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April 4, 2008

Ms. Colleen Dale  
Secretary and Chief Regulatory Law Judge  
Missouri Public Service Commission  
P.O. Box 360  
Jefferson City, Missouri 65102

Re: Union Electric Company d/b/a AmerenUE (AmerenUE), Case No. ER-2008-\_\_\_\_\_

Dear Ms. Dale:

Filed concurrently with this letter is a cover letter from AmerenUE's Sr. Vice President, General Counsel and Secretary Steven R. Sullivan, with which is included certain tariff sheets consisting of electric rate schedules designed to increase AmerenUE's gross annual electric revenues by approximately \$251,000,000, exclusive of applicable gross receipts, sales, franchise or occupational fees or taxes. The rate schedules bear a date of issue of April 4, 2008, and an effective date of May 4, 2008.

The test year employed by the Company is the 12 months ending March 31, 2008, using 9 months of actual data and 3 months of forecasted data, as well as certain pro-forma adjustments to include known and measurable items through June 30, 2008. The Company intends to file Supplemental Direct Testimony to the extent needed to take into account actual results for the last three months of the test year (the first quarter of 2008). The Company also intends to request that the test year be updated to June 30, 2008, and that the case be trued-up for certain cost and revenue items through September 30, 2008, as discussed in the direct testimony of AmerenUE witness Gary S. Weiss.

The rate increase sought by this filing is driven by several factors. These include escalating fuel and purchased power costs, including substantial coal transportation cost increases; increased operation and maintenance expenses, including the cost of compliance with the Commission's new vegetation management and infrastructure rules; higher depreciation expense, including for large capital expenditures on property, plant and equipment, much of which is directed toward continued improvement in the reliability of the Company's energy delivery systems; increasing employee medical costs; and other costs associated with providing safe and reliable electric service to AmerenUE's approximately 1.2 million electric customers in Missouri.

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.** The aggregate amount of annual revenue which would result from the application of the rates proposed in the attached rate schedules would be \$250,806,242 more than the annual revenue under the existing rates. This would represent an increase in Missouri jurisdictional revenues of approximately 12.1%.

**3(B)2.** 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:

- Escalating fuel and purchased power costs, including substantial transportation cost increases;
- Increased operations and maintenance expense, including the cost of compliance with the Commission's new vegetation management and infrastructure rules;
- Increased depreciation expense;
- Large capital expenditures on property, plant, and equipment, including investments to continue the improvement of AmerenUE's energy delivery system;
- Increases in the Company's cost of capital; and
- To propose a fuel adjustment clause as authorized by Senate Bill 179 (Section 386.266, RSMo).

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:

Thomas R. Voss	Overview of Company and Rate Increase Request; Operations/Reliability Improvements; Risks/Challenges Facing the Company; Witness List
Richard J. Mark	Storm Responses; Reliability Improvement Efforts; Customer Communications
Kenneth Gordon, Ph.D	Nationwide Utility Cost Pressures; Policy Tools
Prof. Roger A. Morin	Return on Equity (ROE)

Gary S. Weiss	Revenue Requirement, Net Base Fuel Costs; Historical Return on Equity; SO <sub>2</sub> Tracker; Pension and OPEB Tracker; Vegetation Management and Infrastructure Rule Compliance Cost Tracker
Martin J. Lyons, Jr.	Fuel Adjustment Clause
Robert K. Neff	Coal and Coal Transportation Costs; Uncertainty and Volatility in Those Costs
Scott A. Glaeser	Gas Costs for Generation; Volatility and Uncertainty in Gas Costs
Randall J. Irwin	Nuclear Fuel Costs
Shawn E. Schukar	Pricing for Off-System Sales; Off-System Sales Uncertainty/Volatility
Ajay K. Arora	Volatility and Uncertainty of Net Fuel Costs
Timothy D. Finnell	Production Cost Model; Normalized Net Fuel Costs; FAC Minimum Filing Requirement – Supply and Demand Side Resources
Paul W. Mertens	Certain FAC Minimum Filing Requirements
Mark C. Birk	Heat Rate/Efficiency Testing
Michael G. O’Bryan	Capital Structure
Steven M. Wills	Weather Normalization of Test Year Sales
Wilbon L. Cooper	Rate Design/Billing Units
William M. Warwick	Class Cost of Service Study
James R. Pozzo	Normalized Billing Units
Michael Adams	Cash Working Capital
Edward C. Pfeiffer	FERC 7-Factor Test

