

1901 Gratiot Street, St. Louis

(314) 554-2554

December 22, 1986

FILED

DEC 22 1986

PUBLIC SERVICE COMMISSION

Mr. Harvey G. Hubbs
Secretary
Missouri Public Service Commission
Truman Building
301 W. High Street
Jefferson City, MO 65101

Re: Case No. AO-87-48

Dear Mr. Hubbs:

Enclosed are fifteen copies of the Company's filing in response to the Commission Orders in this case of November 3 and December 17, 1986.

Yours truly,



Paul A. Agathen
General Attorney

PAA/mcg
Enclosures

cc: w/encls.: Office of Public Counsel
Mr. Robert C. Johnson

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DEC 23 1986

PUBLIC SERVICE COMMISSION

In the matter of the investigation)
of the revenue effects upon Missouri)
utilities of the Tax Reform)
Act of 1986)

Case No. AO-87-48

RESPONSE OF UNION ELECTRIC COMPANY

On November 3, 1986, the Missouri Public Service Commission issued an order initiating an investigation of the revenue effects upon Missouri utilities of the Tax Reform Act of 1986 (TRA '86). The following is Union Electric Company's response as modified by the Commission's Order of December 17, 1986.

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PUBLIC SERVICE COMMISSION

ELECTRIC

In its order the Commission requested "all utilities. . .with calendar year 1985 jurisdictional revenues in excess of \$2,000,000 to report to the Commission the revenue requirement impact of the federal tax changes as applied to either the 1985 Missouri jurisdictional operations or more current historical test year data if such data was presented during a rate case recently pending before the Commission." In light of the facts that (1) Union Electric Company has recently concluded a major rate case involving its Callaway Plant for which a revenue requirement was determined and (2) that the phase-in of the rate increase allowed in that case will not be completed until 1993 the Company proposes to utilize that cost of service rather than calendar year 1985 for determining the revenue impact of the TRA '86. This is appropriate since this cost of service is the basis of the Company's phase-in rates and its use minimizes the issues which might arise if the

calendar year results were utilized.

Based on this belief the Company met with the Commission Staff and Public Counsel on December 5, 1986. An agreement was reached at that meeting that the Company would utilize the ER 84-168/EO 85-17/ER 85-160 (Callaway case) cost of service calculations in lieu of the calendar year results. A motion to that effect was filed by the Company and approved by the Commission by order dated December 17, 1986.

In the Callaway case a cost of service calculation was made which assumed revenues collected would result from a single increase which equalled the cost of service. The total revenue requirement resulting from that calculation was \$1.451 billion reflecting a one-time increase of approximately \$461 million on an annual basis. Attachment A contains the schedules which were part of the Callaway case supporting that calculation. Therefore if the Company had been authorized to implement the full "one-time" increase the overall effect of TRA '86 is to reduce the Company's Missouri test year cost of service by approximately \$50 million or about 3.5% assuming a 1987 effective federal income tax rate of 40%, or by approximately \$91 million or 6.3% assuming a 1988 effective federal income tax rate of 34%. Attachment B contains the calculation of these results.

These calculations are only useful for determining the total ultimate effect of the tax law on rates after completion of the rate phase-in. It is completely inappropriate to reduce current rates by the total effect of TRA '86 since the "one-time" increase was not ordered. Even today the full cost of service is not reflected in rates charged our customers due to the authorized rate phase-in plan. The only manner

for appropriately reflecting the tax effect in the Company's revenue requirement is to process the tax rate change through the rate phase-in schedule prepared by the Commission Staff which formed the foundation for the authorized rate increases for the nine years beginning in 1985. Attachment C contains those schedules.

The Company has calculated the effect of TRA '86 on the rate phase-in plan beginning in Year 3 (1987). Since new electric rates will become effective on April 9, 1987 under the existing rate phase-in plan we assumed an effective tax rate of 37% for Year 3 (3 months @ 46% and 9 months @ 34%). For the years beyond 1987 a 34% tax rate was used. Other than the tax rate changes, the Company also reflected the elimination of the tax adjustments for capitalized overheads and the related deferred income tax effect. These calculations are contained in Attachment D and were compiled in a manner consistent with the rate phase-in plan contained in Attachment C. The resulting changes in rates are as follows:

Level of Rate Increases

		<u>Per Order</u>		<u>Per New Tax Law</u>	
		<u>Amount (000)</u>	<u>%</u>	<u>Amount (000)</u>	<u>%</u>
Year 3	(1987)	\$ 90,147	7.29%	\$ 66,903	5.41%
4	(1988)	96,703	7.29	70,572	5.41
5	(1989)	103,735	7.29	74,287	5.41
6	(1990)	111,343	7.29	78,354	5.41
7	(1991)	-	-	-	-
8	(1992)	-	-	-	-
9	(1993)	<u>(204,687)</u>	<u>(12.49)</u>	<u>(184,371)</u>	<u>(12.08)</u>
		<u>\$197,241</u>		<u>\$105,745</u>	

Note that the total difference in the sum of the rate increases is \$91.5 million or the effect of the TRA '86 changes. It is critical to remember that the above summary reflects the manner in which the tax differences actually occur as a result of the Commission's previously ordered rate phase-in plan. The reason the effect of the new tax law is significantly lower in Years 3 and 4 of the rate phase-in than under the full rate case cost of service is that the Company's level of revenues does not yet equal the cost of service, resulting in a lesser impact from the tax rate changes.

The order invited the Company to "explain any plans or proposals it may have for reflecting the impact of the change in the tax law upon its Missouri jurisdictional operations." Inasmuch as we have recently concluded an extensive and time consuming cost of service litigation

there is no need to relitigate the issues in that case. The Company is receptive to an individual proceeding limited to the issue of changes in income tax expenses. The Company's agreement to immediately reflect the lower tax rate assumes a willingness by all parties to limit this proceeding to TRA '86 income tax changes.

The rate phase-in plan which the Company is presently implementing provides a unique opportunity for incorporating the TRA '86 savings into our rates. The Company proposes modifying its phase-in plan so that its customers may receive immediate benefit of these tax reductions and at the same time not adversely affect the Company's shareholders.

The Company therefore proposes to reflect the TRA '86 tax savings in accordance with the calculations referred to above and included in Attachment D. Given the fact that a rate increase of \$90.1 million (7.29%) is scheduled to become effective on April 9, 1987 the Company proposes to reduce the amount of this increase to \$66.9 million (5.41%) and to adjust subsequent years increases accordingly, assuming the continuation of this 34% tax rate. This can be done expeditiously if the Company is not required to make the additional filings by February 28, 1987, filings which the Company believes are not relevant to the Commission's deliberation given the recent cost of service determination and phase-in now being implemented.

This position demonstrates the Company's willingness to cooperate with the Commission for the benefit of our customers. Since our rate phase-in presents a unique opportunity to reflect the effects of the 1986 tax rate change we welcome the opportunity to meet with the Commission to discuss or further clarify this proposal or to amend it as

may be mutually agreeable.

GAS

Union Electric Company also provides gas utility service to customers in Missouri. For the purpose of this filing the Company has prepared two sets of documents. The first is contained in Attachment E and reflects the tax effect of a 40% and 34% rate on unadjusted 1985 operations. No adjustments were made to the 1985 rate base or results of operation since there have been no rate proceedings for gas operations since 1982 at which time gas operations were conducted separately by our former subsidiary companies Missouri Power & Light, Missouri Edison and Missouri Utilities.

However, the appropriate basis on which to judge the impact of the TRA '86 on the Company's revenue requirement for Missouri jurisdictional gas service is to use the data submitted to the Commission Staff and Public Counsel in conjunction with our recent rate case filing on December 2, 1986 (Case No. GR-87-62). In this case the Company is reporting a revenue deficiency at existing rates of approximately \$4.6 million. This rate increase request was calculated using the new 34% federal income tax rate. Had the Company utilized the 46% rate the revenue deficiency would have been about \$635,000 greater. The calculations involving the relevant tax rates is included in Attachment F.

In light of the fact that the Company filed a rate increase request which is now before the Commission and must be resolved during the next

several months the appropriate means of reflecting the impact of the change in the tax law is through rates resulting from this rate case. A reduction of rates during this interim period when the Company is showing a significant revenue deficiency is neither justifiable nor appropriate.

