October 7 Filing to modify the applicable Tariff language as to existing generator interconnection agreements. Thus, generator interconnection agreements filed before February 5, 2006 must conform to the Attachment X that was in effect before February 5, 2006.”), and *Midwest Indep. Transmission Sys. Operator, Inc.*, 125 FERC ¶ 61,277 at P 10 (2008) (rejecting MISO’s attempt to conform interconnection agreements to prior tariff rules when the agreements were executed *after* the effective date of the rate change.).

²³ *See Midwest Independent Transmission System Operator, Inc.*, 120 FERC ¶ 61,293 at P 21 (2007) (“As a preliminary matter, we find that the Original Agreement was filed with the Commission before the effectiveness of the Midwest ISO’s pro forma LGIA and that Order No. 2003 did not abrogate existing interconnection (or facilities construction) agreements.”), citing Order No. 2003 at P 187.

²⁴ *See E.ON Climate & Renewables North America, LLC v. Midwest Indep. Transmission Sys. Operator, Inc.*, 137 FERC ¶ 61,076 (2011) (“E.ON Complaint Order”) (holding that the removal of Option 1 would “be made effective on March 22, 2011”). *See also supra* n.4.

Even though the Commission ordered a change to the terms and conditions of interconnection service in the interim (the removal of Option 1 from the MISO Tariff on a prospective basis), that decision should not sever the link between the two steps of the cost allocation process that commenced in 2007. Moreover, enforcing the rate on file at the time the White Oak LGIA was originally executed is critical because Ameren Illinois now lacks the ability to change the decision it made in 2007, relying on the then-effective MISO Tariff. This inability to change the course of action taken several years earlier is the hallmark of why retroactive ratemaking is not allowed and why the filed rate doctrine is so important.²⁵ Specifically, if Ameren Illinois is not permitted to invoice White Oak at the rate that was in effect when the White Oak LGIA was originally executed, Ameren Illinois cannot go back in time to elect what the Commission referred to as the “third” option in the *E.ON* order – to fund the Network Upgrades itself and then establish the appropriate charge. Such an application would give impermissible retroactive effect to the Commission’s prospective rate change in Docket No. EL11-30.

C. The Funding Choice for Network Upgrades Was, and Still Is, Vested in the Transmission Owner

Finally, denying Ameren Illinois the ability to establish the Network Upgrade Charge contained in the FSA would impermissibly deprive it of a critical component of the MISO Tariff that survived the Commission’s *E.ON* decision – the ability of the Transmission Owner to choose the funding method. Even after the *E.ON* order, the MISO Tariff still permits the Transmission Owner, not the Interconnection Customer, to elect how to fund and recover the costs of Network Upgrades for which Interconnection Customers must pay. As the Commission pointed out in *E.ON*, even under the current tariff the transmission owner can elect what was “Option 2” to simply keep the funds advanced by the Interconnection Customer and forego any ability to earn on the facilities that compose its transmission system, *or* the Transmission Owner may elect to fund the Network Upgrades itself and establish a Network Upgrade Charge. At the time the White Oak LGIA was originally executed, Option 1 presented one of three choices. However, to interpret the *E.ON* decision as barring this FSA for White Oak would take any choice out of the Transmission Owner’s hands and compel it to accept Option 2, which would violate the current and previous versions of Attachment FF. Under such an interpretation, Ameren would be stripped of the ability to elect the self-funding third option the Commission highlighted in the *E.ON* order. Such a result would deprive Ameren Illinois of the benefits of the rates on file both before and after the *E.ON* order.

