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FEB 17 2000

Missouri Public
Service Commission

February 16, 2000

VIA FEDERAL EXPRESS



Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

Re: MPSC Case No. EO-96-149

Dear Mr. Roberts:

Enclosed for filing on behalf of Union Electric Company, d/b/a AmerenUE, in the above matter, please find an original and fourteen (14) copies of its "**Final**" **Earnings Report Filing for the First Sharing Period of the Second Experimental Alternative Regulation Plan**. Copies of Work Papers have been sent to the active parties.

Kindly acknowledge receipt of this filing by stamping a copy of the enclosed letter and returning it to me in the enclosed self-addressed envelope.

Very truly yours,

A handwritten signature in black ink, appearing to read "James J. Cook", written over a large, stylized loop.

James J. Cook
Managing Associate General Counsel

JJC/db
Enclosures

cc: Ms. Shelly Register
Parties on Attached Service List

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED³

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Missouri Public
Service Commission

In the matter of the application of)
Union Electric Company for an order)
authorizing (1) certain merger)
transactions involving Union Electric)
Company; (2) the transfer of certain)
assets, real estate, leased Property,)
easements and contractual)
agreements to Central Illinois Public)
Service Company; and (3) in)
connection therewith, certain other)
related transactions.)

Case No. EM-96-149

**“Final” Earnings Report Filing
First Sharing Period – Second EARP**

COMES NOW Union Electric Company (d/b/a AmerenUE and referred to herein as “the Company” or “AmerenUE”) and submits this “Final” Earnings Report Filing. In explanation thereof, the Company states as follows:

1. This filing is for the First Sharing Period of the Second Experimental Alternative Regulation Plan (EARP).
2. On November 1, 1999, the Company filed a “Notice regarding ‘Final Earnings Report’” with the Commission. In that filing, the Company stated that it could not meet the requirement of Section 7.f.iv. of the Stipulation and Agreement which called for the filing of a final earnings report “within 105 days after the end of the Sharing Period.” This inability was because various issues remained unresolved from the previous sharing period and therefore, the amount of the credit and the magnitude of the rate reduction remained unknown. At that time, the Company stated that it would not be able to make the required

filing until “ a final order is issued in the pending case before the Commission, covering the Third Sharing Period in Case No. EO-96-14, and all matters associated therewith are finally resolved...”

3. Since that filing, the Commission has issued its Report and Order in EO-96-14 (December 23, 1999). On December 30, 1999, the Company filed an Application for Rehearing and for a Stay of that order. On January 25, 2000, the Commission denied the Company’s requests.

4. Although the Company is still considering additional action on this matter, the numbers that result from the Commission’s Order are now known. The Company has determined, that although later judicial action might affect these proceedings, it is appropriate that the procedure set out in the Stipulation and Agreement for determining the sharing credit for the next sharing period should continue at this time.

5. Accordingly, attached to this pleading and designated as Schedule 1, pages 1 through 5, is the Company’s “Earnings Report (February 16, 2000)”. This Earnings Report should be treated by the parties and the Commission as the “final earnings report,” for the First Sharing Period of the Second Experimental Alternative Regulation Plan, as that term is used in Section 7 of the Stipulation and Agreement in Case No. EM-96-149.

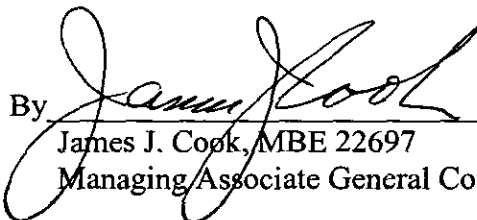
6. The Company continues to maintain that the sharing credit for the Third Sharing Period of the 1st EARP, and accordingly, the rate reduction called for in EM-96-149, as ordered by the Commission in its December 23, 1999 Order are unlawful for the reasons set forth in previous pleadings. Therefore, the Company believes that the numbers included in Schedule 1 are not truly “final”. However, it appears appropriate that the Company file calculations that result from the Commission’s Report and Order.

