Ameren Services

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July 19, 1999

VIA HAND DELIVERY

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
P.O. Box 360
Jefferson City, MO 63102

Ameren

Re: Application for Findings Pursuant to 15 U.S.C.A. §79z-5a
Case No. EA-2000-37

Dear Mr. Roberts:

Enclosed for filing on behalf of Ameren Corporation, Central Illinois Public Service Company and Union Electric Company are an original and fourteen (14) copies of the following:

1. Application for Findings Pursuant to 15 U.S.C.A. § 79z-5a; and
2. Motion for Expedited Treatment.

Kindly acknowledge receipt of these filings by stamping as filed a copy of this letter and returning it to the undersigned in the envelope provided.

Sincerely,

William J. Niehoff
Attorney-At-Law

Enclosures
cc: Office of the Public Counsel

STATE OF MISSOURI
MISSOURI PUBLIC SERVICE COMMISSION

In the matter of the Application of	)	
Union Electric Company, d/b/a AmerenUE,	)	
for approval of the transfer of	)	Case No. EA-2000-37
generating assets by an affiliate	)	
to another affiliate	)	

APPLICATION FOR FINDINGS PURSUANT TO 15 U.S.C.A. §79z-5a

COMES NOW, Union Electric Company, d/b/a AmerenUE ("AmerenUE"), and submits this verified Application requesting that this Commission make certain findings pursuant to 15 U.S.C.A. §79z-5a(c) ("Section 32") of the federal Public Utilities Holding Company Act ("PUHCA") in connection with a proposed transfer by AmerenUE's affiliate, Central Illinois Public Service Company, d/b/a AmerenCIPS ("AmerenCIPS"), of all of AmerenCIPS' generating assets and associated liabilities to another Ameren affiliate, presently known as "Genco." AmerenCIPS is a wholly-owned subsidiary of Ameren Corporation which provides electric and gas service to the public in Illinois. AmerenUE herein requests that the Commission find that AmerenCIPS' proposed transfer of its generating assets to Genco will benefit consumers, is in the public interest and does not violate Missouri law.

AmerenUE is a Missouri corporation, in good standing in all respects, with its principal office and place of business located at 1901 Chouteau Avenue, St. Louis, Missouri 63103. It is also a wholly-owned subsidiary of Ameren. AmerenUE is engaged in providing electric, gas and steam heating utility services in portions of Missouri as a public utility under the jurisdiction of the Missouri Commission. AmerenUE is also engaged in providing electric and gas service in portions of Illinois.

There is already on file with the Commission a certified copy of the Company's Restated Articles of Incorporation (see Commission Case NO. EO-96-431) and a Certificate of Corporate Good Standing (see Commission Case No. EA-87-105), and a copy of the Company's Fictitious Name Registration as filed wit the Missouri Secretary of State's Office (see Commission Case No. GO-98-486), and said documents are incorporated herein by reference and made a part hereof for all purposes.

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

William J. Niehoff	James J. Cook
Attorney-At-Law	Managing Associate General Counsel
Ameren Services Company	Ameren Services Company
P.O. Box 66149 (MC 1310)	P.O. Box 66149 (MC 1310)
St. Louis, MO 63166-6149	St. Louis, MO 63166-6149

INTRODUCTION

1. The Illinois Electric Service Customer Choice And Rate Relief Law of 1997 ("Customer Choice Law") implemented a comprehensive restructuring of the electric industry in Illinois. The restructuring package includes mandatory rate cuts for residential consumers and phases in the opportunity for all consumers to choose their electric supplier. Other parts of the package provide utilities the opportunity to quickly and efficiently restructure, reorganize and transfer assets in order to adjust to the competitive market. The proposal to transfer AmerenCIPS' generation and marketing to a new affiliate is fully authorized, and indeed, encouraged by the Customer Choice Law, as well as by previous statements of the Illinois Commerce Commission ("ICC").

2. Section 16-101A of the Customer Choice Law contains legislative findings which included a recognition that the citizens and businesses of the State of Illinois have been well

served by the electrical utility system which provided safe, reliable and affordable service. 220 ILCS 5/16-101A (a). At the same time, the Illinois General Assembly recognized that forces were affecting the market for electricity and, as a result, those long-standing regulatory relationships needed to be altered in order to accommodate competition. 220 ILCS 5/16-101A (b). The alteration of "long-standing regulatory relationships" is clearly accomplished where generation and energy sales, which are now competitive in Illinois at both the retail and wholesale level, are separated from the utility, which will remain a provider of regulated monopoly services.

3. The ICC has expressed the belief that competition would be enhanced where competitive generation and marketing functions were physically or functionally separated from the utility transmission and distribution system. For example, in the ICC's "Report to the Senate President: Analysis of Electric Restructuring with Particular Emphasis on S. B. 55," dated August 15, 1997, the ICC observed that spin-off of generation assets would be one manner to address market power concerns. (Id., pp. 9-14). Likewise, in its Order implementing affiliate transaction rules, the ICC noted its preference that the unregulated generation and marketing function be separated from the utility transmission and distribution functions. (Order, Rulemaking on Non-Discrimination in Affiliate Transactions for Electric Utilities, ICC Docket Nos. 98-0013 and 98-0035 cons.)(September 14, 1998, pp. 8-9). While separation is not necessary to prevent discrimination in access to essential facilities, the proposal by AmerenCIPS to transfer its generating assets is precisely the type of reorganization which the ICC has indicated would promote the development of competition in that state.

4. The pace of change and restructuring in the Illinois energy market has greatly accelerated. On July 8, 1999, the ICC issued its order in a proceeding with Illinois Power ("IP")

pursuant to Section 16-111(g) approving the transfer of generating assets to a new wholesale subsidiary of IP. Also pending before the ICC is the request by Commonwealth Edison Company ("ComEd") to transfer its fossil fuel generating plants to Edison Mission. The Hearing Examiners issued a proposed order on July 14, 1999 recommending approval of the ComEd transfer. A final determination with regard to this transfer is expected by mid-August 1999. Likewise, the pace of merger activity has increased. A number of Illinois utilities have entered into strategic combinations within the last two years and, within the last month, IP announced a merger with Dynegy, a company that has as its majority investor Chevron, a very large diversified energy company. Considering the above, Ameren seeks to conclude the restructuring discussed herein as quickly as possible to compete with the new entities that are entering the Illinois market.

5. AmerenCIPS and AmerenUE are wholly-owned subsidiaries of Ameren Corporation ("Ameren"), which is a registered holding company subject to regulation by the Securities and Exchange Commission under PUHCA. In furtherance of the transfer of assets from AmerenCIPS, Ameren will form an intermediate holding company that will have two subsidiaries: an exempt wholesale generating company ("Genco") and a marketing company, ("Marketing Company"). AmerenCIPS will transfer all of its generation assets and liabilities to Genco. Genco will become a party to the Joint Dispatch Agreement ("JDA") between AmerenCIPS and AmerenUE and will assume AmerenCIPS' generation obligations under that agreement. Genco will also enter into a FERC-jurisdictional power supply contract whereby it will sell its output to Marketing Company.