D. The Terms of the FSA Are Just and Reasonable

The enclosed FSA establishes a monthly Network Upgrade charge in the amount of \$34,567 based on the White Oak’s 100 percent share of the cost of the 138 kV Network Upgrades installed by Ameren to connect the White Oak wind generation project. That monthly

²⁵ *CPUC v. FERC*, 988 F.2d 154, 164, n.9 (D.C. Cir. 1993) (“Although our prior cases have addressed the issue of notice primarily in relation to the filed rate doctrine, we find it similarly applicable in relation to the prohibition against retroactive ratemaking, which serves the same purposes.”); *see also Texas Eastern Transmission Corp. v. FERC*, 102 F.3d 174, 188-89 (D.C. Cir. 1996) (filed rate doctrine “seeks to prevent customers from relying on certain rates, only to find later that their purchasing decisions have been upset and their costs increased.”).

charge is paid over a twenty year term.²⁶ Because White Oak provided the up-front funding for, among other things, the applicable Network Upgrades, the FSA first requires Ameren Illinois to refund to White Oak funds in the amount of \$3,197,342. Ameren Illinois will make that refund payment upon Commission acceptance of the FSA. Of that amount, \$2,399,128 will form the basis of the Network Upgrade Charge cost basis.²⁷

The monthly Network Upgrade Charge is derived by applying a modified Attachment GG (of the MISO Tariff) fixed charge rate of 17.29 percent to the Network Upgrade Cost Basis of \$2,399,128, as follows:

Description	Amount
Network Upgrade Cost Basis	\$2,399,128
Customer's Share	100%
Customer's Responsibility	\$2,399,128
Modified Attachment GG FCR	17.29%
Annual Revenue Requirement	\$414,809
Monthly Revenue Requirement	\$34,567

The 17.29 percent fixed charge rate is calculated based on the formula contained in Attachment GG of the MISO Tariff. Because this project uses an Option 1 funding mechanism, Attachment FF of the MISO Tariff in effect at the time the White Oak LGIA was executed required that the Network Upgrade Charge be developed in accordance with Attachment GG.²⁸ Attachment GG of the MISO tariff prescribes how to calculate a return for a Network Upgrade Charge. An Attachment GG Network Upgrade Charge has two basic components to develop the appropriate fixed charge rate. The “Annual Allocation Factor for Expense” includes the allocation factors for Operations and Maintenance, General and Common Depreciation, and Taxes Other than Income Taxes. The second element is the “Annual Allocation Factor for Return” which is the sum of the allocation factors for Return and Income Tax. In addition to these two factors, the actual depreciation expense for the project is included to obtain the total annual revenue requirement for the Attachment GG project.

Ameren Illinois populated the Attachment GG Network Upgrade Charge formula with the Attachment O factors applicable at the time the facilities went into service, which yielded an

²⁶ The twenty year term corresponds to the twenty year term of the White Oak LGIA.

²⁷ The refunded amount of \$3,197,342 represents the up-front funding provided by White Oak, plus interest (at the Commission’s prescribed rate under 18 C.F.R. § 35.19a) from the time that White Oak provided funding until the time of the proposed refund. The \$2,399,128 that forms the basis of the Network Upgrade Charge represents the final cost of the Network Upgrades plus interest (at the Commission’s prescribed rate under 18 C.F.R. § 35.19a) from the time that White Oak provided the funding until the project’s commercial operation date. The refunded amount is larger than the cost basis for the Network Upgrade Charge because the Network Upgrades at issue were constructed at a lower expense than was estimated and funded under the White Oak LGIA.

²⁸ Specifically, Attachment FF of the MISO Tariff in effect at that time provided that: “The fixed charge rates used in calculating the charges under this Attachment FF for both Direct Assignment Facilities and Network Upgrades shall be developed using the formula provided in attached at Attachment GG.” See *Midwest Indep. Transmission Operator*, Docket No. ER09-15, Original Sheet No. 3465 (Oct 1, 2008).