Each witness’ testimony includes an Executive Summary (Attachment A to each piece of testimony), all of which are also attached to the direct testimony of AmerenUE witness Thomas R. Voss as Schedule TRV-E6.

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:

Steven R. Sullivan Sr. Vice President, General Counsel & Secretary Ameren Services Company P.O. Box 66149 (MC 1300) St. Louis, MO 63166-6149 <a href="mailto:srsullivan@ameren.com">srsullivan@ameren.com</a>	Thomas M. Byrne Managing Associate General Counsel Ameren Services Company P.O. Box 66149 (MC 1310) St. Louis, MO 63166-6149 <a href="mailto:tbyrne@ameren.com">tbyrne@ameren.com</a>
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Ms. Colleen Dale

April 4, 2008

Page 4

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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

AMERENUE - COUNTIES SERVED - ELECTRIC

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ADAI R	M I L L E R
AUDRAIN	MISSISSIPPI
BOONE	MONITEAU
BUTLER	MONROE
CALDWELL	MONTGOMERY
CALLAWAY	MORGAN
CAMDEN	NEW MADRID
CAPE GIRARDEAU	OSAGE
C H A R I T O N	PEMISCOT
CLARK	PETTIS
CLAY	PIKE
CLINTON	RALLS
COLE	RANDOLPH
COOPER	RAY
DAVISS	REYNOLDS
DEKALB	ST. CHARLES
DUNKLIN	ST. FRANCOIS
FRANKLIN	STE. GENEVIEVE
GASCONADE	ST. LOUIS CITY
GENTRY	ST. LOUIS
HOWARD	COUNTY SALINE
IRON	SCHUYLER
JEFFERSON	SCOTLAND
KNOX	SCOTT
LEWIS	STODDARD
LINCOLN	SULLIVAN
LINN	WARREN
LIVINGSTON	WASHINGTON
MARIES	

**AMERENUE - COMMUNITIES SERVED - ELECTRIC**

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Alexandria	Brashear	Country Club Hills
Altamont	B r a y m e r	Country Life
Amity	Breckenridge	Acres Cowgill
Annada	Breckenridge Hills	Crestwood
Anniston	Brentwood	Creve Coeur
Arbyrd	Bridgeton	Crystal City
Arcadia	Brookfield	Crystal Lake Park
Argyle	B u n c e t o n	Curryville
Arnold	Byrnes Mills	DeSoto
Ashland	Cairo	Dellwood
Augusta	Caledonia	Delta
Auxvasse	Calverton Park	Desloge
Bagnell	Canalou	Des Peres
Ballwin	Canton	Dexter
Baring	Cape Girardeau	Downing
Barnett	Cardwell	D u d l e y
Bel-Nor	Caruthersville	East Prairie
Bel-Ridge	Catron	Edina
Bella Villa	Cedar Hill Lakes	Edmundson
Belle	Center	Eldon
Bellefontaine Neighbors	Centertown	Ellisville
Bellerive	Chaffee	Elmira
Bellflower	Chamois	Elsberry
Benton	Champ	Eolia
Benton	Charlack	Essex
Berger	Charleston	Eureka
Berkeley	Chesterfield	Ewing
Bernie	Clark	Excelsior Springs
Bertrand	Clarksburg	Farber
Beverly Hills	Clarkson Valley	Fenton
Bismarck	Clarksville	Ferguson
Black Jack	Clarkton	Festus
Blackwater	Clayton	Fisk
Bland	Clifton Hill	Flint Hill
Blodgett	Coffey	Flordell Hills
Bonne Terre	Commerce	Florissant
Boonville	Cool Valley	Foley
Bowling Green	Cooter	Foristell
Bragg City	Cottleville	Four Seasons