6. Marketing Company will supply AmerenCIPS with power and energy pursuant to a FERC-jurisdictional power supply agreement ("PSA"). Marketing Company will also assume

AmerenCIPS' and AmerenUE's responsibilities under various wholesale agreements under which these companies are the suppliers. Marketing Company also will market power and energy at wholesale and in competitive retail markets. A separate company or function will arrange for power supply and wholesale power transactions for AmerenUE.

7. As discussed below, subsequent to the date on which the transfer becomes effective ("Transfer Date"), AmerenCIPS will continue to operate as an electric utility in Illinois and will offer bundled electric power service and delivery services. AmerenCIPS also provides gas utility service which will be unaffected by the transfer of AmerenCIPS' generation assets.

8. Ameren is not seeking to restructure any operations of AmerenUE, which provides electric service principally in this state.

REQUEST FOR EXPEDITED CONSIDERATION OF THIS APPLICATION

9. As is made clear in the attached Motion for Expedited Treatment, Ameren respectfully requests that this Commission give this Application expedited treatment and issue its order making the appropriate findings within 90 days hereof.

10. AmerenCIPS now provides retail service exclusively in Illinois which will be open to retail competition beginning on October 1, 1999. The Illinois Customer Choice Law created the right of electric utilities to quickly and efficiently transfer assets or to restructure to meet competitive challenges. Accordingly, Section 16-111(g) of the Customer Choice Law, which governs this transaction under Illinois law, provides that an electric utility may without obtaining any approval of the ICC, except as described below, provide a Notice that it will transfer assets or restructure. By law, the Notice becomes effective within 30 days unless the ICC determines to conduct a hearing. If a hearing is to be conducted, the entire process must be complete within 90 days. Moreover, the Illinois General Assembly limited review of such

proposed transactions to only two grounds: (1) will the transaction render the utility unable to provide its tariffed services in a safe and reliable manner; or (2) is there a strong likelihood that consummation of the transaction will result in the electric utility being entitled to an increase in its base rates during the Mandatory Transition Period. Finally, Illinois law promotes quick action on any Notice to Transfer Assets by restricting intervention to only those parties that can demonstrate a direct interest in the transaction. See 220 ILCS §5/16-111(g).

11. The assets involved in this transaction are entirely jurisdictional to Illinois or to the FERC. Ameren seeks approval of the Missouri Commission under provisions of law that apply solely to registered holding companies under PUHCA. See 15 U.S.C.A. §79z-5a (c).

12. The competitive environment present in Illinois makes it imperative that Ameren be permitted to conclude this transfer quickly. Several of Ameren's utility competitors in Illinois have taken advantage of the Notice provisions to complete asset transfers or to restructure operations. Central Illinois Light Company filed a notice and received approval to transfer all electric facilities to AES Corporation under §16-111(g). IP filed to transfer its fossil generating plants to a new wholesale electric subsidiary and received an Order approving the transfer on July 8, 1999. ComEd filed a Notice that it will transfer its non-nuclear generating facilities to Edison Mission, a transaction valued at $4.8 billion dollars. Each of these transactions has been undertaken and has or will be approved using expedited procedures. Thus, it is critical to Ameren that the Missouri Commission act in a timely fashion to make the limited findings necessary under PUHCA to permit completion of the reorganization of AmerenCIPS' generation, transmission and distribution operations in Illinois.

DESCRIPTION OF THE PARTIES TO THE PROPOSED TRANSFER

14. **AmerenCIPS.** AmerenCIPS is a wholly-owned subsidiary of Ameren. AmerenCIPS provides electric service to approximately 325,000 customers and gas service to approximately 170,000 customers, all in the State of Illinois. AmerenCIPS' principal sources of supply of electric power and energy are the five fossil fuel generating stations that it owns: Newton, Coffeen, Meredosia, Grand Tower and Hutsonville. These five stations have a total generating capacity of 2,859 MW. Additionally, AmerenCIPS is a 20% owner of Electric Energy, Inc. ("EEInc."), which owns and operates a 1010 MW generating station in Joppa, Illinois. AmerenCIPS has certain generation entitlements from the Joppa plant pursuant to a power supply agreement between AmerenCIPS and EEInc.

AmerenCIPS also provides wholesale electric service to a number of customers.

15. **AmerenUE.** AmerenUE is also a wholly-owned subsidiary of Ameren. AmerenUE provides electric service to over 1 million customers and gas service to 130,000 customers in Missouri and Illinois. AmerenUE has approximately 70,000 customers in Illinois; its principal service area is in Missouri.

AmerenCIPS and AmerenUE are parties to a Joint Dispatch Agreement ("JDA"). Under the JDA, AmerenCIPS and AmerenUE jointly dispatch their combined generating resources to minimize system production costs. The JDA sets forth detailed guidelines for assignment of energy costs associated with the generation and purchase of electric energy to satisfy AmerenCIPS' and AmerenUE's native load and other load obligations, and for assigning costs and revenues associated with certain off-system sales. Additionally, the JDA establishes guidelines for the assignment of costs and revenues associated with third-party transmission transactions under the Ameren Open Access Transmission Tariff ("OATT") on file with FERC.

After completion of this transaction, AmerenUE's Illinois electric activities will consist primarily of bundled energy sales to customers located within its service area.

16. **IHC.** Intermediate Holding Company ("IHC") will be a wholly-owned subsidiary of Ameren that will own Genco and Marketing Company.

17. **Genco.** Genco will own and operate the generating assets presently owned by AmerenCIPS and certain other generating units that Genco intends to acquire. Genco will assume AmerenCIPS' obligations under various fuel supply, transportation, and employment agreements associated with the generating units. Genco will supply power and energy at wholesale to Marketing Company.

18. **Marketing Company.** Marketing Company will be a wholly-owned subsidiary of Ameren that will market power and energy at wholesale and at retail as an alternative retail electric supplier ("ARES") in Illinois. Marketing Company will obtain power and energy from Genco at wholesale, under a contract to be approved by FERC, and supply power and energy to AmerenCIPS and other customers at wholesale and retail. Marketing Company will also assume AmerenCIPS' energy entitlement under the power supply agreement with EEInc.

19. **Ameren Services.** Ameren Services Company is an Ameren subsidiary that may provide various administrative functions for system companies. Ameren Services will continue to manage the Ameren control area, which will involve dispatch of the Genco and AmerenUE generating units to meet load obligations.

DESCRIPTION OF THE PROPOSED TRANSACTION

20. AmerenCIPS intends to transfer to Genco ownership of and operational responsibility for all of its electric generating assets and liabilities. No transmission or

distribution facilities would be transferred and AmerenCIPS would continue to own those assets. The transmission facilities will continue to be managed by Ameren Services.