Annual Allocation Factor for Expense of 2.96 percent and an Annual Allocation Factor for Return of 13.75 percent.²⁹ Ameren Illinois further assumed the Network Upgrade fully depreciated over the 20 year life of the agreement. Ameren Illinois determined the annual revenue requirement for each year assuming the project earns a return on the net plant and the allocation factors do not change over the 20 year period. Ameren Illinois then calculated the net present value of the annual revenue requirement stream using the 10.34 percent Attachment O overall rate of return as a discount rate. An equivalent present value levelized annual revenue requirement was then calculated. Dividing that present value levelized annual revenue requirement into the project cost yielded the 17.29 percent fixed charge rate. This is the same methodology that Ameren Illinois has applied in other FSAs on file with the Commission, for non-affiliates and affiliates.³⁰

Attachment B to this filing is a spreadsheet detailing the population of the Attachment GG Network Upgrade Charge formula for White Oak, which shows the derivation of the 17.29 fixed charge rate and the resulting monthly Network Upgrade Charge.

IV. Documents Submitted in this Filing

The documents being submitted with this filing include:

- This transmittal letter
- Attachment A – A clean copy of the unexecuted Facilities Service Agreement.
- Attachment B – Attachment GG spreadsheet showing derivation of Network Upgrade Charge.

V. Requested Effective Date and Request for Waiver

Ameren Illinois requests an effective date of sixty days from the date of filing (May 11, 2014) for the FSA.

In addition, Ameren Illinois respectfully submits that the requirements of Section 35.13 of the Commission's regulations that have not been specifically addressed herein are inapplicable to this filing. To the extent that the Commission determines that the requirements of Section 35.13 or any other rules to be applicable, Ameren Illinois respectfully requests waiver of the requirement of such provisions.

²⁹ The 13.75 percent Annual Allocation Factor for Return consists of 9.47 percent Annual Allocation Factor for Return on Rate Base and a 4.27 percent Annual Allocation Factor for Income Taxes.

³⁰ See, e.g., *Ameren Services Co.*, Docket No. ER10-677-000, Submission of Facilities Service Agreement with Rail Splitter Wind Farm LLC (accepted via Delegated Letter Order on March 5, 2010); *Ameren Services Co.*, Docket No. ER10-369-000, Submission of Facilities Service Agreement with Ameren Energy Generating Company (Dec. 01, 2009) (accepted via Delegated Letter Order on Jan. 21, 2010). See also *Midwest Indep. Transmission System Operator, Inc.*, Docket No. ER13-135, Letter Order (Dec. 12, 2012) (accepting Generator Interconnection Agreement between Ameren Illinois and Sugar Creek Wind One LLC that provides for, *inter alia*, calculation of the FSA charge using the same formula as that employed here).

VI. Communications

Correspondence, pleadings and other materials regarding this filing should be addressed to the following persons:

Christopher R. Jones*
TROUTMAN SANDERS LLP
401 9th Street, N.W., Suite 1000
Washington, DC 20004
(202) 662-2181
(202) 274-2994 (facsimile)
Christopher.Jones@TroutmanSanders.com

Counsel for Ameren Illinois

Joseph M. Power
Vice President,
Federal Legislative & Regulatory Affairs
Ameren Services Company
1331 Pennsylvania Avenue, N.W.
Suite 550S
Washington, DC 20004
(202) 783-7604
JPower@ameren.com

Joseph H. Raybuck
Director and Assistant General Counsel
Ameren Services Company
One Ameren Plaza
1901 Chouteau Avenue
St. Louis, MO 63166-6149
Phone: (314) 554-2976
jraybuck@ameren.com

VII. Notice and Service

Ameren Illinois has served a copy of this filing electronically, including attachments, upon White Oak Energy, L.L.C. In addition, the filing has been posted electronically on the MISO's website at www.midwestiso.org under the heading "Library" and then "FERC Filings and Orders" for other interested parties in this matter.

VIII. Conclusion

For all of the foregoing reasons, Ameren Illinois respectfully requests that the Commission accept for filing this Facilities Service Agreement, grant waiver of any Commission regulations deemed applicable to this filing, and permit the Facilities Service Agreement to be effective May 11, 2014.

