

Exhibit No.:	
Issues:	Effect of Transfer on Nuclear Decommissioning Trust
Witness:	Kevin L. Redhage
Sponsoring Party:	AmerenUE
Type of Exhibit:	Direct Testimony
Case No.:	EO-2004-0108
Date Testimony Prepared:	September 17, 2003

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. EO-2004-0108

DIRECT TESTIMONY

OF

KEVIN L. REDHAGE

ON

BEHALF OF

**UNION ELECTRIC COMPANY
d/b/a AmerenUE**

**St. Louis, Missouri
September, 2003**

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the matter of the Application of Union)
Electric Company (d/b/a AmerenUE) for)
an order authorizing the sale, transfer)
and assignment of certain Assets, Real)
Estate, Leased Property, Easements and)
Contractual Agreements to Central Illinois)
Public Service Company (d/b/a AmerenCIPS))
and, in connection therewith, certain other)
related transactions.)

Case No. EO-2004-0108

AFFIDAVIT OF KEVIN L. REDHAGE

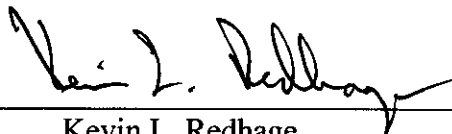
STATE OF MISSOURI)
) ss
CITY OF ST. LOUIS)

Kevin L. Redhage, being first duly sworn on his oath, states:

1. My name is Kevin L. Redhage. I work in the City of St. Louis, Missouri, and I am a Finance Professional in the Financial Planning and Investments Department of Ameren Services Company.

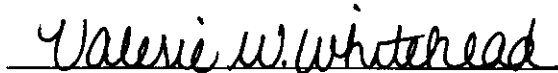
2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Union Electric Company d/b/a AmerenUE consisting of 10 pages and Schedules 1 through 3, all of which have been prepared in written form for introduction into evidence in the above-referenced docket.

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

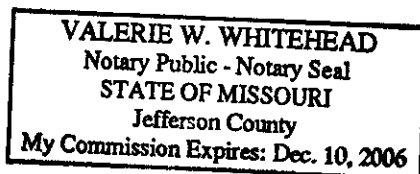


Kevin L. Redhage

Subscribed and sworn to before me this 17th day of September 2003.


Notary Public

My commission expires:



1 **DIRECT TESTIMONY**

2 **OF**

3 **KEVIN L. REDHAGE**

4 **UNION ELECTRIC COMPANY**

5 **d/b/a AmerenUE**

6 **CASE NO. EO-2004-0108**

7
8 **Q. Please state your name, address, and occupation.**

9 A. My name is Kevin L. Redhage. My business address is 1901 Chouteau Avenue, St. Louis,
10 Missouri. I am a Finance Professional in the Financial Planning and Investments Department at
11 Ameren Services Company ("Ameren Services").

12 **Q. How long have you held this position?**

13 A. I have held this position since February 1992.

14 **Q. What are your principal duties?**

15 A. My principal duties include the following: monitoring investment activity and coordination of trust
16 and regulatory issues concerning Union Electric Company's d/b/a AmerenUE ("Company")
17 Nuclear Decommissioning Trust Fund; reviewing capital expenditure justifications to assure that
18 they are conducted in accordance with Company policies; and developing economic models for
19 the performance of financial analyses. I also perform other projects as assigned, relative to the area
20 of financial planning, on a case-by-case basis.

21 **Q. Please describe your educational background.**

1 A. I graduated with a Bachelor of Science degree in Civil Engineering from the University of Missouri
2 - Rolla in 1979. In 1991, I received a Masters degree in Business Administration (MBA) from
3 Webster University in St. Louis, Missouri, with an emphasis in Finance.

4 **Q. What is your work experience at the Company?**

5 A. I was employed by the Company in May 1981 as an Assistant Engineer in the Nuclear Construction
6 Department at the Company's Callaway Nuclear Power Plant ("Callaway"). While serving in this
7 department, I was promoted from Assistant Engineer to Engineer. In these positions, I performed
8 various construction management activities, both technical and administrative in nature.

9 In April 1986, following the completion of Callaway construction, I transferred to the newly
10 formed Quality Services Department, located in the Company's St. Louis headquarters. My
11 principal responsibility in this position was the review of Company suppliers' quality assurance
12 ("QA") programs, and the on-site verification of the implementation of the QA programs at the
13 suppliers' facilities. In this position, I also was involved in the development of internal Company
14 QA programs.

15 After I attained my MBA in Finance, I was assigned to the Financial Planning and
16 Investments Department as a Financial Specialist. This title was later changed to "Finance
17 Professional." This is the position I currently hold with the principal duties as described earlier.