21. **Mechanics of the Transaction.** The transfer of the generating assets is planned to be accomplished in the following manner:

a) Ameren Corp. will form an Intermediate Holding Company (IHC) by transferring cash and/or property to IHC in exchange for 100% of the stock of IHC.

b) The IHC will hold certain interests in new gas-fired generation facilities and will be certified by FERC as an Exempt Wholesale Generator (EWG).

c) AmerenCIPS will form Genco by transferring its generation assets to Genco in exchange for 100% of the stock of Genco and Genco's promissory note.

d) AmerenCIPS will transfer its Genco stock to Ameren.

e) Ameren will transfer the Genco stock to IHC.

f) IHC will transfer the assets and liabilities associated with the new gas-fired generation facilities to Genco.

g) Genco will be certified as an EWG. IHC will lose its status as an EWG.

h) IHC will contribute cash or property to form Marketing Company and will own 100% of its stock.

i) AmerenCIPS will hold the note and receive payments including interest.

22. **Use of Intermediate Holding Company, EWG and Marketing Company.** As earlier noted, Ameren Corporation is a registered holding company subject to additional regulation under PUHCA that does not affect other Illinois or Missouri utilities. Section 32 of PUHCA provides an exemption from the provisions of the Act for owners or operators of facilities used exclusively for the generation of electric energy for sale at wholesale. 15 U.S.C. §79z-5a. A company satisfying the provisions of Section 32 is deemed to be an exempt wholesale generator ("EWG"). Hence, an EWG would be unable to market energy at retail. Under separate PUHCA rules, a non-exempt company may engage in sales of energy at

wholesale and retail and other activities. 17 CFR §250.58 ("Rule 58"). Thus, the EWG (Genco) will enter into an wholesale output contract with a Rule 58 Company (Marketing Company), which will conduct competitive sales. To facilitate financing, investment, corporate governance and operations, the stock of the EWG and Rule 58 Company will be held by the intermediate holding company.

23. **Assets and Associated Liabilities to be Transferred.** AmerenCIPS will transfer all of its generating assets and associated liabilities to Genco. AmerenCIPS will continue to own and operate all transmission and distribution assets that it owns at the Transfer Date.

AmerenCIPS will also assign various obligations to Genco and Marketing Company. Specifically, AmerenCIPS will assign to Genco all of the appropriate fuel supply, transportation, maintenance and employment contracts as those agreements exist as of the Transfer Date, and any other similar agreements that exist as of the Transfer Date.

24. **Result of the Transaction.** The effect of the various components of the transaction is that, as of the Transfer Date, AmerenCIPS will no longer have any generating assets or liabilities or supply or employment contracts associated with those assets, while maintaining a capital structure substantially the same as its present capital structure. Ameren will own IHC, which, in turn, will own Genco and Marketing Company. AmerenUE will continue to own and operate its generating facilities which are located principally in Missouri, and a separate company or function will act as marketing agent for AmerenUE.

DESCRIPTION OF SUPPLY AND SERVICE AGREEMENTS

25. As indicated above, there are various new and existing agreements that will be involved or affected in the transfer of AmerenCIPS' generating assets to Genco.

26. **AmerenCIPS-Genco Asset Transfer Agreement.** Under this agreement, AmerenCIPS will transfer to Genco assets and liabilities and assign certain obligations. Under Section 32 of the PUHCA, the transfer of the assets must be approved by this Commission and by the ICC.

27. **AmerenCIPS-Marketing Company Power Supply Agreement.** AmerenCIPS and Marketing Company will enter into a PSA pursuant to which AmerenCIPS will purchase its capacity and energy from Marketing Company. The PSA will expire on December 31, 2004. In the period commencing with the Transfer Date and ending on December 31, 2004, AmerenCIPS would purchase its full requirements (including planning and operating reserve requirements and ancillary service generation products) from Marketing Company.

28. **AmerenCIPS' Wholesale Supply Agreements.** AmerenCIPS has various wholesale supply agreements. AmerenCIPS anticipates assigning these agreements to Marketing Company in connection with the transfer of the generating assets. Any such agreements which AmerenCIPS does not assign (e.g., if the counter party does not agree to the assignment) would continue to be served by AmerenCIPS, and be treated as bundled load under the PSA.

29. **Joint Dispatch Agreement.** AmerenCIPS and AmerenUE jointly dispatch their generation pursuant to the JDA. Under the JDA, each company is entitled to serve its "load requirements" (essentially, requirements customers and unit participation customers) from its own least-cost generation first, and then allows the other company access to any available generation. Conversely, a company has no call on the other company's resources until the other company has first served its load requirements.

In connection with the transfer, AmerenCIPS would assign its electric generation rights and obligations to Genco. The JDA would be amended to reflect the fact that Genco would own

and operate the generation that AmerenCIPS now owns and operates. Thus, Genco and AmerenUE would jointly dispatch generation.

The proposed amended JDA (a copy of which is attached as Appendix A) would not alter the fundamental cost assignment principles now reflected in the JDA. Genco and AmerenUE would be entitled to serve their requirements customers using the least-cost energy from their respective generating assets first, and then from the available energy on the other company's system.

Although AmerenCIPS would assign its electric generation rights and obligations to Genco, AmerenCIPS would continue to be a party to the JDA, because, as noted, the JDA governs the allocation of transmission costs and revenues associated with third party transmission transactions. AmerenCIPS will continue to own the transmission plant that it currently owns, and would be entitled to a share of transmission revenues associated with third-party sales made across the Ameren transmission system by Genco or Marketing Company.

30. **Services Agreements.** Genco and Marketing Company will enter into a Service Agreement ("SA") with Ameren Services that is substantially identical to the General Services Agreement ("GSA") approved by the ICC in Docket 95-0551 and by the Securities and Exchange Commission in the AmerenCIPS-AmerenUE merger proceedings. See HCAR 35-26809. While it is not expected that AmerenCIPS would routinely provide services to, or obtain any services from, IHC, Genco or Marketing Company after completion of the asset transfer, any services provided by or to Genco and Marketing Company by any other Ameren affiliate, including AmerenCIPS or AmerenUE, would be governed by the terms of an SA or the GSA. Under the GSA approved by the ICC and the SEC, any system company can provide any other system company services under the same terms and conditions as Ameren Services Company. (See,

GSA, par. 8). Further, all allocations of common costs to IHC, Genco and Marketing Company would be calculated pursuant to the allocation methodologies set forth in the GSA as modified from time to time in accordance with SEC rules. It is not anticipated that the formation and operation of IHC, Genco and Marketing Company would require or involve any cost allocation methodology different from that already approved by the MPSC, ICC and the SEC. However, if changes are required, adequate notice of the changes will be provided to the MPSC, ICC and the SEC.

AmerenUE notes that additional protection against cross-subsidization exists because all Ameren system companies are subject to regulation by the SEC under PUHCA. This Act requires the use of SAs and imposes significant reporting and accounting requirements specifically designed to prevent cross-subsidies.

31. **Genco-Marketing Company Power Supply Agreement.** Genco and Marketing Company would enter into a power supply agreement pursuant to which Genco would supply power and energy to support Marketing Company's wholesale and retail sales. This agreement would be subject to FERC jurisdiction.

