Exhibit No.:	
Issues:	Fuel Adjustment Clause
Witness:	Martin J. Lyons, Jr.
Sponsoring Party:	Union Electric Company
Type of Exhibit:	Direct Testimony
Case No.:	ER-2007-0002
Date Testimony Prepared:	September 29, 2006

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. ER-2007-0002

DIRECT TESTIMONY

OF

MARTIN J. LYONS, JR.

ON

BEHALF OF

UNION ELECTRIC COMPANY
d/b/a AmerenUE

St. Louis, Missouri
September, 2006

TABLE OF CONTENTS

DIRECT TESTIMONY

OF

MARTIN J. LYONS, JR.

CASE NO. ER-2007-0002

I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Martin J. Lyons, Jr. My business address is One Ameren Plaza, 1901 Chouteau Avenue, St. Louis, Missouri, 63103.

Q. By whom are you employed and in what position?

A. I am Vice President and Controller of Ameren Corporation (Ameren), Union Electric Company d/b/a AmerenUE (AmerenUE) and other Ameren subsidiaries.

Q. Please describe your educational background.

A. In 1988, I received a Bachelor's of Science in Business Administration, with an Accountancy major, from Saint Louis University. In 1997, I received a Masters of Business Administration degree from Washington University.

Q. Do you have any professional designations?

A. I am a certified public accountant licensed to practice in Missouri. I am a member of the American Institute of Certified Public Accountants and the Missouri Society of Certified Public Accountants.

Q. Please describe your professional work experience.

A. In 1988, I joined Price Waterhouse (now PricewaterhouseCoopers LLP) as an auditor. I was admitted to the PricewaterhouseCoopers LLP partnership in 1999. I resigned from PricewaterhouseCoopers to accept the Controller position at Ameren in October 2001.

During my years as a partner at PricewaterhouseCoopers, I devoted approximately seventy-five percent of my time to supervising audits of, and consulting on accounting issues for PricewaterhouseCoopers' utility clients. I routinely assisted utility clients with, among other things, accounting and financial reporting matters, utility rate filings, debt and equity offerings, merger and acquisition due diligence procedures and accounting issues raised by deregulation. I have also assisted utility clients with defending accounting principles before the Securities and Exchange Commission (SEC), the Federal Energy Regulatory Commission (FERC) and various state regulatory agencies.

Q. While at PricewaterhouseCoopers, did you work with Ameren or any of its subsidiaries?

A. Yes, I did. During the one year immediately preceding my employment with Ameren, I served as the utility industry Technical Consulting Partner to PricewaterhouseCoopers' Ameren Corporation audit engagement team. In that capacity, I consulted with the PricewaterhouseCoopers audit team and with Ameren management relative to utility industry-specific accounting and regulatory matters. I reviewed financial statements and regulatory filings of Ameren and its subsidiaries for consistency with generally accepted accounting principles and with regulatory requirements.

Q. Please describe the duties and responsibilities of your current position.

A. As Vice President and Controller, I manage the accounting, budgeting, financial reporting and investor relations functions for Ameren, AmerenUE, and all other Ameren subsidiaries. I am responsible for assuring that transactions are accounted for in accordance with generally accepted accounting principles and, when applicable, specific regulatory reporting requirements. Additionally, I am responsible for SEC, FERC, Missouri

Public Service Commission and Illinois Commerce Commission regulatory reporting requirements.

Q. Do you perform service for any non-Ameren entities?

A. Yes. I serve on the Accounting Executive Advisory Committee of Edison Electric Institute, and on the Board of Directors of the St. Louis Zoo Friends Association (ZFA). I am also currently serving as Treasurer of the ZFA, and on the Board of Trustees of the St. Louis Zoo.

II. PURPOSE OF TESTIMONY/BACKGROUND

Q. What is the purpose of your testimony in this proceeding?

A. The purpose of my testimony is to sponsor the Company's proposed fuel adjustment clause (FAC) tariff and minimum filing requirements contained in the FAC rules (specifically CSR 240-3.161(2)) adopted by the Commission last week, on September 21, 2006, for the Company's proposed FAC.

Q. Can you provide some background on the Commission's authority to approve fuel adjustment clauses for electric utilities in Missouri.

A. Yes. Prior to 1979, FACs were commonly used by electric utilities in Missouri, including AmerenUE. During that period, the parameters of each utility's FAC were set out in its Commission-approved tariff. However, in 1979 the Missouri Supreme Court determined that FACs were unlawful in the absence of legislation specifically authorizing them. As a consequence, no electric utility in Missouri has been able to use a fuel adjustment clause since 1979.

In 2005 the Missouri General Assembly enacted Senate Bill 179 (SB 179), which authorized the Commission to approve FACs, subject to numerous conditions

designed to protect consumers. In July, 2005 Governor Blunt signed SB 179 into law. Pursuant to SB 179, the Commission was required to enact rules prior to approving any FAC. Beginning in August, 2005, the Commission conducted a series of public round tables through which it sought input from various stakeholders in developing proposed FAC rules. On June 15, 2006 the Commission submitted proposed rules to the Secretary of State for publication in the *Missouri Register*. The proposed rules contained specific filing requirements and surveillance submission requirements, and incorporated more consumer protections into the rules, among other things. On September 21, 2006, the Commission adopted final FAC rules.

Q. Are the FAC rules that the Commission adopted effective yet?

A. No. The final rules have been submitted to the Joint Committee on Administrative Rules (JCAR). They will then be published in the *Code of State Regulations* and will take effect 30 days later.

Q. Is AmerenUE requesting authority to implement an FAC in this rate case?

A. Yes. As explained in the direct testimony of AmerenUE witness Warner L. Baxter and in the Company's filing letter on July 7, 2006, AmerenUE is requesting Commission authorization to implement an FAC as part of this rate case.

Q. Please briefly explain why AmerenUE believes it is appropriate for the Commission to approve an FAC in this rate case.

A. AmerenUE's fuel, fuel-related transportation and purchased power costs are large and volatile components of its cost of service. Moreover, these costs fluctuate based on changes in national and international market conditions, and as a result they are in large part

beyond AmerenUE's ability to control. AmerenUE witness Robert K. Neff explains in detail in his direct testimony how changes in coal and coal transportation costs are impacting the Company. Even greater volatility in the natural gas market impacts the cost of operating AmerenUE's gas peaking units, and volatility in nuclear fuel costs has increased substantially in recent years, adding to the overall problem. Finally, the volatility in fuel prices has led to more volatile purchased power costs. Additional information on the appropriateness of authorizing the FAC AmerenUE requests in this case is contained in Item E in Schedule MJL-2, attached to this testimony.

Q. Do utilities operating in other jurisdictions utilize FACs?

A. Electric utilities utilize FACs in a large majority of other jurisdictions in the U.S. Our research shows that FACs are authorized in 27 of the 29 other non-restructured states (like Missouri), where the electric utilities still generate their own power to deliver to customers. In all restructured states, where the utilities typically do not own generation but purchase power in competitive markets, mechanisms are available for flowing through the electric utilities' purchased power costs. As a consequence, nearly all states currently authorize some type of fuel adjustment clause for their electric utilities.

Q. Is the existence of a fuel adjustment clause important to a utility's credit rating?

A. Yes. FACs are viewed favorably by credit ratings agencies because they eliminate the cash flow risk stemming from the potential for a utility to under-recover its fuel costs due to regulatory lag. Particularly since FACs and purchased power recovery mechanisms have become part of the mainstream of public utility regulation, it is increasingly important that Missouri utilities have the opportunity to use this tool.

Maintaining a strong credit rating is critical to AmerenUE's ability to access debt and equity capital at reasonable rates.

Q. In your opinion, do SB 179 and the rules the Commission recently enacted provide sufficient protections for consumers?

A. Absolutely. In fact, to the best of my knowledge the consumer protections afforded Missouri consumers are more numerous and will be more effective than consumer protections provided in any other state.

