

SMITH LEWIS, LLP

ATTORNEYS AT LAW

P.O. BOX 918
COLUMBIA, MISSOURI 65205-0918

•••
CITY CENTRE

111 SOUTH NINTH STREET, SUITE 200
COLUMBIA, MISSOURI 65201-4891

(573) 443-3141 • Fax (573) 442-6686

BRUCE H. BECKETT
WILLIAM JAY POWELL
JOHN L. ROARK
COLLY J. DURLEY
JAMES B. LOWERY
MICHAEL R. TRIPP
PHEBE LA MAR
SARAH E. GIBONEY

OF COUNSEL
ROBERT C. SMITH

RAYMOND C. LEWIS, JR. (1926-2004)

AMANDA ALLEN MILLER
SPENCER L. THROSSELL
ALEX R. KNOLL
DANIEL G. BECKETT

PARALEGALS
CHERYL L. LOBB
WHITNEY C. FORT

September 3, 2010

Steven Reed
Secretary
Missouri Public Service Commission
P.O. Box 360
Jefferson City, Missouri 65102

Re: Union Electric Company d/b/a AmerenUE (AmerenUE), Case No. ER-2011-0028

Dear Mr. Reed:

Filed concurrently with this letter is a cover letter from AmerenUE's Managing Associate General Counsel, Thomas M. Byrne, with which is included certain tariff sheets consisting of electric rate schedules designed to increase AmerenUE's base gross annual electric revenues by approximately \$263 million. The above-cited figures are exclusive of applicable gross receipts, sales, franchise or occupational fees or taxes. The proposed tariff sheets bear a date of issue of September 3, 2010, and an effective date of October 3, 2010.

The test year employed by the Company is the 12 months ending March 31, 2010, with certain pro-forma adjustments to include known and measurable items through February 28, 2011, the true-up cutoff date the Company will request in this case, as discussed in the direct testimony of AmerenUE witness Gary S. Weiss.

The rate increase sought by this filing is primarily driven by several factors. These include covering the cost of the substantial environmental investment made at the Company's Sioux Plant for wet flue gas desulfurization units (scrubbers); continued investment in the Company's generation and energy delivery systems, including in particular to continue to enhance and maintain the reliability of the Company's system; escalating net fuel costs, including material coal transportation cost increases and lower off-system sales due to decreased power prices; and higher depreciation expense, including for continued large capital expenditures on property, plant and equipment, much of which as noted earlier is directed toward environmental investments and continued improvement in the reliability of the Company's generation and energy delivery systems.

Also included herein or in Schedules to this letter is the information required by 4 CSR 240-3.030(3)(B), as follows:

3(B)1. See Schedule 1

3(B)2. See Schedule 2

3(B)3. See Schedule 3

3(B)4. See Schedule 4

3(B)5. See Schedule 5

3(B)6. See attached press release being issued by AmerenUE concurrently with this filing.

3(B)7. The rate increase sought by this filing is needed for the following reasons:

- To recover the cost of environmental and other investments in the Company's power plants and energy delivery systems, including in particular to continue to maintain and enhance the reliability the Company's system;
- To recover escalating net fuel costs, including material coal transportation cost increases and lower off-system sales due to decreased power prices;
- To reflect higher depreciation expense in rates, including for continued large capital expenditures on property, plant and equipment, much of which is directed toward environmental investments and continued maintenance of and improvement in the reliability of the Company's energy delivery systems; and
- To reflect increases in the Company's cost of capital.