WATER

Union Electric Company also provides water utility service to customers in southeast Missouri. For the purpose of this filing the Company has proposed two sets of documents. The first is contained in Attachment G and reflects the effect of a 40% and 34% income tax rate on unadjusted 1985 operations. No rate base or rate of return adjustments were made since there have been no rate proceedings for water operations since 1982 at which time such operations were conducted by a former subsidiary, Missouri Utilities Company.

A more appropriate basis on which to judge the impact of the 1986 tax rate change on the Company's revenue requirement for Missouri jurisdictional water service is to reference a recently completed but not filed cost of service study. This study was performed by the Company on the same basis and for the same test year (12 months ended June 30, 1986) as the gas filing referred to above. This cost of service study indicated a revenue deficiency at existing rate levels of over \$400,000. This study was performed using a federal income tax rate of 34%. Had the Company utilized the 46% rate the revenue deficiency would have been \$97,000 or nearly 25% greater. The calculations

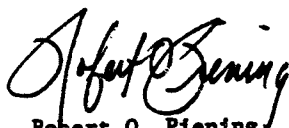
involving the relevant tax rates is contained in Attachment H. The cost of service workpapers have not been included in the filing but are available for review by the Staff if desired.

In light of the results of the cost of service study indicating a significant revenue deficiency even at the lower tax rate, any reduction in water rates to reflect the minor effect of the tax rate change is inappropriate and could prompt the filing of a request for increased water rates.

STEAM

In accordance with the Commission's Order of December 17, 1986 relating to the tax effect on the Company's steam operations no information has been included in this filing.

Respectfully submitted,



Robert O. Piening
Vice President - Rates
Union Electric Company
P.O. Box 149
St. Louis, MO 63166

ACCOUNTING SCHEDULE 1-CAL REVISED
23:24 03/26/85

UNION ELECTRIC COMPANY- PHASE III- CALLAWAY
CASE NO: ER-94-168
FOR THE YEAR ENDING MARCH 31, 1984-SCENARIO ADJ \$100MM
REVENUE REQUIREMENT

		12.17%
		RETURN
NET ORIG COST RATE BASE (SCH 2-CAL)	\$	3,633,734
RATE OF RETURN		12.17%

NET OPERATING INCOME REQUIREMENT	\$	442,229
PHASE-IN ADJUSTMENT		0

REVENUE REQUIREMENT - YEAR ONE OF PHASE IN	\$	442,229
NET INCOME AVAILABLE (SCH 10-CAL)		206,213

ADDITIONAL NET OPERATING INCOME NEEDED BEFORE INCOME TAXES	\$	236,015
INCOME TAX REQUIREMENT: (SCH 13-CAL)		
REQUIRED CURRENT INCOME TAX	\$	113,734
TEST YEAR CURRENT INCOME TAX		-73,004

ADDITIONAL CURRENT TAX REQUIRED	\$	186,738
REQUIRED DEFERRED ITC	\$	38,312
TEST YEAR DEFERRED ITC		0

ADDITIONAL DEFERRED ITC REQUIRED	\$	38,312

TOTAL ADDITIONAL TAX REQUIRED	\$	225,050

GROSS REVENUE REQUIREMENT	\$	461,065

ACCOUNTING SCHEDULE 2-CAL REVISED
23:24 03/26/85

UNION ELECTRIC COMPANY- PHASE III- CALLAWAY
CASE NO: ER-84-168
FOR THE YEAR ENDING MARCH 31, 1984-SCENARIO ADJ \$100MM

RATE BASE

TOTAL PLANT IN SERVICE	\$	4,797,376
LESS:		
DEPRECIATION RESERVE	\$	932,778
NET PLANT IN SERVICE	\$	3,864,598
ADD:		
CASH WORKING CAPITAL (SCH 4 ⁹)	\$	-20,884
FUEL INVENTORY (SCH 7)		133,676
MATERIALS AND SUPPLIES (SCH 8)		42,106
PREPAYMENTS (SCH 9)		3,539
LESS:		
INCOME TAX OFFSET 11.4700%	\$	13,045
INTEREST EXPENSE OFFSET 14.6200		27,625
CUSTOMER ADVANCES FOR CONSTRUCT		1,273
CUSTOMER DEPOSITS		7,222
DEFERRED INCOME TAXES		339,516
TOTAL RATE BASE	\$	3,633,754

ACCOUNTING SCHEDULE 11-CAL TYPEEE
2024 03/28/85

UNION ELECTRIC COMPANY- PHASE III- CALLAWAY
CASE NO: ER-84-168
FOR THE YEAR ENDING MARCH 31, 1984-SCENARIO ADJ 1100MM

INCOME STATEMENT

	JURISDICTIONAL	JURISDICTIONAL ADJUSTMENT	ADJUSTED JURISDICTIONAL
OPERATING REVENUES			
SALES TO ULTIMATE CONSUMERS	\$ 982,747	S-1 \$	982,747
SALES FOR RESALE			
OTHER ELECTRIC REVENUES	7,333		7,333
TOTAL OPERATING REVENUES	\$ 990,080	\$	990,080
OPERATING EXPENSES			
OPERATION & MAINTENANCE EXPENSE			
PRODUCTION	\$ 429,593	-32,051	397,542
TRANSMISSION	7,353	8,053	15,406
DISTRIBUTION	42,150	2,808	44,958
CUSTOMER ACCOUNTS	22,017	1,366	23,383
CUSTOMER SERVICE	1,125	174	1,299
SALES	57,154	12,608	69,762
ADMINISTRATIVE AND GENERAL			
TOTAL O & M EXPENSES	\$ 566,460	-11,884	554,576
OTHER OPERATING EXPENSES			
DEPRECIATION AND AMORTIZATION	\$ 82,803	54,245 S-9	137,048
TAXES OTHER THAN INCOME TAXES	54,077	37,216 S-10	91,293
TOTAL OTHER OPERATING EXPENSES	\$ 136,880	92,131	229,011
TOTAL OPERATING EXPENSES	\$ 703,340	80,277	783,617
NET INCOME BEFORE TAXES	\$ 286,740	-80,277	206,463
CURRENT INCOME TAXES	\$ 3,559	-76,563 S-11	-73,004
DEFERRED INCOME TAX			
DEFERRED ITC	\$ 11,793	-11,793 S-12	0
DEFERRED INCOME TAX EXPENSE	83,306	5,083 S-13	88,389
AMORT OF PRIOR YEAR DEFERRALS	-2,723	-11,923 S-14	-14,646
AMORTIZATION OF ITC	-924	-1,423 S-15	-2,347
TOTAL INCOME TAXES	\$ 96,941	-86,691	10,250
NET OPERATING INCOME	\$ 189,799	14,414	204,213

ACCOUNTING SCHEDULE 13-CAL REVENUE
23-04-0376077

UNION ELECTRIC COMPANY- PHASE III- CALLAWAY
CASE NO: ER-84-148
FOR THE YEAR ENDING MARCH 31, 1984-SCENARIO ADJ \$100MM

INCOME TAX

	TEST YEAR	12-178 RETURN
NET OPERATING INC (SCH 10-CAL, 1-CAL) \$	206,213 \$	442,023
ADD:		
CURRENT INCOME TAX	-73,004 \$	113,734
DEFERRED INCOME TAXES:		
DEFERRED INVESTMENT TAX CREDIT	0 \$	38,312
DEFERRED INCOME TAX EXPENSE	90,389	90,389
AMORT OF PRIOR YEAR DEFERRALS	-14,789	-14,789
AMORTIZATION OF ITC	-2,346	-2,346
TOTAL INCOME TAX	250 \$	225,300
NET INCOME BEFORE TAXES (SCH 10-CAL) \$	206,463 \$	447,529
LESS:		
INTEREST EXPENSE 5.2000%	188,953 \$	188,953
INTEREST ON CWIP	1,000	1,000
ACCL DEPR NOT SUB TO NORM	-7,627	-7,627
EXCESS TAX DEPRECIATION	183,266	183,266
DIFF: BOOK/TAX S L. CUR RATES	-29,860	-29,860
AMORT EMERGENCY FACILITIES	-643	-643
AMORT EASEMENTS	217	217
DISMANTLING EXPENSE	5,155	5,155
TAX EXEMPT INTEREST INCOME	136	136
PREFERRED DIVIDEND PAID CREDIT	1,258	1,258
PENSIONS AND BENEFITS CAP	4,498	4,498
PAYROLL TAXES CAPITALIZED	2,760	2,760
PROPERTY TAXES CAPITALIZED	71	71
PROVISIONAL BALANCES	-377	-377
TOTAL DEDUCTIONS	349,609 \$	349,609
NET TAXABLE INCOME	-143,146 \$	317,919
PROVISION FOR FEDERAL INCOME TAX:		
NET TAXABLE INCOME	-143,146 \$	317,919
LESS:		
DED MISSOURI INCOME TAX	0 \$	10,747
FEDERAL TAXABLE INCOME	-143,146 \$	307,172
FEDERAL INCOME TAX	-65,847 \$	141,299
LESS:		
ITC AVAILABLE: \$ 38,312		
RATE FOR DEFERRED ITC: 85.0000%		
INVESTMENT TAX CREDIT USED	0 \$	38,312
PROV FOR FEDERAL INCOME TAX	-65,847 \$	102,987
PROVISION FOR MISSOURI INCOME TAX:		
NET TAXABLE INCOME	-143,146 \$	317,919
LESS:		
DED FEDERAL INCOME TAX	0 \$	102,987
MISSOURI TAXABLE INCOME	-143,146 \$	214,932
PROV FOR MISSOURI INCOME TAX	-7,157 \$	10,747
SUMMARY OF PROVISION FOR INCOME TAX:		
FEDERAL INCOME TAX	-65,847 \$	102,987
MISSOURI INCOME TAX	-7,157	10,747
PROV FOR INCOME TAXES-CURRENT	-73,004 \$	113,734