32. **Other Supply Agreements.** As noted above, AmerenCIPS will assign various supply agreements to Genco in connection with the transfer, including all fuel supply, transportation, maintenance and employment agreements associated with the generating assets.

APPROVALS SOUGHT FROM MISSOURI COMMISSION

33. Genco intends to seek authority from the Federal Energy Regulatory Commission ("FERC") to operate as an "exempt wholesale generator" (or "EWG") pursuant to Section 32 of PUHCA. An EWG is an entity which owns or operates "eligible facilities" and sells electric energy exclusively at wholesale. "Eligible facilities" are those facilities used for generation of

energy exclusively for sale at wholesale. However, should it be deemed to be expedient, Genco may at its discretion file an Application on Form U-1 with the Securities and Exchange Commission seeking authority to transfer assets and related liabilities to Genco, rather than relying on the exemption in Section 32.

34. Section 32 of PUHCA requires that when an affiliate of a registered holding company transfers a previously rate-based generating facility to an EWG, that facility will be considered an eligible facility only if every State commission having jurisdiction over the retail rates and charges of the affiliates of the registered holding company determines that "allowing such facility to be an eligible facility (1) will benefit consumers, (2) is in the public interest, and (3) does not violate State law." 15 U.S.C. § 79z-5a(c).

THIS TRANSACTION WILL BENEFIT CONSUMERS, IS IN THE PUBLIC INTEREST AND DOES NOT VIOLATE ANY STATE LAW. ACCORDINGLY, THE COMMISSION SHOULD MAKE THE SECTION 32 FINDINGS

35. The proposed transfer will clearly benefit consumers and is in the public interest. As discussed above, Genco will become a party to the JDA with AmerenUE and AmerenCIPS. This means Genco will bring its own generating assets, initially consisting of approximately 750 mw of new gas-fired generation, together with the existing AmerenCIPS assets, to the central dispatch of the Ameren system. This added capacity, designed to quickly provide power in high demand periods, will provide a significant hedge against the price spikes that have been experienced recently in the wholesale market. The presence of those new units -- from which energy transfers would be priced at marginal production cost -- reduces the likelihood that AmerenUE will be required to purchase market-priced energy during high-priced peak periods.

36. Moreover, because the additional capacity will be added by Genco, AmerenUE's retail ratepayers will not have to bear any portion of the investment burden or fixed operating

expenses associated with the new gas fired generating units. Under the JDA, AmerenUE's retail ratepayers would pay only the marginal production costs associated with energy from the new units. Of course, AmerenUE's ratepayers would also continue to have the rights to energy from the generation presently owned by AmerenCIPS as those rights are defined in the JDA. The formation of Genco would only expand the pool from which AmerenUE can draw energy.

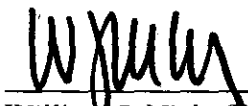
37. In addition to the above, AmerenUE anticipates that Ameren will seek to serve certain of AmerenUE's current wholesale customers through the new Genco and Marketing Company in the future. This will result in an increase in existing AmerenUE capacity available to serve its retail customers. Five contracts representing 1998 demand of 260 mw of capacity are expiring at the end of the year 2000. Three contracts, representing 1998 demand of 37 mw of capacity, expire during 2003. If a successful bidder, Ameren intends to serve this load out of the Marketing Company and use existing AmerenUE generation facilities that were formerly dedicated to supplying wholesale customers to supply AmerenUE's retail load. With these demands on the AmerenUE system released, remaining regulated customers will enjoy a lower average fuel price and the need to buy less energy during periods of peak demand. AmerenUE anticipates that this will result in a decrease in fuel costs to its regulated customers of $14 million to $18 million dollars per year. Further, this reduction in peak demand defers the need for additional generating units to be constructed and brought into AmerenUE's rate base. This allows the current retail customers of AmerenUE to achieve greater benefits from an installed generating asset base currently valued at $322/kW, rather than constructing additional gas-fired capacity at an estimated cost of $390/kW. A reduction of 297 MW peak demand along with a 15% capacity margin would defer the construction of $133 million of new plants, with a savings of $23 million in fixed costs.

38. Lastly, there is nothing in the law of this State that prohibits any aspect of the proposed transactions between AmerenCIPS and Genco. The proposed transfers for the most part affect Illinois operations. Only positive benefits will accrue to AmerenUE and its Missouri regulated customers: (1) the addition of 750 mw in gas-fired generation to the pool available to satisfy demand for electricity under the JDA; (2) the reduction in fuel costs and savings to Missouri regulated customers in the range of $14 million and $18 million dollars per year associated with the transfer or non-renewal of certain wholesale contracts; and, (3) the ability to defer construction of new generation to serve AmerenUE retail load at an estimated savings of $23 million dollars.

WHEREFORE, for all the reasons discussed herein, Union Electric Company respectfully requests that the Commission find that AmerenCIPS' proposed transfer of its generating assets to Genco will benefit consumers, is in the public interest and does not violate Missouri law.

Respectfully submitted,

UNION ELECTRIC COMPANY



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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served via hand-delivery to the Office of the Public Counsel, P.O. Box 7800, Jefferson City, Missouri, on this 19 day of July, 1999.

William J. Niehoff

VERIFICATION

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

William J. Niehoff, having been duly sworn under oath, does state as follows:

1. My name is William J. Niehoff. I am an attorney representing Ameren Corporation, Central Illinois Public Service Company, d/b/a AmerenCIPS, and Union Electric Company, d/b/a AmerenUE, in this proceeding.

2. I have read the foregoing document and hereby verify that the facts stated therein are true and correct to the best of my knowledge, information and belief.

3. I am authorized to file such document on behalf of said Companies.

William J. Niehoff

Subscribed and sworn to before me this 19 day of July, 1999.

Carol A Head
Notary Public

My Commission Expires: 9-23-2002

96

CAROL A. HEAD
Notary Public - Notary Seal
STATE OF MISSOURI
St. Charles County
My Commission Expires: Sept. 23, 2002

APPENDIX A

AMENDED

JOINT DISPATCH

AGREEMENT

Between

UNION ELECTRIC COMPANY,

CENTRAL ILLINOIS PUBLIC SERVICE COMPANY

AND

AMEREN GENERATING COMPANY

JOINT DISPATCH

AGREEMENT

Between

UNION ELECTRIC COMPANY,

CENTRAL ILLINOIS PUBLIC SERVICE COMPANY

AND

AMEREN GENERATING COMPANY

THIS AGREEMENT is made and entered into this ___ day of _____, 1999 by and between UNION ELECTRIC COMPANY ("UE") a Missouri corporation, CENTRAL ILLINOIS PUBLIC SERVICE COMPANY ("CIPS") an Illinois corporation, and GENCO, an Illinois corporation, referred to collectively as "Parties" and singularly as "Party," all of whose common stock is wholly owned by Ameren Corporation, hereinafter called "Parent", a Missouri corporation.

