

Exhibit No.:
Issues: Property rights issues
involving the new line
Witness: Geoffrey Douglass
Type of Exhibit: Direct Testimony
Sponsoring Party: AmerenUE
Case No.: EO-2002-351
Date Testimony Prepared: July 11, 2002

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. EO-2002-351

FILED²

JUL 11 2002

Missouri Public
Service Commission

DIRECT TESTIMONY

OF

GEOFFREY DOUGLASS

St. Louis, Missouri

July 11, 2002

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

Application of Union Electric Company)
for Permission and Authority to Construct,)
Operate, Own and Maintain a 345 kilovolt)
Transmission Line in Maries, Osage and)
Pulaski Counties, Missouri)
("Callaway-Franks Line"))

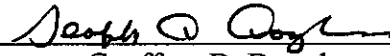
Case No. EO-2002-351

AFFIDAVIT OF GEOFFREY D. DOUGLASS

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

Geoffrey D. Douglass, being first duly sworn on his oath, states:

1. My name is Geoffrey D. Douglass. I work in St. Louis, Missouri and I am employed by Ameren Services Company as a Director of the Real Estate department.
2. Attached hereto and made a part hereof for all purposes is my Testimony on behalf of Union Electric Company d/b/a AmerenUE consisting of 15 pages, which has 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.



Geoffrey D. Douglass

Subscribed and sworn to before me this 10th day of July, 2002.



Notary Public

My commission expires:

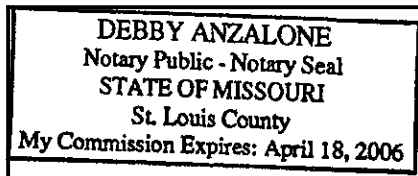


TABLE OF CONTENTS

I. INTRODUCTION1

II. HOW AMERENUE ACQUIRED EXISTING EASEMENTS FOR THE PROPOSED LINE..3

III. HOW AMERENUE HAS DEALT WITH THE PUBLIC REGARDING THE PROJECT3

 A. Information Provided to the Public3

 B. Accommodations to address the public concerns6

IV. HOW AMERENUE WILL ACQUIRE THE REMAINING NECESSARY EASEMENTS11

V. CONCLUSION15

Schedule 1 - Letter to Property Owners and Enclosures

Schedule 2 - Handouts at Public Workshops

1 DIRECT TESTIMONY

2 OF

3 GEOFFREY DOUGLASS

4 AmerenUE

5 CASE NO. EO-2002-351

6 I. INTRODUCTION

7 Q. Please state your name and address.

8 A. Geoffrey Douglass, 1901 Chouteau Avenue, P.O. Box
9 66149, St. Louis, Missouri, 63166-6149.

10 Q. By whom are you employed and in what capacity?

11 A. I am employed by Ameren Services Company (Ameren
12 Services) as Director of the Real Estate Department. Ameren
13 Services performs various services for Union Electric Company
14 doing business as AmerenUE, and other subsidiaries of Ameren
15 Corporation (Ameren).

16 Q. What are your responsibilities in that position?

17 A. I am responsible for the acquisition, management and
18 disposal of property rights for Ameren and its subsidiaries. I
19 have direct responsibility for the group within the Real Estate
20 Department that acquires transmission line easements for
21 AmerenUE.

22 Q. How long have you been employed by Union Electric
23 Company?

24 A. I have been employed full time at Union Electric
25 Company since 1985. Since January of 1998 when the UE-CIPSCO
26 merger took effect, I became an employee of Ameren Services. My

1 entire stay at Union Electric and later at Ameren Services up to
2 the present has been in the Real Estate Department.

3 **Q. What is your educational background?**

4 A. I received a Bachelor of Science degree in Real Estate
5 and Finance from Southwest Missouri State University in 1982 and
6 a Masters of Business Administration degree from St. Louis
7 University in 1988. I have received continuing education through
8 the International Right of Way Association. In 2000 I obtained
9 the designation of Senior Member from that professional
10 organization.

11 **Q. What is the purpose of your testimony?**

12 A. I will discuss how AmerenUE has acquired, and will
13 acquire, the property rights necessary for the proposed Callaway-
14 Franks line. I will also show how AmerenUE has attempted to
15 accommodate the affected property owners, and how AmerenUE will
16 try to accommodate them in the future.

17 **Q. What is your personal involvement in and**
18 **responsibility for the proposed line that is the subject of this**
19 **case?**

20 A. I am responsible for all right-of-way acquisition for
21 this line. I participated in both of the public workshops and
22 the April 22 public hearing that I discuss in more detail below.
23 I have direct supervisory responsibility for all Ameren field
24 personnel who are dealing with property owners regarding the
25 proposed line.

1 **II. HOW AMERENUE ACQUIRED EXISTING EASEMENTS FOR THE PROPOSED**
2 **LINE**

3 **Q. What easements does AmerenUE presently own for the**
4 **proposed Callaway-Franks line and how were they acquired?**

5 A. AmerenUE owns easements covering approximately 43
6 miles of the 54-mile route of the line. The easements covering
7 those 43 miles were acquired from Associated Electric
8 Cooperative, Inc. (AECI) pursuant to a June 1, 2001 AmerenUE and
9 AECI letter of intent which outlined the terms for the
10 construction of a new 345 kilovolt (kV) line to connect
11 AmerenUE's Callaway Substation and AECI's Franks Substation.
12 AmerenUE and AECI entered into the letter of intent as a result
13 of the need for this line as identified in a joint electrical
14 transmission study conducted by AmerenUE and AECI. The easements
15 were transferred to AmerenUE by AECI pursuant to recorded
16 assignments executed and recorded in early April, 2002. AECI had
17 acquired the easements for a similar project in the late 1970's.
18 As a part of the agreement with AmerenUE, AECI agreed to assign
19 these easements to AmerenUE, with AmerenUE agreeing to acquire
20 any additional easements that are needed for the project.