Q. Can you please elaborate?

A. Yes. To begin with, it is important to recognize that SB 179, like FACs in other states, only permits a utility to recover its actual fuel and fuel related costs, and only to the extent that these costs are prudently incurred. Unlike most other states, however, in Missouri a utility can only initiate an FAC in a general rate proceeding where all factors relevant to its operations can be examined, and it must file a new rate case every 37 months while its FAC is in effect. Also unlike most other states, the Missouri FAC rules limit adjustments to four times annually and base them on historical fuel costs as opposed to projected fuel costs. In addition, a utility using an FAC in Missouri has to file extensive minimum filing requirements in connection with its FAC request (and in each of the above-referenced periodic rate cases), provide exhaustive monthly surveillance data during the period the FAC is in effect and submit to true-up proceedings and prudency reviews. Interest must be paid on any amounts adjusted as a result of the true-up and prudency review proceedings. Also, the Commission is expressly authorized by SB 179 to take the existence of the FAC (among other factors) into account in setting the utility's return on equity. The FAC rate must be separately disclosed, and the utility is prohibited from opportunistically

discontinuing its FAC when fuel costs decline. Taken together, I believe that these requirements create the most consumer protective regulatory regime for any FAC in the country.

III. AMERENUE'S PROPOSED FAC

Q. What are the specific provisions of the FAC AmerenUE is proposing to adopt in this case?

A. AmerenUE's proposed FAC tariff is attached as Schedule MJL-1 hereto. The Company proposes to recover its existing level of fuel and purchased power costs through its base rates, as reflected in its July 7, 2006 filing. To that end, 1.341 cents per kWh in fuel and purchased power costs at the generation level has been included in base rates. To the extent the Company's actual fuel and purchased power costs deviate from that amount, any increase or decrease in costs will be reflected in the FAC adjustment.

Eligible fuel and purchased power cost deviations will be accrued over a three-month Accumulation Period—December through February, March through May, June through August and September through November. Any FAC adjustment resulting from actual fuel cost deviations incurred during an Accumulation Period will be flowed through, with interest, over the three month period (the Recovery Period) commencing three months after the close of the Accumulation Period. In other words, any adjustment resulting from cost deviations incurred from the December through February Accumulation Period would be recovered over the June through August Recovery Period. Similarly, cost deviations attributable to the June through August Accumulation period would be recovered in the December through February Recovery Period. Staggering the adjustments in this manner will minimize rate impacts for customers, since accumulated variations during high usage

periods (winter and summer) would be recovered in high usage periods, and variations accumulated during lower usage shoulder months (spring and fall) would be recovered during shoulder months.

Q. What types of costs are included in the FAC?

A. The specific costs are enumerated in the proposed tariff, but generally they include most costs in FERC Account Nos. 501 (fuel), 536 (water for power), 547 (gas), 518 (nuclear fuel), and 555, 565 and 575 (purchased power). In addition, the costs would include cash inflows and outflows associated with hedging instruments used to mitigate volatility in fuel costs.

Q. Does AmerenUE's proposed FAC tariff address off-system sales margins?

A. AmerenUE's proposed formula for the FAC adjustment includes a factor, SMS, which would allow the FAC mechanism to be used to flow through a share of off-system sales margins to customers, if applicable. The Company's primary proposal for addressing off-system sales margins in this case is to include a fixed amount of off-system sales margins (based upon a normalized level of off-system sales margins for the test year) in the revenue requirement used to calculate the Company's base rates. If the Commission adopts this proposal, no flow through of margins in the FAC would be appropriate and SMS would be set at zero in the FAC adjustment formula. However, the Company has outlined an alternative off-system sales margin sharing mechanism.[1] If this alternative were ultimately approved by the Commission, the FAC mechanism can and should be used to flow through the customers' share of those margins.

[1] *See* pages 18 – 22 of the direct testimony of AmerenUE witness Shawn E. Schukar and pages 31 – 34 of the direct testimony of AmerenUE witness Warner L. Baxter.

Q. How would use of an off-system sales margin sharing mechanism operate within the parameters of the proposed FAC tariff?

A. Using the alternative outlined in the direct testimony of Messrs. Schukar and Baxter, a base level of off-system sales ($120 million) would be included in base rates, with off-system sales margins above that level being shared with customers at the percentages outlined in the grid below, with 100% of off-system sales margins to flow to customers if off-system sales margins exceed $360 million:

Level of Off-System Sales Margins (in Millions of $)	Customer Share	AmerenUE Share	Effective Share For Customers
$0-$120	100%	0%	100%
$121-$180	80%	20%	100%-93%
$181-360	50%	50%	92%-72%
Over $360	100%	0%	72% or more

A customer's share of off-system sales margins, according to the above-grid, would reduce the fuel and purchased power costs included in the FAC. The margins would be reflected in factor SMS in the tariff attached to my testimony as Schedule MJL-1, which would either reduce any upward adjustment in customer rates on account of fuel and purchased power costs that are higher than the level contained in base rates, or it could create a decrease in customer rates which would be flowed through the FAC. As explained more fully in Mr. Baxter's direct testimony, our alternative sharing mechanism provides several advantages over traditional ratemaking treatment of off-system sales margins, including that it would: (a) ensure that customers would receive the lion's share of profits from off-system sales under every scenario; (b) permit customers to share in off-systems sales margins greater than the level that would be included in base rates under traditional ratemaking; (c) address the inherent uncertainty associated with predicting off-system sales margins; and (d) provide

balanced incentives for the Company to optimize plant operations and lower costs without compromising safety and reliability. If this mechanism were adopted, the Company's FAC would provide the vehicle for the Commission to credit the appropriate share of off-system sales margins to customers.

Q. Does AmerenUE's proposed tariff apply different FAC adjustment factors to customers receiving service at different voltage levels?

A. Yes. In accordance with 4 CSR 240-20.090(9), as reflected in the Commission's Final Order of Rulemaking issued September 21, 2006, the proposed tariff applies three separate voltage level adjustment factors to customer classes taking service at different voltage levels—primary service customers, secondary service customers and large transmission customers (currently consisting only of Noranda Aluminum.)

Q. How will the proposed FAC be trued-up to reflect over- or under-collections?

A. On an annual basis, a detailed accounting will be prepared for all fuel, transportation and purchased power costs eligible for inclusion in the FAC. This together with supporting invoices should provide a more than adequate audit trail. For relevant balance sheet accounts such as fuel inventory, a roll-forward will be prepared of beginning and ending monthly balances, as well as a calculation to support the monthly recorded fuel burn. Please see Schedule MJL-2, Item (F) for further information.

Q. Is AmerenUE submitting the minimum filing requirements required by the Commission's new FAC rules?

A. Yes. Attached hereto as Schedule MJL-2 is a list of the 19 minimum filing requirements and AmerenUE's compliance with each one.

Q. As required by the Commission's new FAC rules, does AmerenUE give its permission to the Commission's Staff to release the previous five (5) years of historical surveillance reports submitted to the Staff by AmerenUE to the other parties to this case.

A. Yes. On behalf of AmerenUE, I hereby provide Staff that authorization.

Q. Does this conclude your direct testimony?

A. Yes, it does.

RIDER A
FUEL AND PURCHASED POWER ADJUSTMENT CLAUSE
(Applicable to all rates)

APPLICABILITY

This rider is applicable to all kilowatt-hours (kWh) of energy supplied to customers served by the Company under retail electric rates on file with the Missouri Public Service Commission (Commission).

Costs passed through this Fuel and Purchased Power Adjustment Clause (FAC) in a given Recovery Period, as defined below, reflect actual fuel and purchased power costs, including transportation, calculated as provided for herein and incurred during the applicable Accumulation Period as defined below.

For purposes of this FAC, the "Accumulation Periods" are as set forth in the following table:

Accumulation Period	Filing Date	Recovery Period
December through February	By April 1	June through August
March through May	By July 1	September through November
June through August	By October 1	December through February
September through November	By January 1	March through May

"Recovery Period" means the billing months as set forth in the above table during which the fuel and purchased power adjustment (FPA), calculated as provided for below, is applied to retail customer billings on a per kilowatt-hour basis (kWh), as adjusted for service voltage level.

FPA DETERMINATION

Fuel and purchased power costs, including transportation, for all kWh of energy supplied to Missouri retail customers during the respective Accumulation Periods shall be reflected as an FPA credit or debit, stated as a separate line item on the customer's bill, during the corresponding respective Recovery Periods and will be calculated according to the following formula:

$$FPA = [CF + CPP - SMS + R + I] / S - BFC$$

where:

FPA = Fuel and Purchased Power Adjustment. The FPA shall be rounded to the nearest 0.001 cents, to be charged on a cents/kWh basis for each applicable kWh billed. The FPA is subject to credits or debits due to over-collection or under-collection, depending on the results of the Reconciliation Factor (R) in future periods, as defined below.