WITNESSETH:

WHEREAS, UE and CIPS previously entered into a Joint Dispatch Agreement, dated December 18, 1995; and

WHEREAS, UE and CIPS are the owners and operators of electric generation, transmission and distribution facilities and are engaged in the business of generating, transmitting, distributing and selling electric energy to the general public, electric utilities, municipalities and cooperatives; and

WHEREAS, to maximize efficiency, UE and CIPS operate as an integrated control area, and economically commit and dispatch the combined Generating Resources, and economically

utilize power and energy available to the Combined System to transact with other utilities and wholesale entities in order to operate the Combined System in a reliable, efficient, and economic manner; and

WHEREAS, CIPS intends to transfer all of its generating assets to Genco; and

NOW, THEREFORE, in consideration of the covenants and premises herein set forth, the Parties mutually agree as follows:

ARTICLE I

DEFINITIONS

For the purpose of this agreement, and the Appendices and Service Schedules which are a part hereof, the following definitions shall apply:

1.01 After-the-Fact Resource Allocation shall mean a methodology used to assign the Combined System's Generating Resources and Off-System Power Purchases to each Party's Load Requirements and to the Combined System's Off-System Sales. After-the-Fact Resource Allocation shall be run for each calendar day after the calendar day has transpired.

1.02 Agent shall mean the entity designated to perform certain administrative and coordination functions for the Parties.

1.03 Agreement shall mean this Joint Dispatch Agreement together with all Appendices and Service Schedules applying thereto and any amendments made hereafter.

1.04 Combined System shall mean the combined Generating Resources and transmission facilities of the Parties.

1.05 Control Area shall mean the electric system of UE and CIPS as bounded by interconnection (tie line) metering and telemetry, such that the Generating Resources are

controlled directly to maintain the interchange schedule with other control areas and to contribute to frequency regulation of the interconnected system.

1.06 Electric Utility shall mean any entity engaged in the purchase and wholesale sale of electric energy.

1.07 Generating Resources shall mean all power generating facilities owned by a Party available to meet the capacity and energy needs of the Parties. A list of the generating facilities and the owning Party for each facility is included in Appendix 1.

1.08 Generating Parties shall mean those Parties owning Generating Resources.

1.09 Generating Unit shall mean an electric generator, together with all auxiliary and appurtenant devices and equipment designed to be operated as a unit for the production of electric power and energy.

1.10 Incremental Cost shall mean any costs incurred by a Generating Party solely by reason of its generation of an incremental amount of energy, which may include but shall not be limited to, costs of fuel, labor, operation, maintenance, start-up, fuel handling, taxes, regulatory commission charges, transmission losses and emissions allowances.

1.11 Load Requirements shall mean the demand and energy which each Generating Party is obligated to serve pursuant to service territory commitments and requirements agreements.

1.12 Net Output shall mean each Generating Party's monthly total of the energy delivered for Load Requirements.

1.13 Off-System Purchases shall mean purchases from a third party of energy and/or associated capacity to reduce costs and/or to provide reliability for the system or as required by law.

1.14 Off-System Sales shall mean all sales of power and/or energy to third parties other than Load Requirements.

1.15 Off-System Sales Margin shall mean the difference between the energy revenue collected from Off-System Sales and the energy cost of providing such sales, as assigned by the After-the Fact Resource Allocation.

1.16 Operating Committee shall mean the organization created under this Agreement to administer its provisions and to undertake the responsibilities set forth in Article VII hereunder.

1.17 Service Schedules shall mean the service schedules attached hereto and those which later may be agreed to by the Parties and accepted for filing by the Federal Energy Regulatory Commission ("FERC").

1.18 Surplus Reserve Ratio shall mean the ratio calculated at the beginning of each month of each Generating Party's surplus reserve to the sum of both Generating Parties' surplus reserve. Surplus reserve shall be calculated for each Generating Party in megawatts by computing the sum of the Generating Party's rated capabilities of its Generating Resources, plus the Generating Party's own non-firm capacity purchases, less its own non-firm capacity sales, less megawatts not available due to scheduled maintenance and long-term forced outages, less 1.15 times the sum of its projected peak demand component of the Load Requirements for the month, plus its firm capacity sales, less its firm capacity purchases.

1.19 System Dispatch shall mean the centralized, economic commitment and dispatch of the Combined System's Generating Resources and Off-System Purchases.

1.20 System Energy Transfer shall mean the transfer of electric energy from one Party's Generating Resources to the other Generating Party to serve the other Generating Party's Load Requirements.

ARTICLE II

TERM OF AGREEMENT

2.01 This Agreement shall take effect upon approval by the FERC, and shall continue in full force and effect until terminated by one or more of the Parties, such Party(ies) having given at least one year's written notice, but in no event shall this Agreement be terminated prior to December 31, 2004.

2.02 This Agreement will be reviewed periodically by the Operating Committee to determine whether revisions are necessary or appropriate.

ARTICLE III

PURPOSE

The purpose of this Agreement is to provide the contractual basis for coordinated operation of the Combined System to achieve economies consistent with the provision of reliable electric service and an equitable sharing of the benefits and costs of such coordinated operation among the Parties.

ARTICLE IV

AGENT

4.01 Responsibility of the Agent

As soon as practicable after this Agreement becomes effective, the Parties shall designate an Agent for the purpose of:

a) coordinating the System Dispatch;

b) maintaining the reliability of the Combined System through monitoring and security assessments;

c) arranging and scheduling Off-System Purchases;

d) coordinating the provision of transmission service;

e) the development of certain bills and billing related information;

f) operation and maintenance of a central control center to achieve these purposes; and

g) other such activities and duties as may be necessary or as assigned by the Operating Committee.

4.02 Expenses

All expenses incurred by the Agent in the performance of its responsibilities shall be settled in accordance with the arrangements made by the Parties for compensation for services provided between or on behalf of the Parties.

ARTICLE V

COORDINATED OPERATION

5.01 Operation of the Combined System

The Agent shall administer the System Dispatch of the Combined System in order to economically meet the Generating Parties' combined Load Requirements and Off-System Sales obligations, through the economic commitment and dispatch of the Combined System's Generating Resources and Off-System Purchases, consistent with reliable operation of the interconnected system as defined in Article XI and the Generating Parties' supply obligations.

The Agent shall engage in arranging and scheduling economical Off-System Purchases, as a single Control Area, utilizing the available transmission resources of the Combined System.

5.02 Communications and Other Facilities

The Parties shall provide communications, metering and other facilities necessary for the metering and control of the Generating Resources and interconnected transmission facilities. Each Party shall be responsible for any expenses it incurs for the installation, operation and maintenance of facilities at its own Generating Units and interconnected transmission facilities. Any expenses incurred due to facilities required at or for the central control center to operate the Combined System shall be settled in accordance with the arrangements made by the Parties for compensation for services provided between and on behalf of the Parties.

