

2. Pleadings, notices, orders and other correspondence and communications concerning this Application should be addressed to:

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and

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3. Applicant has no pending action or final unsatisfied judgments or decisions against it from any state or federal agency or court which involve customer service or rates, which action, judgment, or decision has occurred within three years of the date of this Application.

4. Applicant has no overdue annual report or assessment fees.

II. REQUEST FOR AUTHORITY TO SELL COAL AND LEASE PLANT PROPERTY

5. This Application seeks approval by the Commission pursuant to Section 393.190.1 RSMo. for the sale of an initial approximately **REDACTED** tons of Powder River Basin coal from Applicant's coal pile at the Labadie Energy Center to Larkwood Energy, LLC ("Larkwood"), and continued sales of coal for the Labadie Energy Center for the remainder of the term of the transaction between Applicant and Larkwood, described further below. The coal will either be sold at the mine or out of inventory, but in either case at a price that is equal to the cost for the month at the delivery point for the specific type of coal that is being sold. Larkwood

will refine the coal using a proprietary process (known as “Chem-Mod”) designed to reduce emissions from the coal, and then resell the coal back to Ameren Missouri at the same price for use at the plant. In addition, Ameren Missouri seeks authority to lease a small portion of its plant site to Larkwood so that Larkwood can place coal refinement facilities on the site during the term of this transaction.

6. This transaction has been designed to qualify under Internal Revenue Code Section 45, which authorizes a tax credit for the use of “refined coal.” Tax credits are available if during the required testing there is at least a 20% reduction in nitrogen oxide (“NOx”) emissions and at least a 40% reduction in either sulfur dioxide (“SO2”) or mercury emissions. In order to comply with the applicable Internal Revenue Code provisions, the coal must be sold to a coal refiner (in this case Larkwood), refined, and then bought back by Ameren Missouri for use in power generation. Larkwood is responsible for demonstrating the test results to satisfy Internal Revenue Code standards, and for all costs associated with the process including the cost of refinement equipment, labor, materials, and testing.

7. Ameren Missouri, as the host utility, will receive payments of ** [REDACTED] ** per month for the site license fee from Larkwood over a period of approximately 8 years, as well as a fee for coal yard services of ** [REDACTED] ** per ton of coal refined, with annual inflation index adjustments applicable to each payment beginning in 2015. It is expected that this program will produce revenues of approximately ** [REDACTED] ** annually, depending on the amount of coal burned, with total estimated revenues over the term of the contract of approximately ** [REDACTED] **. Ameren Missouri will pay no capital or other costs for the installation of the facilities, or any operating costs associated with the Chem-Mod process.

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8. Copies of the executed documents underlying the described transaction are attached hereto as Appendix A. These documents consist of two sets of similar contracts—one set for Labadie units 1 and 2, and a second set for Labadie units 3 and 4. Each set consists of a Feedstock Supply Agreement, a Refined Coal Sales Agreement, a Lease and License Agreement, and a Removal of Facility and Remediation of Leased Premise Agreement.

9. The Commission previously approved two very similar transactions for Ameren Missouri's Rush Island and Sioux Energy Centers in File Nos. EO-2012-0146 and EA-2013-0502. In those proceedings, the Commission imposed several conditions that would be relevant to this application. As modified to fit this application those conditions are:

- a) No ratemaking determination is being made in this order relative to the sale of coal and the lease of a portion of the property of Ameren Missouri at the Labadie Energy Center over the term of the transaction.
- b) No ratemaking determination is being made in this order regarding the exclusion of the per-ton coal yard services fee in the Company's FAC.
- c) If Ameren Missouri decides to suspend, terminate or otherwise modify the terms of the transaction agreements, the Company will notify the Commission and the parties of the changes by filing a notice with the Commission as soon as practical, once the decision has been made to take the action.

File No. EO-2012-0146, *Order Regarding Application for Approval of the Sale of Coal for Refinement and the Lease of Property at the Rush Island Plant*, (Issued December 7, 2011), p. 8; File No. EA-2013-0502, *Order Granting Application with Expedited Treatment*, (Issued July 17, 2013), p. 2. These cases also contained conditions related to an Option Agreement for Purchase of Membership Interest which is not included as part of the Labadie transaction.