RIDER A
FUEL AND PURCHASED POWER ADJUSTMENT CLAUSE
(Applicable to all rates)

CF = Allowable fuel cost, including transportation, associated with the Company's generating plants. These costs consist of the following:

a) For fossil fuel or hydroelectric plants:

(i) the following costs reflected in Federal Energy Regulatory Commission (FERC) Account Number 501: coal commodity, applicable taxes, gas, alternative fuels, fuel additives other than those used to comply with environmental rules and regulations, SO2 and Btu adjustments assessed by coal suppliers, railroad transportation, switching and demurrage charges, railcar repair and inspection costs, railcar depreciation, railcar lease costs, similar costs associated with other applicable modes of transportation, fuel hedging costs (for purposes of factor CF, hedging is defined as realized losses and costs minus realized gains associated with mitigating volatility in the utility's cost of fuel and purchased power, including but not limited to, the utility's use of futures, options and over the counter derivatives including, without limitation, futures contracts, puts, calls, caps, floors, collars, and swaps), hedging costs associated with SO2 and fuel oil adjustments included in commodity and transportation costs, broker commissions and fees associated with price hedges, oil costs, ash disposal revenues and expenses, and revenues and expenses resulting from fuel and transportation portfolio optimization activities;

(ii) all costs reflected in FERC Account Number 536 - Water for Power; and

(iii) the following costs reflected in FERC Account Number 547: natural gas generation costs related to commodity, oil, transportation, storage, capacity reservation charges, fuel losses, hedging costs, and revenues and expenses resulting from fuel and transportation portfolio optimization activities;

b) Costs in FERC Account Number 518 (Nuclear Fuel Expense).

CPP = Costs of purchased power reflected in FERC Account -Numbers 555, 565, and 575, excluding MISO administrative fees arising under MISO Schedules 10, 16, 17, and 24, and excluding capacity charges for contracts with terms in excess of one (1) year.

RIDER A
FUEL AND PURCHASED POWER ADJUSTMENT CLAUSE
(Applicable to all rates)

SMS = Share of Margins from the jurisdictional portion of Off-System sales, if applicable.

R = Under/Over recovery from prior Recovery Period, and modifications due to adjustments ordered as a result of required prudence reviews, with interest as defined in item "I".

I = Interest on deferred electric energy costs and under- or over-recovery balances. Interest shall be calculated monthly at a rate equal to the weighted average interest rate paid on the Company's short-term debt, applied to the month-end balance of deferred electric energy costs and the under- or over-recovery balances.

S = Applicable Recovery Period estimated kWh, at the generation level, subject to the FPA to be billed.

BFC = Base fuel cost is the fuel cost, in cents per kWh, included in the energy charges of the Company's rates. This base cost is equal to 1.341 cents per kWh at the generation level.

The Company will make FPA filings on the Filing Dates as set forth in the above table. All FPA filings shall be accompanied by detailed work papers supporting the filing in an electronic format.

Any increase or decrease in any component of an FPA, including the Reconciliation Factor (R), as defined above, resulting from the application of an FPA, shall be applied pro rata to customers' bills during the applicable Recovery Period for service rendered on and after the effective date of the adjustment. Customer bills that contain multiple rate adjustments occurring on account of multiple FPAs in effect during the billing period, including the Reconciliation Factor (R) of such rate adjustments, shall be pro rated between the old and new rates in proportion to the number of days in the customer's billing period that each such rate was in effect.

The FPA determined in accordance with the foregoing will be multiplied by the following voltage level adjustment factors:

Secondary Voltage Service	1.0888
Primary Voltage Service	1.0492
Large Transmission Voltage Service	1.0147

MINIMUM FILING REQUIREMENTS

(A) An example of the notice to be provided to customers as required by 4 CSR 240-20.090(2)(D);

Proposed notices have been submitted to the Commission for its consideration. *See* Public Counsel's Recommendations for Notice and Public Hearings, filed August 25, 2006, and the additions suggested to Public Counsel's suggested notice provided for in AmerenUE's Response to Public Counsel's Recommendations for Notice and Public Hearings, filed August 29, 2006. The additions suggested by the Company include the notice required by 4 CSR 240-20.090(2)(D) and a full copy of the entire notice proposed by the Company is attached hereto as Attachment A to this Schedule. The Company requests the Commission to adopt the same.

(B) An example customer bill showing how the proposed RAM shall be separately identified on affected customers' bills in accordance with 4 CSR 240-20.090(8);

Attached hereto are two different examples of customer bills (one in the postcard format used by AmerenUE for residential customers and one in the billing format used by AmerenUE for non-residential customers), as required by 4 CSR 240-20.090(8).

See Attachments B and C hereto.

(C) Proposed RAM rate schedules;

Attached to the testimony to which this Schedule is attached as Schedule MJL-1 is Rider A Fuel and Purchased Power Adjustment Clause, which is the proposed rate schedule for the fuel adjustment clause proposed by AmerenUE.

(D) A general description of the design and intended operation of the proposed RAM;

As discussed in the testimony to which this Schedule is attached, AmerenUE is proposing the implementation of a Fuel and Purchased Power Adjustment Clause falling within the definition of a fuel adjustment clause or "FAC" as defined in 4 CSR 240-20.090(1)(C). The FAC applies to all rate classes, and would reflect increases or decreases in fuel, transportation and purchased power costs according to the formula expressed in the rate schedule referred to in item (C) above. Historic fuel, transportation and purchased power costs would be accumulated during four different Accumulation Periods, as designated in the rate schedule, and then recovered using the calculated FPA (as defined in the rate schedule) over four different Recovery Periods (also designated in the rate schedule). The FPA would be applied to customer bills on a per kilowatt-hour (kWh) basis, as adjusted for voltage level (to take into account varying line losses at different service voltage levels).

The FPA formula includes a factor to accommodate adjustments made as a result of the true-up process or any prudence disallowances occurring as a result of prudence reviews.

The FPA formula also includes a factor that would accommodate the pass-through of off-system sales margins if an off-system sales margin sharing mechanism was in place.

(E) A complete explanation of how the proposed RAM is reasonably designed to provide the electric utility a sufficient opportunity to earn a fair return on equity;

AmerenUE's proposed FAC is reasonably designed to provide AmerenUE with a sufficient opportunity to earn a fair return on equity for several reasons. First, the proposed FAC provides for full and timely recovery of all of AmerenUE's fuel, transportation, and purchased power costs by reflecting increases and decreases in such costs in rates. This assumes that an appropriate level of costs for fuel and purchased power, including transportation will be set in base rates based upon these costs in the test year, as trued-up in the rate case, and it also assumes appropriate base rate recovery of other cost of service items. With the FAC, it is more likely that fuel and purchased power costs, which are often times much more significant, volatile and much more difficult to control than other utility costs, will be timely and fairly reflected in the rates charged to customers. Examples of factors that can often make these very large but critical costs highly volatile and beyond the utility's control include the fact that fuel and purchased power is purchased on national markets which are subject to increasing volatility due to global demand, increased trading activities, world events, weather (e.g. hurricanes), abnormally hot or cold weather, or other factors. Another example of a factor causing volatility is the potential for rail disruptions, as seen in the recent past. Second, an FAC will put AmerenUE on comparable footing with utilities operating in other states, the vast majority of which utilize rate adjustment mechanisms, including 27 of 29 other non-restructured states with regulation similar to the Commission's regulation of AmerenUE. Third, the proposed FAC is reasonably designed to provide AmerenUE with a sufficient opportunity to earn a fair return on equity because it avoids the very significant regulatory lag which is prevalent when dealing with such large and often volatile costs, by preventing rapid deterioration in the utility's financial position (including relative credit standing, which is a key determinant of borrowing costs), and by preventing recovery of fuel and purchased power costs substantially in excess or below those levels set in base rates. In either case, without an FAC more frequent rate cases (or over-earnings complaint cases) may be necessitated, resulting in a time-consuming and inefficient use of utility, Commission, and customer resources.

(F) A complete explanation of how the proposed FAC shall be trued-up to reflect over- or under-collections, or the refundable portion of the proposed IEC shall be trued-up, on at least an annual basis;

The FAC will be trued-up on an annual basis. The formula will be: Recoverable Revenues – Recoverable Costs = +/- Over/(Under) Recovery. Details of these components are listed below.