ARTICLE VI

ASSIGNMENT OF COSTS AND BENEFITS OF COORDINATED OPERATIONS

6.01 Fixed Costs of Existing Generating Resources

For all purposes relevant to this Agreement, each Generating Party will retain all costs not collected pursuant to Section 6.07 of its existing Generating Resources that are listed in Appendix 1 attached hereto. Generating unit retirements or permanent derates will be assigned to the Generating Party owning the Generating Unit.

6.02 Environmental Costs of Existing Generating Resources

The cost of environmental compliance (e.g., compliance with the Clean Air Act Amendments of 1990) associated with the existing Generating Resources will be borne by the

Generating Party that owns the unit. The Generating Parties will maintain and account for each unit's emissions allowance allocation.

6.03 Demand Charges From Existing Off-System Purchases

Demand Charges from existing Off-System Purchases agreed to as of the effective date of this Amended Agreement, shall remain the responsibility of the Generating Party contracting for the purchase.

6.04 Demand Charges From New Off-System Purchases

Demand Charges Associated With New Off-System Purchases made to enable the Agent to reliably and economically meet the Generating Parties' combined Load Requirements shall be assigned to the Generating Parties based on the ratio of the demand component (the one hour integrated peak demand) of the Load Requirements of the Generating Parties for the appropriate time period.

Demand charges associated with new Off-System Purchases made to enable the Agent to make new Off-System Sales or to supply existing Off-System Sales shall be deducted from the demand charge revenue collected from the Off-System Sales. The net amount shall be allocated to the Parties pursuant to Sections 6.05 and 6.06.

This section applies only to demand charges associated with new Off-System Purchases made for System Dispatch and not to purchases made by a Party for purposes of maintaining adequate planning reserve margin, which responsibility shall remain with each Party.

6.05 Demand Charges From Existing Off-System Sales

Demand charge revenues collected for existing Off-System Sales, as agreed to as of the effective date of this Agreement, shall remain with the Party contracting for the sale.

6.06 Demand Charges From New Off-System Sales

Demand charge revenues collected for new Off-System Sales shall be reduced by any demand charges from Off-System Purchases, if any, dedicated to supply the sale, pursuant to Section 6.04. On a monthly basis, the net amount of revenue shall be allocated to the Generating Parties based on the projected monthly Surplus Reserve Ratio.

6.07 Assignment of Energy and Costs From System Dispatch

The Agent shall use After-the-Fact Resource Allocation to assign the energy resources used by the Parties in coordinated operation to each Generating Party and the Off-System Sales. The After-the-Fact Resource Allocation shall be applied consistent with the following principles:

a) Energy from the lowest Incremental Cost generation from each Generating Party's own Generating Resources shall first be assigned to its own Load Requirements.

b) Energy available from Off-System Purchases made by one of the Generating Parties, including existing Off-System Purchases, shall be assigned to the Generating Party who contracted for the purchase, when it is economical. Any energy from Off-System Purchases made by one of the Generating Parties, which the After-the-Fact Resource Allocation does not assign economically to any Generating Party, shall be assigned to the Generating Party who contracted for the purchase. The cost of energy assigned shall be the actual cost of the energy component of the Off-System Purchase.

c) Energy from Generating Resources which are not economical to be operated per System Dispatch but are utilized due to operating constraints shall be allocated to the Generating Party owning the generating unit(s), unless the other

Generating Party's Load Requirements or operating conditions are clearly identified as the reason for the generation, in which case the energy is assigned to the other Generating Party as a System Energy Transfer.

d) Energy from other Off-System Purchases will be assigned to the Generating Parties based on the economics of the purchase. Where a new Off-System Purchase would be economic for both Generating Parties' Load Requirements over the appropriate time period, or is not assigned economically to any Generating Party, the energy from the Off-System Purchase shall be shared between the Generating Parties based on the ratio of the Load Requirements of the Generating Parties. The cost of the energy assigned to each Generating Party shall be the actual cost of the energy component of the Off-System Purchase.

e) Energy from one Party's Generating Resources utilized by the other Generating Party to serve that Party's Load Requirements shall be called System Energy Transfer. Where After-the-Fact Resource Allocation identifies a System Energy Transfer as the source to supply one Generating Party's Load Requirements, the determination of cost for the System Energy Transfer and reimbursement shall be made pursuant to Service Schedule A, System Energy Transfer.

f) Energy from Off-System Purchases may be assigned by the After-the-Fact Resource Allocation or designated by the Agent to be used to supply Off-System Sales. The actual cost of the Off-System Purchase shall be deducted from the energy revenue collected from the Off-System Sale. The net amount shall be included in the calculation of the Off-System Sales Margin.

g) Energy from the Generating Parties' Generating Resources which is not assigned to any Party's Load Requirements shall be assigned to Off-System Sales according to established priorities. The cost of the energy assigned to Off-System Sales shall be the Incremental Cost of the Generating Resources used to supply the sale. This cost shall be deducted from the energy revenue collected from the Off-System Sale. The net amount shall be included in the calculation of Off-System Sales Margin.

6.08 Distribution of the Off-System Sales Margin

The Off-System Sales Margin shall be distributed to the Parties pursuant to Service Schedule B, Distribution of Off-System Sales Margin.

ARTICLE VII

ASSIGNMENT OF TRANSMISSION SERVICE REVENUES

7.01 Revenue From Existing Firm Transmission Service Agreements

Revenue from existing firm transmission service agreements, agreed to as of the effective date of this Agreement, shall remain with the Party contracting for the service. Should an entity receiving service under an existing firm transmission service agreement subsequently take service under the Combined System's Network or Point-to-Point Transmission Service Tariffs, the revenue collected from that service shall be shared between the Parties pursuant to Section 7.03.

7.02 Revenue From Existing Non-Firm Transmission Service Agreements

Revenue from existing non-firm transmission service agreements, agreed to as of the effective date of this Agreement, shall be shared between the Parties pursuant to Section 7.03.

7.03 Revenue From the Combined System's Network and Point-to-Point Transmission Service Tariffs

Revenue from the Combined System's Network and Point-to-Point Transmission Service Tariff ("Tariff"), imputed transmission revenues from Third Party Sales (as that term is defined in the Tariff) by Ameren and any other applicable transmission service revenues shall first be assigned to the Parties to reimburse each Party for the cost of any direct assignment facilities or distribution facilities included in the transmission service revenues. The transmission service revenues shall then be used to reimburse either or both of the Parties for any incremental expenses incurred to provide the transmission service, which may include, but shall not be limited to, costs of facility additions, modifications or improvements, uneconomic dispatch costs, losses, and system study costs. The revenue remaining shall be assigned to the Parties in proportion to each Party's Transmission Plant investment relative to the total Transmission Plant investment included in the rate calculation in the Tariffs.

ARTICLE VIII

COMPOSITION AND DUTIES OF THE OPERATING COMMITTEE

8.01 Operating Committee

An Operating Committee shall be the administrative organization of this Agreement and shall consist of six persons, with two members designated by each Party.