UNION ELECTRIC COMPANY
 WISCONSIN ELECTRIC
 REVENUE REQUIREMENT
 YEAR ENDING 3/31/84
 (\$000)

ATTACHMENT B
 SCHEDULE 1
 PAGE 1 OF 2

	46% FED. TAX	50% FED. TAX	57% FED. TAX	74% FED. TAX
TOTAL PLANT IN SERVICE	\$4,797,376	\$4,797,376	\$4,797,376	\$4,797,376
LESS:				
DEPRECIATION RESERVE	932,778	932,778	932,778	932,778
NET PLANT IN SERVICE	3,864,598	3,864,598	3,864,598	3,864,598
ADD:				
CASH WORKING CAPITAL	(20,884)	(20,884)	(20,884)	(20,884)
FUEL INVENTORY	133,076	133,076	133,076	133,076
MATERIALS AND SUPPLIES	42,106	42,106	42,106	42,106
PREPAYMENTS	3,539	3,539	3,539	3,539
LESS:				
INC. TAX OFFSET (CURRENT INC. TAX X 0.1147)	13,045	3,924	7,075	5,146
INT. EXP. OFFSET (INT. REDUCT. X 0.1462)	27,525	27,554	27,570	27,557
CUSTOMER ADVANCES FOR CONSTRUCTION	7,573	7,573	7,573	7,573
CUSTOMER DEPOSITS	7,222	7,222	7,222	7,222
DEFERRED INCOME TAXES	339,516	339,516	339,516	339,516
NET RATE BASE	3,633,754	3,637,842	3,637,678	3,641,075
RATE OF RETURN	12.17%	12.17%	12.17%	12.17%
NET OPERATIONS INCOME	442,238	442,725	442,338	442,146
OPERATION & MAINTENANCE EXPENSES	554,576	554,576	554,576	554,576
DEPRECIATION AND AMORTIZATION	137,748	137,748	137,748	137,748
TAXES OTHER THAN INCOME TAXES	91,293	91,293	91,293	91,293
INCOME TAXES	225,259	174,548	160,747	170,880
TOTAL REVENUE REQUIREMENT	\$1,451,144	\$1,400,391	\$1,379,313	\$1,359,647
PRESENT REVENUES	990,079			
INCREASE REQUIRED	\$461,065			
DIFFERENCE IN REVENUE REQUIREMENT DUE TO RATE CHANGE		(350,254)	(371,832)	(391,501)

ATTACHMENT B
SCHEDULE 1
PAGE 2 OF 2

		AT CLAIMED RETURN AND FEDERAL TAX RATE OF				
		TEST YEAR	45.00%	45.00%	47.00%	47.00%
		\$206,213	\$442,228	\$442,725	\$442,249	\$442,146
NET OPERATING INCOME						
ADD:						
CURRENT INCOME TAX		(73,004)	113,733	77,820	51,555	47,455
DEFERRED INCOME TAXES:						
DEFERRED INVESTMENT TAX CREDIT		0	38,312	38,312	38,312	38,312
DEFERRED INCOME TAX EXPENSE		90,389	90,389	71,551	59,135	59,135
AMORT. OF PRIOR YEARS DEFERRALS		(14,789)	(14,789)	(14,789)	(14,789)	(14,789)
AMORTIZATION OF ITC		(2,346)	(2,346)	(2,346)	(2,346)	(2,346)
TOTAL INCOME TAX		350	226,299	174,548	152,747	152,530
NET INCOME BEFORE TAXES		206,463	567,527	517,274	595,396	576,123
LESS DEDUCTIONS:						
INTEREST EXPENSE @ 5.20%		188,955	188,955	188,168	188,217	188,717
INTEREST ON CMIP		1,200	1,200	1,200	1,200	1,200
ACC. DEPR. NOT SUBJECT TO NORM.		(7,527)	(7,527)	(7,527)	(7,527)	(7,527)
EXCESS TAX DEPRECIATION		183,266	183,266	183,266	183,266	183,266
DIFF. BOOK/TAX STRAIGHT LINE		(29,360)	(29,360)	(29,360)	(29,360)	(29,360)
AMORT. EMERGENCY FACILITIES		(643)	(643)	(643)	(643)	(643)
AMORT. EASEMENTS		217	217	217	217	217
DISMANTLING EXPENSE		5,155	5,155	5,155	5,155	5,155
TAX EXEMPT INTEREST INCOME		1,258	1,258	1,258	1,258	1,258
PREFERRED DIV. PAID CREDIT		1,493	1,493	0	0	0
PENSIONS & BENEFITS CAPITALIZED		2,750	2,750	0	0	0
PAYROLL TAXES CAPITALIZED		71	71	0	0	0
PROPERTY TAXES CAPITALIZED		(377)	(377)	(377)	(377)	(377)
PROVISIONAL BALANCES						
TOTAL DEDUCTIONS		349,609	349,609	342,493	342,538	342,570
NET TAXABLE INCOME		(143,146)	317,918	274,781	252,857	233,553
PROVISION FOR FEDERAL INCOME TAX:						
NET TAXABLE INCOME		(\$143,146)	\$317,918	\$274,781	\$252,857	\$233,553
LESS:						
DED. MISSOURI INCOME TAX		0	10,747	10,366	10,075	9,757
FEDERAL TAXABLE INCOME		(\$143,146)	\$307,172	\$264,415	\$242,782	\$223,796
FEDERAL INCOME TAX		(\$65,847)	\$141,299	\$105,766	\$67,922	\$76,114
LESS:						
I.T.C. AVAILABLE: \$38,312						
RATE FOR DEFERRED I.T.C.: 35.00%						
INVESTMENT TAX CREDIT USED		0	38,312	38,312	38,312	38,312
PROV. FOR FEDERAL INCOME TAX		(\$65,847)	\$102,987	\$67,454	\$51,610	\$37,792
PROV. FOR MISSOURI INCOME TAX:						
NET TAXABLE INCOME		(\$143,146)	\$317,918	\$274,781	\$252,857	\$233,553
LESS:						
DED. FEDERAL INCOME TAX		0	102,987	67,454	51,610	37,792
MISSOURI TAXABLE INCOME		(\$143,146)	\$214,931	\$207,327	\$201,497	\$195,661
PROV. FOR MISSOURI INCOME TAX		(\$7,157)	\$10,747	\$10,366	\$10,075	\$9,757

SUMMARY OF PROVISION FOR INCOME TAXES:						
FEDERAL INCOME TAX		(\$65,847)	\$102,987	\$67,454	\$51,610	\$37,792
MISSOURI INCOME TAX		(7,157)	10,747	10,366	10,075	9,757
PROVISION FOR INCOME TAXES-CURRENT		(\$73,005)	\$113,733	\$77,820	\$61,685	\$47,455

Effect of Provisions of TRA '86
Other than Changes in Tax Rate

Certain other provisions of the new tax law were not reflected in this filing for the following reasons:

- 1) the 20% disallowance on meals and entertainment was not reflected because the estimated tax effect will be less than \$50,000 on a total Company basis;
- 2) the new depreciation provisions are basically a switch between deferred tax and current tax expense and have a minor effect in view of our substantially reduced construction program;
- 3) did not change ITC as we do not expect to lose any credits from Callaway and credits that would have been generated after 1985 would not be useable before 1989 and then would only have a pro-rata flow through effect over the book life;
- 4) the bad debt write-off provision does not have any effect on UE since we are already utilizing the method prescribed by the new tax law;
- 5) the change in capital gains has a de minimis, if any, effect because of the nominal amounts. Also no capital gains were involved in the test year;
- 6) we did not reflect any effect of contributions in aid of construction since any effect will depend upon how the bill to the contributor is calculated, and in any event the total is expected to be de minimis;
- 7) did not reflect any effect of alternative minimum tax (AMT) as the effect on UE is expected to be solely a limitation on the amount of ITC that can be utilized. The effect of the superfund tax which is based upon AMT taxable income is expected to be approximately \$.5 million;
- 8) we did not reflect any effect on the change in the deduction for accrued vacation liability as the amount disallowed is not expected to be significant and is effectively only a one year deferral;
- 9) did not reflect any effect of unbilled revenue since the test year included a total year's revenues without segregating between billed and unbilled.