As required by 4 CSR 240-2.065(1), this filing includes AmerenUE's direct testimony relating to this general rate increase request. Direct testimony is provided by the following witnesses:

Warner L. Baxter	Overview of Company and Rate Increase Request; Policy; Introduction of Company Witnesses
Gary S. Weiss	Cost of Service
Lynn M. Barnes	Fuel Adjustment Clause
Mark C. Birk	Sioux Wet Flue Gas Desulfurization Units (Scrubbers); Taum Sauk Investments
Paul C. Rizzo	Taum Sauk Investments
Wilbon L. Cooper	Rate Design/Billing Units

Jaime Haro	Normalized Off-System Sales
Timothy D. Finnell	Production Cost Model
Robert B. Hevert	Return on Equity
Michael G. O'Bryan	Capital Structure
Steven M. Wills	Weather Normalization of Test Year Sales
Michael Adams	Cash Working Capital
Phil Difani	Lighting Class Cost of Service
Randall K. Lynn	Pension/OPEB Tracker
William M. Warwick	Class Cost of Service Study
James R. Pozzo	Normalized Billing Units
William Davis	Energy Efficiency Cost Recovery

I request that you please bring this filing to the attention of the appropriate Commission personnel and see that a copy of all correspondence, notices, orders or other communications in connection with this matter and proceeding are furnished to the undersigned counsel for AmerenUE at the addresses listed in the letterhead above, and also to the following persons:

Thomas M. Byrne Managing Associate General Counsel Ameren Services Company P.O. Box 66149 (MC 1310) St. Louis, MO 63166-6149 AmerenUEService@ameren.com	Wendy K. Tatro Associate General Counsel Ameren Services Company P.O. Box 66149 (MC 1310) St. Louis, MO 63166-6149 AmerenUEService@ameren.com
Stephen M. Kidwell Vice President- Regulatory Affairs AmerenUE PO Box 66149 (MC 1450) St. Louis, MO 63166-6149 skidwell@ameren.com	L. Russell Mitten Brydon, Swearngen & England 312 E. Capitol PO Box 456 Jefferson City, MO 65201 rmitten@brydonlaw.com

Thank you for your assistance with this filing. Should you have any questions, please contact me.

Sincerely,

/s/ James B. Lowery

James B. Lowery

cc/enc: Missouri Public Service Commission General Counsel
Office of the Public Counsel

UNION ELECTRIC COMPANY
Missouri Electric Operations
Aggregate Annual Increase

The aggregate annual increase over current revenues produced by current base rates which the tariffs propose is \$263,273,000* for AmerenUE, an overall increase of 10.80% on a pro forma basis.

The tariffs also reflect the rebasing of net fuel costs to reflect anticipated increases in the net fuel costs currently included in base rates, which absent the filing of this rate increase request, would have been included in periodic adjustments under AmerenUE's existing fuel adjustment clause (Rider FAC). This rebasing of net fuel costs accounts for \$72,568,000 of the aggregate \$263,273,000 proposed by the tariffs. Future deferrals of any increases or decreases in net fuel costs will continue to be recovered, in addition to base rates, through Rider FAC.

* Targeted increase in base revenues from AmerenUE witness Gary S. Weiss' testimony is \$263,313,000 however rate rounding resulted in a shortfall of approximately \$40,000.

UNION ELECTRIC COMPANY
Missouri Electric Operations
AMERENUE – COUNTIES SERVED – ELECTRIC

ADAIR	GASCONADE	PEMISCOT
AUDRAIN	GENTRY	PETTIS
BOONE	HOWARD	PIKE
CALDWELL	IRON	RALLS
CALLAWAY	JEFFERSON	RANDOLPH
CAMDEN	KNOX	RAY
CAPE GIRARDEAU	LEWIS	REYNOLDS
CARROLL	LINCOLN	ST. CHARLES
CHARITON	LINN	ST. FRANCOIS
CLARK	LIVINGSTON	STE. GENEVIEVE
CLAY	MADISON	ST. LOUIS CITY
CLINTON	MARIES	ST. LOUIS COUNTY
COLE	MILLER	SALINE
COOPER	MISSISSIPPI	SCHUYLER
CRAWFORD	MONITEAU	SCOTLAND
DAVISS	MONROE	SCOTT
DEKALB	MONTGOMERY	STODDARD
DUNKLIN	MORGAN	SULLIVAN
FRANKLIN	NEW MADRID	WARREN
	OSAGE	WASHINGTON