Recoverable Revenues: General Ledger queries and/or sales reports will detail FAC amounts recovered from customer billings. These reports will include billing data by month, both volumes and dollars.

Recoverable Costs: Costs will be grouped into the following categories:

Coal Commodity Costs. This will include costs associated with purchase of coal, as well as SO2 adjustments associated with coal contracts and price hedging mechanisms. These costs are accumulated in an inventory account, and expensed on a weighted average cost basis as used. A detailed accounting of all additions and adjustments to the coal inventory account will be included in a reconciliation, as well as the calculation of the fuel expense recorded during the accounting period.

Coal Transportation Costs. This will include costs associated with transportation of coal, as well as fuel adjustments associated with transportation contracts and price hedging mechanisms. These costs are accumulated in an inventory account, and expensed on a weighted average cost basis as coal is used. A detailed accounting of all additions and adjustments to the coal inventory account will be included in a reconciliation, as well as the calculation of the fuel expense recorded during the accounting period. Railcar costs are included in this account, and a separate accounting of all railcar costs flowing through inventory will be maintained as well as the allocation of costs to plant inventory accounts.

Oil Costs. This will include costs associated with oil and any price hedging mechanisms. These costs are accumulated in an inventory account, and expensed on a weighted average cost basis as used. A detailed accounting of all additions and adjustments to the oil inventory account will be included in a reconciliation, as well as the calculation of the fuel expense recorded during the accounting period.

Natural Gas Costs. This will include costs associated with the gas commodity, storage, reservation, transportation, hedging costs and oil costs associated with plants. A detailed accounting of all additions and adjustments to inventory will be included in a reconciliation, including the calculation of fuel expenses recorded during the accounting period. Also included will be details of all direct costs to expense.

Water for Power. Details of water purchased for power will be included in a reconciliation.

Nuclear Fuel Costs. This will include costs associated with nuclear fuel. These costs are accumulated in inventory accounts under FERC Account 120, and amortized on a weighted average cost basis as used. A detailed accounting of all additions and adjustments to the inventory account will be included in a reconciliation, as well as the calculation of the fuel expense recorded during the accounting period.

Purchased Power Costs. This will include the cost at the point of receipt by the Company of electricity purchased for resale. It shall include, also, net settlements for exchange of electricity or power, such as economy energy, off-peak energy for on-peak energy, spinning reserve capacity, etc. In addition, this category will include costs incurred from RTOs for Revenue Sufficiency Guarantee, Losses, deviation charges, revenue neutrality and inadvertent charges, but shall exclude MISO administrative costs arising under MISO Schedules 10, 16, 17 and 24, and shall exclude capacity charges under contracts with a term in excess of one (1) year.

For a more complete listing of the costs and revenues that will be included in the true-up calculations, please refer to Item (H) below, which is incorporated by reference into the explanation included in this Item (F).

(G) A complete description of how the proposed RAM is compatible with the requirement for prudence reviews;

AmerenUE's proposed FAC is compatible with the requirement for prudence reviews for several reasons. AmerenUE's proposed FAC is based on actual fuel and purchased power costs which simplifies the prudence review. The fuel and purchased power costs included in the FAC are well defined in Rider A (the FAC tariff), including specific references to the FERC accounts in which the costs are recorded. Item (L) in this Schedule MJL-2 provides detailed information on how the costs can be compared to contacts and invoices as part of the prudence review, among other things. Moreover, 4 CSR 240-3.161(5), requires the filing monthly of all the supporting data for the fuel and purchased power costs, revenues, plant generation and related information, all of which can be used as part of the prudence review process. This includes providing monthly Fuel Burned Reports and Generating Statistics for each of the generating plants. In addition, 4 CSR 240-3.190 requires submission to the Commission Staff each month of information on system output, hourly generation, purchases and sales, planned outages, forced outages and capacity purchases. All contracts for fuel, transportation and purchased power will also be available for review in connection with the prudence review process.

(H) A complete explanation of all the costs that shall be considered for recovery under the proposed RAM and the specific account used for each cost item on the electric utility's books and records;

Type of Cost	Inventory Major	Expense Major	Description
Coal Commodity	151	501	Cost of coal delivered at the mine
Applicable Taxes	151	501/547/ 518	Applicable taxes on fuel and transportation costs
SO2 and btu adjustments	151	501	Added/subtracted amounts to coal contracts for btu or SO2 content of coal

Railroad, truck and barge transportation	151	501	Costs associated with delivering coal from mine to plant
Switching & Demurrage	151	501	Costs associated with switching and demurrage costs incurred in delivering coal from the mine to the plant
Railcar repair	151	501	All railcar costs will be aggregated in a separate minor account under major Account No. 151. As part of the monthly closing process, these costs will be allocated to transportation inventory at the plants based on tonnage delivered during the period.
Railcar depreciation	151	501	
Railcar leases	151	501	
Railcar inspection	151	501	
SO2 Hedge costs/revenues	151	501	Costs/revenues associated with price hedges related to SO2 adjustments in coal contracts
Heating Oil Hedge costs/ revenues	151	501	Costs/revenues associated with price hedges related to diesel fuel adjustments in coal transportation contracts
Hedge costs associated with coal	151	501	Costs/revenues associated with price swaps, options, or other derivatives to manage fuel costs
Commissions and fees	151	501	Broker costs and commissions associated with hedging activities of coal commodity and transportation
Oil	151	501/547	Costs associated with oil used at plants for generation
Nuclear Fuel	120	518	Costs associated with nuclear fuel, including provisions for transportation, storage and disposal of nuclear fuel including spent fuel disposal fees, and handling costs for nuclear fuel assemblies.
Water for Power	Expensed	536	Costs associated with water used for hydraulic power generation
Fuel costs	151/direct expense	547	Delivered cost of gas, oil, propane, and other fuels used in other power generation
Fuel Adders	151	501	Unrelated to environmental compliance - Magnesium Hydroxide is the primary example,
Ash Disposal Costs	Direct Expense	501	Cost to dispose of ash, net of ash revenues
Other Portfolio optimization activities	151	501/547	Revenues and expenses related to selling excess coal or natural gas and other portfolio optimization activities
Purchased Power Costs		555, 565, and 575	Cost of purchased power, but excluding MISO administrative costs under MISO Schedules 10, 16, 17 and 24, and excluding capacity charges under contracts with a term in excess of one (1) year.

(I) A complete explanation of all the revenues that shall be considered in the determination of the amount eligible for recovery under the proposed RAM and the specific account where each such revenue item is recorded on the electric utility's books and records;

Description	Major	Comments
Coal Sales	151	Fuel costs reduced by revenues from coal sales
Coal, SO2 and Transportation Fuel Hedges	151	Revenues associated with price swaps and other hedges related to coal contracts, SO2 and Fuel for Transportation adjustments
Railcar leases	151	Transportation costs reduced by revenue from lease of company owned/leased railcars to other companies
Gas Sales	151/547	Revenues and expenses associated with hedging activities and gas portfolio optimization
Ash Sales	501	Sales of fly ash and other types of ash produced at plants

(J) A complete explanation of any incentive features designed in the proposed RAM and the expected benefit and cost each feature is intended to produce for the electric utility's shareholders and customers;

AmerenUE's proposed FAC does not contain any FAC-specific incentive feature. As noted above, the proposed FAC would accommodate the pass-through of off-system sales margins if an off-system sales margin sharing mechanism were in place, and an FAC would facilitate the use of such a sharing mechanism.

(K) A complete explanation of any rate volatility mitigation features designed in the proposed RAM;

AmerenUE's proposed FAC does not contain any specific rate volatility mitigation features. However, as discussed in Item (L) below, AmerenUE utilizes a hedging strategy designed to mitigate fuel cost volatility. Moreover, the FAC proposes to adjust the FPA factor quarterly with fuel costs accumulated in the winter to be recovered the following summer, and fuel costs accumulated in the "shoulder" periods (fall and spring) recovered the following fall or spring, as the case may be. This results in the accumulation of costs in higher usage periods being recovered in higher usage periods, and the accumulation of costs being recovered in lower usage periods being recovered in lower usage periods. The effect of this structure will tend to mitigate volatility.