Frankford	Ironton	Marston
Franklin	Jameson	Marthasville
Freeburg	Jamestown	Martinsburg
Frontenac	Jefferson City	Maryland Heights
Gasconade	Jennings	Matthews
Gerald	Jonesburg	Maysville
Gibbs	Josephville	McFall
Gideon	Kearney	McKittrick
Gorin	Kelso	Meta
Glen Echo Park	Kidder	Mexico
Glendale	Kimmswick	Middletown
Gordonville	Kingdom City	Millard
Grantwood Village	Kingston	Mill Spring
Green Castle	Kinloch	Miner
Green City	Kirksville	Mineral Point
Greendale	Kirkwood	Moberly
Greentop	Knox City	Moline Acres
Greenville	LaBelle	Montgomery
Hallsville	LaGrange	Mooresville
Hamilton	Ladonia	Morehouse
Hanley Hills	Ladue	Morley
Hartsburg	Lake MyKee	Morrison
Hawk Point	Lake Ozark	Mosby
Hayti	Lakeshire	Moscow Mills
Hayti Heights	Lambert	Nelson
Haywood City	Lathrop	New Bloomfield
Hazelwood	Lawson	New Florence
Herculaneum	Leadwood	New Franklin
Higbee	Lewistown	New Haven
High Hill	Liberty	New London
Hillsboro	Lilbourn	New Melle
Hillsdale	Linn	Newark
Holcomb	Linn Creek	Normandy
Holland	Lohman	Northwoods
Holliday	Louisiana	Novinger
Holt	Ludlow	O'Fallon
Holts Summit	Luray	Oakland
Hornersville	MacKenzie	Old Monroe
Huntleigh	Madison	Olean
Huntsville	Manchester	Olivette
Hurdland	Maplewood	Olympian Village
Irondale	Marlborough	Oran

Osage Beach  
Osborn  
Otterville  
Overland  
Pacific  
Pagedale  
Parkdale  
Park Hills  
Parma  
Pasadena Hills  
Pasadena Park  
Paynesville  
Pevely  
Piedmont  
Pilot Grove  
Pilot Knob  
Pine Lawn  
Plattsburg  
Polo  
Portage Des Sioux  
Portageville  
Potosi  
Praethersville  
Prairie Home  
Queen City  
Rayville  
Renick  
Revere  
Rhineland  
Richmond Heights  
Risco  
Rivermines  
Riverview  
Rock Hill  
Rosebud  
Rush Hill  
Russellville  
Rutledge  
Scott City  
Scottsdale  
Senath  
Shrewsbury

Silex  
Smithton  
St. Ann  
St. Charles  
St. Clair  
St. Elizabeth  
St. George  
St. John  
St. Louis  
St. Martins  
St. Paul  
St. Peters  
St. Thomas  
Steele  
Stover  
Sturgeon  
Sunset Hills  
Sycamore Hills  
Syracuse  
Taos  
Tipton  
Town & Country  
Troy  
Truesdale  
Truxton  
Turney  
Tuscumbia  
Twin Oaks  
Union  
University City  
Uplands Park  
Utica  
Valley Park  
Vandiver Village  
Vanduser  
Velda City  
Velda Village Hills  
Versailles  
Viburnum  
Vienna  
Vinita Park  
Vinita Terrace

Wardell  
Wardsville  
Warrenton  
Warson Woods  
Washington  
Wayland  
Weatherby  
Webster Groves  
Weldon Springs  
Weldon Springs Heights  
Wellston  
Wellsville  
Wentzville  
Westphalia  
Westwood  
Whiteside  
Wilbur Park  
Williamsville  
Winchester  
Winfield  
Winston  
Wood Heights  
Woodson Terrace  
Wright City  
Wyaconda



