

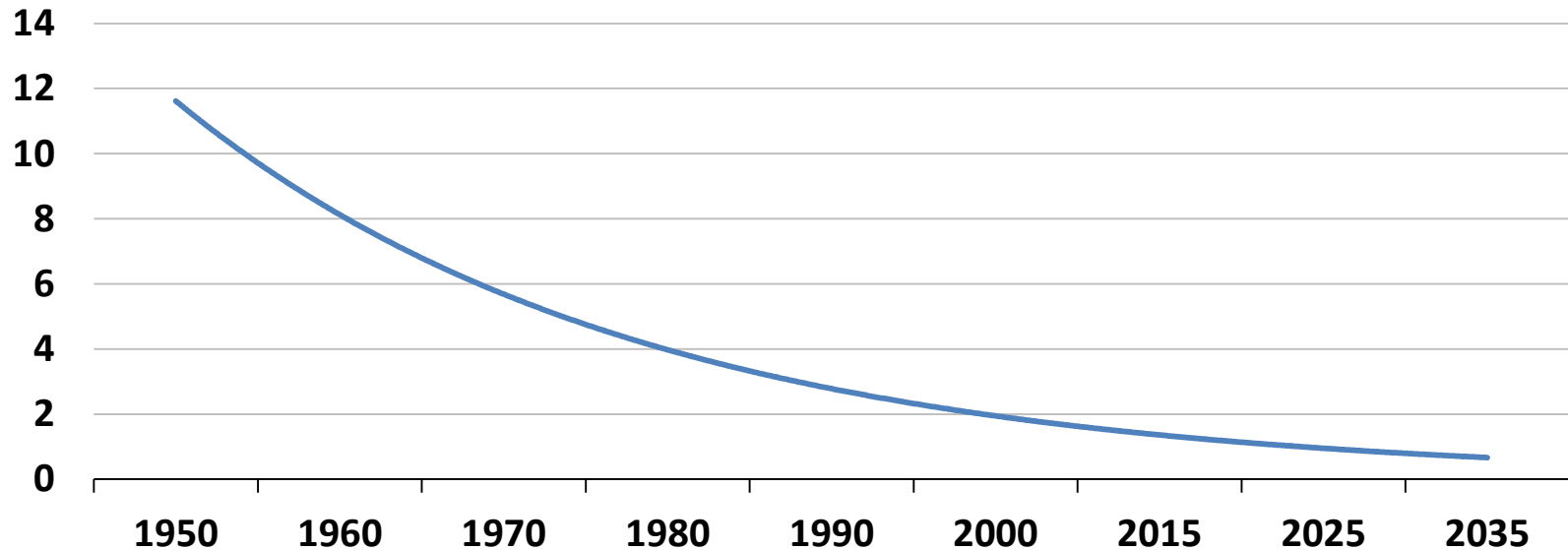
An example of what is happening...



- Utilities *are* making investments to build a smarter grid while they replace and maintain an aging infrastructure. They are however absorbing financial penalties for making these investments.
- For example, Ameren Missouri built a new Central Substation in St. Louis in 2012 to **eliminate an unacceptable outage risk** potential.
- The substation went online in November 2012. But because of outdated regulations, Ameren **did not recover over \$4 million per year of costs to build this facility** until the project was reflected in rates (April 2015).
- That's money that Ameren could be re-investing **now**. Instead, **utilities have to defer good projects and investments**.



Why Things are Different Today...Electric Usage is Down



- Increases in electric usage provided the funding for much of the electric infrastructure built 40 to 50+ years ago
- Economic conditions, advances in technology, electric utility energy efficiency programs, and more efficient appliances have significantly reduced electric usage
- Funding for Missouri's highways and electric infrastructure face similar problems



Regulatory Lag for Electric Service Providers in MO

Some stakeholders have suggested that regulatory lag in Missouri is the time from the true-up in a rate case to when new rates go into effect (about 5 months). This is NOT correct.

So how long is regulatory lag in Missouri? Let's assume a rate case cycle of every 15 months for this example.

The absolute shortest regulatory lag for any project that goes into service on the actual true-up date in a rate case is **5** months.