21 **III. HOW AMERENUE HAS DEALT WITH THE PUBLIC REGARDING THE PROJECT**

22 **A. Information Provided to the Public**

23 **Q. How did you first advise the public and affected**
24 **property owners of the project?**

25 A. By letter dated October 19, 2001, we notified
26 approximately 175 property owners whose property we believed
27 might be affected by the new line either because they owned

Direct Testimony of
Geoffrey D. Douglass

1 property subject to one of the existing easements we acquired
2 from AECI or because the proposed route may cross their property.
3 Attached as Schedule 1 to my testimony is the letter we sent and
4 the enclosures provided with that letter. The letter and
5 enclosures described the project and advised of the time, date,
6 and location of two Public Workshops we planned to hold - one in
7 Linn and one in Vienna. We also invited various public
8 officials, including the state representative and senator whose
9 districts cover the area impacted by the proposed line and the
10 county commissioners in all affected counties. We also met
11 personally with the county commissioners in Osage, Maries, and
12 Pulaski counties to advise them of the project and inform them of
13 when the workshops would be held. The dates of the informational
14 workshops and a map showing the proposed line route also appeared
15 in the local newspaper on October 24, 2001.

16 **Q. Please describe the purpose of the workshops.**

17 A. The purpose of the workshops is to allow AmerenUE to
18 present information about the project and the proposed line
19 route. It is also an opportunity for property owners to provide
20 comments and recommendations about the proposed route so that
21 their concerns can be taken into consideration as we finalize the
22 route. The workshops were well attended, drawing 64 persons in
23 Linn and 53 in Vienna.

24 **Q. What information was provided at the workshops?**

25 A. People who attended the workshops were given a packet
26 that contained information on the transmission line project as
27 well as information on Ameren. Attached as Schedule 2 to my

1 testimony is a copy of the information that was given to property
2 owners at the workshops. Approximately 15 Ameren employees as
3 well as representatives from Central Electric Power Cooperative
4 were available to discuss the project in detail. Representatives
5 from the Commission's Staff also attended both workshops.
6 Representatives from the Real Estate Department presented the
7 location of the proposed line route on large aerial photographs.
8 Representatives from the Transmission Planning Department
9 discussed the need for the transmission line. Representatives
10 from the Transmission Line Design Department discussed the design
11 and construction of the line. Representatives from the
12 Substation Design group discussed the design of the proposed
13 Loose Creek Substation. Representatives from our Capital District
14 were also available to answer questions. After visiting with
15 Ameren representatives, property owners were encouraged to
16 complete a comment sheet to address any concerns they had about
17 the project and request additional information if they needed
18 any.

19 **Q. Were there any other opportunities for property owners**
20 **to provide comments about the proposed project and the route of**
21 **the line?**

22 **A.** Yes. If someone was unable to attend the workshop or
23 lived out of town we discussed the project with them over the
24 telephone and mailed them the information that we had handed out
25 at the workshop. In some cases, such as Ms. Claire Kramer, we
26 set-up individual meetings to explain the project and the
27 proposed route. In cases where a house or other structure was

1 located within the proposed right of way, we met with those
2 property owners to discuss in more detail how their property
3 would be affected. In addition a public hearing was held in Linn
4 on April 22 to give property owners an opportunity to provide
5 comments on the proposed line.

6 **Q. Have there been any other meetings?**

7 A. Yes. On July 1, 2002, Ameren employees as well as
8 representatives from Central Electric met with a large group of
9 Intervenors in Linn to further explain the need for the line, how
10 and why the route was selected, and how AmerenUE might be able to
11 make accommodations in individual cases. We presented a lot of
12 information, and expressed our willingness to follow-up that
13 meeting with additional meetings with any individual Intervenors
14 who desired to speak with us further. As I discuss in more
15 detail below, we are continuing to work with all interested
16 property owners to try to minimize the impact of the line when we
17 can do so consistent with our obligation to prudently build a
18 safe, reliable, and efficient line that will address the needs
19 for which it is being built.

20 **B. Accommodations to address the public concerns**

21 **Q. Were any significant adjustments made in the proposed**
22 **route of the line as a result of the Public Workshops and**
23 **meetings.**

24 A. Yes. The proposed route that was presented at the
25 workshops generally followed the same route that was planned by
26 AECI when they acquired the easements back in the late 1970s.
27 However, due to some input we had gotten from a few property

Direct Testimony of
Geoffrey D. Douglass

1 owners prior to holding the workshops who had structures that
2 they thought would be impacted by the route originally chosen by
3 AECI, we initially made some modifications at the southern end.
4 We had moved the southern section of the line from the Franks
5 Substation to the point where the line would begin paralleling
6 the existing Central Electric transmission line several hundred
7 feet west of the route that was originally selected by AECI.

8 Due to comments received from property owners that attended
9 the workshops, the adjusted route that was presented for the
10 southern end was eliminated and we essentially went back to
11 following the route that had initially been determined by AECI
12 and used by AECI as the basis for easement acquisition back in
13 the late 1970's. Many of the property owners were of the opinion
14 that the easements and route of the line were negotiated in good
15 faith with AECI years ago and that they had made plans for their
16 property based upon that route. Since the three properties we
17 were trying to accommodate with the alternate route farther to
18 the west (Redel, Speiser and Waldbart) had existing easements on
19 them and these property owners were aware of the easements, we
20 concluded that the line route should utilize the existing
21 easements at the southern end. We did, however, agree to minor
22 modifications to the route to accommodate these properties if an
23 agreement could be reached with the other adjoining property
24 owners that would be affected by the change.

25 **Q. In considering revisions, do you use any guidelines or**
26 **principles in deciding the appropriateness of revisions?**

1 A. Yes. As I noted above, when AECI acquired the
2 easements in most cases the property owner was given a rough idea
3 of where on his or her property the line would be built. The
4 easements themselves in most cases allow the line to be built
5 anywhere on a given piece of property, but AmerenUE made the
6 decision early-on to honor wherever possible the basic location
7 that had been shown to the property owners and we are able to do
8 so in nearly all cases. As I mentioned above, many of the
9 property owners who attended the workshops indicated that they
10 too believed this was a correct and fair approach. Following the
11 basic route as initially envisioned places some limit on the
12 accommodations we can make because changing the route on one
13 property owner very often requires a route change on one or more
14 upstream or downstream property owners. If those other property
15 owners do not desire to accommodate the change then it can not be
16 made, either because to do so would in effect change the route
17 that AECI had indicated to them would be used or, in some cases,
18 the route is fixed by the easement itself. When the easement
19 fixes a specific route, using an alternative route would require
20 a new easement that the other owner would either have to
21 voluntarily grant or that would have to be condemned. That is
22 essentially why the proposed adjustment on the southern end of
23 the line was abandoned after the workshops as a greater number of
24 other affected property owners did not desire to deviate from the
25 route they initially understood would be used.