UNION ELECTRIC COMPANY
CALCULATION OF EXCESS RESERVES - ELECTRIC
(000)

<u>Acct.</u>		<u>Total Company</u>	<u>Missouri</u>
281	Emergency Facilities	\$ 1 207	
282-13	Repair Allowances	51 196	
-14	Interest	200 559	
-15	Expenses	8 635	
-16	Pensions	8 527	
-17	Payroll Taxes	7 202	
-18	Property Taxes	12 930	
-19	Sales/Use Taxes	<u>2 552</u>	
		292 808	242 286
	Less Callaway	<u>207 782</u>	<u>167 680</u>
Composite		85 026	74 606
Tax Rate		<u>X .241*</u>	<u>X .241*</u>
* 47.7			
<u>36.2</u>		\$ <u>20 491**</u>	\$ <u>17 980**</u>
<u>11.5</u>			

11.5 ÷ 47.7 = .241

** In view of the fact that the entire Callaway reserves (down to zero balance rather than 36.2%) are being flowed through in rates by 3/31/87, we propose this portion be amortized over the book life of the property.

UNION ELECTRIC COMPANY
MPSC CASE NO. ER-84-168
INCLUDED IN RATES
ACCUMULATED DEFERRED INCOME TAXES

Accumulated Deferred Income Taxes

Account 282-11 Accelerated Depreciation

		<u>Total</u>	<u>Mo. Factor</u>	<u>Mo. Juris.</u>
Prod.	57.92	\$ 67 635 348	80.70	\$ 54 581 726
Trans.	9.76	11 397 117	80.70	9 197 473
Dist.	25.82	30 150 978	89.70	27 045 427
General	6.50	7 590 293	84.38	6 404 689
Total		<u>\$116 773 736</u>	<u>————</u>	<u>\$ 97 229 315</u>

Accounts 281, 282-13, 14, 15, 16, 17, 18, 19 Other Deferred

		<u>Total</u>	<u>Mo. Factor</u>	<u>Mo. Juris.</u>
Prod.		\$221 365 575	80.70	\$178 642 019
Trans.		3 200 406	80.70	2 582 728
Dist.		65 394 694	89.70	58 659 041
General		2 847 325	84.38	2 402 573
Total		<u>\$292 808 000</u>	<u>————</u>	<u>\$242 286 361</u>
Total Deferred		<u>\$409 581 736</u>		<u>\$339 515 676</u>

ATTACHMENT B
SCHEDULE 3
PAGE 3 OF 3

REVISED 12-10-84

A/C No.	DEFERRED TAXES ELITE 2	ILLINOIS IOWA	BALANCE
281	1207000		1207000
28211	121997936	<5224200>	116773736 ← UPDATED TO 10/21/24
28213	51196000		51196000
28214	203943000	<3384000>	200559000
28215	8635000		8635000
28216	8527000		8527000
28217	7202000		7202000
28218	12930000		12930000
28219	2552000		2552000
	418189936	<8608200>	409581736
<div style="border: 1px solid black; padding: 5px; display: inline-block;"> Acct. 282114 \$208,354,000 190 -4,411,000 \$203,943,000 </div>			
	<u>EXPENSE</u>	<u>FACTOR</u>	<u>ADJUSTED</u>
PROD.	289000923	80.70	233223745
TRANS	14597523	80.70	11780201
DIST	95545672	89.70	85704468
OTHER	10437618	84.38	8807262
	409581736		339515676

UNION ELECTRIC COMPANY - PHASE III - CALLAWAY PHASE-IN TAX CALCULATION

UNION ELECTRIC COMPANY - PHASE III - CALLAWAY
CASE NO: ER-84-168
PHASE-IN
Scenario Ordered 3-28-85
(With \$100 MM Rate Base Adjustment)
(Amortization Of Deferred Equity Years 5 - 8)

Appendix C-1
3-13-85 Revised
Page 1 of 1

Line No.	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9
1 Investment (Per Schedule J-CAL)	2,013,361	2,013,361	2,013,361	2,013,361	2,013,361	2,013,361	2,013,361	2,013,361	2,013,361
2 Accumulated Depreciation	(28,783)	(80,328)	(129,148)	(181,193)	(234,324)	(289,454)	(347,025)	(407,715)	(471,036)
3 Capitalized Deferred Return	0	0	0	0	0	0	0	0	0
4 Res. For Amort. Of Def. Return	0	0	0	0	0	0	0	0	0
5 Change In Fuel Inventory	61,280	61,280	61,280	61,280	61,280	61,280	61,280	61,280	61,280
6 Change In M & S & Prepayments	9,019	9,019	9,019	9,019	9,019	9,019	9,019	9,019	9,019
7 Cash Working Capital	(5,628)	(5,628)	(5,628)	(5,628)	(5,628)	(5,628)	(5,628)	(5,628)	(5,628)
8 Income Tax Offset	(6,233)	(6,233)	(6,233)	(6,233)	(6,233)	(6,233)	(6,233)	(6,233)	(6,233)
9 Interest Offset	(15,415)	(15,529)	(15,615)	(15,657)	(15,747)	(15,807)	(15,867)	(15,927)	(15,987)
10 Change in Deferred Taxes	0	57,299	134,598	129,515	124,422	119,745	114,136	108,420	102,704
11 Net Rate Base	2,027,601	2,042,632	2,053,734	2,064,831	2,075,928	2,087,025	2,098,122	2,109,219	2,120,316
12 Rate of Return	0.1217	0.1217	0.1217	0.1217	0.1217	0.1217	0.1217	0.1217	0.1217
13 Net Operating Income	248,759	248,558	248,357	248,156	247,955	247,754	247,553	247,352	247,151
14 Net Deferred Taxes	(8,175)	(49,175)	24,207	25,207	24,207	24,207	24,207	24,207	24,207
15 Income Taxes (Current)	54,342	55,230	56,118	57,006	57,894	58,782	59,670	60,558	61,446
16 Depreciation	52,045	48,529	52,045	50,629	51,629	52,629	53,629	54,629	55,629
17 Amortization Of Deferred Return	0	0	0	0	41,825	100,166	122,250	144,334	166,418
18 Fuel Savings	(88,566)	(88,229)	(87,892)	(87,555)	(87,218)	(86,881)	(86,544)	(86,207)	(85,870)
19 Property Taxes	37,216	37,216	37,216	37,216	37,216	37,216	37,216	37,216	37,216
20 Decommissioning	2,900	2,900	2,900	2,900	2,900	2,900	2,900	2,900	2,900
21 Callaway O & M Expenses	38,959	38,959	38,959	38,959	38,959	38,959	38,959	38,959	38,959
22 Change in Return (12.33% to 12.17%)	(2,679)	(2,579)	(2,579)	(2,579)	(2,579)	(2,579)	(2,579)	(2,579)	(2,579)
23 TOTAL REVENUE REQUIREMENT	292,801	292,189	291,577	290,965	290,353	289,741	289,129	288,517	287,905
24 Revenue Previously Granted	0	138,026	250,457	340,805	437,308	541,043	652,786	772,786	892,786
25 Additional Revenue Needed	292,801	154,163	41,120	150,160	153,045	148,698	136,343	110,731	85,119
26 Phase-in Adjustment	154,775	41,732	134,327	38,470	52	0	0	0	0
27 NET REVENUE REQUIREMENT	138,026	112,431	40,147	96,782	103,793	111,741	136,343	110,731	85,119
28 % of Total Phased-in	47.14%	72.93%	40.07%	71.54%	99.95%	100.00%	100.00%	100.00%	100.00%
29 Phase-in Adjustment - Gross Of Tax	154,775	41,732	134,327	38,470	52	0	0	0	0
30 Phase-in Income Taxes	74,068	19,969	64,250	18,245	26	0	0	0	0
31 Phase-in Adjustment - Net Of Tax	80,707	21,763	70,077	20,225	26	0	0	0	0
32 Phase-in Total From Previous Year	0	87,010	124,064	219,489	275,470	270,399	195,624	109,240	0
33 Amortization Of Deferred Equity	0	0	0	0	(41,325)	(100,166)	(102,250)	(104,334)	(106,418)
34 Carrying Cost (15.02%)	6,303	15,291	24,888	35,356	36,529	36,590	36,651	36,712	36,773
35 Phase-in Adjustment - Total	87,010	124,064	219,489	275,470	275,399	195,324	109,240	0	0
36 Percentage Increase In Revenues	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9
37 Revenues = 986,066,000 In Year 0	14.00%	10.00%	7.29%	7.29%	7.29%	7.29%	6.00%	6.00%	-12.49%
38 EQUITY ALLOWED	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9
39 Total Equity Return	138,026	139,308	140,589	136,239	132,292	128,048	124,402	120,456	116,510
40 Phase-in Adjustment To Equity Return	80,707	21,763	70,077	20,225	26	0	0	0	0
41 Net Equity In Revenue Requirement	57,319	117,545	69,512	116,014	132,266	128,048	124,402	120,456	116,510