7. The Company does not waive and specifically reserves all rights to continue to pursue judicial review of these matters. In addition, to the extent that the filing of a request for a stay in this matter, either before this Commission or a state or federal court may be needed to protect the Company from making a potentially erroneous credit, the Company reserves the right to seek such relief. The filing of this Schedule should not be used by any party as evidence that the Company has acquiesced in any decision of the Commission that resulted in or affects the figures included in Schedule 1.

WHEREFORE, for the reasons set forth above, and subject to the reservations also set forth herein, Union Electric Company submits the attached Schedule for filing in this matter.

Respectfully submitted,

UNION ELECTRIC COMPANY
d/b/a AmerenUE

By 
James J. Cook, MBE 22697
Managing Associate General Counsel

Ameren Services Company
One Ameren Plaza
1901 Chouteau Avenue
P. O. Box 66149 (MC 1310)
St. Louis, MO 63166-6149
(314) 554-2237
(314) 554-4014 (fax)

Dated: February 16, 2000

UNION ELECTRIC COMPANY
12 MONTHS ENDED JUNE 30, 1999
(IN THOUSANDS OF DOLLARS)

EARNINGS REPORT
(FEBRUARY 16, 2000)

	<u>TOTAL ELECTRIC</u>	<u>MISSOURI JURISDICTIONAL</u>
Plant in Service	\$ 8,360,024	\$ 7,518,671
Reserve for Depreciation	3,362,667	3,006,005
 Net Plant	 4,997,357	 4,512,666
Add:		
Fuel and Materials & Supplies	201,368	172,940
Cash Working Capital	(27,397)	(24,000)
Prepayments	13,491	11,818
Less:		
Income Tax Offset (Staff Method)	61,982	56,457
Interest Expense Offset (Staff Method)	15,166	13,705
Customer Advances	8,168	8,117
Customer Deposits	11,011	11,011
Accumulated Deferred Income Taxes:		
Account 190	80,491	71,148
Account 282	(889,957)	(788,504)
 (A) Total Rate Base	 <u>\$ 4,279,026</u>	 <u>\$ 3,866,778</u>
 (B) Net Operating Income	 \$ 441,853	 \$ 405,993
 (C) Return on Rate Base ((B) / (A))	 <u>10.326%</u>	 <u>10.500%</u>
 (D) Return Portion Related to Debt & Preferred	 2.975%	 2.975%
 (E) Return Portion Related to Common Equity ((C) - (D))	 7.351%	 7.525%
 (F) Equity Percentage of Capital Structure	 <u>56.676%</u>	 <u>56.676%</u>
 (G) Achieved Cost of Common Equity ((E) / (F))	 <u>12.970%</u>	 <u>13.277%</u>

UNION ELECTRIC COMPANY
12 MONTHS ENDED JUNE 30, 1999
(IN THOUSANDS OF DOLLARS)

EARNINGS REPORT
(FEBRUARY 16, 2000)

	<u>TOTAL ELECTRIC</u>	<u>MISSOURI JURISDICTIONAL</u>
Operating Revenues	\$ 2,117,032	\$ 1,899,198
Operating & Maintenance Expenses:		
Production:		
Fixed Allocation	97,723	85,566
Variable Allocation	512,012	434,954
Directly Assigned	(2,496)	(2,082)
Total Production Expenses	<u>607,239</u>	<u>518,438</u>
Transmission Expenses (Fixed)	16,066	14,068
Distribution Expenses (Distr. Plant)	93,076	87,059
Customer Accounting Expenses (Direct)	57,256	53,808
Customer Serv. & Info. Expenses (Direct)	5,665	5,209
Sales Expenses (Direct)	3,045	2,797
Administrative & General Expenses:		
Directly Assigned	(5,835)	(3,242)
Labor Allocation	216,914	192,099
Total Administrative & General Expenses	<u>211,079</u>	<u>188,857</u>
Total Operating & Maintenance Expenses	<u>993,426</u>	<u>870,236</u>
Depreciation & Amortization Expense:		
Fixed Allocation	68,322	59,823
Labor Allocation	9,578	8,482
Directly Assigned	175,360	160,601
Total Depreciation & Amortization Expense	<u>253,260</u>	<u>228,906</u>
Taxes Other than Income Taxes:		
Fixed Allocation	52,356	45,843
Variable Allocation	1,394	1,184
Labor Allocation	4,308	3,816
Directly Assigned	142,054	133,425
Total Taxes Other than Income Taxes	<u>200,112</u>	<u>184,268</u>
Income Taxes:		
Federal Income Taxes	195,818	179,286
Missouri State Income Tax	31,505	30,509
Other States' Income Taxes	1,058	0
Total Income Taxes	<u>228,381</u>	<u>209,795</u>
Net Operating Income	<u>\$ 441,853</u>	<u>\$ 405,993</u>