18 **Q. Are you familiar with the subject matter of this proceeding?**

19 A. Yes. AmerenUE is proposing to transfer its electric transmission and distribution and gas properties
20 in the Metro East service area in Illinois to Central Illinois Public Service Company d/b/a
21 AmerenCIPS. The logistics of this transfer and the benefits expected to accrue to Missouri
22 ratepayers are discussed in the testimonies of Mr. Craig Nelson and Mr. Richard Voytas.

1 **Q. What is the scope of your testimony?**

2 A. My testimony will address the effect the proposed transfer will have on Missouri ratepayers relative
3 to the recovery of nuclear decommissioning expenses.

4 **Q. Are you sponsoring any schedules?**

5 A. Yes. I am sponsoring Schedule Numbers 1 through 3.

6 **Q. Please describe how nuclear decommissioning costs are currently allocated between the**
7 **various jurisdictions that the Company serves.**

8 A. Currently, the amount of decommissioning cost allocated to each jurisdiction is computed by
9 multiplying the total decommissioning cost estimate by the “12-Month Coincident Peak Demand
10 Allocation Factor” applicable to that jurisdiction.

11 These “allocation factors” are based on a twelve-month average of the amount of
12 jurisdictional peak demand coincident with the Company’s peak demand for each of the
13 Company’s three jurisdictions: Missouri, Illinois and Wholesale. The latest available allocation
14 factors, for the twelve-months ending December 31, 2002, are as indicated in the “Pre-Property
15 Transfer” table of Schedule 1. As indicated on this schedule, the allocation factors applicable to
16 the Missouri, Illinois and Wholesale jurisdictions are 91.27%, 6.88% and 1.85%, respectively.

17 **Q. How would the foregoing 12-Month Coincident Peak Demand Allocation Factors be**
18 **adjusted to reflect the transfer of the Company’s Illinois properties?**

19 A. As a result of the transfer, the Company would no longer have an Illinois jurisdiction. Coincident
20 demands for that jurisdiction would consequently go to zero. The allocation factors for the
21 remaining Missouri and Wholesale jurisdictions would then be based on the proportionate average
22 coincident peak demand values for these two jurisdictions. The “Post-Property Transfer” table of

Schedule 1 illustrates the resulting allocation factors, assuming the elimination of the Illinois jurisdiction's average coincident demand. The Missouri allocation factor increases to 98.01% and the Wholesale allocation factor increases to 1.99%.

Q. What effect would the foregoing change in allocation factors have on the amount of decommissioning cost for which Missouri ratepayers are responsible?

A. The latest site-specific decommissioning study (performed by TLG Services, Inc. in August 2002) estimated total decommissioning costs to be \$515,339,000 in terms of 2002 dollars. This estimate was used in the Company's most recent triennial decommissioning cost and funding update filing (Case No. EO-2003-0083). Applying the allocation factor of 98.01% to this total cost of decommissioning results in a decommissioning cost of \$505,073,512 allocable to Missouri ratepayers.

Q. What is the current valuation of the Illinois jurisdictional sub-account of the Callaway Plant Tax-Qualified Nuclear Decommissioning Trust Fund (the "qualified trust fund")?

A. As of June 30, 2003, the Illinois jurisdictional sub-account of the qualified trust fund contained assets with a market value of \$13,801,353.70 and a book value of \$11,554,953.31. At the applicable composite income tax rate of 24.5283%, this results in a "after-tax liquidation value" of \$13,250,349.83.

Q. Assuming that the proposed property transfer is approved, what would be the accounting treatment of the funds in the Illinois sub-account?

A. The funds in the Illinois jurisdictional sub-account would be reallocated to the Missouri and Wholesale sub-accounts. The latest available 12-Month Coincident Peak Demand Allocation Factors, adjusted to exclude Illinois demands, would be applied to the market value of the funds

1 in the Illinois jurisdictional sub-account to determine the amounts to be allocated to the remaining
2 Missouri and Wholesale jurisdictions. Schedule 2 illustrates this reallocation, based on the
3 allocation factors for the twelve-months ending December 31, 2002 and the June 30, 2003
4 qualified trust fund valuations (the latest available data for the respective parameters at the time of
5 preparation of this testimony).

6 **Q. Is there a precedent for the jurisdictional responsibility for nuclear decommissioning costs**
7 **and the jurisdictional sub-account being reallocated in this manner?**

8 A. Yes, there is. At the time the Company sold the transmission and distribution properties in its Iowa
9 jurisdiction in 1992, the nuclear decommissioning cost and trust fund balance were reallocated to
10 Missouri in this same manner. The Commission approved this reallocation in its Order in Case
11 Nos. EM-92-225 and EM-92-253, dated December 22, 1992.