Agency: GSA-21
Date: 2-21-51

(Line 15)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9
Current Federal Income Tax	48,966	49,859	112,188	108,846	140,370	187,302	185,719	198,163	91,577
Current State Income Tax	5,376	5,431	9,282	9,076	11,054	13,923	13,825	15,578	3,016
Taxable Income	156,489	158,484	297,835	290,362	361,959	485,767	462,227	467,653	251,564
Pretax Net Operating Income	252,926	255,703	395,641	385,241	453,929	554,829	548,088	550,536	381,111
ETC Provision	20,546	20,546	20,546	20,546	20,546	20,546	20,546	20,546	20,546
Sch. M Deductions Before Interest	(8,998)	(8,998)	(8,998)	(8,998)	(8,998)	(8,998)	(8,998)	(8,998)	(8,998)
Interest Deduction	105,435	106,217	106,695	103,377	100,909	97,369	94,857	92,344	89,832
Weighted Cost of Debt	0.052	0.052	0.052	0.052	0.052	0.052	0.052	0.052	0.052
Other Income Taxes	(68,721)	(68,721)	3,661	3,661	3,661	3,661	3,661	3,661	3,661
Deferred Tax Provision	5,083	5,083	5,083	5,083	5,083	5,083	5,083	5,083	5,083
Deferred Tax Amortization	(72,382)	(72,382)	0	0	0	0	0	0	0
ETC Amortization	(1,422)	(1,422)	(1,422)	(1,422)	(1,422)	(1,422)	(1,422)	(1,422)	(1,422)
Effective Tax Rate - Mid Return	47.8553%	47.8506%	47.6830%	47.6877%	47.6492%	47.8142%	47.8192%	47.8367%	47.8367%

(Line 9)

[illegible]

(Line 26 & 29)

[illegible]

Union Electric Co.		Schedule M Deductions		1986 Tax Law		(000)		Difference:	
		Phase II		Phase III		Phase III		Phase III	
		Settlement		Conduitway		Conduitway		Conduitway	
Schedule M Deductions	Current in Corp.	114,824		1000		1000		113,824	
	Recd. Rep. Not subject to Non	-7637		-7637		-7637		-0	
	Exec. Tax Rep.	46,331		183,266		183,266		136,935	
	Diff. Book / Tax. Receipt Line	-3893		-89,060		-89,060		-20,167	
	Other. Equip. Facilities	-643		-643		-643		-0	
	Invest. Accumulate	223		223		223		-0	
	Diminishing Expense	5486		5486		5486		-131	
	Tax. Receipt Interest Expense	140		136		136		-4	
	Prop. Depreciated (Part of)	1790		1758		1758		-32	
	Depreciation & Depreciate Capitalized	2541		2448		2448		-243	
Schedule M Deductions	Capital Taxes Capitalized	2550		2760		2760		-1490	
	Depreciation Tax	1837		71		71		-7766	
	Unrecovered Balance	-357		-377		-377		10	
	Total Deduction (Excl. Interest)	169,652		169,654		169,654		-8998	
	Less:	-19078		-7329		-7329		11749	
	Capital & Depreciate Capitalized	150,574		153,325		153,325		2751	
	Depreciation Tax	-		-		-		-	
	Capital & Depreciate Capitalized	-		-		-		-	
	Depreciation Tax	-		-		-		-	
	Capital & Depreciate Capitalized	-		-		-		-	
Schedule M Deductions	Depreciation & Depreciate Capitalized	-		-		-		-	
	Capital & Depreciate Capitalized	-		-		-		-	
	Depreciation Tax	-		-		-		-	
	Capital & Depreciate Capitalized	-		-		-		-	
	Depreciation Tax	-		-		-		-	
	Capital & Depreciate Capitalized	-		-		-		-	
	Depreciation Tax	-		-		-		-	
	Capital & Depreciate Capitalized	-		-		-		-	
	Depreciation Tax	-		-		-		-	
	Capital & Depreciate Capitalized	-		-		-		-	
Schedule M Deductions	Depreciation & Depreciate Capitalized	-		-		-		-	
	Capital & Depreciate Capitalized	-		-		-		-	
	Depreciation Tax	-		-		-		-	
	Capital & Depreciate Capitalized	-		-		-		-	
	Depreciation Tax	-		-		-		-	
	Capital & Depreciate Capitalized	-		-		-		-	
	Depreciation Tax	-		-		-		-	
	Capital & Depreciate Capitalized	-		-		-		-	
	Depreciation Tax	-		-		-		-	
	Capital & Depreciate Capitalized	-		-		-		-	

UNION ELECTRIC COMPANY
MISSOURI GAS OPERATING INCOME STATEMENT
FOR THE YEAR ENDING DECEMBER 31, 1985
(In Thousands)

	Per Books @ 46% <u>Tax Rate</u>	@ 39.95% <u>Tax Rate</u>	@ 34% <u>Tax Rate</u>
Gas Operating Revenues	\$84 001	\$84 001	\$84 001
Operating & Maintenance Exp.	70 990	70 990	70 990
Depreciation & Amortization	1 704	1 704	1 704
Taxes Other Than Income Taxes	5 203	5 203	5 203
Current Income Taxes	-210	-185	-160
Deferred Income Taxes - Net	1 658	1 455	1 260
Investment Tax Credit - Net	<u>-17</u>	<u>-17</u>	<u>-17</u>
Total Income Taxes	1 431	1 253	1 083
Net Gas Operating Income	<u>\$ 4 673</u>	<u>\$ 4 851</u>	<u>\$ 5 021</u>

These income statements and tax calculations were adjusted only for the changes in tax rates.

If capitalized deductions are eliminated, current taxes as well as deferred taxes would be effected. See Schedule detailing deferred taxes.