Respectfully submitted,

/s/

Daniel L. Larcamp
Christopher R. Jones

Counsel to Ameren Illinois Company

ATTACHMENT A

SA 2645 AMEREN-WHITE OAK FACILITIES SERVICE AGREEMENT v31.0.0

EFFECTIVE 5/11/2014

ORIGINAL SERVICE AGREEMENT NO. 2645

**Facilities Service Agreement
For
White Oak Energy, LLC**

Facilities Service Agreement
For
White Oak Energy, LLC

This Facilities Service Agreement (“Service Agreement”) is entered into, by and between White Oak Energy, LLC (“Customer”) and **Ameren Services Company**, as agent for and on behalf of Ameren Illinois Company (“Owner”) to compensate the Owner for changes and additions to its electric system (“Facilities”) necessary for the Customer’s interconnection of its electric generating facility (MISO Project Number IP04) to the Owner’s electric system. Customer and Owner are each referred to as “Party,” and collectively as “Parties.”

WHEREAS, the Parties entered into a Large Generator Interconnection Agreement together with the Midwest Independent Transmission System Owner, Inc. (“MISO”), dated August 28, 2007, as subsequently amended (“LGIA”); and

WHEREAS, the LGIA provided that the Customer would be jointly responsible for certain Network Upgrades along with MISO Project Number IP08; and

WHEREAS, the LGIA was twice amended to reflect the suspension and subsequent termination of Project IP08; and

WHEREAS, under the LGIA the Customer has advanced certain payments to Owner in connection with constructing the Facilities; and

WHEREAS, in accordance with the MISO Open Access Transmission, Energy and Operating Reserve Markets Tariff (“Tariff”) that was in effect at the time the LGIA was executed, the Owner has elected Option 1 under Attachment FF of the Tariff to repay Customer in accordance with the provisions of Article 11.4 of the LGIA and to recover the costs from Customer through a Service Agreement; and

WHEREAS, the connection of Customer’s generating facility onto the Owner’s electric system has required Owner to install the Facilities, which consist of various Network Upgrades on Owner’s electric system, in order for Owner to maintain the electric system in a safe and reliable manner for the interconnection and operation of Customer’s generating facility; and

WHEREAS, the Owner is willing to operate and maintain the Facilities; and

WHEREAS, the Customer’s generation is pseudo-tied out of MISO and into the Tennessee Valley Authority (“TVA”) with whom the Customer has entered into a power sales agreement under which Customer is obligated to sell the power from its plant to the TVA; and

WHEREAS, the Customer has not entered into a contractual agreement for the sale of power to a Network Customer within MISO and thus the Customer is responsible for 100% of the cost of the Facilities as provided by the Tariff.

NOW, THEREFORE, the Parties agree as follows for the payment by Customer to the Owner for installing, operating and maintaining the Facilities under the following terms and conditions:

Effective Date and Term

The effective date of this Service Agreement shall be May 11, 2014, or such other date as it is permitted to become effective by the Federal Energy Regulatory Commission (“Commission”), whichever is later (“Effective Date”), and, based on the 20 year term of the LGIA, shall continue for twenty (20) years after the Effective Date or until terminated earlier by mutual agreement.

Facility Charge

Within ten (10) days of the Effective Date, Owner shall re-pay and Customer shall accept funds in the amount of \$3,197,342, with such amount including all funds paid by Customer to Owner for the Facilities and interest accumulated on that amount per the terms of the LGIA. Owner shall then establish a monthly charge based on the Network Upgrade Cost Basis that includes interest up to the in-service date:

Description	Amount
Network Upgrade Cost Basis	\$2,399,128
Customer's Share	100%
Customer's Responsibility	\$2,399,128
Modified Attachment GG FCR	17.29%
Annual Revenue Requirement	\$414,809
Monthly Revenue Requirement	\$34,567

Beginning with the Effective Date and continuing for a total of 240 months, unless this Service Agreement is terminated earlier by mutual agreement, Customer shall make a payment to Owner each month by the 10th day of the month (“Due Date”) in the amount of the Monthly Revenue Requirement.