1 **Q. In addition to the considerations relating to routing**
2 **and location on individual properties, are there other issues**
3 **that you take into consideration?**

4 A. Yes. We also must consider engineering and
5 reliability issues, as well as costs because the ultimate cost of
6 the line is borne by Missouri ratepayers in accordance with the
7 Commission's ratemaking process. For example, sometimes a
8 landowner will ask that we either move off of his property
9 entirely or go around the border. In general we simply cannot
10 move the line to another property owner without their agreement.
11 If we have to put angles in the line to go around the edge of a
12 piece of property or for other reasons, we often drastically
13 increase the cost of the line. The cost increases as a result of
14 more expensive structures required at angles, required guy wires,
15 and increased length of the line itself.

16 When selecting a final route our main goal is to try to
17 minimize the overall impact of the line on the community. By
18 having a majority of the proposed line parallel the existing 161
19 kV line owned by Central Electric Power Cooperative, we are able
20 to share 25 feet of the existing Central right-of-way in effect
21 reducing the area occupied by the new line by 25 feet. This will
22 reduce the clearing that we have to do thus disturbing fewer
23 trees and less vegetation, and will leave more of the property
24 owners' land untouched by the new line. Changes that move the
25 line away from the existing 161 kV line increase these effects.

26 **Q. Have other adjustments been made?**

1 A. As a result of comments received from property owners
2 at the workshops, our continuing discussions, and the recent
3 meeting with the Intervenors on July 1, we continue to consider
4 other revisions to the route. We will continue to meet with
5 property owners to discuss alternatives, provided the alternative
6 meets the criteria discussed above.

7 **Q. Many of the accommodations you are considering involve**
8 **land over which AmerenUE already has an easement. Is that**
9 **correct?**

10 A. Yes. Up until this point we have devoted most of our
11 time in working with landowners over whose land we already have
12 an easement. We have been investing that time and effort since
13 late last year, and are doing so because it is our practice to
14 work with all property owners when possible and so long as they
15 are reasonable. We do our best to be good neighbors, and we
16 understand that most people would rather not have a transmission
17 line on their property so we try to work with everyone whether or
18 not we already have an easement.

19 **Q. Will every landowner be contacted personally if they**
20 **have not already been?**

21 A. Yes. As I mentioned earlier, we believe we are close
22 to having the final route, subject to further accommodations we
23 might be able to make as discussed above. We will contact every
24 property owner, initially by phone, and in most cases we will go
25 see them personally. We will show them the route, explain the
26 line, and try to answer their questions to the best of our ability
27 if they have not already been answered. We will also discuss any

1 initial clearing for the line, access to the line and other
2 construction details with them.

3 **Q. Have you obtained the input of the Commission's Staff**
4 **regarding the appropriateness of the selected route?**

5 A. Yes. The Staff has requested and obtained data that
6 we relied upon in deciding upon the route. It is my
7 understanding that the Staff concurs in our conclusion that the
8 route selected is the best and least intrusive route, in
9 particular because it gives us the ability to share part of the
10 existing right-of-way, and because not utilizing the 43 miles of
11 existing easements would simply impact a separate group of
12 property owners and would delay the project.

13 **IV. HOW AMERENUE WILL ACQUIRE THE REMAINING NECESSARY EASEMENTS**

14 **Q. What is the status of acquiring the remaining**
15 **approximately 11 miles of right-of-way needed for the line?**

16 A. We have not yet purchased additional easements from
17 any property owner because we are still working with individuals
18 and groups of property owners to make adjustments to the line
19 route where we are able to do so consistent with the principles
20 and guidelines I discussed above. It is our intent to continue
21 these discussions with the property owners and begin one-on-one
22 negotiations for acquisition of the necessary easements with all
23 property owners from whom we need easements.

24 **Q. What is the process for those landowners from whom an**
25 **easement is needed?**

26 A. Once the route is finalized an easement document will
27 be prepared that will include an exhibit that shows the location

Direct Testimony of
Geoffrey D. Douglass

1 of the easement in relation to the property. The consideration
2 to be paid for the easement is based upon the effect of the
3 easement on the value of the property at issue. We have hired a
4 local real estate appraiser to help us determine fair property
5 values for the easements sought. Once the easements have been
6 prepared an Ameren Real Estate Representative will contact the
7 property owner to set up an appointment to discuss the project,
8 the easement, and our offer of just compensation. As I discuss
9 further below, in nearly all cases we are able to negotiate a
10 mutually agreeable easement and the line is then built. After
11 the line is built we will again contact the property owners to
12 make sure the line was built according to the agreement. If
13 there are any damages to the property that were not fixed by the
14 contractor, then we compensate the property owner for the
15 damages.

16 **Q. What if negotiations fail?**

17 A. We have very good success in acquiring easements by
18 negotiation. We believe our success is attributable to our
19 sincere efforts to try to be fair and respectful of the property
20 owners' rights. For example, we are beginning construction on a
21 similar 345 kV transmission line project that runs through the
22 counties of Jefferson, St. Genevieve and St. Francois counties.
23 This line will parallel an existing transmission line and
24 involved the relocation of a residence and church, as well as the
25 removal of two hunting cabins. The negotiations with the
26 property owners have gone very well with 61 of the required 64
27 easements being acquired voluntarily. We are still hopeful that

Direct Testimony of
Geoffrey D. Douglass

1 we can work out the differences with the remaining three property
2 owners without the necessity of filing a condemnation action.
3 Sometimes negotiations do fail. The reasons for this vary. A
4 property owner sometimes simply disagrees in good faith with our
5 assessment of what the compensation ought to be. In that
6 situation the best course is to let the courts determine what the
7 compensation ought to be as provided by law. Other times the
8 property owner on principle simply will not convey an easement
9 voluntarily believing that he ought to make us take it. We do
10 our level best to avoid these situations by making sure we are
11 offering a fair price and fair terms. Sometimes a property owner
12 has simply decided that they do not want the line at all, under
13 any circumstances. In such cases they have simply decided to
14 fight us at each step. We have no choice in those cases but to
15 proceed to condemnation, although we always try to resolve the
16 condemnations even after they are filed.