UNION ELECTRIC COMPANY
12 MONTHS ENDED JUNE 30, 1999

EARNINGS REPORT
(FEBRUARY 16, 2000)

ALLOCATION FACTORS

	<u>TOTAL ELECTRIC</u>	<u>MISSOURI JURISDICTIONAL</u>
Fixed	100.00%	87.56%
Variable	100.00%	84.95%
Nuclear	100.00%	87.49%
Distribution	100.00%	94.44%
Mo. Distribution Plant	100.00%	99.49%
Labor	100.00%	88.56%
Net Plant	100.00%	90.30%
Operating Revenues	100.00%	89.71%
Operating Expenses	100.00%	87.60%
Callaway Post Operational	100.00%	94.37%
EPRI	100.00%	91.49%

UNION ELECTRIC COMPANY
MISSOURI ELECTRIC
FIRST YEAR SHARING CREDIT FOR THE SECOND PLAN
BASED ON TWELVE MONTHS ENDING JUNE 30, 1999
(IN THOUSANDS OF DOLLARS)
(FEBRUARY 16, 2000)

	6/30/99
MISSOURI RATE BASE	\$ 3,866,778
TOTAL RETURN ON RATE BASE	10.500%
EARNED RETURN ON COMMON EQUITY	13.277%
50% SHARING FOR EARNED RETURN > 12.61% = 14.00%	
$[(13.277\% - 12.61\%) * 50\% * \$3,866,778 \text{ (RB)} * 0.56676 \text{ (C.E. \%)}]$	\$ 7,309
TOTAL 50% SHARING INCLUDING INCOME TAXES (.6231)	\$ 11,863
90% SHARING FOR EARNED RETURN > 14.00% = 16.00%	
$[(14.000\% - 14.00\%) * 90\% * \$3,866,778 \text{ (RB)} * 0.56676 \text{ (C.E. \%)}]$	\$ -
TOTAL 90% SHARING INCLUDING INCOME TAXES (.6231)	\$ -
100% SHARING FOR EARNED RETURN > 16.00%	
$[(16.000\% - 16.00\%) * 100\% * \$3,866,778 \text{ (RB)} * 0.56676 \text{ (C.E. \%)}]$	\$ -
TOTAL 100% SHARING INCLUDING INCOME TAXES (.6231)	\$ -
TOTAL SHARING INCLUDING TAXES (EXCLUDES GROSS RECEIPTS TAX)	\$ 11,863

**UNION ELECTRIC COMPANY
CAPITAL STRUCTURE AND
EMBEDDED COST OF DEBT AND PREFERRED
AT JUNE 30, 1998 AND 1999
FIRST YEAR SHARING CREDIT OF SECOND PLAN
(February 16, 2000)**

BEGINNING OF SHARING PERIOD (JUNE 30, 1998)