UNION ELECTRIC COMPANY
Missouri Electric Operations

AMERENUE – COMMUNITIES SERVED – ELECTRIC

Affton	Bel-Nor	Bucoda
Alexandria	Bel-Ridge	Buell
Allenton	Benton	Bunceton
Altamont	Benton City	Byrnes Mill
Amity	Berger	Cadet
Annada	Berkeley	Cairo
Anniston	Bernie	Caledonia
Antonia	Bertrand	Calverton Park
Arbyrd	Beverly Hills	Canaan
Arcadia	Big Spring	Canady
Argyle	Bismarck	Canalou
Arnold	Black Jack	Canton
Ashburn	Blackwater	Cape Girardeau
Ashland	Blackwell	Cardwell
Ashley	Bland	Carsonville
Athens	Blodgett	Caruth
Augusta	Bonne Terre	Caruthersville
Auxvasse	Bonnots Mill	Catawissa
Bagnell	Boonville	Catron
Ballwin	Bowling Green	Cave
Baring	Bragg City	Cave Springs
Barnett	Braggadocio	Cedar Hill
Barnhart	Brashear	Center
Belgrade	Brasher	Centertown
Bella Villa	Braymer	Chaffee
Bellair	Breckenridge	Chain of Rocks
Belle	Breckenridge Hills	Chamois
Bellefontaine Neighbors	Brentwood	Champ
Bellerive	Bridgeton	Charlack
Belleview	Bridgeton Terrace	Charleston
Bellflower	Brookfield	Chesterfield

UNION ELECTRIC COMPANY
Missouri Electric Operations

AMERENUE – COMMUNITIES SERVED – ELECTRIC

Clark	Deering	Fairport
Clarksburg	Defiance	Fairview Acres
Clarkson Valley	Dellwood	Farber
Clarksville	Delta	Fenton
Clarkton	Des Peres	Ferguson
Clayton	Desloge	Festus
Clifton Hill	De Soto	Flamm City
Commerce	Dexter	Fletcher
Concord	Dittmer	Flint Hill
Concord Hill	Doe Run	Flordell Hills
Cool Valley	Downing	Florence
Cooter	Dutchtown	Florissant
Corso	Dutzow	Foley
Cottleville	East Prairie	Foristell
Country Club Hills	Edgewood	Fortuna
Country Life Acres	Edina	Four Seasons Village
Cowgill	Edmundson	Frankclay
Crestwood	Eldon	Frankford
Creve Coeur	Ellisville	Franklin
Crowder	Elmira	Freeburg
Crystal City	Elsberry	Frontenac
Crystal Lake Park	Elston	Gasconade
Crystal Lakes	Eolia	Gerald
Curryville	Essex	Gibbs
Cyrene	Esther	Gibson
Danville	Estill	Gideon
Dardenne Prairie	Ethlyn	Gilmore
Davis	Eugene	Glen Echo Park
Dawn	Eureka	Glencoe
De Lassus	Ewing	Glendale
Deer Run	Excelsior Springs	Gordonville

UNION ELECTRIC COMPANY
Missouri Electric Operations

AMERENUE – COMMUNITIES SERVED – ELECTRIC

Gorin	Holland	Klondike
Graniteville	Holliday	Knob Lick
Grantwood Village	Hollywood	Knox City
Gray Summit	Holstein	Koeltztown
Green Castle	Holt	Labadie
Green City	Holts Summit	La Belle
Green Park	Hornersville	Laddonia
Greendale	Huntleigh	Ladue
Greentop	Huntsville	LaGrange
Grubville	Hurdland	Lake MyKee
Hallsville	Ilasco	Lake Ozark
Hamilton	Illmo	Lakeland
Hanley Hills	Iron Mountain Lake	Lakeshire
Hartsburg	Irondale	Lakeside
Harvester	Ironton	Lakeview
Hawk Point	Jamestown	Lambert
Hayti	Jefferson City	Lathrop
Hayti Heights	Jennings	Latty
Haywood City	Jonesburg	Lawson
Hazelwood	Josephville	Leadington
Hematite	Kaiser	Leadwood
Henke	Kampville	Leslie
Henley	Kearney	Lewistown
Herculaneum	Kelso	Liberty
Higbee	Kidder	Libertyville
High Hill	Kimmswick	Liguori
High Ridge	Kingdom City	Lilbourn
Highley Heights	Kingston	Linn
Hillsboro	Kinloch	Linn Creek
Hillsdale	Kirksville	Lohman
Holcomb	Kirkwood	Lonedell