(L) A complete explanation of any feature designed into the proposed RAM or any existing electric utility policy, procedure, or practice that can be relied upon to ensure that only prudent costs shall be eligible for recovery under the proposed RAM;

In addition to keeping books and records relating to fuel, transportation and purchased power in accordance with Generally Accepted Accounting Principles and the

Uniform System of Accounts, AmerenUE employs a number of policies, procedures and practices, including the use of internal audits where appropriate, to ensure the prudency of such costs. Described below are relevant policies, procedures and practices.

Fuel Accounting

In order to ensure proper accounting for coal, gas, and nuclear fuel costs, the following procedures and practices are in place.

Coal. A trainbook is maintained by the coal supply and fuel accounting group. This database maintains information relating to all contracts, and deliveries scheduled and received against each contract. Fuel accounting enters invoice information into a database, and ensures that all coal paid for was contracted for, received by the plant, and that the invoice amount agrees with the contracted amount. This trainbook also calculates quality standards, and btu and So2 adjustments are accrued for based on receipts and trued-up with actual invoices. This database is a critical tool in the month-end accrual process, to ensure that all coal commodity, transportation, and quality adjustment costs have been accrued in the proper period. All inventory, receivable, and payable accounts associated with coal are balanced on at least a quarterly basis.

Gas. Gas supply executives prepare a month-end estimated gas cost worksheet for AmerenUE's generating units. Current month estimates, plus a true-up of prior month actuals versus estimates, are recorded in the current month. All inventory, receivable, and payable accounts associated with gas are balanced on at least a quarterly basis.

Nuclear Fuel. Nuclear fuel expenses and month end balances are calculated in the nuclear fuel accounting system called Surf'n, which is maintained by the nuclear fuel procurement group. All accounts charged in the general ledger are balanced with the nuclear fuel system on at least a quarterly basis.

Fuel Procurement

Fossil (e.g., coal and natural gas): To ensure fuel purchases are prudent, the fuel acquisition for AmerenUE's generation is governed by the AmerenEnergy Fuels and Services Company (AFS) Risk Management Policy. The rules and guidelines within the Policy, which were approved by Ameren's Risk Management Steering Committee, identify the levels of coal and natural gas for generation that must be acquired and hedged for future periods, identifies the various types of allowable commodity transactions, and creates extensive management reporting to monitor all commodity transactions and price positions. The Policy provides that coal and natural gas be purchased using a risk management strategy that secures the required volume for future periods within maximum and minimum policy limits while reducing exposure to market volatility. The volumetric risk (securing the necessary quantities of fuel needed

for electricity production) and price risk (entering into financial and physical transactions to hedge against price spikes and volatility in the market) for generation fuels are controlled through compliance with the Policy procurement limits. These limits create maximum and minimum levels of volumetric and price hedging for up to six years into the future to ensure disciplined acquisition of fuel and to diversify price risk over time. Purchasing fuel under these procurement limits provides several benefits, including avoiding the need to purchase large quantities of fuel during periods of price spikes, and ensuring that sufficient quantities are purchased in advance of actual need to minimize any physical shortage that might occur in the fuel markets. These limits do not necessarily result in the lowest possible price for fuel, but strike a balance between price stability and security of supply. In addition to the Risk Management Policy, there are annual fuel supply planning processes which determine the actual acquisition of fuel for generation needs from various production basins and other parameters of fuel supply including transportation, inventory levels, management of inventory levels through purchases and sales, and logistics with power plants/power traders/generation dispatchers. These processes also encompass the development of competitive or alternative transportation methods between transportation providers to ensure competitive and reliable fuel supply. To ensure competitive fuel supply in the commodity markets, the fuel is procured and hedged through several diverse methods including periodic competitive bids, negotiated purchases, electronic trading, Over-the-Counter (OTC) transactions, futures market transactions, and spot market transactions. In addition to the Risk Management Policy and fuel planning processes, the Internal Audit Department conducts routine audits of fuel supply on a three year cycle for purposes of reporting to senior executives and the Board of Directors. Fuel for generation is purchased by AFS, which is staffed with full-time fuel professionals to manage all aspects of fuel supply and operations with a mission of delivering reliable and competitive fuel supply for all Ameren affiliated companies, including AmerenUE.

Nuclear: To ensure nuclear fuel purchases are prudent, AmerenUE follows a number of corporate procurement practices (as outlined below), including a specific Nuclear Fuel Risk Management Policy approved by the Ameren Risk Management Steering Committee, and a Nuclear Procedure for Nuclear Fuel Contracts. These practices and policies provide very similar controls to those described above relating to procurement of fossil fuels. The foregoing practices, policies and procedures are designed to: i) ensure a reliable supply of nuclear fuel to the Callaway Plant, ii) effectively manage nuclear fuel costs, iii) reduce AmerenUE's exposure to nuclear fuel price volatility, iv) mitigate risks related to nuclear fuel, and v) provide highly reliable nuclear fuel to the Callaway Plant. Nuclear fuel is procured using several processes. AmerenUE utilizes long-term contracts to ensure nuclear fuel is available for Callaway requirements. In addition, inventories of nuclear fuel are maintained to enhance security of supply. AmerenUE also continually monitors market assessments of nuclear fuel supply and demand, price forecasts, and projections of Callaway fuel requirements. This

monitoring is an integral part in the continued review of procurement plans. Price and non-price elements, such as reliability of supply, supplier diversity, quality and quantity must also be balanced. In appropriate instances, nuclear fuel procurements are also made through competitive bidding, with all qualified suppliers solicited (however, depending upon the need, in some instances only 2-3 suppliers may be available). Moreover, while the nuclear fuel supply market is worldwide, other than the uranium supply component itself, there are limited suppliers for the other components of the nuclear fuel cycle. With the excellent operating performance of existing plants, and the announced plans for new units, supplies of nuclear fuel have also tightened.

Nuclear fuel procurement is also under the direction and control of a full-time professional in nuclear fuel procurement to manage all aspects of nuclear fuel supply and operations.

(M) A complete explanation of the specific customer class rate design used to design the proposed RAM base amount in permanent rates and any subsequent rate adjustments during the term of the proposed RAM;

The proposed FAC applies the FPA to all of AmerenUE's Missouri electric retail customers (*see* Schedule No. 5 - Schedule of Rates for Electric Service customers). To the extent fuel and purchased power costs are included in base rates, the class cost of service study results discussed in the direct testimony of AmerenUE witness William Warwick is applied and the rate design discussed in the direct testimony of AmerenUE witness Wilbon C. Cooper is also applied. With regard to the proposed RAM amount in base rates, a level of 1.341 cents per kilowatt-hour at the generation level is included in Rider A as filed. Adjustments to the rates for each class will be performed in accordance with the formula reflected in Rider A and will be reflective of changes in the factors included in the formula versus the values used to determine the RAM amount in base rates. The adjustments reflect a calculation of the FPA based on test year costs and sales consistent with the factors included in the FPA formula in Rider A. Actual customer FPA adjustments will be applied to all retail billings for electric service on a per kilowatt-hour basis, as adjusted for losses based on the customers' service voltage (secondary, primary, large transmission service).

(N) A complete explanation of any change in business risk to the electric utility resulting from implementation of the proposed RAM in setting the electric utility's allowed return in any rate proceeding, in addition to any other changes in business risk experienced by the electric utility;

The implementation of a fuel adjustment mechanism (the proposed RAM) would allow AmerenUE to pass through to its customers increases and decreases in fuel costs without the need for a costly and time-consuming rate proceeding. In recent years, the lack of a fuel adjustment mechanism in Missouri has been a major concern to the financial community because fuel costs have been highly volatile. Because fuel adjustment clauses predominantly are part of the regulation of other U.S. utilities,

implementing a fuel adjustment mechanism will make the business risk of AmerenUE significantly more comparable to the risks of other utilities. Without a fuel adjustment mechanism, the business risk of AmerenUE would be higher than that of other utilities, all else being equal. However, since most of the electric utilities used in the sample groups of comparable companies in AmerenUE's cost of equity studies are able to recover their fuel costs through fuel adjustment clauses, the reduced risk of implementing the proposed RAM in Missouri is already reflected in AmerenUE's cost of equity recommendation in Case No. ER-2007-0002. Other business risks faced by AmerenUE are discussed in the testimonies of AmerenUE's return on equity witnesses filed in this case, and are incorporated herein by this reference.