17 **Q. Do you anticipate condemnations on this project?**

18 A. We hope not, and we will follow the above process as
19 best as we possibly can to avoid the need for that. There have
20 been some statements reported in the local media, and there were
21 statements made at the April 22 Public Hearing held by the
22 Commission in Linn, that seem to indicate that there are those
23 whose goal is to either drag this project out as long as possible
24 or to try to stop it all together. If there are people who truly
25 feel that way, we will do our best to try to address their
26 concerns if they will listen, but condemnation sometimes becomes
27 the only way to resolve the issue.

1 **Q. Briefly describe the condemnation process.**

2 A. If, despite our good faith offer, the landowner will
3 not agree to grant the necessary easement, we would file a
4 petition in the county in which the land is located and ask the
5 Judge to grant us an easement. After an initial hearing, the
6 court typically grants our request and at that time appoints
7 three "commissioners," who are landowners in the county, whose
8 job is to decide just compensation for the easement the court has
9 granted us. AmerenUE and the landowner and its representatives
10 then have a hearing with the commissioners and both sides present
11 their evidence regarding what they believe to be the appropriate
12 compensation for the easement. The commissioners then decide the
13 proper amount of compensation and we then pay that amount into
14 court. At that moment we own the easement and can start work.
15 If either side is dissatisfied with the amount determined by the
16 commissioners, either side can file "exceptions," which means
17 they can appeal the commissioners' award. Later, a trial will be
18 held before a jury of 12 residents of the county who will
19 ultimately decide the compensation that is due. If the jury
20 awards more money then, subject to any right to appeal, AmerenUE
21 will pay the additional funds. Conversely, if the jury awards
22 less money, subject to any right to appeal, the property owner
23 would pay the difference back to AmerenUE. After this process is
24 over, three landowners and perhaps 12 residents of the county
25 will have determined fair compensation for the easement, with
26 both sides having a full, fair, and equal opportunity to present
27 their cases.

1 **V. CONCLUSION**

2 **Q. Please summarize your testimony.**

3 A. AmerenUE spends a great amount of time and effort to
4 select a route for a new transmission line, and this was
5 certainly the case for the Callaway-Franks line. The final route
6 reflects the comments and recommendations of property owners and
7 the entire community. While everyone may not be happy with the
8 route of a new line, the route that is selected should have the
9 least overall impact on the entire community. If an easement is
10 required to construct the line, that property owner will be
11 fairly compensated in accordance with company policy and the law.
12 For Callaway-Franks, we are confident that the proposed route is
13 the least intrusive one and have made and are willing to continue
14 to make all efforts to accommodate the property owners subject to
15 the constraints discussed above.

16 **Q. Does this conclude your testimony?**

17 A. Yes, it does.

18

October 19, 2001

Dear Property Owner:

In the near future, AmerenUE is planning to build a new 54-mile 345,000 volt transmission line between Chamois, Missouri, and Franks, Missouri. In addition to this transmission line, AmerenUE plans to build a new substation near Linn, Missouri. This construction is necessary to ensure reliable electric service.



In developing this project, we would like to hear comments, suggestions, concerns and ideas from the people who might be the most affected by these facilities.

That's why we are writing to you. We have identified you as a property owner who will be affected by the line construction. If you know of others who may have an interest in this project, please feel free to pass this information along to them.

So that you may learn more about this project and have an opportunity to give us your thoughts and comments, we have scheduled two workshops. You are invited to attend the one that is most convenient to you. The workshops will be held from 5 p.m. to 7 p.m. at the following locations:

- Linn Community Center, Wednesday, November 7
- Vienna High School, Thursday, November 8

Both workshops are accessible to physically challenged individuals.

At these workshops, large aerial photographs and maps of the project will be displayed. AmerenUE employees will also be available to discuss all aspects of the project.

No reservations are required to attend. You may stop by at your convenience and spend as much or as little time as you wish. Should you be unable to attend the workshop but wish to discuss the project with an AmerenUE representative, please contact me at (314) 554-2105.

A map of the proposed project site and an additional map showing the locations of the workshops are included for your reference. We appreciate your participation.

Yours very truly,

A handwritten signature in cursive script that reads "Geoffrey D. Douglass".

Geoffrey D. Douglass
Real Estate Supervisor

GDD/rst
Enclosures

SCHEDULE 1

AMERENUE FACT SHEET

CALLAWAY-LOOSE CREEK-FRANKS TRANSMISSION LINE PROJECT

Summary

A new 54-mile transmission line construction project is scheduled for completion in 2004. This new construction will begin at a point near Chamois, Mo. and extend south 54 miles to terminate at the Associated Electric Cooperative, Inc. (AECI) Franks Substation near Franks, Mo. Near Chamois, the new line will be connected in series with an existing 6-mile line section originating at AmerenUE's Callaway Nuclear Plant switchyard. For much of the route, the new 345,000-volt line will parallel an existing 161,000-volt line owned by Central Electric Power Cooperative. The project will include equipment to accommodate the new line at the Callaway Nuclear Plant switchyard and at AECI's Franks Substation. The project will also include construction of a new Loose Creek Substation to be located southwest of Linn, Mo. Following are brief descriptions of the project, reasons for the facilities, costs, timing, and approval information.