12 **Q. Does the increase in decommissioning cost allocable to Missouri ratepayers require an**
13 **increase in the annual jurisdictional expense and contribution amount to the Missouri**
14 **jurisdictional sub-account of the Callaway Nuclear Decommissioning Trust Fund at this**
15 **time?**

16 A. No. I performed a "Zone of Reasonableness" analysis for the Missouri jurisdictional sub-account
17 assuming the reallocation of a portion of the Illinois decommissioning expense liability to Missouri
18 ratepayers and assuming the reallocation of a portion of the existing Illinois jurisdictional sub-
19 account's assets to the Missouri jurisdictional sub-account, as previously discussed. All of the
20 other financial and economic assumptions and input parameters were held identical to those used
21 in the Zone of Reasonableness analysis presented in Case No. EO-2003-0083 (the Company's
22 most recent triennial funding update filing).

1 The results of the Zone of Reasonableness analysis are presented in Schedule 3. In
2 summary, the analysis indicates that the current annual decommissioning expense and contribution
3 amount of \$6,214,184 would be adequate within a range of decommissioning inflation values from
4 a low of 3.312% (based on “conservative” financial and economic assumptions) to a high of
5 4.500% (based on “optimistic” assumptions). At “expected” financial and economic assumption
6 values, the current annual contribution amount would be adequate for a decommissioning inflation
7 level of 3.854%.

8 **Q. Does the Company anticipate future decommissioning inflation rates to be within the**
9 **foregoing range?**

10 A. Yes. In the last triennial funding update (Case No. EO-2003-0083), the Company derived a
11 projected decommissioning inflation rate of 4.036%. Applying the same methodology, but using
12 updated sources for parameters used in the projection, an updated decommissioning inflation rate
13 projection of 3.472% was derived.

14 **Q. Please describe the methodology used to derive the 3.472% projected decommissioning**
15 **inflation rate.**

16 A. Decommissioning inflation is a composite of individual inflation rates associated with various
17 decommissioning cost elements. For the purpose of this analysis, a projected decommissioning
18 inflation rate was derived in a manner similar to the escalation of the minimum financial assurance
19 amount for decommissioning required by the U.S. Nuclear Regulatory Commission (“NRC”) in the
20 Code of Federal Regulations (10 CFR 50.75). This escalation is performed using a “three-factor
21 formula” which applies weighting factors to the inflation experienced for three primary

decommissioning cost elements. These cost elements and their respective weighting factors are as follows:

- Labor costs, 65% Weighting Factor,
- Energy costs, 13% Weighting Factor,
- Waste burial costs, 22% Weighting Factor.

Average forecast inflation rates for “Compensation per hour” were used as a predictor of labor cost inflation, while average forecast rates for “Price of Imported Oil (\$/Barrel)” were used as a predictor of energy costs. These projected values were obtained for the period of 2004 through 2012 from the June 25, 2003 “Long-Term Economic Outlook” published by Macroeconomic Advisers and are as follows:

	2004	2005	2006	2007	2008	2009	2010	2011	2012	Annualized
Compensation Per hour:	3.5%	3.4%	3.7%	4.0%	4.1%	3.9%	3.9%	3.9%	4.0%	3.82%
Price of Imported Oil (\$/Barrel):	-20.8%	-2.4%	0.3%	1.0%	1.5%	1.5%	1.6%	1.9%	2.0%	-1.80%

There are no available forecasts for waste burial inflation; consequently, the forecast escalation for this parameter was based on its historical trend. Historical waste burial values were obtained from NUREG-1307, Revision 10, which is a regulation adopted by the NRC. These values are as follows:

Index Value								

--								
	1995	1996	1997	1998	1999	2000	2001	2002
	-----	-----	-----	-----	-----	-----	-----	-----
	12.824	12.771	15.852	15.886	N/A	18.129	N/A	18.732

This NUREG revision was published in October, 2002 and the waste burial cost index values contained therein extend through 2002. Based on the foregoing historical data, an annualized inflation rate of 5.56% has been experienced over the seven-year period of 1995 to 2002.

The weighted-average decommissioning inflation rate is then computed by applying the previously noted weighting factors to the projected inflation values for each of the individual components, as follows:

Labor:	65%	x	3.82%	=	2.483%
Energy:	13%	x	-1.80%	=	-0.234%
Waste Burial:	22%	x	5.56%	=	1.223%

	Weighted Average			=	3.472%

Considering the projected decommissioning inflation value of 3.472% resulting from the foregoing “three-factor formula” analysis, the Company believes that the current decommissioning expense and contribution amount of \$6,214,184 continues to be appropriate as it would be sufficient up to a 3.854% projected decommissioning inflation rate under the expected Zone of Reasonableness boundary assumptions.