MISSOURI GAS OPERATIONS
RATE BASE AT 12/31/85

Plant in Service:	\$70 400 751
Allocated Portion of General Plant Fac.	1 671 574
Total Plant	<u>72 072 325</u>
Reserve for Depreciation	20 653 989
Allocated Portion of General Plant Fac.	489 257
Total Reserve	<u>21 143 246</u>
Net Plant	50 929 079
Materials & Supplies:	
Fuel	788 790
General M & S	1 890 408
Total	<u>2 679 198</u>
Prepayments	96 685
Customer Advances	(521 714)
Customer Surety Deposits*	(292 687)
Deferred Income Taxes	<u>(4 012 826)</u>
Total Rate Base	<u>\$48 877 735</u>

At 6/30/86	Acct. 21-235-1
* 286 717	At 12/31/85
<u>8,053,240</u>	<u>8,221,547</u>
= 3.56%	X 292,687

Source: Quarterly Rate of Return Report 12/85

UNION ELECTRIC COMPANY
MISSOURI GAS OPERATIONS
DEFERRED TAX PROVISION
YEAR 1985

<u>Unbilled</u> - Federal	\$832 000
State	52 000
	<u>884 000</u>
<u>Investment Tax Credit</u> - Deferred	-
- Amortization	-17 000
<u>Depreciation</u>	
Deferred - Federal	614 000
- State	20 000
	<u>634 000</u>
Amortization - Federal	-54 000
- State	- 1 000
Net	<u>\$579 000</u>
<u>Other - Deferred</u>	
Expense Capitalized - Federal	84 000
- State	2 000
	<u>86 000</u>
Pensions - Federal	58 000
- State	2 000
	<u>60 000</u>
Payroll Taxes - Federal	60 000
- State	2 000
	<u>62 000</u>
Amortization - All Federal	
Removal	-3 000
Expenses	-1 000
Pensions	-6 000
Payroll	-3 000
	<u>-13 000</u>
Net	<u>\$195 000</u>

UNION ELECTRIC COMPANY
INCOME TAX CALCULATION
YEAR ENDED DECEMBER 31, 1985

FEDERAL TAX RATE @ 46%

ATTACHMENT E
SCHEDULE 4
PAGE 1 OF 4

MO. GAS
\$6,104,116

NET OPERATING REVENUE BEFORE INCOME TAX

STATE INCOME TAXES:

MISSOURI (12,000)
ILLINOIS (INCL. P.P.R.I. TAX) 0
IOWA 0

TOTAL CURRENT STATE INCOME TAXES (12,000)

CAPITAL GAINS 0

TOTAL (12,000)

NET OPER. REVENUE BEFORE FED. INC. TAX 6,116,116

FEDERAL INCOME TAXES 1,443,000

ADJUSTMENT TO PRIOR YEAR ACCRUAL:

STATE INCOME TAXES:
MISSOURI 0
ILLINOIS 0
IOWA 0
FEDERAL 0

NET OPERATING INCOME \$4,673,116

NET OPER. REVENUE BEFORE F. I. T. \$6,116,116
OTHER TAXABLE DEDUCTIONS 6,545,774

INCOME FOR FEDERAL INCOME TAX (429,658)

FEDERAL INCOME TAXES:

CURRENT FEDERAL INCOME TAX:
NORMAL TAXES @ 46% (198,000)
INVESTMENT TAX CREDIT 0
CAPITAL GAINS TAX 0
MINIMUM TAX 0

TOTAL CURRENT FEDERAL INCOME TAX (198,000)

DEFERRED INCOME TAXES:

DEFERRED I.T.C.-NET (17,000)
UNBILLED TAXES 984,000
OTHER DEFERRED INC. TAXES } DEPR. 579,000
OTHER 195,000 } 774,000

TOTAL DEFERRED INCOME TAXES 1,641,000

TOTAL FEDERAL INCOME TAXES \$1,443,000

TOTAL INC. TAXES CHGD. TO EXPENSE \$1,431,000

UNION ELECTRIC COMPANY
STATE INCOME TAX CALCULATION
YEAR ENDED DECEMBER 31, 1985

ATTACHMENT E
SCHEDULE 4
PAGE 2 OF 4

MISSOURI TAXABLE INCOME:

INCOME FOR FEDERAL INCOME TAX

ADD:

STATE INCOME TAXES

INTEREST - E. ST. LOUIS BONDS

MO. GAS

(\$429,658)

(12,000)

0

(12,000)

DEDUCT:

TAXABLE DIVIDEND REVENUE

CURRENT FED. INC. TAX (EXCL. CAP. GAINS)

INTEREST ON FEDERAL SECURITIES

0

(198,000)

0

(198,000)

TAXABLE INCOME - MISSOURI

(\$243,658)

ILLINOIS TAXABLE INCOME:

INCOME FOR FEDERAL INCOME TAX

ADD:

ILLINOIS INCOME & P.P.R.I. TAXES

INTEREST - E. ST. LOUIS BONDS

DEDUCT:

INTEREST ON FEDERAL SECURITIES

TAXABLE INCOME - ILLINOIS

IOWA TAXABLE INCOME:

INCOME FOR FEDERAL INCOME TAX

ADD:

IOWA INCOME TAXES

INTEREST - E. ST. LOUIS BONDS

DEDUCT:

1/2 CUR. FED. INC. TAX (EXCL. CAP. GAINS)

INTEREST ON FEDERAL SECURITIES

TAXABLE INCOME - IOWA

MISSOURI INCOME TAX

(\$12,000)

ILLINOIS INCOME TAX

ILLINOIS P.P.R.I. TAX

TOTAL ILL. INCOME & P.P.R.I. TAX

IOWA INCOME TAX

UNION ELECTRIC COMPANY
INCOME TAX CALCULATION
YEAR ENDED DECEMBER 31, 1985

ATTACHMENT E
SCHEDULE 4
PAGE 3 OF 4

DEFERRED INCOME TAXES:

UNBILLED TAXES:

PROVISION - FEDERAL
PROVISION - STATE

MO. GAS
\$832,000
52,000

TOTAL PROVISION
AMORTIZATION

884,000
0

TOTAL UNBILLED TAXES

384,000

OTHER DEFERRED INCOME TAXES:

PROVISION - FEDERAL
PROVISION - STATE

816,000
26,000

TOTAL PROVISION
AMORTIZATION

842,000
(68,000)

TOTAL OTHER DEFERRED INCOME TAXES

\$774,000

UNION ELECTRIC COMPANY
INCOME TAX CALCULATION
YEAR ENDED DECEMBER 31, 1935

ADJUSTMENT TO PROVISION FOR DEF. INC. TAXES:

UNBILLED TAXES:

PROVISION - FEDERAL (PER BOOKS)
ADJUSTMENT

MO. GAS
\$832,000
0

TOTAL PROVISION - FEDERAL

832,000

PROVISION - STATE (PER BOOKS)
ADJUSTMENT

52,000
0

TOTAL PROVISION - STATE

52,000

TOTAL UNBILLED TAXES

884,000

OTHER DEFERRED TAXES:

PROVISION - FEDERAL (PER BOOKS)
ADJUSTMENT

816,000
0

TOTAL PROVISION - FEDERAL

816,000

PROVISION - STATE (PER BOOKS)
ADJUSTMENT

26,000
0

TOTAL PROVISION - STATE

26,000

TOTAL OTHER DEFERRED TAXES

\$842,000

ADJUSTMENT FOR FEDERAL TAX:

ADJUSTMENT FOR STATE TAX:

NEW TAX RATE / OLD TAX RATE = ADJUSTMENT FACTOR

46.00%

46.00%

1

1.70%

1.70%

1

UNION ELECTRIC COMPANY
INCOME TAX CALCULATION
YEAR ENDED DECEMBER 31, 1985

FEDERAL TAX RATE @ 39.95%

ATTACHMENT E
SCHEDULE 5
PAGE 1 OF 4

NET OPERATING REVENUE BEFORE INCOME TAX

MO. GAS
\$6,104,116

STATE INCOME TAXES:

MISSOURI (14,000)
ILLINOIS (INCL. P.P.R.I. TAX) 0
IOWA 0

TOTAL CURRENT STATE INCOME TAXES (14,000)

CAPITAL GAINS 0

TOTAL (14,000)

NET OPER. REVENUE BEFORE FED. INC. TAX 6,118,116

FEDERAL INCOME TAXES 1,267,017

ADJUSTMENT TO PRIOR YEAR ACCRUAL:

STATE INCOME TAXES:
MISSOURI 0
ILLINOIS 0
IOWA 0
FEDERAL 0

NET OPERATING INCOME \$4,851,099

NET OPER. REVENUE BEFORE F. I. T. \$6,118,116
OTHER TAXABLE DEDUCTIONS 6,545,774

INCOME FOR FEDERAL INCOME TAX (427,658)

FEDERAL INCOME TAXES:

CURRENT FEDERAL INCOME TAX:
NORMAL TAXES @ 39.95% (171,000)
INVESTMENT TAX CREDIT 0
CAPITAL GAINS TAX 0
MINIMUM TAX 0

TOTAL CURRENT FEDERAL INCOME TAX (171,000)

DEFERRED INCOME TAXES:

DEFERRED I.T.C.-NET (17,000)
UNBILLED TAXES 783,750
OTHER DEFERRED INC. TAXES 671,266

TOTAL DEFERRED INCOME TAXES 1,438,017

TOTAL FEDERAL INCOME TAXES \$1,267,017

TOTAL INC. TAXES CHGD. TO EXPENSE \$1,253,017

UNION ELECTRIC COMPANY
STATE INCOME TAX CALCULATION
YEAR ENDED DECEMBER 31, 1985

ATTACHMENT E
SCHEDULE 5
PAGE 2 OF 4

MISSOURI TAXABLE INCOME:

INCOME FOR FEDERAL INCOME TAX

ADD:

STATE INCOME TAXES

INTEREST - E. ST. LOUIS BONDS

MO. GAS

(\$427,659)

(14,000)

0

(14,000)

DEDUCT:

TAXABLE DIVIDEND REVENUE

CURRENT FED. INC. TAX (EXCL. CAP. GAINS)

INTEREST ON FEDERAL SECURITIES

0

(171,000)

0

(171,000)

TAXABLE INCOME - MISSOURI

(\$270,658)

ILLINOIS TAXABLE INCOME:

INCOME FOR FEDERAL INCOME TAX

ADD:

ILLINOIS INCOME & P.P.R.I. TAXES

INTEREST - E. ST. LOUIS BONDS

DEDUCT:

INTEREST ON FEDERAL SECURITIES

TAXABLE INCOME - ILLINOIS

IOWA TAXABLE INCOME:

INCOME FOR FEDERAL INCOME TAX

ADD:

IOWA INCOME TAXES

INTEREST - E. ST. LOUIS BONDS

DEDUCT:

1/2 CUR. FED. INC. TAX (EXCL. CAP. GAINS)

INTEREST ON FEDERAL SECURITIES

TAXABLE INCOME - IOWA

MISSOURI INCOME TAX

(\$14,000)

ILLINOIS INCOME TAX

ILLINOIS P.P.R.I. TAX

TOTAL ILL. INCOME & P.P.R.I. TAX

IOWA INCOME TAX

UNION ELECTRIC COMPANY
INCOME TAX CALCULATION
YEAR ENDED DECEMBER 31, 1985

ATTACHMENT E
SCHEDULE 5
PAGE 3 OF 4

DEFERRED INCOME TAXES:

UNBILLED TAXES:

PROVISION - FEDERAL
PROVISION - STATE

MO. GAS
\$722,574
61,176

TOTAL PROVISION
AMORTIZATION

783,750
0

TOTAL UNBILLED TAXES

783,750

OTHER DEFERRED INCOME TAXES:

PROVISION - FEDERAL
PROVISION - STATE

708,678
30,588

TOTAL PROVISION
AMORTIZATION

739,266
(38,000)

TOTAL OTHER DEFERRED INCOME TAXES

\$671,266

UNION ELECTRIC COMPANY
INCOME TAX CALCULATION
YEAR ENDED DECEMBER 31, 1985

ADJUSTMENT TO PROVISION FOR DEF. INC. TAXES:

UNBILLED TAXES:

PROVISION - FEDERAL (PER BOOKS)
ADJUSTMENT

MO. GAS
\$832,000
(109,426)

TOTAL PROVISION - FEDERAL

722,574

PROVISION - STATE (PER BOOKS)
ADJUSTMENT

52,000
9,176

TOTAL PROVISION - STATE

61,176

TOTAL UNBILLED TAXES

783,750

OTHER DEFERRED TAXES:

PROVISION - FEDERAL (PER BOOKS)
ADJUSTMENT

816,000
(107,322)

TOTAL PROVISION - FEDERAL

708,678

PROVISION - STATE (PER BOOKS)
ADJUSTMENT

26,000
4,588

TOTAL PROVISION - STATE

30,588

TOTAL OTHER DEFERRED TAXES

\$739,286

ADJUSTMENT FOR FEDERAL TAX:

ADJUSTMENT FOR STATE TAX:

NEW TAX RATE /	OLD TAX RATE =	ADJUSTMENT FACTOR
39.95%	46.00%	0.86847826
2.00%	1.70%	1.17647059

UNION ELECTRIC COMPANY
INCOME TAX CALCULATION
YEAR ENDED DECEMBER 31, 1985

FEDERAL TAX RATE @ 34%

ATTACHMENT E
SCHEDULE 6
PAGE 1 OF 4

NET OPERATING REVENUE BEFORE INCOME TAX	<u>MO. GAS</u> \$6,104,116
STATE INCOME TAXES:	
MISSOURI	(15,000)
ILLINOIS (INCL. P.P.R.I. TAX)	0
IOWA	0
TOTAL CURRENT STATE INCOME TAXES	<u>(15,000)</u>
CAPITAL GAINS	0
TOTAL	<u>(15,000)</u>
NET OPER. REVENUE BEFORE FED. INC. TAX	6,119,116
FEDERAL INCOME TAXES	1,098,205
ADJUSTMENT TO PRIOR YEAR ACCRUAL:	
STATE INCOME TAXES:	
MISSOURI	0
ILLINOIS	0
IOWA	0
FEDERAL	0
NET OPERATING INCOME	<u>\$5,020,911</u>
NET OPER. REVENUE BEFORE F. I. T.	\$6,119,116
OTHER TAXABLE DEDUCTIONS	<u>6,545,774</u>
INCOME FOR FEDERAL INCOME TAX	(426,658)
FEDERAL INCOME TAXES:	
CURRENT FEDERAL INCOME TAX:	
NORMAL TAXES @ 34%	(145,000)
INVESTMENT TAX CREDIT	0
CAPITAL GAINS TAX	0
MINIMUM TAX	0
TOTAL CURRENT FEDERAL INCOME TAX	<u>(145,000)</u>
DEFERRED INCOME TAXES:	
DEFERRED I.T.C.-NET	(17,000)
UNBILLED TAXES	688,368
OTHER DEFERRED INC. TAXES	571,836
TOTAL DEFERRED INCOME TAXES	<u>1,243,205</u>
TOTAL FEDERAL INCOME TAXES	<u>\$1,098,205</u>
TOTAL INC. TAXES CHGD. TO EXPENSE	<u>\$1,083,205</u>

UNION ELECTRIC COMPANY
STATE INCOME TAX CALCULATION
YEAR ENDED DECEMBER 31, 1985

ATTACHMENT E
SCHEDULE 6
PAGE 2 OF 4

MISSOURI TAXABLE INCOME:

INCOME FOR FEDERAL INCOME TAX

ADD:

STATE INCOME TAXES

INTEREST - E. ST. LOUIS BONDS

MO. GAS

(\$426,658)

(15,000)

0

(15,000)

DEDUCT:

TAXABLE DIVIDEND REVENUE

CURRENT FED. INC. TAX (EXCL. CAP. GAINS)

INTEREST ON FEDERAL SECURITIES

0

(145,000)

0

(145,000)

TAXABLE INCOME - MISSOURI

(\$296,658)

ILLINOIS TAXABLE INCOME:

INCOME FOR FEDERAL INCOME TAX

ADD:

ILLINOIS INCOME & P.P.R.I. TAXES

INTEREST - E. ST. LOUIS BONDS

DEDUCT:

INTEREST ON FEDERAL SECURITIES

TAXABLE INCOME - ILLINOIS

IOWA TAXABLE INCOME:

INCOME FOR FEDERAL INCOME TAX

ADD:

IOWA INCOME TAXES

INTEREST - E. ST. LOUIS BONDS

DEDUCT:

1/2 CUR. FED. INC. TAX (EXCL. CAP. GAINS)

INTEREST ON FEDERAL SECURITIES

TAXABLE INCOME - IOWA

MISSOURI INCOME TAX

(\$15,000)

ILLINOIS INCOME TAX

ILLINOIS P.P.R.I. TAX

TOTAL ILL. INCOME & P.P.R.I. TAX

IOWA INCOME TAX

UNION ELECTRIC COMPANY
INCOME TAX CALCULATION
YEAR ENDED DECEMBER 31, 1985

ATTACHMENT E
SCHEDULE 6
PAGE 3 OF 4

DEFERRED INCOME TAXES:

UNBILLED TAXES:

PROVISION - FEDERAL
PROVISION - STATE

MO. GAS
\$614,957
73,412

TOTAL PROVISION
AMORTIZATION

688,368
0

TOTAL UNBILLED TAXES

688,368

OTHER DEFERRED INCOME TAXES:

PROVISION - FEDERAL
PROVISION - STATE

603,130
36,706

TOTAL PROVISION
AMORTIZATION

639,836
(68,000)