Security

Customer shall provide Owner with security in the form of cash or a letter of credit in an amount equal to the Network Upgrade Costs. The security shall be reduced for payments made the prior year. In the event Customer fails to make a payment by the Due Date for any two months within a 12 month period, Owner shall draw on the security posed by Customer or, if such security is depleted, Customer shall provide Owner, upon request, with new security in the form of cash or a letter of credit in an amount equal to two

monthly payments. Such security shall be provided to Owner within five days of such request and shall remain with Owner for a period of up to three years. If Customer payments remain current throughout the period the security is being held, the security will be returned to Customer. If Customer fails to make a third payment by the Due Date within that period, Customer shall provide and maintain security equal to the total annual monthly payment requirement with such security to be held by Owner until contract expiration or Owner determines Customer payment history is acceptable and determines that security may be returned to Customer. Any security provided by Customer must be reasonably acceptable to Owner, must be kept active and must be available to Owner for the purpose of making monthly payments under this agreement in the event that Customer fails to do so. Any fees or costs associated with the provision of security are the responsibility of the Customer.

Default

Customer shall be in Default if either (i) it fails to provide and maintain the security as described in the prior paragraph, or (ii) if it terminates operation of Customer's generating facility prior to the end of the 240 months referred to above. In the event of Default, Customer shall promptly pay to Owner all amounts owing for the remaining months of the twenty year term due under this Service Agreement at the present worth value of the remaining payments using the then applicable rate of return used in calculating transmission rates.

Assignment

This Service Agreement shall inure to the benefit of and be binding upon each Party's successors and permitted assigns. No Party shall assign this Service Agreement or their related contractual rights without the prior written consent of the other Party, which prior written consent shall not be unreasonably withheld or delayed; provided, however, any Party may, with ten (10) days written notice to the other Party, and without written consent of the other Party, assign or transfer this Service Agreement to (i) its affiliate or subsidiary; or (ii) a successor to all or substantially all the properties and assets of such Party; provided that the assignee is at least as creditworthy as the assigning Party. No assignment of this Service Agreement shall release or discharge either Party from their future obligations hereunder unless all such obligations are assumed by the successor or assignee of that Party in writing.

Transmission Service

Owner is a transmission owning member of MISO and transmission service across Owner's transmission facilities is provided under the Tariff, as such may be amended from time to time, or under any successor tariff. Nothing in this Service Agreement conveys a right to transmission service under the Tariff. Customer or its agent shall obtain transmission service subject to the rates, terms and conditions of the Tariff under a separate agreement.

Other

Entire Agreement: This Service Agreement represents the entire agreement between Owner and Customer with reference to payment terms for the Facilities provided by Owner for Customer under the LGIA. This Service Agreement may not be amended, modified, or waived other than by a written document signed by all Parties.

Regulatory Approval: This Service Agreement and its terms shall be subject to approval, if applicable, by the Commission. This Service Agreement and its terms shall also be subject to, as applicable, the Tariff.

Disputes: Module A paragraph 12 of the Tariff shall apply to the resolution of any dispute hereunder.

Force Majeure: Owner shall not be considered in default as to any obligation under this Service Agreement if prevented from fulfilling the obligation due to an event of Force Majeure. However, if Owner's performance under this Service Agreement is hindered by an event of Force Majeure, it shall make all reasonable efforts to perform its obligations under this Service Agreement. An event of Force Majeure means any act of God, labor disturbance, act of the public enemy, war, act of terrorism, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, any curtailment, order, regulation or restriction imposed by governmental military or lawfully established civilian authorities, or any other cause beyond Owner's control. Economic hardship is not considered a Force Majeure event.

