

**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)	<u>Case No. ER-2008-0318</u>
Rates for Electric Service Provided to Customers)	
in the Company's Missouri Service Area.)	

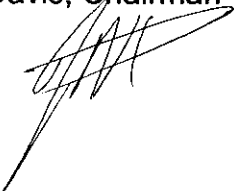
NOTICE REGARDING EXTERNAL COMMUNICATIONS

Issue Date: May 16, 2008

On May 16, 2008 I received the attached document by electronic mail from Gaye
Suggett of AmerenUE.

Dated at Jefferson City, Missouri,
on this 16th day of May, 2008.

Davis, Chairman



Finnell, Kay

From: Davis, Jeff
Sent: Friday, May 16, 2008 10:52 AM
To: Finnell, Kay
Subject: FW: News release on Missouri PGA filing
Attachments: PGA filing 5_08 release FINAL.doc

Please file this as an external communication in the Ameren rate case.

JND

From: Suggett, Gaye L [mailto:GSuggett@ameren.com]
Sent: Friday, May 16, 2008 10:49 AM
To: Davis, Jeff; Murray, Connie; Gunn, Kevin; Clayton, Robert; Jarrett, Terry; Mantle, Lena; Beck, Dan; Henderson, Wess; Dietrich, Natelle*
Cc: Kidwell, Stephen M
Subject: Fw: News release on Missouri PGA filing

Below is the news release from AmerenUE on the Missouri PGA filing. If you have any questions, please let me know.
 Gaye

From: Cleary, Michael B
To: Forck, Matthew A; Shannon, Catina R; Suggett, Gaye L
Sent: Fri May 16 10:31:13 2008
Subject: News release on Missouri PGA filing

AmerenUE News Release

For Immediate Release

**AmerenUE Files for Natural Gas Rate Adjustment
 To Reflect Higher Costs from Suppliers;
 Warns More Increases are Likely**

JEFFERSON CITY, MO., May 16, 2008—Due to the soaring price of natural gas from the company's suppliers, AmerenUE has filed a request with the Missouri Public Service Commission (PSC) for an increase in the Purchased Gas Adjustment (PGA) on customer bills. For most residential customers, the new PGA would result in an annual average increase of about \$11 per month—or 13.9 percent—in a customer's total bill, excluding taxes. However, customers in Rolla, Salem and Owensville would see a net decrease of about \$2.59 per month—or 2.9 percent—due to a lower transportation surcharge for one of the pipelines that supplies gas to that area. Subject to PSC review and approval, the new PGA would become effective June 1 for AmerenUE's 127,000 gas customers. Electric rates would not be affected.

The PGA reflects the wholesale cost of natural gas from the company's suppliers and the cost of transporting that gas to the AmerenUE system. Because wholesale gas prices fluctuate daily, and the PGA is adjusted only occasionally, the PGA also includes a factor to compensate for any under-collection or over-collection of actual costs in previous periods. AmerenUE passes these wholesale costs on to customers through the PGA without any "markup" in price.

For residential customers, the PGA accounts for about two-thirds of an average gas bill, excluding taxes. A delivery charge and fixed customer charge which go to AmerenUE account for the rest.

5/16/2008

AmerenUE's new PGA charges would apply to other customer classes as well, but non-residential usage varies widely, making it impractical to give an average dollar amount of the impact.

In filing the new PGA, AmerenUE warns that more increases are likely as long as commodity prices for natural gas continue to soar. These commodity prices are not regulated, and fluctuate with market conditions prevailing across the U.S. The company notes that the average price of natural gas on the New York Mercantile Exchange for delivery in the winter of 2007/2008 was \$7.71 per million Btu, while the average price for delivery next winter has risen to around \$12.50—a 62 percent jump.

Scott Glaeser, vice president, Gas Supply and System Control, for AmerenEnergy Fuels and Services, says the skyrocketing price of oil is one of the key reasons for the rapid rise in the cost of natural gas.

"Natural gas prices tend to follow oil prices, because many industries around the world can use either oil or gas in their production processes," Glaeser says. "In addition, Liquefied Natural Gas (LNG), which is gas produced overseas and transported globally in liquid form, is increasingly being used to fill the gap between the amount of gas produced in the U.S. and total demand. But demand for natural gas in Asia and Europe has driven LNG away from the U.S., putting upward pressure on gas prices. Finally, the weak dollar and the move by investors to invest in all commodities, including natural gas, are also driving prices up."

Glaeser says government policies that result in more natural gas usage while discouraging development of new domestic supplies is another reason natural gas prices are rising.

"There are ample natural gas reserves in North America, but federal restrictions have put many areas off-limits to exploration and development, such as in the Gulf of Mexico area near Florida, at a time when other government policies are encouraging more use of natural gas for such things as power generation and production of ethanol," Glaeser adds.

Since the highest natural gas usage occurs during the winter heating season, AmerenUE urges customers to take steps now to prepare. One way to minimize the impact is to sign up for Budget Billing, which spreads payments out throughout the year.

For customers who want to install more efficient natural gas equipment, AmerenUE's Missouri Energy Efficient Natural Gas Equipment Rebate Program offers residential customers rebates for a portion of the cost of new Energy Star® qualified gas furnaces and thermostats. For commercial customers, the program offers rebates for a portion of the cost of an Energy Star® listed commercial gas utilization product—such as a furnace, dryer, fryer, steam cooker, or other kitchen appliance. The rebates are available through Dec. 31, 2008, subject to remaining funding for the program.

For information about Budget Billing, the gas equipment rebate program, weatherization and other energy-saving tips, visit "Natural Gas Center" on the Ameren Web site: www.ameren.com.

AmerenUE, a subsidiary of St. Louis-based Ameren Corporation, serves 1.2 million electric customers and 127,000 natural gas customers in a 24,000-square-mile area of north, central and eastern Missouri.

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N E W S R E L E A S E

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