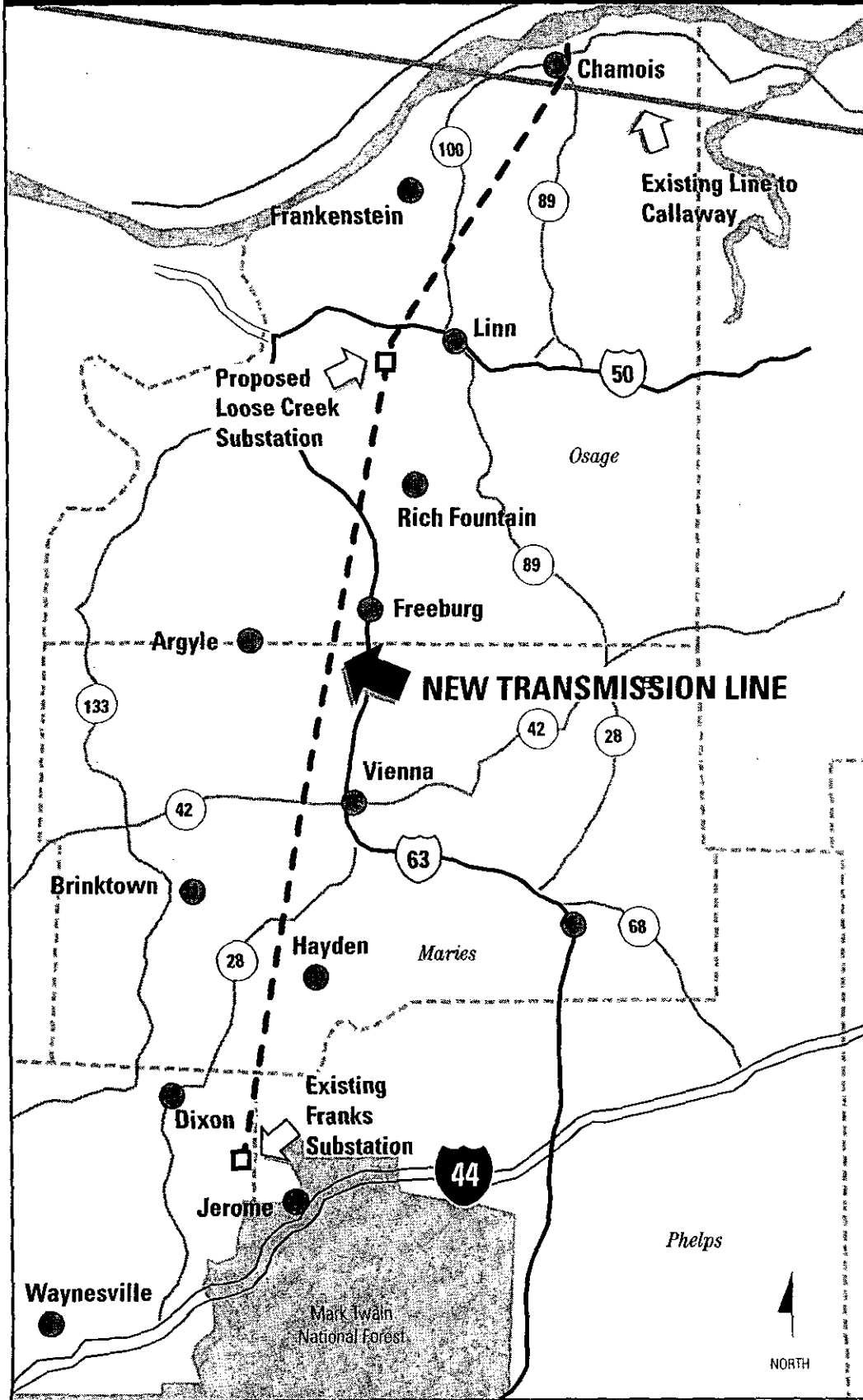
Description of Project

- The new transmission line will run 54 miles north-south from Chamois, past the towns of Linn, Freeburg, Vienna and Dixon, terminating near Franks, Mo.
- The line will be constructed using predominantly two-pole wood, "H-frame" structures averaging approximately 80 feet in height.
- About 43 of the 54 miles will be located on existing 150-foot-wide rights-of-way acquired by Associated Electric and assigned to AmerenUE.
- AmerenUE will acquire the remaining rights-of-way for the new 345,000-volt line and purchase property to construct a new Loose Creek Substation.
- The new Loose Creek transmission substation, a 250,000-square-foot facility on approximately 12 acres, will be designed to ultimately accommodate five 345,000 volt transmission lines and one 345,000 volt to 161,000 volt step-down transformer. This transmission substation will initially accommodate three 345,000-volt transmission circuits.
- The first six miles of the west circuit of the existing 345,000-volt double-circuit transmission tower line from Callaway to Bland will become part of the new Callaway to Loose Creek to Franks 345,000-volt line.
- The Callaway switchyard will be modified as originally planned to accommodate the new transmission line.

Reason for Facilities

- During the years 1999 and 2000, the Bland-Franks 345,000-volt circuit experienced heavy loading, due to several factors including large north-south transfers across the Eastern Interconnection transmission system. As a consequence, the Bland-Franks line has been overloaded and continues to be a constraint.
- Flows of power on the Bland-Franks 345,000-volt line have been so high that Ameren frequently requested transmission line loading relief from the North American Reliability Council's Security Council. The North American Reliability Council is the organization charged with maintaining transmission system reliability. Line loading relief is called to relieve major elements of the transmission system when the facility loading exceeds equipment ratings or when engineers project that equipment ratings will be exceeded. In response to line loading relief requests, power is cut first to our interruptible customers. However, if this is not enough, Ameren's only recourse is to rely on more expensive generation, if available, or to interrupt additional customer load. Neither option is good for our customers.
- The outage of the Bland-Franks 345,000-volt circuit could overload several of the 138,000-volt and higher voltage facilities, thereby impacting the reliability of the Ameren transmission system. These overloads could impact AmerenUE's customers and AECI's customers if they result in additional outages and/or lower voltages.

Callaway-Loose Creek-Franks 345KV Transmission Line





Corporate Facts

NYSE ticker symbol: AEE

ADDRESS: One Ameren Plaza
1901 Chouteau Avenue
St. Louis, MO 63103

WEB ADDRESS: <http://www.Ameren.com>

Ameren Corporation is the parent of Union Electric Company, now known as **AmerenUE**, based in St. Louis, Mo., and Central Illinois Public Service Company, now known as

AmerenCIPS. Ameren employees, totaling approximately 7,400, provide energy services to 1.5 million electric and 300,000 natural gas customers over 44,500 square miles in Illinois and Missouri.