Liability: In no event shall Owner or its suppliers be liable under this Service Agreement or under any cause of action related to the subject matter of this Service Agreement, whether based on contract, warranty, tort (including negligence), strict liability, indemnity, or otherwise for any incidental, special, punitive or consequential damages including, but not limited to, loss of use, increased costs of purchased or replacement power, interest charges, inability to operate at full capacity, lost profits, or claims of Customer's customers. Owner shall not be liable to the Customer for damages caused by interruption of service, voltage or frequency variations, single phase to three phase lines, reversal of phase rotation, or carrier-current frequencies imposed by Owner for system operations or equipment control except such as result from the failure of Owner to exercise Good Utility Practice in furnishing the service. Customer should install the proper protective equipment if such occurrences might damage its apparatus. Owner's total liability to Customer for all claims arising out of or related to the subject matter of this Service Agreement, whether based on contract, warranty, tort (including negligence), strict liability, indemnity, or otherwise shall not exceed the amount paid by Customer to Owner during the month in which the claim arose for the location involved. The remedies set forth in this Service Agreement are the Customer's sole and exclusive remedies.

Contacts

Owner's Representative and Address

Customer's Representative and Address

Maureen A. Borkowski
Senior Vice President, Transmission
Ameren Services Company
1901 Chouteau Avenue
St. Louis, MO 63103

IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

Ameren Services Company
As agent for and on behalf of
Ameren Illinois Company

White Oak Energy, LLC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

ATTACHMENT B

Formula Rate calculation

Rate Formula Template
Utilizing Attachment O Data

Ameren Illinois

To be completed in conjunction with Attachment O.

Line No.	(1)	(2) Attachment O Page, Line, Col.	(3) Transmission	(4) Allocator
1	Gross Transmission Plant - Total	Attach O, p 2, line 2 col 5 (Note A)	861,236,446	
2	Net Transmission Plant - Total	Attach O, p 2, line 14 col 5 (Note B)	461,792,823	
O&M EXPENSE				
3	Total O&M Allocated to Transmission	Attach O, p 3, line 8 col 5	23,157,197	
4	Annual Allocation Factor for O&M	(line 3 divided by line 1 col 3)	2.69%	2.69%
GENERAL AND COMMON (G&C) DEPRECIATION EXPENSE				
5	Total G&C Depreciation Expense	Attach O, p 3, lines 10 & 11, col 5 (Note H)	673,346	
6	Annual Allocation Factor for G&C Depreciation Expense	(line 5 divided by line 1 col 3)	0.08%	0.08%
TAXES OTHER THAN INCOME TAXES				
7	Total Other Taxes	Attach O, p 3, line 20 col 5	1,676,066	
8	Annual Allocation Factor for Other Taxes	(line 7 divided by line 1 col 3)	0.19%	0.19%
9	Annual Allocation Factor for Expense	Sum of line 4, 6, and 8		2.96%
INCOME TAXES				
10	Total Income Taxes	Attach O, p 3, line 27 col 5	19,739,838	
11	Annual Allocation Factor for Income Taxes	(line 10 divided by line 2 col 3)	4.27%	4.27%
RETURN				
12	Return on Rate Base	Attach O, p 3, line 28 col 5	43,744,143	
13	Annual Allocation Factor for Return on Rate Base	(line 12 divided by line 2 col 3)	9.47%	9.47%
14	Annual Allocation Factor for Return	Sum of line 11 and 13		13.75%