(O) The supply side and demand side resources that the electric utility expects to use to meet its loads in the next four (4) true-up years, the expected dispatch of those resources, the reasons why these resources are appropriate for dispatch and the heat rates and fuel types for each supply-side resource; in submitting this information, it is recognized that supply and demand-side resources and dispatch may change during the next four (4) true-up years based upon changing circumstances and parties will have the opportunity to comment on this information after it is filed by the electric utility;

Attachment D to this Schedule lists the supply side resources expected to meet the AmerenUE load requirements for the periods July 1, 2007 - June 30, 2008; July 1, 2008 - June 30, 2009; July 1, 2009 – June 30, 2010 and July 1, 2010 – June 30, 2011. The data in the table lists the resource name, ownership, primary fuel type, heat rate at full load, and projected generation for the four true-up years. The projected generation for the four true-up years is appropriate because they were developed from a detailed production cost model run for the true up periods. The production cost model used by AmerenUE is the PROSYM production cost model. This is the same model that is used by AmerenUE in this case to calculate fuel, transportation and purchased power costs and off-system sales margins. The major inputs to the PROSYM production cost model include: normalized hourly loads, unit availabilities, fuel prices, unit operating characteristics, hourly energy market prices, and system requirements.

(P) A proposed schedule and testing plan with written procedures for heat rate tests and/or efficiency tests for all of the electric utility's nuclear and non-nuclear generators, steam, gas, and oil turbines and heat recovery steam generators (HRSG) to determine the base level of efficiency for each of the units;

AmerenUE will use an Efficiency Deviation Factor (EDF) calculation to establish the baseline for tracking generating unit efficiencies. The baseline EDF is calculated by the following formula:

$$Baseline\ EDF = \frac{\sum AccountingBtus}{\sum TheoreticalBtus}$$

Accounting Btus are the actual Btus consumed for the twelve-month period prior to the time period when the EDF is calculated (labeled "Data/Time period for EDF" in the table below).

Theoretical Btus is the estimated fuel consumption expressed in Btus during the twelve month period prior to the time period when the EDF is calculated (labeled "Data/Time period for EDF" in the table below). The estimated fuel consumption is calculated using the hourly generation data for the period and the current Input/Output (I/O) curve used for the economic dispatch of the generating units. The hourly generation level is used to calculate the hourly fuel consumption, which is summarized for the period to be analyzed.

Where unit fuel burn data is not available and plant data is available, the EDF will be calculated on a plant basis rather than a unit basis.

The EDF will be calculated on an annual basis to determine if significant changes to the unit efficiencies have occurred. The schedule for calculating the EDF for the AmerenUE units will be as follows:

Description	**Data / Time period for EDF**
Baseline EDF	12 months ending 6/30/07
True-up period 1	12 months ending 6/30/08
True-up period 2	12 months ending 6/30/09
True-up period 3	12 months ending 6/30/10
True-up period 4	12 months ending 6/30/11

(Q) Information that shows that the electric utility has in place a long-term resource planning process, important objectives of which are to minimize overall delivered energy costs and provide reliable service;

On December 5, 2005, AmerenUE made its required Integrated Resource Plan (IRP) filing, an important objective of which is to minimize overall delivered energy costs (i.e. least cost planning) and provide reliable service. This filing covers AmerenUE's long-term resource planning process and consisted of multiple volumes. AmerenUE's IRP filing reflected least cost analyses for a number of resource options and portfolios, and also examined the Company's capacity position and needs in detail. This information included AmerenUE's load forecasts as well as its analysis of available supply-side and demand-side resources. The end result is a twenty year resource plan, called the Integrated Resource Plan. AmerenUE's filing was made in compliance with 4 CSR 240-22.010, et. seq. This very comprehensive Commission rule is designed to insure utilities provide energy services which "…are safe, reliable and efficient, at just and reasonable rates, in a manner that serves the public interest." 4 CSR 240-22.010(2). Staff and AmerenUE have now filed a Stipulation and Agreement that resolves issues that Staff had raised relating to the Company's IRP filing. The Company's IRP filing and the above-referenced Stipulation and Agreement are incorporated herein by this reference.

(R) If emissions allowance costs or sales margins are included in the RAM request and not in the electric utility's environmental cost recovery surcharge, a complete explanation of forecasted environmental investments and allowances purchases and sales;

Emissions allowance costs or sales margins are not included in the proposed FAC.

(S) Authorization for the commission staff to release the previous five (5) years of historical surveillance reports submitted to the commission staff by the electric utility to all parties to the case.

Mr. Lyons' testimony to which this schedule is attached includes authorization for the Commission Staff to release the previous five (5) years of historical surveillance reports submitted to the Commission Staff to all parties in the case.

ATTACHMENT A

IMPORTANT NOTICE

AmerenUE has filed revised tariff sheets with the Missouri Public Service Commission (PSC) which would increase the company's electric service revenues by approximately $360.7 million, and which would increase the company's natural gas service revenues by approximately $10.8 million. For the average residential customer the proposed increase would be approximately $6.00 per month for electric and $6.00 per month for natural gas.

AmerenUE's electric rate filing includes a request to implement a fuel adjustment clause. A fuel adjustment clause, if approved by the Commission, would allow increases or decreases in fuel and purchased power costs occurring after base electric rates are set by the pending electric rate case to be passed through to customers as a separate line on customer's bills. Increases in fuel and purchased power costs above base electric rates would be applied to customer bills via a separate and additional charge and decreases would be applied to customer bills via a credit.

Local public hearings have been set before the PSC at the following dates, times and locations:

****Public hearings listed here****

If you wish to comment or secure information, you may contact the Office of the Public Counsel, Post Office Box 2230, Jefferson City, Missouri 65102, telephone (573)751-4857, email opcservice@ded.mo.gov or the Missouri Public Service Commission, Post Office Box 360, Jefferson City, Missouri 65102, telephone 800-392-4211, email pscinfo@psc.mo.gov.

AmerenUE P.O. BOX 66529 ST. LOUIS, MO 63166-6529

PRES RDG	PREV RDG	USE	READING	RATE	AMOUNT
98136	95648	2488	ACTUAL	1M	197.33
City MUNI TAX					11.76
Fuel Adj Chg - Secondary voltage					2.49
AMOUNT DUE ON		09/22			211.58

FIRST CLASS MAIL
U.S. POSTAGE
PAID 1 OUNCE
ST. LOUIS, MO
PERMIT NO. 2859

Service at:	123 Main St		
Service from	08/09 to 09/10/06		Days 32
Last Payment	08/31/06		$111.00
Acct. No	12345-67890	Bill Date	09/12/06

RETURN THIS STUB WITH PAYMENT TO:
AmerenUE
P.O. BOX 66529
ST. LOUIS, MO 63166-6529

Acct. No. **12345-67890**

AMT DUE	$211.58
Due By	09/22
Delinquent By	10/03

Residential Customer
Address
City, State ZIP

(800) 552-7583 **CUSTOMER SERVICE BULLETIN** AmerenUE

You're in control with Budget Billing. Your energy payments are predictable. Avoid surprises, and gain peace of mind. Mark an "X" in the box to enroll in Budget Billing.

DOLLAR MORE is a year-round program that helps needy families survive. To give just a dollar more a month with your payment, please mark an "X" in the box.