Among the nation's top utility companies in size and sales, Ameren includes as its subsidiaries, in addition to **AmerenUE** and **AmerenCIPS**, an energy marketing and trading affiliate — AmerenEnergy; CIPSCO Investment Company, which manages non-utility investments, including leveraged leases, marketable securities and energy projects; AmerenEnergy Resources, the holding company for the generation, development, marketing and fuels services companies — AmerenEnergy Generating, AmerenEnergy Development, AmerenEnergy Marketing, and AmerenEnergy Fuels & Services; and Ameren Services, which provides support services to the corporation and its subsidiaries.

ELECTRIC OPERATIONS

Founded in 1902, **AmerenUE** is Missouri's largest electric utility. AmerenUE provides energy services to customers across the eastern half of Missouri, including the greater St. Louis area, and in southwestern Illinois. While the number of

AmerenUE customers has increased by 9% since 1987, the company has reduced employee count by more than 20%.

AmerenCIPS provides electric and natural gas services in 66 counties throughout a 20,000-square-mile area of central and southern Illinois. A supplier of electric energy since 1902, **AmerenCIPS** today serves more than 323,000 retail electricity customers in 557 communities.

ELECTRIC GENERATION

With a total of 14 base-load and hydroelectric plants, Ameren companies' net generating capacity is more than 12,600 megawatts (MW), including Ameren's 60% share of the Electric Energy, Inc., Joppa, Ill., coal-fired plant.

AmerenUE Plants (net capacity)

Coal-Fired Plants (70% of generation)

- **Labadie Plant**
Franklin County, Mo.
Size: 2,300 MW
Began Operation: 1970
- **Meramec Plant**
St. Louis County, Mo.
Size: 876 MW
Began Operation: 1953
- **Rush Island Plant**
Jefferson County, Mo.
Size: 1,156 MW
Began Operation: 1976
- **Sioux Plant**
St. Charles County, Mo.
Size: 950 MW
Began Operation: 1967
- **Venice Plant***
Venice, Ill.
Size: 400 MW
Began Operation: 1942

*oil- and natural gas-fired

AmerenUE combustion turbines: ten units totaling around 430 MW — all oil- and natural gas-fired.

Hydro Plants (4% of generation)

- **Keokuk Plant**
Keokuk, Iowa
Size: 125 MW
Began Operation: 1913
- **Osage Plant**
Lakeside, Mo.
Size: 212 MW
Began Operation: 1931
- **Taum Sauk Plant**
(pumped storage)
Reynolds County, Mo.
Size: 440 MW
Began Operation: 1963

Nuclear Plant (26% of generation)

- **Callaway Nuclear Plant**
Callaway County, Mo.
Size: 1,143 MW
Began Operation: 1984

AMEREN ENERGY RESOURCES

The Holding Company for **AmerenEnergy Generating Company**, **AmerenEnergy Marketing Company** and **AmerenEnergy Fuels & Services Company**

AmerenCIPS electric generating facilities on May 1, 2000, became part of a newly created nonregulated company— AmerenEnergy Generating Company, a wholly owned subsidiary of Ameren Corporation.

The 2,900-megawatt capacity of the five existing **AmerenCIPS** power plants, plus the planned combustion turbines, represent 5,900 megawatts of net generating capacity for AmerenEnergy Generating Company. The power is marketed by a nonregulated affiliate, AmerenEnergy Marketing Company.

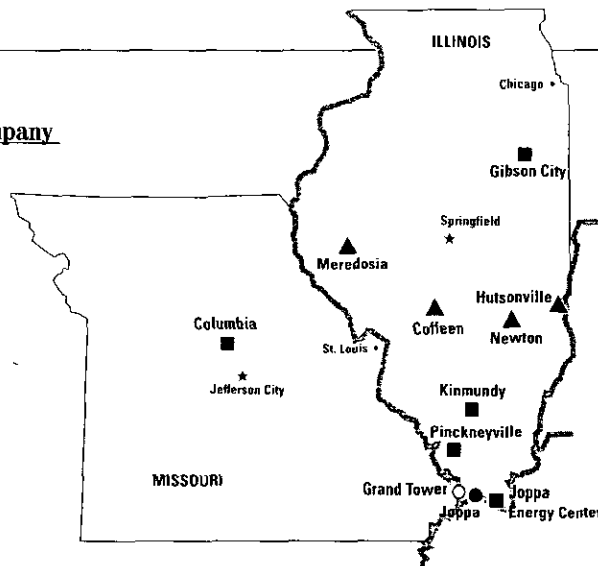
AmerenCIPS has in place a long-term power purchase agreement with the new generating company, which will provide energy supply reliability and energy price stability.

AmerenEnergy Generating Company

- **Coffeen Power Plant**
Montgomery County, Ill.
Size: 900 MW
Began Operation: 1965
- **Grand Tower Power Plant**
Jackson County, Ill.
Size: 253 MW
Began Operation: 1951
- **Hutsonville Power Plant**
Crawford County, Ill.
Size: 156 MW
Began Operation: 1953
- **Meredosia Power Plant**
Morgan County, Ill.
Size: 507 MW
Began Operation: 1948
- **Newton Power Plant**
Jasper County, Ill.
Size: 1,110 MW
Began Operation: 1977
- **Columbia Energy Center**
Boone County, Mo.
Size: 144 MW
Began Operation: 2001
- **Gibson City Energy Center**
Ford County, Ill.
Size: 234 MW
Began Operation: 2000
- **Kinmundy Energy Center**
Marion County, Ill.
Size: 234 MW
Began Operation: 2001
- **Pinckneyville Energy Center**
Perry County, Ill.
Size: 320 MW
Began Operation: 2000
- **Joppa Energy Center**
Massac County, Ill.
Size: 186 MW
Began Operation: 2000

CUSTOMER BASE (gas)

About 123,000 of **AmerenUE's** 1.3 million customers are natural gas customers. **AmerenUE** owns Illinois-based gas



- ▲ Generating Plants
- Combustion Turbine Generators
- Gas-Fired Conversion Underway
- Electric Energy Inc. (60 percent owned by Ameren) Coal-Fired Plant

operations in Alton, Grafton and Godfrey, Illinois.