Formula Rate calculation

Rate Formula Template
Utilizing Attachment O Data

Ameren Illinois

Network Upgrade Charge Calculation By Project

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)		
Line No.	Project Name	MTEP Project Number	Project Gross Plant	Annual Allocation Factor for Expense	Annual Expense Charge	Project Net Plant	Annual Allocation Factor for Return	Annual Return Charge	Project Depreciation Expense	Annual Revenue Requirement	True-Up Adjustment	Network Upgrade Charge	Annual Revenue Requirement
Year		(Note C)	(Page 1 line 7)	(Col. 3 * Col. 4)	(Note D)	(Page 1 line 12)	(Col. 6 * Col. 7)	(Note E)	(Sum Col. 5, 8 & 9)	(Note F)	(Note G)	Sum Col. 10 & 11	Annual Revenue Requirement
1	Project 1	\$ 2,399,128	2.96%	\$71,053.22	\$ 2,399,128	13.75%	\$329,814.99	\$119,956	\$520,824.61	\$ -	520,825	21.7%	
2		\$ 2,399,128	2.96%	\$71,053.22	\$ 2,279,172	13.75%	\$313,324.24	\$119,956	\$504,333.86	\$ -	504,334	21.0%	
3		\$ 2,399,128	2.96%	\$71,053.22	\$ 2,159,215	13.75%	\$296,833.49	\$119,956	\$487,843.11	\$ -	487,843	20.3%	
4		\$ 2,399,128	2.96%	\$71,053.22	\$ 2,039,259	13.75%	\$280,342.74	\$119,956	\$471,352.36	\$ -	471,352	19.6%	
5		\$ 2,399,128	2.96%	\$71,053.22	\$ 1,919,302	13.75%	\$263,852.00	\$119,956	\$454,861.61	\$ -	454,862	19.0%	
6		\$ 2,399,128	2.96%	\$71,053.22	\$ 1,799,346	13.75%	\$247,361.25	\$119,956	\$438,370.86	\$ -	438,371	18.3%	
7		\$ 2,399,128	2.96%	\$71,053.22	\$ 1,679,390	13.75%	\$230,870.50	\$119,956	\$421,880.11	\$ -	421,880	17.6%	
8		\$ 2,399,128	2.96%	\$71,053.22	\$ 1,559,433	13.75%	\$214,379.75	\$119,956	\$405,389.36	\$ -	405,389	16.9%	
9		\$ 2,399,128	2.96%	\$71,053.22	\$ 1,439,477	13.75%	\$197,889.00	\$119,956	\$388,898.62	\$ -	388,899	16.2%	
10		\$ 2,399,128	2.96%	\$71,053.22	\$ 1,319,520	13.75%	\$181,398.25	\$119,956	\$372,407.87	\$ -	372,408	15.5%	
11		\$ 2,399,128	2.96%	\$71,053.22	\$ 1,199,564	13.75%	\$164,907.50	\$119,956	\$355,917.12	\$ -	355,917	14.8%	
12		\$ 2,399,128	2.96%	\$71,053.22	\$ 1,079,608	13.75%	\$148,416.75	\$119,956	\$339,426.37	\$ -	339,426	14.1%	
13		\$ 2,399,128	2.96%	\$71,053.22	\$ 959,651	13.75%	\$131,926.00	\$119,956	\$322,935.62	\$ -	322,936	13.5%	
14		\$ 2,399,128	2.96%	\$71,053.22	\$ 839,695	13.75%	\$115,435.25	\$119,956	\$306,444.87	\$ -	306,445	12.8%	
15		\$ 2,399,128	2.96%	\$71,053.22	\$ 719,738	13.75%	\$98,944.50	\$119,956	\$289,954.12	\$ -	289,954	12.1%	
16		\$ 2,399,128	2.96%	\$71,053.22	\$ 599,782	13.75%	\$82,453.75	\$119,956	\$273,463.37	\$ -	273,463	11.4%	
17		\$ 2,399,128	2.96%	\$71,053.22	\$ 479,826	13.75%	\$65,963.00	\$119,956	\$256,972.62	\$ -	256,973	10.7%	
18		\$ 2,399,128	2.96%	\$71,053.22	\$ 359,869	13.75%	\$49,472.25	\$119,956	\$240,481.87	\$ -	240,482	10.0%	
19		\$ 2,399,128	2.96%	\$71,053.22	\$ 239,913	13.75%	\$32,981.50	\$119,956	\$223,991.12	\$ -	223,991	9.3%	
20		\$ 2,399,128	2.96%	\$71,053.22	\$ 119,956	13.75%	\$16,490.75	\$119,956	\$207,500.37	\$ -	207,500	8.6%	
21		\$ -	2.96%	\$0.00	\$ 0	13.75%	\$0.00	\$0	\$0.00	\$ -	0	#DIV/0!	
22		\$ -	2.96%	\$0.00	\$ 0	13.75%	\$0.00	\$0	\$0.00	\$ -	0	#DIV/0!	
23		\$ -	2.96%	\$0.00	\$ 0	13.75%	\$0.00	\$0	\$0.00	\$ -	0	#DIV/0!	
24		\$ -	2.96%	\$0.00	\$ 0	13.75%	\$0.00	\$0	\$0.00	\$ -	0	#DIV/0!	
25		\$ -	2.96%	\$0.00	\$ 0	13.75%	\$0.00	\$0	\$0.00	\$ -	0	#DIV/0!	
26		\$ -	2.96%	\$0.00	\$ 0	13.75%	\$0.00	\$0	\$0.00	\$ -	0	#DIV/0!	
27		\$ -	2.96%	\$0.00	\$ 0	13.75%	\$0.00	\$0	\$0.00	\$ -	0	#DIV/0!	
28		\$ -	2.96%	\$0.00	\$ 0	13.75%	\$0.00	\$0	\$0.00	\$ -	0	#DIV/0!	
29		\$ -	2.96%	\$0.00	\$ 0	13.75%	\$0.00	\$0	\$0.00	\$ -	0	#DIV/0!	
30		\$ -	2.96%	\$0.00	\$ 0	13.75%	\$0.00	\$0	\$0.00	\$ -	0	#DIV/0!	
31		\$ -	2.96%	\$0.00	\$ 0	13.75%	\$0.00	\$0	\$0.00	\$ -	0	#DIV/0!	
2	Annual Totals								7,283,250	0	7,283,250		
3	Rev. Req. Adj For Attachment O												

