

August 31, 2001

BY HAND

The Honorable David P. Boergers
Secretary
Federal Energy Regulatory Commission
Dockets Room, Room 1A
888 First Street, N.E.
Washington, D.C. 20426

Re: Alliance Companies (Docket Nos. RT01-88-004, ER99-3144-012, and
EC99-80-012)

Dear Secretary Boergers:

Enclosed for filing please find an original and fourteen (14) copies, and an electronic version on diskette, of the Industrial Consumers' Motion for Mediation in the Alliance Companies dockets.

We ask that two copies of this document be date-stamped and returned for our records. Thank you for your assistance.

Sincerely,

Sara D. Schotland

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

_____)	
Alliance Companies)	
)	
Ameren Corporation)	
on behalf of:)	Docket Nos.
Union Electric Company)	RT01-88-004,
Central Illinois Public Service Company)	ER99-3144-012, and
)	EC99-80-012
American Electric Power Service Corporation)	
on behalf of:)	
Appalachian Power Company)	
Columbus Southern Power Company)	
Indiana Michigan Power Company)	
Kentucky Power Company)	
Kingsport Power Company)	
Ohio Power Company)	
Wheeling Power Company)	
)	
Consumers Energy Company)	
And Michigan Electric Transmission Company)	
)	
The Dayton Power and Light Company)	
)	
The Detroit Edison Company)	
And International Transmission Company)	
)	
Exelon Corporation)	
on behalf of:)	
Commonwealth Edison Company)	
Commonwealth Edison Company of Indiana)	
)	
FirstEnergy Corporation)	
on behalf of:)	
American Transmission Systems, Inc.)	
The Cleveland Electric Illuminating Company)	
Ohio Edison Company)	
Pennsylvania Power Company)	
The Toledo Edison Company)	
_____)	

**MOTION FOR MEDIATION
OF INDUSTRIAL CONSUMERS (THE ELECTRICITY
CONSUMERS RESOURCE COUNCIL, AMERICAN IRON
AND STEEL INSTITUTE, AND AMERICAN CHEMISTRY COUNCIL)**

Industrial Consumers the Electricity Consumers Resource Council (ELCON), the American Iron and Steel Institute (AISI), and the American Chemistry Council (ACC), intervenors in Docket Nos. EC99-80 and ER99-3144, second the motion for mediation contained in the Request for Rehearing filed in these dockets by Midwest State Commissions, the Illinois Commerce Commission, the Michigan Public Service Commission, the Indiana Utility Regulatory Commission, the Pennsylvania Public Utility Commission, and the Public Utilities Commission of Ohio.¹

In FERC's July 12, 2001 orders initiating mediation in the Northeast and Southeast, 96 FERC ¶ 61,065 and 96 FERC ¶ 61,066, FERC stated that to establish efficient markets and remove seams issues, it was necessary to forge combined regional RTOs. We submit that the Midwest would benefit from a similar mediation both to address integration of Alliance and the Midwest ISO and to consider integration with SPP. We request that FERC order a Midwest mediation for three main reasons:

- The Midwest is larger than either the existing Alliance or the Midwest ISO footprint. To date, attention has focused on the debate between these two putative RTOs about optimal corporate form and other internal debates as to market structure. Electricity flows through the Eastern Interconnection

¹ Midwest State Commissions' August 13, 2001 Request for Rehearing also was filed in Docket Nos. RT01-84-001, RT01-26-001, and RT01-37-001.

according to the laws of physics—regardless of how the Interconnection is divided into RTO structures. There should be a focused discussion on a long-term strategy for operating and expanding transmission in the Eastern Interconnection.

- FERC has advised the Alliance RTO on numerous occasions that it wants to see tangible progress on expansion. See, most recently, 94 FERC ¶ 61,070 (2001). Progress to date has been insufficient. FERC has relied on the Alliance-Midwest ISO Settlement Agreement and an Inter-Regional Cooperation Agreement to achieve this objective. The filing of the Midwest State Commissions indicates that diligent and timely implementation has not yet occurred.
- There are serious problems with the adequacy of the Alliance stakeholder process and the issue of independence given the role of Alliance Bridgeco.² These governance concerns would be aided by an open and inclusive Midwest mediation process.

As FERC has recognized, problems posed by balkanized ISOs and transcos increase with time, impeding development of competitive markets and imposing costs on consumers. We urge FERC to promptly convene a mediation to forge a greater Midwest RTO and effective resolution of seams issues in the Interconnection.

² See Request for Rehearing of Midwest State Commissions and Request for Rehearing of Joint Midwest Intervenors, both dated August 13, 2001.

Respectfully submitted,

Sara D. Schotland
CLEARY, GOTTLIEB, STEEN &
HAMILTON
2000 Pennsylvania Avenue, N.W.
Washington, D.C. 20006
202-974-1550

Dated: August 31, 2001

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing Request for Mediation of Industrial Consumers were today mailed to parties on the service list of this proceeding by U.S. mail, postage prepaid.

Dated at Washington, D.C., this 31st day of August, 2001.

Kari Vander Stoep
Law Clerk
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