UNION ELECTRIC COMPANY
Missouri Electric Operations

AMERENUE – COMMUNITIES SERVED – ELECTRIC

Loose Creek	Miner	North Lilbourn
Louisiana	Mineral Point	North Wardell
Ludlow	Mirabile	Northwoods
Luebbering	Moberly	Norwood Court
Luray	Mokane	Noser Mill
MacKenzie	Moline Acres	Novinger
Madison	Montgomery City	Oakland
Manchester	Mooresville	Oakville
Mapaville	Morehouse	Oermann
Maplewood	Morley	O'Fallon
Marlborough	Morrison	Old Mines
Marston	Morse Mill	Old Monroe
Marthasville	Mosby	Olean
Martinsburg	Moscow Mills	Olivette
Marys Home	Moselle	Olney
Maryknoll	Mt Sterling	Olympian Village
Maryland Heights	Murphy	Oran
Matson	Nelson	Orchard Farm
Matthews	Nettleton	Osage Beach
Maxville	New Bloomfield	Osage City
Maysville	New Court	Osborn
McFall	New Florence	Otterville
McGirk	New Franklin	Otto
McKittrick	New Hartford	Overland
Mehlville	New Haven	Pacific
Meta	New Hope	Pagedale
Mexico	New London	Park Hills
Middle Brook	New Melle	Parkdale
Middletown	New Truxton	Parkway
Millard	Newark	Parma
Mineola	Normandy	Pasadena Hills

UNION ELECTRIC COMPANY
Missouri Electric Operations

AMERENUE – COMMUNITIES SERVED – ELECTRIC

Pasadena Park	Rush Hill	Stark
Paynesville	Russellville	State Line
Peerless Park	Rutledge	Steele
Peers	Santa Rosa	Stephens
Pendleton	Saverton	Stover
Peruque	Schubert	Sturgeon
Pevely	Scott City	Sublette
Pilot Grove	Scottsdale	Sulphur Springs
Pilot Knob	Selma	Sunset Hills
Pine Lawn	Senath	Sycamore Hills
Piney Park	Shrewsbury	Syracuse
Plattsburg	Silex	Taos
Polo	Smithton	Tenbrook
Portage Des Sioux	Speed	Thompson
Portageville	Spring Town	Tiff
Potosi	South Gorin	Tipton
Prairie Home	St. Albans	Town & Country
Prathersville	St. Ann	Townley
Queen City	St. Catherine	Treloar
Rayville	St. Charles	Troy
Renick	St. Clair	Truesdale
Revere	St. Clement	Truxton
Rhineland	St. Elizabeth	Turney
Rich Fountain	St. Francisville	Turpin
Richmond Heights	St. George	Tuscumbia
Richwoods	St. John	Twin Oaks
Risco	St. Louis	Union
Riverview	St. Martins	University City
Rock Hill	St. Paul	Uplands Park
Rockview	St. Peters	Utica
Rosebud	St. Thomas	Valles Mines

UNION ELECTRIC COMPANY
Missouri Electric Operations
Number of Customers Affected by General
Category of Service and Rate Classification
As of March 31, 2010

<u>Service and Rate Classification*</u>	<u>Number of Customers</u>
Residential Service	1,036,905
Small General Service	142,530
Large General Service	9,945
Small Primary Service	649
Large Primary Service	73
Large Transmission Service	1
Lighting Service	55,608
TOTAL CUSTOMERS	<u>1,245,711</u>

* Union Electric Company's general categories of service and rate classifications for electric service are substantially the same.