RETURN THIS STUB TO: AmerenUE P.O. BOX 66529 ST. LOUIS, MO 63166-6529

AMOUNT DUE	**$211.58**
DUE BY	**09/22**

Residential Customer
123 Main St
Acct. No **12345-67890**

Amount Enclosed $ _____

0010000 0012345678900 00000000 00000000 00211580

Schedule MJL2
Attachment B-2

Please Return This Portion With Your Payment

AMOUNT DUE	DUE DATE
$400.00	July 11, 2006
AMOUNT PAYABLE AFTER DUE DATE	ACCOUNT NUMBER
$406.00	00000-00000

Amount Enclosed $ _____

COMPANY
MAILING ADDRESS
CITY, STATE ZIP

AmerenUE
P. O. Box 66301
St. Louis, MO 63166-6301

90600000 000000000000 000000400000 000000400000

Keep This Portion For Your Records

ACCOUNT NUMBER	00000-00000

BILL DATE	June 28, 2006

SERVICE AT	MAILING ADDRESS CITY, STATE ZIP

TOTAL AMOUNT DUE BY	July 11, 2006	$400.00
AMOUNT PAYABLE AFTER DUE DATE		$406.00

TYPE OF READING	METER NUMBER	SERVICE FROM TO	NO. DAYS	METER READING PREVIOUS	PRESENT	READING DIFFERENCE	METER MULTIPLIER	THERM FACTOR	USAGE	RD
Total KWH	11111111	06/27-07/27	30	15106.0000	19310.0000	4204.0000	1.0000		4204.0000	A
Peak KW	11111111	06/27-07/27	30	0.0000	23.0400	23.0400	1.0000		23.0400	A

SUMMARY

Total KWH 4204.0000

METERED ELECTRIC SERVICE BILLING

Rate 2M - SGS - Three Phase — **Service From 06/27 To 01/27**

Energy Charge	4,204.00 KWH	@	$0.07990000	$335.90	
Seasonal Energy Charge	0.00 KWH	@	$0.00000000	$0.00	
Customer Charge				$15.10	
Fuel Adj Charge - Secondary Voltage	4,204.00 KWH	@	$0.00100000	$4.20	
Total Service Amount					$355.20
Missouri State Tax				$26.11	
Municipal Charge				$18.69	
Total Tax					$44.80

Current Amount Due	$400.00
Prior Amount Due	$0.00
Total Amount Due	$400.00

AmerenUE
P. O. Box 66301
St. Louis, MO 63166-6301
1-877-4AMEREN

Schedule MJL2
Attachment C-1

Following is a list of technical terms which may appear on your Ameren bill. For detailed information on rates, to view your bill or learn about energy efficiency tips, visit **www.ameren.com** or call the phone number listed on the front of this bill.

AMOUNT PAYABLE AFTER DUE DATE/LATE PAYMENT CHARGE - This is the amount to be paid, if paying after the due date. A 1.5% Late Payment Charge will be added for any unpaid balance on all accounts after the due date.

CUSTOMER CHARGE/ACCOUNT CHARGE - This charge covers some of our basic costs of providing energy service to our customers. Those costs, like the costs of meters, accounting and billing, occur even if you do not use electricity or natural gas.

DELIVERY SERVICE - Delivery Service is provided when the customer elects to purchase power and energy from the Company or other supplier and have the Company deliver the purchased power and energy over its transmission and distribution lines. It includes all services provided by the Company in order to deliver power and energy to the customer.

ENVIRONMENTAL ADJUSTMENT/FACTOR - Charges reflect costs incurred by Ameren in the environmental clean-up for former gas manufacturing sites.

GAS CHARGE (PGA) - The gas charge shown is per therm used. This reflects in the cost of natural gas that Ameren purchases from suppliers and delivers to customers. Ameren receives no profit from this charge.

ILLINOIS STATE COMMERCE COMMISSION TAX - A tax on natural gas consumption that is used to operate the Illinois Commerce Commission.

ILLINOIS STATE ELECTRICITY EXCISE TAX - This is the state utility tax on electric consumption and also provides funds to operate the Illinois Commerce Commission.

ILLINOIS STATE GAS REVENUE TAX - The state utility tax on natural gas consumption.

INFRASTRUCTURE MAINTENANCE FEE (IMF) - Fee imposed by some cities and towns for the use of their public right of way.

KW or KVA DEMAND - A measure of the highest 15 minute, or 60 minute electric demand during the billing period.

KWH - KILOWATTHOUR - The basic unit for measuring the amount of electricity used.

METER MULTIPLIER - Some meters require a mathematical calculation to determine the actual amount of energy used.

MUNICIPAL CHARGE - Amount equal to the tax the company pays to municipality.

NO. DAYS - This is the number of days in the present billing period, which may vary a few days because of fluctuation in meter reading schedules. When you compare bills, you will want to compare the number of days in each billing period as well as the energy used.

ON-PEAK USE - The hours of 10am to 10pm, (For AmerenCILCO during winter months, hours are 7am-10pm; for AmerenIP 10am to 9pm) Monday through Friday except on the following holidays: New Year's Day, President's Day (AmerenCILCO only), Good Friday (AmerenIP only) Memorial Day (observed), Independence Day, Labor Day, Thanksgiving Day, Christmas Eve Day (AmerenIP Only) and Christmas Day. All other hours are OFF-PEAK.

ON-PEAK/BILLING DEMAND - The highest rate of use of energy occurring in any on-peak billing period.

RD (READ) - A - Actual Reading used to calculate bill.
C - Customer reading used to calculate bill.
E - Estimated reading used to calculate bill.
R - Revised reading used to calculate bill.

READING DIFFERENCE - By subtracting the previous reading from the present meter reading, we calculate how much energy you used.

THERM - The basic unit for measuring the amount of natural gas used.

THERM FACTOR - The basic usage or volume of gas from cubic feet to therms.

USE PER DAY - Shows your average use of energy per day and the average temperature during the present billing period and during the comparable period a year ago.