Q. To put the issue of decommissioning expense into perspective of overall rates, what percentage does this expense comprise of the overall annual operating expenses of the Company in serving Missouri electric jurisdictional customers?

1 A. The current annual decommissioning expense of \$6,214,184 constitutes approximately 0.37% of
2 the total annual operating expense associated with serving the Company's Missouri electric
3 customers.

4 **Q. Will the Company continue to monitor the valuation of the qualified trust fund and the**
5 **annual contribution amounts to assure that funding adequacy is maintained in the future?**

6 A. Yes. 4 CSR 240-3.185(3) of the Missouri Code of State Regulations requires the Company to
7 file updated decommissioning cost studies and proposed funding levels with the Commission every
8 three years. The Company must make its next filing by September 1, 2005. Should any
9 adjustments in the level of annual contributions be necessary to maintain decommissioning funding
10 adequacy, they will be addressed at that time.

11 SUMMARY

12 **Q. In summary, what does the Company seek from the MPSC with regard to nuclear**
13 **decommissioning costs?**

14 A. In conjunction with the proposed transfer of AmerenUE's properties in the Metro East area in
15 Illinois to AmerenCIPS, the Company is requesting that the MPSC concurrently approve:

- 16 1) The reallocation of a portion of the decommissioning cost previously allocated to Illinois
17 ratepayers to Missouri ratepayers;
- 18 2) The reallocation of a portion of the funds currently in the Illinois jurisdictional sub-account of
19 the nuclear decommissioning trust fund to the Missouri jurisdictional sub-account;
- 20 3) The use of the latest available 12-Month Coincident Peak Demand Allocation Factors,
21 adjusted for the elimination of the Illinois demands, for the performance of the above
22 reallocations; and

1 4) The Company's continuing to accrue decommissioning expenses and to make annual
2 contributions to the qualified trust fund at the current level of \$6,214,184 annually.

3 The Company is also requesting the Commission to confirm that the foregoing
4 decommissioning expenses for Callaway are included in the Company's current cost of service and
5 are reflected in its current rates for ratemaking purposes; and, that the economic and financial input
6 parameters used in the Zone of Reasonableness analysis contained in Schedule 3 (identical to those
7 presented in Case No. EO-2003-0083) continue to be valid and acceptable to the Commission.

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

9 A. Yes, it does.

Union Electric Company
(d/b/a AmerenUE)
AVERAGE PEAK DEMANDS AT TIME OF AMEREN PEAK
12 Months Ended
December 31, 2002

Pre-Property Transfer				
Includes Illinois Demands				
	Total Company	Ultimate Consumers		Sales For Resale
		Missouri	Illinois	
Average Demands:	6,497,799	6,050,791	447,008	0
Applicable to Resale:	0	(120,531)	0	120,531
Total:	6,497,799	5,930,260	447,008	120,531
Fixed Allocation %:	100.00%	91.27%	6.88%	1.85%

Post-Property Transfer				
Excludes Illinois Demands				
	Total Company	Ultimate Consumers		Sales For Resale
		Missouri	Illinois	
Average Demands:	6,050,791	6,050,791	0	0
Applicable to Resale:	0	(120,531)	0	120,531
Total:	6,050,791	5,930,260	0	120,531
Fixed Allocation %:	100.00%	98.01%	0.00%	1.99%

CALLAWAY PLANT TAX-QUALIFIED NUCLEAR DECOMMISSIONING TRUST FUND
REALLOCATION OF ILLINOIS JURISDICTIONAL SUBACCOUNT BALANCES
Sub-Account Valuations as of June 30, 2003