UNION ELECTRIC COMPANY
Missouri Electric Operations
Proposed Average Annual Change Per Customer Requested in Dollars
and Percentage Change from Current Base Rates

Service and Rate Classification*	Average Annual Change**	Percentage Change**
Residential Service	\$114	10.8%
Small General Service	\$212	10.8%
Large General Service	\$5,602	10.8%
Small Primary Service	\$32,601	10.8%
Large Primary Service	\$267,949	10.8%
Large Transmission Service	\$15,051,576	10.8%
Lighting Service	\$61	10.8%

* Union Electric Company's general categories of service and rate classifications for electric service are substantially the same.

**Absent this rate case, 95% of the net fuel cost increases over the net fuel costs included in base rates would be handled through rate adjustments in Rider FAC. Approximately 3% of the increases shown in the table above reflects anticipated increases in the net fuel costs currently included in base rates.

UNION ELECTRIC COMPANY
Missouri Electric Operations
Proposed Annual Aggregate Change and
Percentage Change in Revenues from Current Base Rates **

Service and Rate Classification*	Annual Aggregate Change (in \$000's)**	Percentage Change**
Residential Service	\$118,185	10.8%
Small General Service	\$30,242	10.8%
Large General Service	\$55,710	10.8%
Small Primary Service	\$21,158	10.8%
Large Primary Service	\$19,560	10.8%
Large Transmission Service	\$15,052	10.8%
Lighting Service	\$3,366	10.8%
TOTAL***	\$263,273	10.8%

* Union Electric Company's general categories of service and rate classifications for electric service are substantially the same.

** Absent this rate case, 95% of the net fuel cost increases over the net fuel costs included in base rates would be handled through rate adjustments in Rider FAC. Approximately 3% of the increases shown in the table above reflects anticipated increases in the net fuel costs currently included in base rates.

*** Targeted increase in base revenues from AmerenUE witness Gary S. Weiss' testimony is \$263,313,000 however rate rounding resulted in a shortfall of approximately \$40,000.

Contacts:

Lisa Manzo
(Media)
314.554.6157

Mike Cleary
(Media)
573.681.7137

Doug Fischer
(Analysts)
314.554.4859



One Ameren Plaza
1901 Chouteau Ave.
St. Louis, MO 63103

N E W S R E L E A S E

For Immediate Release

AmerenUE Seeks to Recover Costs for Reliability Improvements and Cleaner Air

ST. LOUIS, MO., Sept. 3, 2010 – Today, AmerenUE, the Missouri utility company of Ameren Corporation (NYSE: AEE), will file an electric rate increase request with the Missouri Public Service Commission (MPSC). UE is committed to providing customers with safe, reliable, affordable and environmentally responsible energy. To achieve these objectives, UE is investing more than \$1 billion in its energy infrastructure and is seeking to recover those costs in rates. Customers are already benefiting from these reliability improvements.

- UE is asking for a \$263 million rate increase. If approved, that would be an increase of about 11 percent for customers across all rate classes. Average residential electric bills would increase by about 31 cents a day (based on approximately 1,100 kilowatthours of usage per month).
- UE is seeking to recover investments made primarily to improve the reliability of its aging infrastructure and comply with environmental regulations. Approximately \$200 million (~75 percent) of the increase request is due to energy infrastructure investments, environmental controls, and other reliability costs to meet customers' expectations of more reliable and greener energy. More than \$1 billion of new energy infrastructure investments will be serving customers when new rates from this case go into effect.
- In particular, UE is seeking to recover the cost of installing two scrubbers at the company's Sioux Power Plant at a cost of approximately \$600 million. These scrubbers will eliminate nearly 100 percent of sulfur dioxide emissions from the plant, providing cleaner air for the Midwest. (Approximately \$110 million of the \$263 million request relates to the Sioux scrubber project.)
- Higher net fuel costs for power plants account for approximately 25 percent, or around \$70 million, of the request.
- UE understands that this electric rate increase, coupled with the challenging economy, will create a hardship for some of its customers. UE is taking several proactive steps to help its customers with their future energy bills by reducing its costs and providing energy efficiency and energy assistance programs to its customers.
- The MPSC and many other parties will review UE's request. The process typically takes 11 months.
- Today, UE's residential rates are approximately 35 percent below the national average and the lowest of any investor-owned utility in Missouri.