The third largest distributor of natural gas in Missouri, **AmerenUE** serves gas customers in 90 Missouri communities, including Cape Girardeau and other parts of southeast Missouri, and in the central and northeast Missouri cities of Boonville, Centralia, Columbia, Eldon, Jefferson City, Louisiana, Mexico, Moberly and Wentzville.

AmerenCIPS has provided natural gas service for more than 75 years and today distributes natural gas to nearly 169,000 customers in 267 Illinois communities.

AmerenCIPS operates 4,572 miles of transmission and distribution mains. It also owns and operates four underground storage fields, which can deliver about 123 million cubic feet of natural gas per day.

CUSTOMER BASE (electric)

AmerenUE has a balanced revenue base with electric revenues divided among residential (38%), commercial (34%), industrial (17%) and other customers (11%).

As the largest electric utility in Missouri, **AmerenUE** serves more than 2.8 million people in 65 Missouri counties and 500 towns and four Illinois counties. More

than half (55%) of **AmerenUE's** electric customers are located in the St. Louis metropolitan area, which enjoys a diversified and stable economic base. For **AmerenUE**, sales of electricity accounted for 96% of total sales, with natural gas accounting for the remainder.

AmerenCIPS' revenue base includes 32% residential; 27% commercial; 16% industrial and 25% other customers. Its service territory includes about 7% of the state's population and 35% of its surface area. Agriculture and a diversified industrial base, including firms in the petroleum, petrochemical, food processing, metal fabrication and coal-mining industries, are key businesses in the area's stable economy. Principal cities served include Quincy (pop. 39,700), Carbondale (pop. 27,000), Mattoon (pop. 18,400) and Marion (pop. 14,500).

RATES/REGULATION

AmerenUE's electric rates are 14% below the national average for investor-owned utilities, according to a typical bill survey conducted by the Edison Electric Institute (EEI).

As part of an incentive electric rate plan that provides for sharing earnings over certain regulatory return-on-equity thresholds, **AmerenUE** has paid or recorded credits to customers of approximately \$150 million and has returned to its customers \$425 million in credits and rate reductions over the past six years.

AmerenUE has reduced electric rates in Missouri four times in the past several years. Most recently, the company reduced Missouri electric rates in the spring of 2000 as a condition of its merger approval. That decrease is based on the weather-adjusted average annual credits to customers under the alternative rate regulation plan and was retroactive to Sept. 1, 1998.

AmerenCIPS has not had a retail electric rate increase since March 1992 and in August 1998, reduced residential rates by 5 percent. **AmerenCIPS'** energy rates are among the most stable in the nation.

WELCOME FROM AMERENUE

AmerenUE would like to thank you for attending this workshop.

Your participation will offer us guidance in developing this project in your area.

This workshop gives you an opportunity to learn more about the project, ask questions and offer recommendations.

Please complete the comment sheet in your packet before you leave.

The map in your packet will help you find the following information stations:

- **WHERE? THE PROJECT LOCATION.** As you enter the room, maps offer an overview of where the project would be located.
- **WHY? ASSESSING NEED.** Straight ahead as you enter the room is the station that offers an overview of the growth that has increased energy demand. At this station, you'll get a quantitative analysis of past and projected demand for energy in the area.
- **HOW? BUILDING THE FACILITY.** A series of posters will show you the approximate location and configuration for the project and the design details of the project.
- **IMPACT. PROTECTING THE ENVIRONMENT.** At this station, you can discuss environmental issues with environmental experts.

Also, be sure to enjoy the refreshments before you leave.

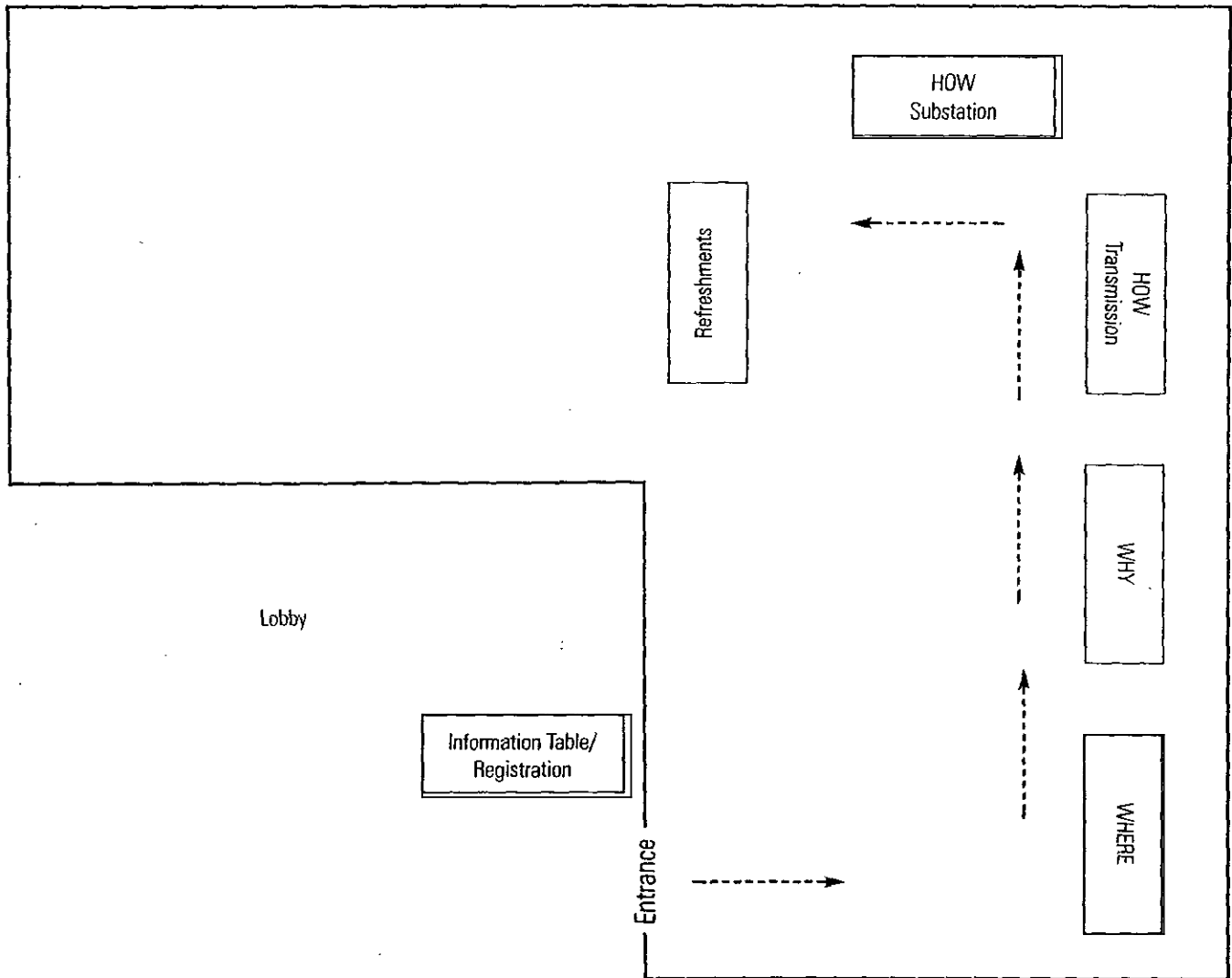
Again, thank you for your participation!