	Jurisdictional Sub-Account			Total
	Missouri	Illinois	Wholesale	
Pre-Property Transfer Balances (Pre-Reallocations):				
Market Value:	\$172,497,766.01	\$13,801,353.70	\$4,921,020.88	\$191,220,140.59
Book Value:	141,297,957.55	11,554,953.31	4,887,872.27	157,740,783.13
Unrealized Gains:	31,199,808.46	2,246,400.39	33,148.61	33,479,357.46
Composite Income Tax Rate:	24.5283%	24.5283%	24.5283%	24.5283%
Income Tax Liability on Unrealized Gains:	(7,652,783.21)	(551,003.87)	(8,130.79)	(8,211,917.87)
After-Tax Liquidation Value:	\$164,844,982.80	\$13,250,349.83	\$4,912,890.09	\$183,008,222.72
Post-Property Transfer Reallocation Factor (As of 12/31/02):	98.01%	0.00%	1.99%	100.00%
Amounts of Reallocations:				
Market Value:	\$13,526,432.46	(\$13,801,353.70)	\$274,921.24	(\$0.00)
Book Value:	11,324,780.09	(11,554,953.31)	230,173.22	0.00
Unrealized Gains:	2,201,652.38	(2,246,400.39)	44,748.01	0.00
Income Tax Liability on Unrealized Gains:	(540,027.94)	551,003.87	(10,975.93)	(0.00)
After-Tax Liquidation Value:	\$12,986,404.52	(\$13,250,349.83)	\$263,945.31	(\$0.00)
Post-Property Transfer Balances (Post-Reallocations):				
Market Value:	\$186,024,198.47	\$0.00	\$5,195,942.12	\$191,220,140.59
Book Value:	152,622,737.64	0.00	5,118,045.49	157,740,783.13
Unrealized Gains:	33,401,460.84	0.00	77,896.62	33,479,357.46
Income Tax Liability on Unrealized Gains:	(8,192,811.15)	0.00	(19,106.72)	(8,211,917.87)
After-Tax Liquidation Value:	\$177,831,387.32	\$0.00	\$5,176,835.40	\$183,008,222.72

Note 1:

The reallocation factor used above is based on the 12CP coincident demand factors for the 12-months ending December 31, 2002. This is the latest available value for this parameter at the time of preparation of this testimony.

Note 2:

In actual practice, the securities in the Illinois sub-account will not be sold and the proceeds reinvested in the remaining jurisdictional sub-accounts. Doing this would result in a realized gain which would incur an income tax liability. Instead, the individual securities in the Illinois sub-account will be "reassigned" to the Missouri and Wholesale sub-accounts. This "reassignment" will be performed in such a manner that the market value is reallocated as closely as possible in accordance with the reallocation factors, while maintaining the index replication of the sub-accounts. But, since the reallocation is being performed by reassigning individual securities with fixed book values, the exact reallocation amounts may vary slightly when considered from a market versus a book value perspective.

In addition, the actual reallocation will be performed at the time the Company so directs the trustee, following receipt of Commission approval. The actual market values will, in all probability, have changed from those indicated in the above spreadsheet.

Consequently, the reallocation of the "After-Tax Liquidation Value" should coincide closely with the values indicated in the above spreadsheet, but cannot be expected to match precisely.

AmerenUE Callaway Plant Tax-Qualified Nuclear Decommissioning Trust Fund Projection Missouri Jurisdiction
--

1 Current Year:

2003

2 Year Decommissioning Begins:

2024

3 Year Decommissioning Ends:

2033

4 End-Of-Year Fund Balances

June 30, 2003 End-Of-Quarter Fund Balance:

\$177,831,387

2033 End-Of-Year Fund Balance:

\$0

↑ After entering all data, manually set this cell equal to the Final, Ending Balance of Fund, located on "Fund Projections" worksheet!

5 Annual Contribution to Fund

Current:

\$6,214,184

Revised:

\$6,214,184

Effective Date of Revised Annual Contribution

Year:

2004

Quarter:

1

6 Portfolio Return Assumptions

Asset Allocation

Equities:

65.000%

Bonds:

35.000%

Real Return on Bonds:

4.500%

CPI Inflation:

3.000%

Nominal Return on Bonds:

7.500%

Equity Premium over Bonds:

4.000%

Nominal Return on Equities:

11.500%

Weighted Average Return:

10.100%

Switch Out of Equities at End-Of-Year:

2022

7 Investment Management & Trust Fees (Basis Points):

15.00

8 Federal & State Tax Assumptions

Federal Tax Rate:

20.0000%

Missouri State Income Tax Rate:

6.2500%

Percentage of Federal Taxes Deductible on MO Taxes:

50.0000%

Composite Tax Rate:

24.5283%

AmerenUE
Callaway Plant Tax-Qualified Nuclear Decommissioning Trust Fund Projection
Missouri Jurisdiction

1 Decommissioning Expense Estimates

Original, Total Decommissioning Cost Estimate:

\$515,339,000

Original Estimate Based On:

Aug. 2002 TLG Study

Current, Total Decommissioning Cost Estimate:

\$515,339,000

Demand Allocator (Missouri - Post Property Transfer):

98.01%

MO Jurisdictional, Total Decommissioning Cost Estimate:

\$505,073,512

Decommissioning Inflation:

3.854%

Decommissioning Expense Calculation						
Year	Aug. 2002 TLG Study Total Decommissioning Expenses	Aug. 2002 TLG Study Decommissioning Expenses % OF TOTAL	Missouri Jurisdictional Decommissioning Expenses 2002	# of Years of Inflation	Inflation Factor At 3.854% Decommissioning Inflation Rate	Missouri Jurisdictional Decommissioning Expenses (Inflated \$\$)
TOTAL	\$515,339,000.00	100.00%	\$505,073,512			\$1,344,834,729
2003	\$0	0.00%	\$0	1	1.0385	\$0
2004	\$0	0.00%	\$0	2	1.0786	\$0
2005	\$0	0.00%	\$0	3	1.1201	\$0
2006	\$0	0.00%	\$0	4	1.1633	\$0
2007	\$0	0.00%	\$0	5	1.2081	\$0
2008	\$0	0.00%	\$0	6	1.2547	\$0
2009	\$0	0.00%	\$0	7	1.3031	\$0
2010	\$0	0.00%	\$0	8	1.3533	\$0
2011	\$0	0.00%	\$0	9	1.4055	\$0
2012	\$0	0.00%	\$0	10	1.4596	\$0
2013	\$0	0.00%	\$0	11	1.5159	\$0
2014	\$0	0.00%	\$0	12	1.5743	\$0
2015	\$0	0.00%	\$0	13	1.6350	\$0
2016	\$0	0.00%	\$0	14	1.6980	\$0
2017	\$0	0.00%	\$0	15	1.7634	\$0
2018	\$0	0.00%	\$0	16	1.8314	\$0
2019	\$0	0.00%	\$0	17	1.9020	\$0
2020	\$0	0.00%	\$0	18	1.9753	\$0
2021	\$0	0.00%	\$0	19	2.0514	\$0
2022	\$0	0.00%	\$0	20	2.1305	\$0
2023	\$0	0.00%	\$0	21	2.2126	\$0
2024	\$9,627,000	1.87%	\$9,435,231	22	2.2979	\$21,681,144
2025	\$56,737,000	11.01%	\$55,606,806	23	2.3865	\$132,703,281
2026	\$108,154,000	20.99%	\$105,999,586	24	2.4784	\$262,713,235
2027	\$103,226,000	20.03%	\$101,169,751	25	2.5740	\$260,406,931
2028	\$57,321,000	11.12%	\$56,179,173	26	2.6732	\$150,176,256
2029	\$57,164,000	11.09%	\$56,025,300	27	2.7762	\$155,537,173
2030	\$49,358,000	9.58%	\$48,374,795	28	2.8832	\$139,473,987
2031	\$31,638,000	6.14%	\$31,007,775	29	2.9943	\$92,847,189
2032	\$34,101,000	6.62%	\$33,421,712	30	3.1097	\$103,932,393
2033	\$8,013,000	1.55%	\$7,853,382	31	3.2296	\$25,363,141

AmerenUE
Callaway Plant Tax-Qualified Nuclear Decommissioning Trust Fund Projection
Missouri Jurisdiction

Current Year:	2003	Equities:	65.00%	Federal Tax Rate:	20.00%
Year Decommissioning Begins:	2024	Bonds:	35.00%	Missouri State Income Tax Rate:	6.25%
Year Decommissioning Ends:	2033	Real Return on Bonds:	4.50%	Percentage of Federal Taxes Deductible on MO Taxes:	50.00%
		CPI Inflation:	3.00%	Composite Tax Rate:	24.5283%
June 30, 2003 End-Of-Qtr Fund Balance:	\$177,831,387	Nominal Return on Bonds:	7.50%		
2033 EOY Fund Balance:	\$0	Equity Premium over Bonds:	4.00%	Original, Total Decommissioning Cost Est: Aug. 2002 TLG Study	\$515,339,000
		Nominal Return on Equities:	11.50%	Current, Total Decommissioning Cost Est: 2003	\$515,339,000
Current Contribution:	\$6,214,184	Weighted Average Return:	10.100%	MO Demand Allocator - Post Property Transfer:	98.01%
Revised contribution:	\$6,214,184	Switch Out of Equities at EOY:	2022	MO Jurisdictional, Total Decommissioning Cost Estimate:	\$505,073,512
				Decommissioning Inflation Assumption:	3.854%
		Management & Trust Fees: (BP)	15.00		