-more-

Add One

A significant portion of this rate case is to recover infrastructure investments UE is making to serve its customers. Infrastructure investments are a key driver in this case and future cases because of the need to meet stricter environmental regulations and make improvements to an aging infrastructure to meet customers' number one priority – reliability.

“Our customers have consistently told us that reliability is their highest priority and that they also want cleaner air,” said AmerenUE President and CEO Warner Baxter. “The investments that we have made are consistent with our commitment to deliver the safe, reliable, affordable and environmentally responsible service our customers expect.”

Building two scrubbers at the Sioux Power Plant is an approximately \$600 million investment to reduce air emissions from the plant. UE is taking a proactive approach to protecting Missouri and the Midwest by implementing these environmental measures, which will keep 45,000 tons of sulfur dioxide emissions from going into the air next year.

Installation of the two scrubbers began in 2006. The scrubbers are expected to begin operations by the end of 2010. So far, UE has not recovered any of these investments in customers' rates. Under the regulatory framework in Missouri, UE must first spend money and have the investments serving customers before the company can recover those costs in rates. This delay, or “regulatory lag,” can be as long as 18 months to several years after the company makes an investment. In the case of the Sioux scrubber project, it will take more than four years. Regulatory lag reduces the cash the company has available from its operations for future reliability projects or to meet future regulatory requirements. Therefore, it has been necessary for UE to file for frequent rate increases to recover its costs.

UE also made infrastructure improvements at its Taum Sauk Power Plant. Customers are not paying for the rebuilding of the upper reservoir, and UE is not seeking to recover costs already paid by insurance carriers. However, the company is able to seek recovery of enhancement costs or costs that would have been necessary absent the breach. These enhancements were made to improve the safety, security and reliability of the plant, while providing a cleaner source of power for at least another 80 years. In addition, some of these enhancements would have been needed to the old reservoir to meet current federal dam safety standards. Enhancements include: more robust construction to comply with more stringent earthquake standards; a new, state-of-the-art instrumentation and controls system; an overflow release structure; and a drainage gallery – where operators and engineers are able to monitor the “health” of the new dam. UE is seeking to recover \$15 million in Taum Sauk investments in this rate request, or about 6 percent of the total request.

In addition, net fuel costs are rising, primarily because UE is paying higher coal prices for fuel to generate electricity and higher costs to transport the coal to its facilities.

While UE must recover its costs and make a reasonable return on its investments, the company recognizes this creates a hardship for some customers.

“We understand that any increase is difficult for some of our customers. That’s why we are taking proactive steps to help customers manage their rising energy costs and usage now and in the future,” said Baxter.

-more-

Add Two

“We are taking several steps to manage our costs in a disciplined fashion, yet continue to deliver safe and reliable services,” he said. “In 2010, we are targeting to reduce our expenditures by nearly \$100 million below 2009 levels and approximately \$200 million below 2008 levels. In addition, we plan to spend nearly \$25 million on energy efficiency programs in 2010 to help our customers reduce their energy usage, and we just announced \$5 million in energy assistance programs for our customers who are most in need.” Funding for the \$5 million in energy assistance programs will come from shareholders and will not be reflected in customers’ rates.

UE offers a variety of energy assistance programs to help customers, including weatherization assistance, Budget Billing, the Lighting and Appliance Program, Refrigerator Recycling, HVAC New & Tune Up Program and, soon, Keeping Current (October 2010).

UE’s request will be carefully reviewed by the MPSC, staff, and many other parties. This process will take up to 11 months. Unlike other businesses, UE must file a rate request asking to adjust prices to reflect the costs of generating and delivering electricity. Current rates don’t reflect its costs and investments. Today, UE residential rates are currently the lowest of any investor-owned utility in Missouri and about 35 percent below the national average.