**UNION ELECTRIC COMPANY**  
**Missouri Electric Operations**  
**Number of Customers Affected by General**  
**Category of Service and Rate Classification**  
**As of March 31, 2008**

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<b><u>Service and Rate Classification*</u></b>	<b><u>Number of Customers</u></b>
Residential Service	1,036,347
Small General Service	142,816
Large General Service	10,014
Small Primary Service	643
Large Primary Service	64
Large Transmission Service	1
Lighting Service	55,952
<b>TOTAL CUSTOMERS</b>	<b><u>1,245,837</u></b>

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

**UNION ELECTRIC COMPANY**  
**Missouri Electric Operations**  
**Average Annual Change Requested in Dollars**  
**and Percentage Change from Current Rates**

<b><u>Service and Rate Classification*</u></b>	<b><u>Average Annual Change</u></b>	<b><u>Percentage Change</u></b>
Residential Service	\$ 104	12.1%
Small General Service	\$ 220	12.1%
Large General Service	\$ 5,367	12.1%
Small Primary Service	\$ 34,476	12.1%
Large Primary Service	\$ 305,390	12.1%
Large Transmission Service	\$ 15,497,399	12.1%
Lighting Service	\$ 62	12.1%

\* 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 Annual Aggregate Change and**  
**Percentage Change in Revenues from Current Rates**

<b><u>Service and Rate Classification*</u></b>	<b><u>Annual Aggregate Change (\$000's)</u></b>	<b><u>Percentage Change</u></b>
Residential Service	\$107,595	12.1%
Small General Service	\$ 29,127	12.1%
Large General Service	\$ 53,322	12.1%
Small Primary Service	\$ 22,269	12.1%
Large Primary Service	\$ 19,494	12.1%
Large Transmission Service	\$ 15,497	12.1%
Lighting Service	\$ 3,441	12.1%
TOTAL **	<u>\$ 250,745</u>	12.1%

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

\*\* Targeted increase from AmerenUE witness Mr. Gary S. Weiss testimony is \$250,806,000 however, rate rounding resulted in a shortfall of approximately \$61,000.

**Contacts:**

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St. Louis, MO 63103

# N E W S R E L E A S E

## **AmerenUE Requests Increase In Electric Rates To Continue System Improvements and Cover Rising Costs**

St. Louis, MO, April 4, 2008 – AmerenUE, the Missouri utility company of Ameren Corporation (NYSE: AEE), will be filing today a request for a 12.1 percent electric rate increase with the Missouri Public Service Commission (MoPSC). The increase would allow the company to continue systemwide reliability improvements for its customers and cover increases in its costs for fuel, transportation and materials essential to generating and delivering electricity.

The request would provide a total of \$251 million annually in additional revenue to be used throughout the company's 24,000-square-mile service territory. The MoPSC Staff will review all of UE's costs, and the public will have opportunities for comment during the process.

Today's requested increase would mean less than \$9 more per month for the average household – or less than 30 cents per day. Each household's increase would vary according to the amount of electricity used.

"Specifically, this increase will enable us to put vulnerable power lines underground, trim more trees away from lines, and increase inspections and repairs of power lines and poles," said Thomas R. Voss, AmerenUE president and chief executive officer. "Fully 70 percent of the requested increase will go directly into projects at our generating plants, for fuel for those plants and for improvements in our delivery system. The rest provides indirect support to these critical investments.

"Today UE – like our customers – faces dramatically higher costs for construction materials and for equipment, such as transformers. The cost to buy and transport coal – which represents more than 20 percent of UE's total costs – has increased by 33 percent over the past two years."

In addition, UE's cost of maintaining the electric delivery system infrastructure has also risen significantly. For example, since 2004, the cost of pole transformers is up approximately 70 percent, wooden utility poles are up about 40 percent, underground aluminum wire is up about 30 percent and copper wire is up about 100 percent.

"We do not request this increase lightly because we realize our customers are facing rising costs in other areas," said Voss. "However, UE's existing rates are insufficient to recover current costs and permit UE to earn a reasonable return on its investments. Without a

reasonable return, we cannot economically raise the money needed to continue to improve our system.”