8.02 Officers of the Operating Committee

The Operating Committee shall have the following officers with duties as designated:

a) Chairman - The Chairman shall issue calls for and shall preside at meetings of the Operating Committee. The Chairman shall have responsibility for the general coordination of the Operating Committee functions among the members.

b) Vice Chairman - The Vice Chairman shall perform the duties of the Chairman in the Chairman's absence or incapacity.

The Chairman and Vice Chairman shall be appointed from the members of the Operating Committee. The initial Chairman shall be from UE and the initial Vice Chairman from Genco, with these Parties alternating those positions thereafter. A new Chairman and Vice-Chairman shall be designated by the Parties at the first meeting held in each odd-numbered calendar year and shall take office immediately upon being appointed.

8.03 Meeting Dates

The Operating Committee shall hold meetings at such times as is appropriate and at any time upon the request of a member of the Operating Committee, but at least once per calendar year. Minutes of each Operating Committee meeting shall be prepared and maintained.

8.04 Decisions

All decisions of the Operating Committee shall be by a majority vote of the members present or voting by proxy at the meeting at which the vote is taken.

8.05 Duties

The Operating Committee shall have the following duties, unless such duties are otherwise assigned by a vote of the Operating Committee to the Agent, in which case the Agent shall perform such duties:

a) Be responsible for the day-to-day administration of this Agreement and the development of any amendments thereto.

b) Review and recommend additional duties and responsibilities for the Agent and review and recommend changes to the procedures for System Dispatch and interchange coordination.

c) Monitor the adequacy of reserves for the Parties and the Combined System.

d) Provide coordination of maintenance schedules for major Generating Resources.

e) Provide coordination for other matters not specifically provided herein which the Parties agree are necessary to operate the Combined System economically.

8.06 Expenses of Committee

Each Party shall pay the expenses of its representatives on the Operating Committee.

ARTICLE IX

BILLING PROCEDURES

9.01 Records

The Agent shall maintain such records as may be necessary to determine the assignment of costs and benefits of coordinated operations pursuant to Article VI of this Agreement. Such records shall be made available to the Parties upon request.

9.02 Monthly Statements

As promptly as practicable after the end of each calendar month, the Agent shall prepare a statement setting forth the monthly summary of the costs and revenues allocated or

assigned to the Parties in sufficient detail as may be needed for settlements under the provisions of this Agreement.

In months where more than one Party has made System Energy Transfers, only the net cost of the System Energy Transfers need be reflected in the statement.

9.03 Billings and Payments

The Agent shall handle all billing between the Parties and other entities engaging in Off-System Purchases with the Parties. In addition to any demand charges or other charges due to one of the Parties from another Party pursuant to agreements other than this Joint Dispatch Agreement, the Agent shall also net bill the Parties, by debiting the Parties as appropriate, and pursuant to Article VI, for:

a) Demand and energy charges for Off-System Purchases, and

b) the cost of System Energy Transfers where the Party was the recipient;

and crediting the Parties, as appropriate, and pursuant to Article VI and VII, for:

a) the cost of System Energy Transfers where the Party was the supplier, and

b) Transmission service revenues;

and shall determine the billing and payment under the System Support Agreement.

All bills will be based on net amounts owed. Payment shall be by making remittance of the amount billed or by making appropriate accounting entries on the books of the Parties.

9.04 Taxes

Should any federal, state, or local tax, in addition to such taxes as may now exist, be levied upon the electric power, energy, or service to be provided in connection with this Agreement, or upon the provider of service as measured by the power, energy, or service, or the

revenue therefrom, such additional tax shall be included in the net billing as described in Section 9.03.

ARTICLE X

FORCE MAJEURE

In case a Party should be delayed in or prevented from performing or carrying out any of the agreements, covenants, or obligations made by or imposed upon the Parties by this Agreement, either in whole or in part, by reason of or through strike, work stoppage of labor, failure of contractors or suppliers of materials (including fuel), failure of equipment, environmental restrictions, riot, fire, flood, ice, invasion, civil war, commotion, insurrection, military or usurped power, order of any Court granted in any bona fide adverse legal proceedings or action, or of any civil or military authority either de facto or de jure, explosion, Act of God or the public enemies, or any cause reasonably beyond its control and not attributable to its neglect; then, and in such case or cases, such Party shall not be liable to the other Party for or on account of any loss, damage, injury, or expense resulting from or arising out of such delay or prevention; provided, however, that the Party suffering such delay or prevention shall use due diligence to attempt to remove the cause or causes thereof; and provided, further, that no Party shall be required by the foregoing provisions to add to, modify, or upgrade any facilities, or to settle a strike or labor dispute except when, according to its own best judgment, such action seems advisable.

ARTICLE XI

INDUSTRY STANDARDS

The Parties agree to conform to all applicable NERC and regional reliability council principles, guides, criteria, and standards and industry standard practices and conventions of reliable system operations.

ARTICLE XII

GENERAL

12.01 No Third Party Beneficiaries

This Agreement is not intended to and shall not create rights of any character whatsoever in favor of any person, corporation, association, entity or power supplier, other than the Parties, and the obligations herein assumed by the Parties are solely for the use and benefit of said Parties. Nothing herein contained shall be construed as permitting or vesting, or attempting to permit or vest, in any person, corporation, association, entity or power supplier, other than the Parties, any rights hereunder or in any of the electric facilities owned by said Parties or the use thereof except as may otherwise be specified herein.

12.02 Waivers

Any waiver at any time by a Party of its right with respect to a default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not be deemed a waiver with respect to any subsequent default or matter. Any delay, short of the statutory period of limitation, in asserting or enforcing any right under this Agreement, shall not be deemed a waiver of such right.

12.03 Successors and Assigns

This Agreement shall inure to the benefit of and be binding upon the Parties only, and their respective successors and assigns, and shall not be assignable by any Party without the written consent of the other Parties except to a successor in the operation of its properties by reason of a merger, consolidation, sale or foreclosure where substantially all such properties are acquired by or merged with such a successor.

12.04 Liability and Indemnification

Subject to any applicable state or federal law which may specifically restrict limitations on liability, each Party shall release, indemnify, and hold harmless the other Parties, their directors, officers, and employees from and against any and all liability for loss, damage, or expense alleged to arise from, or incidental to injury to persons and/or damage to property in connection with its facilities or the production or transmission of electric energy by or through such facilities, or related to performance or nonperformance of this Agreement, including any negligence arising hereunder. In no event shall either Party be liable to the other Parties for any indirect, special, incidental, or consequential damages with respect to any claim arising out of this Agreement.

12.05 Governing Law

The validity, interpretation and performance of this Agreement and each of its provisions shall be governed by the applicable laws of the State of Missouri.

12.06 Section Headings

The descriptive headings of the Articles and sections of this Agreement are used for convenience only, and shall not modify or restrict any of the terms and provisions thereof.