10. The Commission must approve the proposed transaction if it is not detrimental to the public interest. *See* 4 CSR § 240-3.110(1)(D). *See also State ex rel. Fee Fee Trunk Sewer v. Litz*, 596 S.W.2d 466, 468 (Mo. App. 1980) (“The obvious purpose of [Section 393.190] is to

ensure the continuation of adequate service to the public served by the utility. The Commission may not withhold its approval of the disposition of assets unless it can be shown that such disposition is detrimental to the public interest.” (citing *State ex. rel. City of St. Louis v. PSC*, 335 Mo. 448, 73 S.W.2d 393, 400 (Mo. banc 1934)).

11. The proposed sale of the coal and lease of property will cause no detriment to the public interest, and in fact will benefit the public since mercury and perhaps other emissions from the Labadie Energy Center will be reduced by the Chem-Mod process performed by Larkwood. Moreover, payments made by Larkwood to Ameren Missouri will offset plant operations and maintenance expenses, to the benefit of Ameren Missouri and its customers.

12. The proposed sale of the coal and lease of the property should have no impact upon the tax revenues of the political subdivision in which the assets are located.

III. MOTION FOR EXPEDITED TREATMENT

13. Pursuant to 4 CSR 240-2.080(14), Ameren Missouri respectfully seeks expedited treatment of this matter and requests that the Commission act as soon as possible, but in any event by January 1, 2014. Ameren Missouri engaged in lengthy negotiations with the counterparties to the agreements underlying this transaction to ensure that its interests and its customers’ interests would be fully protected, and this Application is being filed as soon as it reasonably could have been once the transaction was finalized. Ameren Missouri notified the Commission Staff and Office of the Public Counsel regarding this transaction prior to making this filing, and the Company is serving all parties to its most recent rate case, Case No. ER-2012-0166, with this filing. This application is nearly identical to applications previously approved by the Commission for the Company's Rush Island and Sioux Energy Centers. There is good cause for the Commission to expedite its approval of this application, so that the environmental and

financial benefits of this transaction can be realized as soon as reasonably possible. Because of the limitations in the federal tax laws, the term of this transaction is limited to December, 2021. Each day that goes by reduces the value of this transaction for Ameren Missouri, its customers and the general public. Further, there will be no negative effect on Ameren Missouri's customers or the general public if the Commission acts by the date requested.

WHEREFORE, Ameren Missouri respectfully requests that the Commission approve the sale of an initial amount of **[REDACTED]** tons of Powder River Basin coal in the coal pile at the Labadie Energy Center to Larkwood Energy, LLC, continuing sale of coal for refinement during the term of the proposed transaction, and the lease of property at the Labadie Energy Center pursuant to a program under which tax credits will be authorized, as more fully described herein.

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Respectfully submitted,

/s/ Thomas M. Byrne

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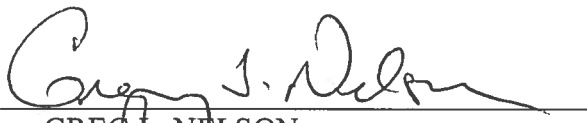
**ATTORNEYS FOR
UNION ELECTRIC COMPANY
d/b/a AMEREN MISSOURI**

VERIFICATION

STATE OF MISSOURI)
) SS
CITY OF ST. LOUIS)

GREG L. NELSON, being duly sworn on oath, deposes and says that he is the Senior Vice President General Counsel and Secretary of Union Electric Company d/b/a Ameren Missouri, that he has read the foregoing Application, knows the contents thereof, and that the information contained in that application is true and correct to the best of his knowledge and belief, and that he has proper authority to verify the Application.

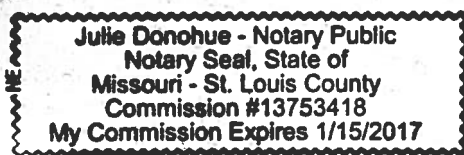
UNION ELECTRIC CO. d/b/a AMEREN MISSOURI

BY: 
GREG L. NELSON

Subscribed and sworn to before me, the undersigned Notary Public in and for the county and state aforesaid, on the 18th day of November, 2013.


Notary Public

My Commission expires:



CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the public version of the foregoing Application has been e-mailed, this 18th day of November, 2013, to all counsel of record in Case No. ER-2012-0166. In addition, a true and correct copy of the Highly Confidential version of the foregoing Application has been e-mailed to the Commission Staff and the Office of the Public Counsel.

/s/ **Thomas M. Byrne**
Thomas M. Byrne

APPENDIX A
IS HIGHLY
CONFIDENTIAL
IN ITS ENTIRETY