Fund Projections												
Year	Beginning-of-Year Balance	Annual Contributions To Fund	Pre Tax & Fee Income	Investment Management & Trust Fees	Federal & State Income Taxes	After Tax & Fee Income	Missouri Jurisdictional Decommissioning Expenses (Inflated \$)	End-Of-Year Balance				
TOTAL		\$ 133,604,957	\$ 1,393,331,800	\$ 24,078,940	\$ 335,854,475	\$ 1,033,398,385	\$ 1,344,834,729					
June 30, 2003								\$177,831,387				
2003	\$ 177,831,387	\$ 3,107,092	\$ 9,058,939	\$ 137,936	\$ 2,188,171	\$ 6,732,833	\$ -	187,671,312				
2004	187,671,312	6,214,184	19,268,619	300,619	4,652,528	14,315,472	-	208,200,968				
2005	208,200,968	6,214,184	21,342,114	332,969	5,153,187	15,855,959	-	230,271,110				
2006	230,271,110	6,214,184	23,571,198	367,746	5,691,413	17,512,040	-	253,997,334				
2007	253,997,334	6,214,184	25,967,547	405,132	6,270,026	19,292,388	-	279,503,907				
2008	279,503,907	6,214,184	28,543,711	445,324	6,892,057	21,206,330	-	306,924,420				
2009	306,924,420	6,214,184	31,313,183	488,532	7,560,763	23,263,887	-	336,402,492				
2010	336,402,492	6,214,184	34,290,468	534,982	8,279,647	25,475,838	-	368,092,514				
2011	368,092,514	6,214,184	37,491,160	584,918	9,052,475	27,853,768	-	402,160,466				
2012	402,160,466	6,214,184	40,932,023	638,600	9,883,292	30,410,131	-	438,784,780				
2013	438,784,780	6,214,184	44,631,079	696,311	10,776,453	33,158,315	-	478,157,280				
2014	478,157,280	6,214,184	48,607,702	758,352	11,736,633	36,112,716	-	520,484,180				
2015	520,484,180	6,214,184	52,882,719	825,049	12,768,862	39,288,807	-	565,987,172				
2016	565,987,172	6,214,184	57,478,521	896,750	13,878,547	42,703,223	-	614,904,579				
2017	614,904,579	6,214,184	62,419,179	973,832	15,071,500	46,373,847	-	667,492,609				
2018	667,492,609	6,214,184	67,730,570	1,056,697	16,353,969	50,319,904	-	724,026,697				
2019	724,026,697	6,214,184	73,440,513	1,145,781	17,732,670	54,562,062	-	784,802,943				
2020	784,802,943	6,214,184	79,578,914	1,241,549	19,214,825	59,122,539	-	850,139,666				
2021	850,139,666	6,214,184	86,177,923	1,344,504	20,808,197	64,025,222	-	920,379,072				
2022	920,379,072	6,214,184	93,272,103	1,455,183	22,521,131	69,295,788	-	995,889,044				
2023	995,889,044	6,214,184	74,924,710	1,554,688	17,996,421	55,373,602	-	1,057,476,830				
2024	1,057,476,830	6,214,184	78,730,751	1,633,663	18,910,607	58,186,482	21,681,144	1,100,196,352				
2025	1,100,196,352	-	77,538,353	1,608,921	18,624,200	57,305,232	132,703,281	1,024,798,303				
2026	1,024,798,303	-	67,008,126	1,390,419	16,094,909	49,522,798	262,713,235	811,607,866				
2027	811,607,866	-	51,105,330	1,060,436	12,275,163	37,769,732	260,406,931	588,970,667				
2028	588,970,667	-	38,541,190	799,730	9,257,339	28,484,121	150,176,256	467,278,532				
2029	467,278,532	-	29,213,246	606,175	7,016,829	21,590,242	155,537,173	333,331,602				
2030	333,331,602	-	19,769,596	410,219	4,748,526	14,610,850	139,473,987	208,468,465				
2031	208,468,465	-	12,153,365	252,182	2,919,158	8,982,025	92,847,189	124,603,300				
2032	124,603,300	-	5,447,783	113,041	1,308,521	4,026,220	103,932,393	24,697,127				
2033	24,697,127	-	901,167	18,699	216,454	666,013	25,363,141	(0)				

AmerenUE

Callaway Plant Tax-Qualified Nuclear Decommissioning Trust Fund Projection

Missouri Jurisdiction

1 Portfolio Return Assumptions

Equity Allocation:

Bond Allocation:

Real Return on Bonds:

CPI Inflation:

Nominal Return on Bonds:

Equity Premium over Bonds:

Nominal Return on Equities:

Weighted Average Return:

Switch out of Equities at End-Of-Year:

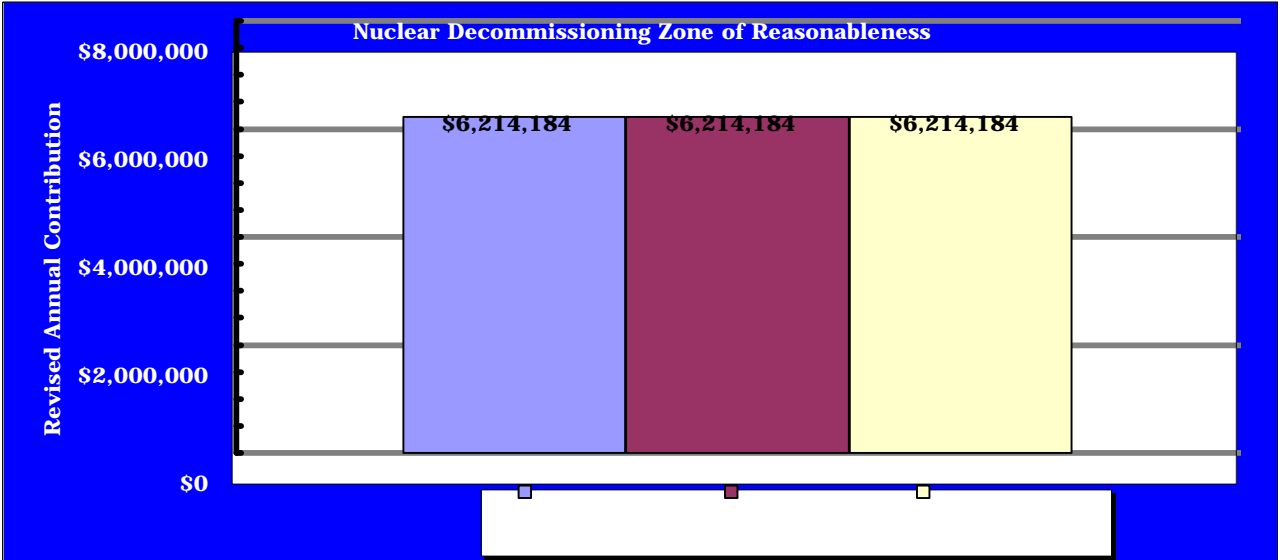
Contribution Boundary Estimates		
Optimistic Estimate	Expected Estimate	Conservative Estimate
65.000%	65.000%	65.000%
35.000%	35.000%	35.000%
4.750%	4.500%	4.250%
3.250%	3.000%	2.750%
8.000%	7.500%	7.000%
4.500%	4.000%	3.500%
12.500%	11.500%	10.500%
10.925%	10.100%	9.275%
2024	2022	2021

2 Decommissioning Expense Estimates

Decommissioning Inflation:

4.500%	3.854%	3.312%
--------	--------	--------

	Optimistic	Expected	Conservative
Revised Annual Contribution:	\$6,214,184	\$6,214,184	\$6,214,184



AmerenUE
Callaway Plant Tax-Qualified Nuclear Decommissioning Trust Fund Projection
Missouri Jurisdiction
Zone of Reasonableness Analysis

Portfolio Return Assumptions	Contribution Boundary Estimates		
	Optimistic Estimate	Expected Estimate	Conservative Estimate
Equity Allocation:	65.00%	65.00%	65.00%
Bond Allocation:	35.00%	35.00%	35.00%
Real Return on Bonds:	4.75%	4.50%	4.25%
CPI Inflation:	3.25%	3.00%	2.75%
Nominal Return on Bonds:	8.00%	7.50%	7.00%
Equity Premium over Bonds:	4.50%	4.00%	3.50%
Nominal Return on Equities:	12.50%	11.50%	10.50%
Weighted Average Return:	10.93%	10.10%	9.28%
Switch out of Equities at End-Of-Year:	2024	2022	2021

Decommissioning Inflation:	Required Contribution Amounts		
	Optimistic Estimate	Expected Estimate	Conservative Estimate
2.25%	\$ (4,506,918)	\$ (1,734,816)	\$ 798,427
2.50%	\$ (3,582,209)	\$ (689,436)	\$ 1,950,369
2.75%	\$ (2,599,772)	\$ 421,254	\$ 3,174,329
3.00%	\$ (1,556,127)	\$ 1,601,193	\$ 4,474,656
3.25%	\$ (447,592)	\$ 2,854,550	\$ 5,855,950
3.50%	\$ 729,728	\$ 4,185,738	\$ 7,323,081
3.75%	\$ 1,979,956	\$ 5,599,423	\$ 8,881,200
4.00%	\$ 3,307,452	\$ 7,100,544	\$ 10,535,758
4.25%	\$ 4,716,827	\$ 8,694,322	\$ 12,292,518
4.50%	\$ 6,212,959	\$ 10,386,283	\$ 14,157,579
4.75%	\$ 7,801,006	\$ 12,182,269	\$ 16,137,391
5.00%	\$ 9,486,423	\$ 14,088,456	\$ 18,238,773
5.25%	\$ 11,274,977	\$ 16,111,376	\$ 20,468,936
5.50%	\$ 13,172,762	\$ 18,257,937	\$ 22,835,505
5.75%	\$ 15,186,224	\$ 20,535,436	\$ 25,346,539