	(I) CAPITAL STRUCTURE DOLLARS	(II) %	(III) EMBEDDED COST	(IV) WGTD AVG COST
COMMON STOCK EQUITY*	\$2,415,630,944	55.334%	N/A	N/A
PREFERRED STOCK	155,197,000	3.555%	5.775%	0.205%
LONG-TERM DEBT	1,794,739,172	41.111%	6.978%	2.869%
TOTAL CAPITALIZATION	<u>\$4,365,567,116</u>	<u>100.000%</u>		
RETURN PORTION RELATED TO DEBT AND PREFERRED				<u>3.074%</u>

END OF SHARING PERIOD (JUNE 30, 1999)

	(V) CAPITAL STRUCTURE DOLLARS	(VI) %	(VII) EMBEDDED COST	(VIII) WGTD AVG COST
COMMON STOCK EQUITY*	\$2,497,618,986	58.019%	N/A	N/A
PREFERRED STOCK	155,197,000	3.605%	5.775%	0.208%
LONG-TERM DEBT	1,652,029,074	38.376%	6.953%	2.668%
TOTAL CAPITALIZATION	<u>\$4,304,845,060</u>	<u>100.000%</u>		
RETURN PORTION RELATED TO DEBT AND PREFERRED				<u>2.876%</u>

RETURN PORTION RELATED TO DEBT AND PREFERRED
AVERAGE BEGINNING AND END OF SHARING PERIOD

2.975%

AVERAGE COMMON STOCK EQUITY*
BEGINNING AND END OF SHARING PERIOD (%)

56.676%

*Since common dividends payable at the end of a quarter and preferred dividends payable during the subsequent quarter are removed from common equity in their entirety during the first month of every quarter, the balance for common stock equity for the end of the first or second month in each quarter (if used as the beginning or end of the sharing period) should be adjusted from actual book value. The balance for the end of the first month in the quarter should be adjusted by adding back two-thirds of the quarterly preferred and common dividend. The balance for the end of the second month in the quarter should be adjusted by adding back one-third of the quarterly preferred and common dividend.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served via Federal Express on this 16th day of February, 2000, on the following parties of record:

Mr. Richard W. French
French & Stewart
1001 E. Cherry Street
Suite 302
Columbia, MO 65201

Mr. Steve Dottheim
General Counsel
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102

Mr. Michael C. Pendergast
Laclede Gas Company
720 Olive Street
Room 1530
St. Louis, MO 63101

Mr. John B. Coffman
Office of the Public Counsel
P.O. Box 7800
Jefferson City, MO 65102

Mr. Robert C. Johnson
720 Olive Street
27th Floor
St. Louis, MO 63101

Mr. James C. Swearengen
Brydon, Swearengen & England
312 E. Capitol
P.O. Box 456
Jefferson City, MO 65102

Ms. Diana Schmidt-Vuylsteke
Bryan Cave LLP
One Metropolitan Square
211 North Broadway
Suite 3600
St. Louis, MO 63102

Ms. Marilyn S. Teitelbaum
Schuchat, Cook & Werner
1221 locust Street
2nd Floor
St. Louis, MO 63103

Mr. Jeremiah W. Nixon and/or
Mr. Daryl R. Hylton
Attorney General's Office
221 W. High Street
P.O. Box 899
Jefferson City, MO 65102

Mr. Gary W. Duffy
Brydon, Swearengen & England
312 E. Capitol
P.O. Box 456 Jefferson City, MO 65102

Kansas City Power & Light Co.
Attn: Ms. Darlene Hudson
Law Department - 20th Fl.
1201 Walnut Street
Kansas City, MO 64106-2121

Mr. Paul S. DeFord
Lathrop & Norquist, L.C.
2345 Grand Blvd.
Suite 2500
Kansas City, MO 64108

Mr. Maurice Brubaker
Brubaker & Associates, Inc.
1215 Fern Ridge Parkway, Ste. 208
P. O. Box 412000
St. Louis, MO 63141-2000

Mr. James M. Fischer
1001 W. McCarty
Suite 215
Jefferson City, MO 65101

Mr. Steve Rackers
Missouri Public Service Commission
815 Charter Commons Dr., Ste. 100B
Chesterfield, MO 63017-0608


James J. Cook