Workshop for Callaway - Loose Creek - Franks Transmission Line Project

Osage County Community Center

One Technology Center, Linn, MO

Wednesday • November 7, 2001 • 5 - 7 p.m.

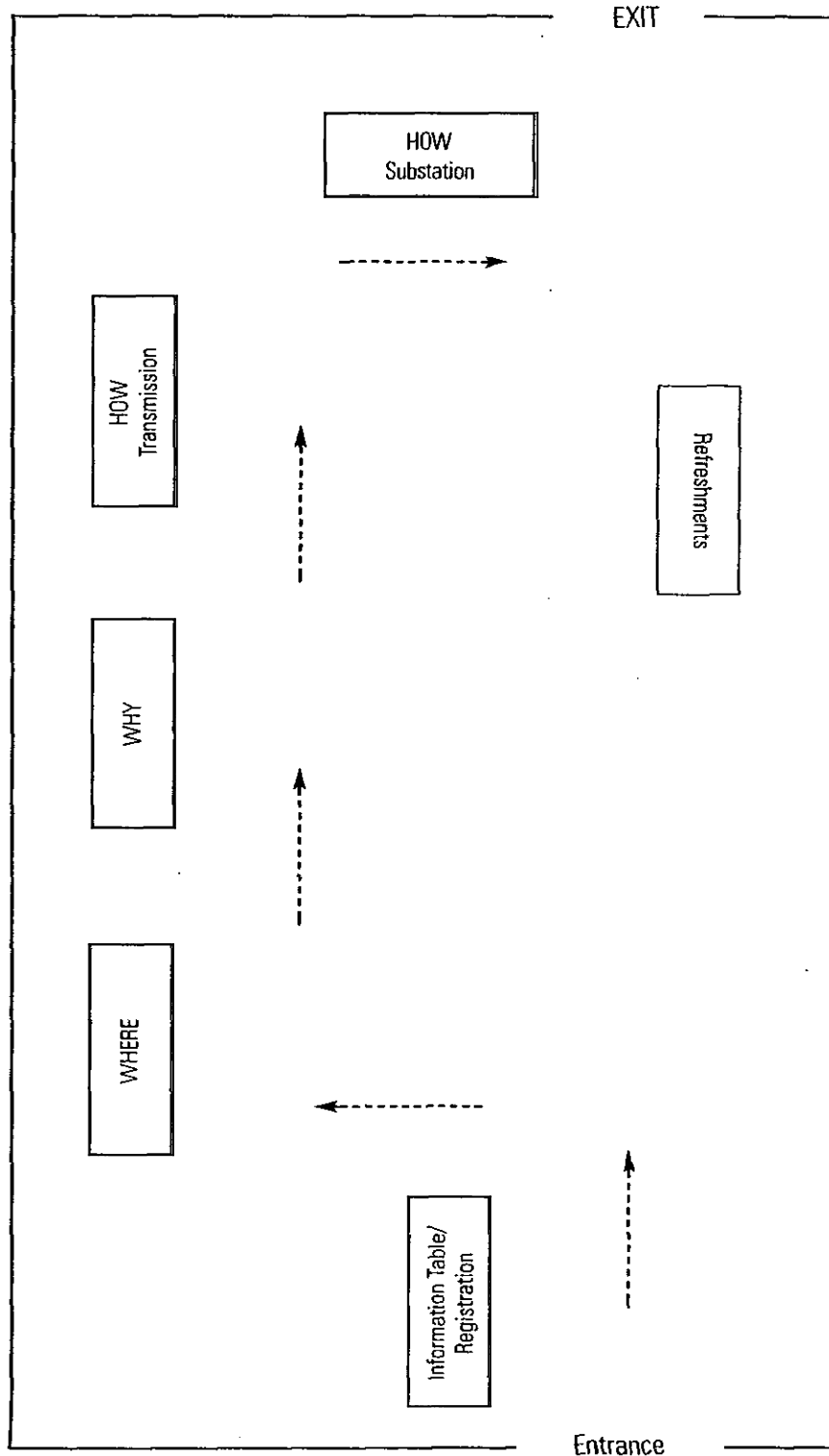


Workshop for Callaway - Loose Creek - Franks Transmission Line Project

Vienna High School

161 Fifth Street, Vienna, MO

Thursday • November 8, 2001 • 5 - 7 p.m.



AmerenUE Project Comments

This comment sheet will help AmerenUE identify your concerns about the project. AmerenUE will incorporate this information in developing this project. Please complete this questionnaire after you have had a chance to review the information presented at the workshop and leave this form in the comment box on the table near the exit. Thank you for your response.

1. Do you feel the need for this project has been explained adequately?

_____ yes _____ no _____ uncertain

If no, what additional information do you want?

2. If you have a concern about this project, please outline that concern in the space below:

Concern

Would you like someone to call you? Please list your name, address and daytime phone number. This information will be kept confidential.

Name _____

Address _____

Daytime Phone Number _____

Evening Phone Number (in case you cannot be called during the daytime)