12.07 Notice

Any notice or demand for performance required or permitted under any of the provisions of this Agreement shall be deemed to have been given on the date such notice, in writing, is deposited in the U.S. mail, postage prepaid, certified or registered mail, addressed to:

UNION ELECTRIC COMPANY
Vice President - Corporate Planning
P.0. Box 149, MC 1400
St. Louis, Missouri 63166

or to:

CENTRAL ILLINOIS PUBLIC SERVICE COMPANY
Vice President - Power Generation
607 East Adams Street
Springfield, Illinois 62739

or to:

GENCO
Vice President
[address]

as the case may be; or in such other form or to such other address as either Party shall stipulate.

ARTICLE XIII

REGULATORY APPROVAL

13.01 Regulatory Authorization

This Agreement shall be subject to the approval of the regulatory agencies having jurisdiction. In the event that this Agreement is not accepted in its entirety by all such agencies, any Party may terminate this Agreement immediately.

13.02 Changes

It is contemplated by the Parties that it may be appropriate from time to time to change, amend, modify or supplement this Agreement or the Schedules which are attached to this Agreement to reflect changes in operating practices or costs of operations or for other reasons. This Agreement may be changed, amended, modified or supplemented by an instrument in writing executed by the Parties.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and attested by their duly authorized officers on the day and year first above written.

UNION ELECTRIC COMPANY

By _____
Vice President

ATTEST:

_____
Assistant Secretary

CENTRAL ILLINOIS PUBLIC
SERVICE COMPANY

By _____
Vice President

ATTEST:

_____
Secretary

GENCO

By _____
Vice President

ATTEST:

_____
Secretary

SERVICE SCHEDULE A

SYSTEM ENERGY TRANSFER

A1 -- Duration This Service Schedule A shall become effective and binding when the Joint Dispatch Agreement becomes effective, and shall continue in full force and effect throughout the duration of such Agreement. This Service Schedule A is a part of the Agreement and, as such, the use of terms in this Service Schedule A that are defined in the Agreement shall have the same respective meanings as set forth in the Agreement.

A2 -- Applicability In accordance with the terms of Articles V and VI of the Agreement, the Combined System's Generating Resources shall be centrally dispatched on an economic dispatch basis which may result in the transfer of electric energy from one Party's Generating Resources to another Party to serve such other Party's Load Requirements, herein called "System Energy Transfers."

A3 -- Compensation Charges for System Energy Transfer shall be the Incremental Cost of the Generating Resources supplying the energy.

UNION ELECTRIC COMPANY

By _____
Vice President

CENTRAL ILLINOIS PUBLIC
SERVICE COMPANY

By _____
Vice President

GENCO

By _____
Vice President

SERVICE SCHEDULE B

DISTRIBUTION OF OFF-SYSTEM SALES MARGIN

Under Joint Dispatch Agreement

Between Union Electric Company,

Central Illinois Public Service Company

and

Genco

B1 -- Duration This service Schedule B shall become effective and binding when the Joint Dispatch Agreement becomes effective, and shall continue in full force and effect, throughout the duration of such Agreement. This Service Schedule B is a part of the Agreement and, as such, the use of terms in this Service Schedule B that are defined in the Agreement shall have the same respective meanings as set forth in the Agreement.

B2 -- Applicability In accordance with the terms of Articles V and VI of the Agreement, the Combined System shall be centrally dispatched on an economic dispatch basis and shall engage in economical Off-System Purchases and Off-System Sales as a single Control Area. The difference between the energy revenue collected from Off-System Sales and the costs of providing such sales, herein called Off-System Sales Margin, is to be distributed between the Generating Parties. This Service Schedule defines the formula for distribution.

B3 -- Distribution Formula The monthly distribution ratio for each Party for the Off-System Sales Margin shall be the Generating Party's Net Output divided by the sum of the Parties' Net

Output. The amount of Off-System Sales Margin distributed to each Generating Party shall be the Generating Party's monthly distribution ratio times the Off-System Sale Margin.

UNION ELECTRIC COMPANY

By _____
Vice President

GENCO

By _____
Vice President

SERVICE SCHEDULE C

RECOVERY OF INCREMENTAL COSTS RELATING TO

EMISSIONS ALLOWANCES

Under Joint Dispatch Agreement

between Union Electric Company

and Central Illinois Public Service Company

C1 – Duration. This Service Schedule C shall become effective and binding when the Joint Dispatch Agreement becomes effective, and shall continue in full force and effect throughout the duration of such Agreement. This Service Schedule C is a part of the Agreement and, as such, the use of terms in this Service Schedule C that are defined in the Agreement shall have the same respective meanings as set forth in the Agreement.

C2 – Applicability. In accordance with the terms of Articles V and VI of the Agreement, the Combined System shall be centrally dispatched on an economic dispatch basis and shall engage in economical Off-System Purchases as a single Control Area. The cost of the energy from the Parties' Generating Resources to supply System Energy Transfer is the Incremental Cost of the energy which may include emissions allowance cost. This Service Schedule C defines the methodology for determining the emissions allowance cost.

C3 -- Emissions Allowance Recovery Mechanism. The emissions allowance cost used in the computation of Incremental Cost shall be the replacement cost of emissions allowances. The emissions allowance replacement cost will be the "Monthly Price Index" published by Cantor Fitzgerald Environmental Brokerage Service by the twenty-fifth day of the month prior to the month the transaction occurs. The Parties will use the Cantor Fitzgerald index unless one or both

of the Parties is involved in the actual purchase or sale of allowances wherein it may choose at its option to use the price of its own transactions, such transactions to have a minimum allowance quantity of 1,000 allowances. Although the Parties have designated Cantor Fitzgerald as the index to be used in establishing emissions allowance cost, the Parties will continue to evaluate other market indicators. The Parties may in the future designate another index to serve as the incremental price indicator.

The allowance replacement cost, in $\$/SO_2$ ton, will be used to calculate a Generating Unit's incremental SO_2 cost as described below. The incremental SO_2 cost of operating an affected unit will be calculated using three components -- the allowance replacement cost, the unit's incremental heat rate and the SO_2 rate of the fuel used at the unit.

$$EC = \frac{AC \times HR \times SR}{2 \times 10^6}$$

Where: EC = Total Incremental SO_2 Cost ($/Mwh)

AC = Allowance Replacement Cost ($\$/SO_2$ Ton)

HR = Incremental Heat Rate (Btu/Kwh)

SR = SO_2 Rate for Fuel (Lbs of SO_2/MMbtu)

The incremental emissions cost (EC) will be used to dispatch generating units, make Off-System Purchase decisions, and price System Energy Transfers, pursuant to this Agreement. The Generating Unit used to compute the emissions allowance amount will be the same unit that is used to calculate the Incremental Cost.

Either Party will have the option to pay the allowance replacement cost or provide equivalent emissions allowances. Cash payment will be due in accordance with the terms and conditions of this Agreement. If a Party elects to provide emissions allowances, the equivalent emissions allowances will be calculated as follows:

$$\text{Allowances Due} = \frac{\text{TEC}}{\text{AC}}$$