Inputs	
Project Cost	\$2,399,128
Length of Contract in Years	20
Annual Depreciation	5.00%
Customer Share	100%
Discount Rate (Attach O ROR)	10.34%

1	Discount Rate	10.34%	From "Inputs" Box at Left
2	Present Value Revenue Req.	\$3,452,771	PV of Annual Rev Req in Column 12
3	Annual Revenue Requirement	\$414,901	Annual Levelized Revenue Req
4	Project Cost	\$2,399,128	
5	FCR Revenue Requirement	17.2900%	Line 3 / Line 4
6	Customer Share	\$2,399,128	
7	Annual Revenue Requirement	\$414,809	
	Monthly Revenue Requirement	\$34,567	Charge to White Oak

- Note Letter
- A Gross Transmission Plant is that identified on page 2 line 2 of Attachment O and includes any sub lines 2a or 2b etc. and is inclusive of any CWIP included in rate base when authorized by FERC order.
 - B Net Transmission Plant is that identified on page 2 line 14 of Attachment O and includes any sub lines 14a or 14b etc. and is inclusive of any CWIP included in rate base when authorized by FERC order.
 - C Project Gross Plant is the total capital investment for the project calculated in the same method as the gross plant value in line 1 and includes CWIP in rate base if applicable.
 - D Project Net Plant is the Project Gross Plant Identified in Column 3 less the associated Accumulated Depreciation.
 - E Project Depreciation Expense is the actual value booked for the project and included in the Depreciation Expense in Attachment O page 3 line 12.
 - F True-Up Adjustment is included pursuant to a FERC approved methodology if applicable.
 - G The Network Upgrade Charge is the value to be used in Schedule 26.