Schedule MJL2
Attachment C-2

Attachment D

Unit Name	Ownership	Minimum - Net	Maximum -Net #1	Primary Fuel Type	Heat Rate at Full load Btu/kwh	Fuel Costs $/mmbtu 7/1/07-6/31/08	7/1/08-6/31/09	7/1/09-6/31/10	7/1/10-6/31/11	Annual Generation in MWH 7/1/07-6/31/08	7/1/08-6/31/09	7/1/09-6/31/10	7/1/10-6/31/11
Callaway	AmerenUE	800	1,190	Nuclear	9,984	$0.49	$0.51	$0.53	$0.56	10,431,700	9,572,900	9,562,600	10,402,700
Labadie 1	AmerenUE	230	597	100% PRB Coal	10,284	$1.29	$1.43	$1.50	$1.53	3,358,100	4,458,200	4,368,900	4,222,100
Labadie 2	AmerenUE	230	595	100% PRB Coal	10,281	$1.31	$1.43	$1.50	$1.53	4,345,400	4,355,100	4,337,200	3,690,600
Labadie 3	AmerenUE	180	613	100% PRB Coal	10,131	$1.31	$1.43	$1.50	$1.53	4,531,900	4,600,300	3,840,900	4,488,800
Labadie 4	AmerenUE	338	611	100% PRB Coal	10,128	$1.31	$1.42	$1.50	$1.53	4,554,300	3,863,000	4,591,700	4,417,200
Rush 1	AmerenUE	234	593	100% PRB Coal	10,093	$1.67	$1.81	$2.01	$2.18	4,482,300	4,489,500	4,436,300	4,279,200
Rush 2	AmerenUE	234	592	100% PRB Coal	10,094	$1.67	$1.79	$2.01	$2.18	4,299,600	3,216,900	4,325,400	4,278,100
Sioux 1	AmerenUE	330	500	83%PRB/17% ILL Coal	9,846	$1.73	$1.85	$1.96	$2.06	3,146,300	3,717,200	3,664,100	3,248,200
Sioux 2	AmerenUE	330	503	83%PRB/17% ILL Coal	9,842	$1.72	$1.86	$1.96	$2.04	3,638,200	3,230,300	3,659,600	2,793,100
Meramec 1	AmerenUE	45	123	100% PRB Coal	11,013	$1.46	$1.58	$1.71	$1.85	866,000	888,800	786,600	862,500
Meramec 2	AmerenUE	48	125	100% PRB Coal	11,015	$1.46	$1.58	$1.73	$1.85	878,600	780,600	905,700	870,700
Meramec 3	AmerenUE	185	273	100% PRB Coal	11,060	$1.46	$1.58	$1.75	$1.85	2,018,800	2,008,200	1,683,900	1,991,900
Meramec 4	AmerenUE	169	356	100% PRB Coal	11,267	$1.47	$1.58	$1.73	$1.85	2,468,200	2,465,200	2,391,000	1,977,300
Audrain CT 1	AmerenUE	45	75	Gas	11,876	$8.41	$7.84	$7.31	$6.91	1,500	3,900	9,500	2,800
Audrain CT 2	AmerenUE	45	75	Gas	11,876	$8.42	$7.82	$7.33	$6.91	1,500	3,500	9,200	2,800
Audrain CT 3	AmerenUE	45	75	Gas	11,876	$8.42	$7.80	$7.32	$6.96	1,500	2,800	8,900	1,400
Audrain CT 4	AmerenUE	45	75	Gas	11,876	$8.42	$7.78	$7.32	$6.91	1,500	2,000	9,300	2,800
Audrain CT 5	AmerenUE	45	75	Gas	11,876	$8.42	$7.77	$7.32	$6.91	1,500	2,400	9,100	2,800
Audrain CT 6	AmerenUE	45	75	Gas	11,876	$8.42	$7.82	$7.30	$6.91	1,500	2,400	7,400	2,700
Audrain CT 7	AmerenUE	45	75	Gas	11,876	$8.40	$7.78	$7.32	$6.95	1,500	1,700	7,200	2,300
Audrain CT 8	AmerenUE	45	75	Gas	11,876	$8.40	$7.87	$7.34	$6.96	1,500	2,200	7,400	2,200
Fairgrounds CT	AmerenUE	20	55	Oil	10,878	$15.62	$16.45	$16.95	$17.45	-	-	-	-
Goose Creek CT 1	AmerenUE	45	75	Gas	11,876	$7.54	$7.17	$6.89	$6.53	10,900	16,900	19,000	16,000
Goose Creek CT 2	AmerenUE	45	75	Gas	11,876	$7.53	$7.18	$6.89	$6.52	11,000	14,400	16,900	14,900
Goose Creek CT 3	AmerenUE	45	75	Gas	11,876	$7.50	$7.12	$6.90	$6.53	10,000	15,600	14,800	14,800
Goose Creek CT 4	AmerenUE	45	75	Gas	11,876	$7.52	$7.15	$6.91	$6.53	9,700	16,200	15,800	13,800
Goose Creek CT 5	AmerenUE	45	75	Gas	11,876	$7.52	$7.12	$6.90	$6.48	9,600	14,300	14,900	13,200
Goose Creek CT 6	AmerenUE	45	75	Gas	11,876	$7.51	$7.09	$6.88	$6.50	8,300	12,600	15,500	11,000
Howard Bend CT	AmerenUE	20	43	Oil	11,899	$15.62	$16.45	$16.95	$17.45	-	-	-	-
Kinmundy CT 1	AmerenUE	80	116	Gas	11,877	$8.16	$7.70	$7.18	$6.91	5,200	13,200	19,800	10,600
Kinmundy CT 2	AmerenUE	80	116	Gas	11,877	$8.18	$7.71	$7.18	$6.88	4,100	12,900	19,100	10,000
Kirksville CT	AmerenUE	5	13	Gas	22,576	$8.49	$7.96	$7.43	$7.02	-	-	-	-
Meramec CT 1	AmerenUE	20	55	Oil	10,656	$15.62	$16.45	$16.95	$17.45	-	-	-	-
Meramec CT 2	AmerenUE	30	53	Gas	12,031	$8.45	$7.94	$7.37	$7.04	4,400	6,700	9,200	7,900
Mexico CT	AmerenUE	20	55	Oil	11,100	$15.62	$16.45	$16.95	$17.45	-	-	-	-
Moberly CT	AmerenUE	20	55	Oil	11,100	$15.62	$16.45	$16.95	$17.45	-	-	-	-
Moreau CT	AmerenUE	20	55	Oil	11,100	$15.62	$16.45	$16.95	$17.45	-	-	-	-
Peno Creek CT 1	AmerenUE	22	48	Gas	10,432	$7.55	$7.11	$6.90	$6.44	21,700	26,200	30,000	33,300
Peno Creek CT 2	AmerenUE	22	48	Gas	10,432	$7.54	$7.11	$6.91	$6.43	21,100	25,600	29,200	32,400
Peno Creek CT 3	AmerenUE	22	48	Gas	10,432	$7.54	$7.11	$6.89	$6.43	21,100	25,300	28,000	32,000
Peno Creek CT 4	AmerenUE	22	48	Gas	10,432	$7.54	$7.08	$6.87	$6.43	20,400	24,300	27,200	31,400
Pinkneyville CT 1	AmerenUE	23	44	Gas	9,708	$8.14	$7.75	$7.23	$6.86	20,700	26,900	35,200	38,100
Pinkneyville CT 2	AmerenUE	23	44	Gas	9,708	$8.13	$7.72	$7.20	$6.84	20,300	26,100	33,800	36,800
Pinkneyville CT 3	AmerenUE	23	44	Gas	9,708	$8.11	$7.67	$7.18	$6.81	20,200	24,800	32,600	35,400
Pinkneyville CT 4	AmerenUE	23	44	Gas	9,708	$8.11	$7.64	$7.15	$6.76	19,800	24,000	31,300	34,200
Pinkneyville CT 5	AmerenUE	23	36	Gas	13,006	$8.21	$7.84	$7.19	$6.67	200	300	1,000	300
Pinkneyville CT 6	AmerenUE	23	36	Gas	13,006	$8.21	$7.84	$7.19	$6.67	200	300	1,000	300
Pinkneyville CT 7	AmerenUE	23	36	Gas	13,006	$8.21	$7.84	$7.20	$6.67	200	300	700	300
Pinkneyville CT 8	AmerenUE	23	36	Gas	13,006	$8.21	$7.84	$7.20	$6.67	200	300	700	300
Raccoon Creek CT 1	AmerenUE	45	75	Gas	11,899	$7.51	$7.11	$6.89	$6.51	8,300	13,700	14,800	10,000
Raccoon Creek CT 2	AmerenUE	45	75	Gas	11,899	$7.52	$7.13	$6.89	$6.49	8,000	13,000	16,500	9,800
Raccoon Creek CT 3	AmerenUE	45	75	Gas	11,899	$7.55	$7.13	$6.88	$6.52	7,700	11,700	14,200	7,700
Raccoon Creek CT 4	AmerenUE	45	75	Gas	11,899	$7.54	$7.14	$6.89	$6.51	4,900	12,300	15,000	8,700
Venice CT 1	AmerenUE	10	26	Oil	14,191	$16.80	$17.71	$18.23	$18.77	-	-	-	-
Venice CT 2	AmerenUE	20	49	Gas	10,392	$8.46	$7.91	$7.41	$7.00	9,800	11,400	14,800	12,600
Venice CT 3	AmerenUE	135	169	Gas	10,434	$8.46	$8.17	$7.51	$7.25	36,300	52,800	69,800	62,100
Venice CT 4	AmerenUE	135	169	Gas	10,434	$8.44	$8.07	$7.47	$7.09	29,100	41,100	60,600	52,600
Venice CT 5	AmerenUE	80	117	Gas	11,937	$8.47	$8.02	$7.39	$7.25	3,200	6,400	16,200	6,300
Viaduct CTG	AmerenUE	10	26	Gas	17,925	$8.49	$7.96	$7.43	$7.02	-	-	100	-
Osage	AmerenUE	0	226	Pond Hydro						540,700	546,100	543,600	543,700
Keokuk	AmerenUE	0	134	Run of River Hydro						921,700	922,600	922,100	922,500
Taum Sauk 1	AmerenUE	0	215	Pumped Storage						331,950	335,800	334,100	336,550
Taum Sauk 2	AmerenUE	0	215	Pumped Storage						331,950	335,800	334,100	336,550
Wind	Assumed to Begin	0	100	Wind								161,237	286,928

Schedule MJL2
Attachment D

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Union Electric Company d/b/a AmerenUE for Authority to File Tariffs Increasing Rates for Electric Service Provided to Customers in the Company's Missouri Service Area.	)))))	Case No. ER-2007-0002

AFFIDAVIT OF MARTIN J. LYONS, JR.

STATE OF MISSOURI)
) **ss**
CITY OF ST. LOUIS)

Martin J. Lyons, Jr., being first duly sworn on his oath, states:

1. My name is Martin J. Lyons, Jr. I work in the City of St. Louis, Missouri, and I am employed by AmerenUE as Vice President and Controller.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of AmerenUE consisting of 11 pages and Schedules MJL-1 through MJL-2, all of which have been prepared in written form for introduction into evidence in the above-referenced docket.

3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct.

Martin J. Lyons, Jr.

Subscribed and sworn to before me this 29th day of September, 2006.

Notary Public

My commission expires: May 19, 2008

CAROLYN J. WOODSTOCK
Notary Public - Notary Seal
STATE OF MISSOURI
Franklin County
My Commission Expires: May 19, 2008