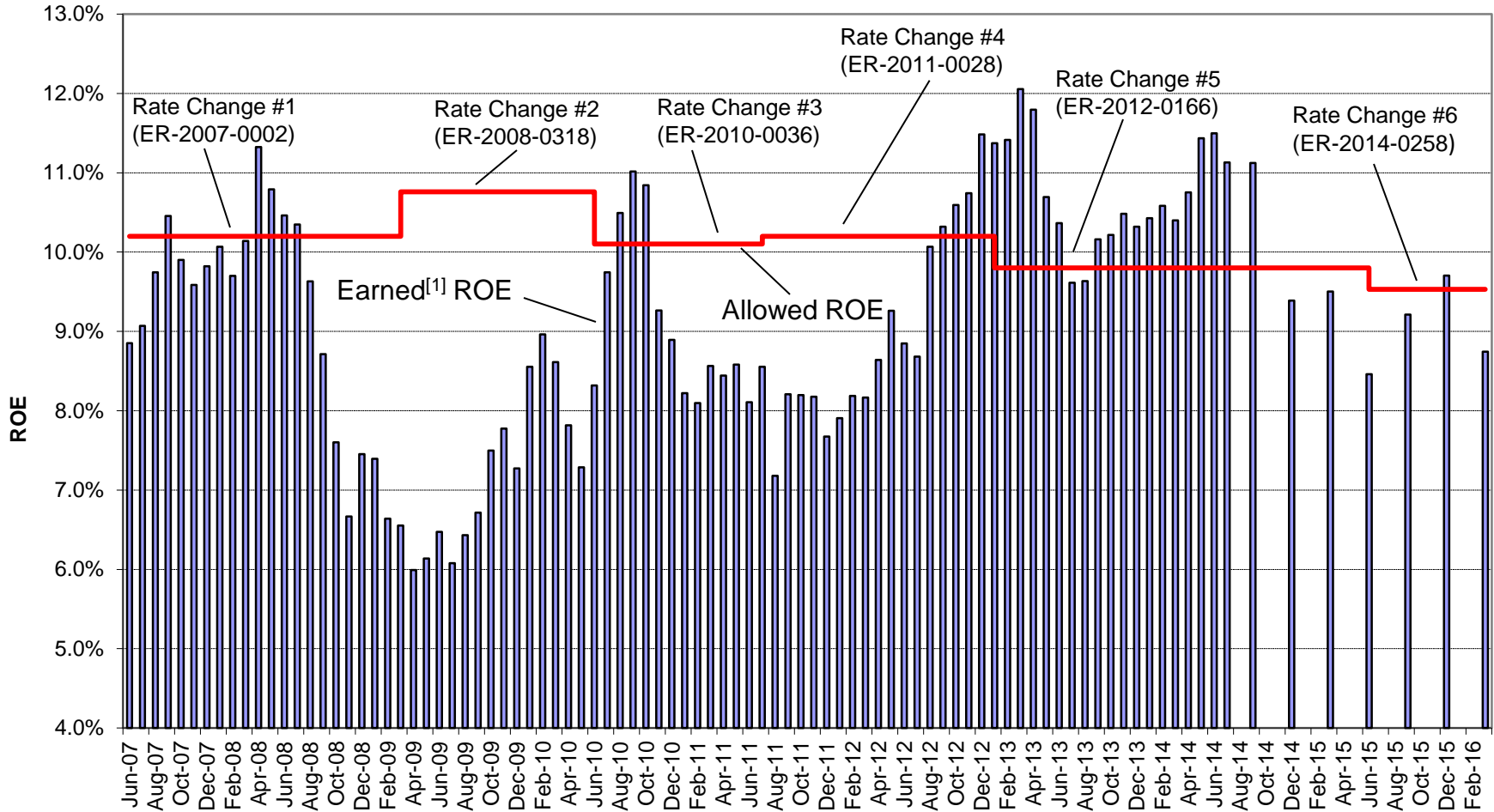
The longest regulatory lag for any project that goes into service just after the true-up in the previous rate case is **20** months.

That means the average regulatory lag if an electric service provider files rate cases every 15 months is **12 ½** months.



Comparison of Ameren Missouri Earned^[1] ROEs and Allowed ROEs

Reflects Four Rate Changes - *Not* Weather-Normalized
Reflects Impact of FAC Prudence and Taum Sauk Upper Reservoir Disallowances



[1]: In addition to reflecting the impact of the FAC prudence and Taum Sauk upper reservoir disallowances, the earned ROE has been adjusted to account for company's absorption of the impact of the Taum Sauk plant being out-of-service from Dec. 2005 to April 2010.

[2]: Last monthly report was prepared in July, 2014.



2015 Total Capex to Depreciation Ratio

Utilities with >95% Electric Revenue and >200,000 Customers; Source is FERC Form 1

1st Quartile

2nd Quartile

3rd Quartile

4th Quartile