Voss added that the company has employed a range of initiatives to carefully manage its resources and keep electric price increases to a minimum. In fact, except for a 2 percent increase in 2007, UE has not had an increase in its rates for more than 20 years and has managed to keep prices for customers almost 40 percent below the national average.

Today, UE’s customers enjoy some of the lowest electric rates in the nation – lower than in Cincinnati, Indianapolis and Denver, as well as Kansas City and Springfield, Mo. Through the company’s cost control efforts, the rates UE customers pay are lower today than they were 20 years ago. Even with this increase, UE electric rates would still be lower than those charged by other Midwest and Missouri utilities.

“As responsible stewards of our business, we will continue to make the best use of every UE asset to provide our customers with the reliable and clean energy they need at a price they can afford,” said Voss. “This increase is needed to fulfill our commitment to our customers to continue to listen, respond and deliver for them by providing reliable power, dedicated customer service and vision for the future.”

Here are the key factors behind today’s request for an increase:

- Significant increases in fuel costs are a major reason UE is requesting an increase today. In addition, rising fuel costs and price volatility are forecasted to continue. These factors have prompted the company to request to employ a fuel and purchased power cost recovery mechanism. The MoPSC already has approved the use of this mechanism for one other Missouri utility.
  - This mechanism would enable UE to more quickly recover the money the company must spend on fuel to run its power plants and cover its purchased power costs -- without the time and expense required for a full rate case.
  - The MoPSC will continue to have regulatory oversight over the fuel and purchased power adjusted rates.
  - The fuel and purchased power adjustment clause would not generate additional profits for UE.
  - It would also enable UE to pass fuel and purchased power cost increases – *and decreases* – to its electric customers closer to the time these costs are incurred.
  - The mechanism has been approved by the Missouri legislature and is already employed in all but two fully regulated states.

- Because UE's customers told the company they value reliability above everything, UE recently launched the *Power On Project* -- a three-year, \$1 billion initiative, through which UE is spending:
  - \$300 million to underground the sections of our system most vulnerable to outages;
  - \$84 million to expand and upgrade our system inspection, repair and maintenance programs; and
  - an additional \$135 million on tree-trimming efforts.

Through *Power On*, UE is also investing some \$500 million in equipment to reduce emissions from the company's Sioux Power Plant and enable its coal-fired plants to meet or exceed federal environmental standards years ahead of requirements. The company is also investing in the development of wind power and other renewable sources, as well as in promising technologies to address greenhouse gas emissions.

*Power On* is the largest single reliability initiative in UE's history and the largest single corporate investment currently under way in Missouri.

Additional information about this electric rate case will be available on the Ameren Web site ([www.ameren.com/ueprice](http://www.ameren.com/ueprice)).

AmerenUE serves approximately 1.2 million electric and 127,000 natural gas customers. Ameren Corporation, through its utility companies, serves approximately 2.4 million electric and nearly one million natural gas customers over 64,500 square miles in Missouri and Illinois.

## **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 as suggested by such forward-looking statements:*

- *regulatory or legislative actions, including changes in regulatory policies and ratemaking determinations, such as the outcome of pending rate proceedings or future legislative actions that seek to limit or reverse rate increases;*
- *changes in laws and other governmental actions, including monetary and fiscal policies;*
- *prices for power in the Midwest;*
- *business and economic conditions, including their impact on interest rates;*
- *disruptions of the capital markets or other events that make access to necessary capital more difficult or costly;*
- *actions of credit rating agencies and the effects of such actions;*
- *weather conditions and other natural phenomena;*
- *the effects of strategic initiatives, including 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, will be introduced over time, which could have a negative financial effect;*
- *the inability of our counterparties and affiliates to meet their obligations with respect to contracts and financial instruments;*
- *the cost and availability of transmission capacity for the energy generated or required to satisfy energy sales; 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 publicly update or revise any forward-looking statements to reflect new information, future events, or otherwise.*

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