AmerenUE, founded in 1902, provides electric and gas service to approximately 1.2 million customers across central and eastern Missouri, including the greater St. Louis area. UE serves 57 Missouri counties and 500 towns. For more information, visit www.AmerenUE.com.

Forward-looking Statements

Statements in this release not based on historical facts are considered “forward-looking” and, accordingly, involve risks and uncertainties that could cause actual results to differ materially from those discussed. Although such forward-looking statements have been made in good faith and are based on reasonable assumptions, there is no assurance that the expected results will be achieved. These statements include (without limitation) statements as to future expectations, beliefs, plans, strategies, objectives, events, conditions, and financial performance. In connection with the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995, we are providing this cautionary statement to identify important factors that could cause actual results to differ materially from those anticipated. The following factors, in addition to those discussed elsewhere in this release and in our filings with the Securities and Exchange Commission, could cause actual results to differ materially from management expectations suggested in such forward-looking statements:

- *regulatory or legislative actions, including changes in regulatory policies and ratemaking determinations and future rate proceedings or legislative actions that seek to limit or reverse rate increases;*
- *changes in laws and other governmental actions, including monetary and fiscal policies;*
- *changes in laws or regulations that adversely affect the ability of electric distribution companies and other purchasers of wholesale electricity to pay their suppliers, including UE;*
- *the effects of increased competition in the future due to, among other things, deregulation of certain aspects of our business at both the state and federal levels, and the implementation of deregulation;*
- *the effects on demand for our services resulting from technological advances, including advances in energy efficiency and distributed generation services, which generate electricity at the site of consumption;*
- *increasing capital expenditure and operating expense requirements and our ability to recover these costs in a timely fashion in light of regulatory lag;*
- *the effects of participation in the Midwest Independent Transmission System Operator, Inc.;*
- *the cost and availability of fuel such as coal, natural gas, and enriched uranium used to produce electricity; the cost and availability of purchased power and natural gas for distribution; and the level and volatility of future market prices for such commodities, including the ability to recover the costs for such commodities;*

- *the effectiveness of our risk management strategies and the use of financial and derivative instruments;*

-more-

Add Three

- *prices for power in the Midwest, including forward prices;*
- *business and economic conditions, including their impact on the interest rates, bad debt expense, and demand for our products;*
- *disruptions of the capital markets or other events that make UE's access to necessary capital, including short term credit and liquidity, impossible, more difficult or more costly;*
- *our assessment of our liquidity;*
- *actions of credit rating agencies and the effects of such actions;*
- *the impact of weather conditions and other natural phenomena on us and our customers;*
- *the impact of system outages;*
- *generation, transmission, and distribution asset construction, installation and performance;*
- *the recovery of costs associated with UE's Taum Sauk pumped-storage hydroelectric plant incident and investment in a combined nuclear plant construction and operating license application for a second unit at its Callaway nuclear plant;*
- *impairments of long-lived assets or goodwill;*
- *operation of UE's nuclear power facility, including planned and unplanned outages, and decommissioning costs;*
- *the effects of strategic initiatives, including mergers, acquisitions and divestitures;*
- *the impact of current environmental regulations on utilities and power generating companies and the expectation that more stringent requirements, including those related to greenhouse gases and energy efficiency, will be enacted over time, which could limit or terminate the operation of certain of our generating units, increase our costs, result in an impairment of our assets, reduce our customers' demand for electricity or natural gas, or otherwise have a negative financial effect;*
- *labor disputes, work force reductions, future wage and employee benefit costs, including changes in discount rates and return on benefit plan assets; the inability of our counterparties and affiliates to meet their obligations with respect to contracts, credit facilities and financial instruments;*
- *the cost and availability of transmission capacity for the energy generated by UE's facilities or required to satisfy energy sales made by UE;*
- *legal and administrative proceedings; and*
- *acts of sabotage, war, terrorism or intentionally disruptive acts.*

Given these uncertainties, undue reliance should not be placed on these forward-looking statements. Except to the extent required by the federal securities laws, we undertake no obligation to update or revise publicly any forward-looking statements to reflect new information or future events.

#