TOTAL OTHER DEFERRED INCOME TAXES

\$571,836

UNION ELECTRIC COMPANY
INCOME TAX CALCULATION
YEAR ENDED DECEMBER 31, 1985

ADJUSTMENT TO PROVISION FOR DEF. INC. TAXES:

UNBILLED TAXES:

PROVISION - FEDERAL (PER BOOKS)
ADJUSTMENT

MO. GAS
\$832,000
(217,043)

TOTAL PROVISION - FEDERAL

614,957

PROVISION - STATE (PER BOOKS)
ADJUSTMENT

52,000
21,412

TOTAL PROVISION - STATE

73,412

TOTAL UNBILLED TAXES

688,368

OTHER DEFERRED TAXES:

PROVISION - FEDERAL (PER BOOKS)
ADJUSTMENT

816,000
(212,870)

TOTAL PROVISION - FEDERAL

603,130

PROVISION - STATE (PER BOOKS)
ADJUSTMENT

26,000
10,706

TOTAL PROVISION - STATE

36,706

TOTAL OTHER DEFERRED TAXES

\$639,836

ADJUSTMENT FOR FEDERAL TAX:

ADJUSTMENT FOR STATE TAX:

NEW TAX RATE / OLD TAX RATE = ADJUSTMENT FACTOR

34.00%	46.00%	0.73913043
2.40%	1.70%	1.41176471

UNION ELECTRIC COMPANY
ACCUMULATED DEFERRED INCOME TAXES
MISSOURI GAS OPERATIONS
BALANCE AT 12/31/85

ACCOUNT	DESCRIPTION	AMOUNT
282-11	ACCELERATED DEPRECIATION	\$3,203,826
282-12	REMOVAL COSTS	148,000
282-14	INTEREST	12,000
282-15	EXPENSES CAPITALIZED	146,000
282-16	PENSIONS	286,000
282-17	PAYROLL TAXES	217,000
	TOTAL	\$4,012,826

CALCULATION OF EXCESS RESERVES:

ACCUMULTAED BALANCE AT 12/31/85	\$809,000
282-12 THRU 282-17	
COMPOSITE TAX RATIO (1)	0.241
EXCESS RESERVES	\$194,969

(1) COMPOSITE TAX RATIO

47.7

36.2

11.5 / 47.7 = .241

UNION ELECTRIC COMPANY
MISSOURI GAS OPERATIONS
PRO FORMA DEFICIENCY IN EXISTING RATES
12 MONTHS ENDED 6-30-84

@ 462

	AMOUNT
NET ORIGINAL COST RATE BASE	\$49,337,793
RETURN @ 11.37%	5,666,556
OPERATION & MAINTENANCE EXPENSES	18,593,496
DEPRECIATION	1,572,959
OTHER TAXES	1,209,763
INCOME TAXES @ 11.37%	2,183,991
TOTAL COST OF SERVICE	79,516,765
PRO FORMA REVENUES	74,362,037
DEFICIENCY	5,148,728
LESS OTHER REVENUE	49,132
DEFICIENCY EXCLUDING OTHER REVENUE	5,299,596
GROSS RECEIPTS TAXES @ 4.80%	244,781
TOTAL DEFICIENCY	\$5,393,503

UNION ELECTRIC COMPANY
MISSOURI GAS OPERATIONS
CALCULATION OF INCOME TAXES
12 MONTHS ENDED 6-30-86

	PRO FORMA	AT CLAIMED RETURN 11.077
PRO FORMA NET OPERATING INCOME	\$3,458,319	
INCOME TAX - PER BOOKS	(757,000)	
	2,701,319	
PRO FORMA INCOME TAXES	(280,660)	
NET OPERATING INCOME	2,982,479	\$5,666,556
NON-OPERATING INCOME & DEDUCTIONS:		
INTEREST INCOME	29,643	29,646
MISCELLANEOUS INCOME DEDUCTIONS:		
INTEREST CHARGES:		
INTEREST ON LONG TERM DEBT	(2,999,000)	(2,999,000)
OTHER INTEREST CHARGES	(292,858)	(292,858)
AMORT. OF LOSS ON REACQUIRED DEBT	(19,600)	(19,600)
TOTAL NON-OPERATING INCOME & DEDUCTIONS	(3,292,610)	(3,292,610)
NET INCOME FROM OPERATIONS	(300,331)	2,393,745
ADD: DEFERRED INCOME TAXES- NET	877,700	877,700
DEFERRED I.T.C.-NET	682,000	682,000
INVESTMENT TAX CREDIT	(702,000)	(702,000)
TOTAL	853,700	853,700
TOTAL	553,369	3,237,446
OTHER DEDUCTIONS:		
ADDITIONAL DEPRECIATION	(68,211)	(68,211)
ACCELERATED DEPRECIATION-NET	1,257,915	1,257,915
EXPENSES CAPITALIZED	210,813	210,813
PENSIONS EXPENSE CAPITALIZED	135,973	135,973
PAYROLL TAXES CAPITALIZED	134,596	134,596
DISMANTLING EXPENSE	136,331	136,331
MISCELLANEOUS	103	103
TOTAL DEDUCTIONS	1,907,521	1,907,521
TAXABLE AFTER TAXES (NAT)	(1,254,152)	1,429,925
INCOME TAXES:		
FEDERAL INCOME TAX (FIT)	0.95185185 (1,068,352)	1,219,084
TAXES, NOT BASED ON INCOME:		
INVESTMENT TAX CREDIT	(702,000)	(702,000)
DEFERRED INVESTMENT TAX CREDIT-NET	682,000	682,000
DEFERRED INCOME TAXES-ACCELERATED DEPR.	574,700	574,700
DEFERRED INCOME TAXES-OTHER-NET	199,000	199,000
TOTAL TAXES NOT BASED ON INCOME	853,700	853,700
TOTAL FEDERAL INCOME TAXES	(214,652)	2,071,784
STATE INCOME TAXES	0.05 (66,008)	112,207
TOTAL FEDERAL AND STATE INCOME TAXES	(4200,660)	\$2,183,991

UNION ELECTRIC COMPANY
MISSOURI GAS OPERATIONS
CALCULATION OF INCOME TAXES
12 MONTHS ENDED 6-30-86

	PER BOOKS	PER FORM A ADJUSTMENTS	PER FORM A
NET OPERATING INCOME	\$2,240,033	\$1,218,786	\$3,458,819
NON-OPERATING INCOME & DEDUCTIONS:			
INTEREST INCOME	29,548		29,548
MISCELLANEOUS INCOME DEDUCTIONS:			
INTEREST CHARGES:			
INTEREST ON LONG TERM DEBT	(2,847,772)	(151,225)	(2,998,997)
OTHER INTEREST CHARGES	(293,858)		(293,858)
AMORT. OF LOSS ON REACQUIRED DEBT	(19,600)		(19,600)
TOTAL NON-OPERATING INCOME & DEDUCTIONS	(3,131,592)	(151,225)	(3,282,817)
NET INCOME FROM OPERATIONS	(891,549)	1,067,561	176,009
ADD: PROVISION FOR INCOME TAXES	(199,000)		(199,000)
DEFERRED INCOME TAXES-NET	(616,000)		(616,000)
DEFERRED I.T.C.-NET	58,000		58,000
TOTAL	(757,000)	0	(757,000)
TOTAL	(1,648,549)	1,067,561	(580,988)
OTHER DEDUCTIONS:			
ADDITIONAL DEPRECIATION	(99,352)	31,141	(68,211)
ACCELERATED DEPRECIATION-NET	1,067,000	190,916	1,257,916
EXPENSES CAPITALIZED	210,813		210,813
PENSIONS EXPENSE CAPITALIZED	135,973		135,973
PAYROLL TAXES CAPITALIZED	134,596		134,596
DISMANTLING EXPENSE	136,331		136,331
STATE INCOME TAXES	(4,000)	(62,008)	(66,008)
UNBILLED REVENUE-NET	(2,947,000)	2,947,000	0
MISCELLANEOUS	103		103
TOTAL DEDUCTIONS	(1,365,536)	2,107,042	(258,494)
TAXABLE INCOME	(283,013)	(2,039,471)	(2,322,504)
INCOME TAXES:			
CURRENT FEDERAL INCOME TAX	PRO FORM A @ 46% (130,000)	(938,352)	(1,068,352)
ADJUSTMENT TO PRIOR YEARS	13,000	(13,000)	0
CURRENT STATE INCOME TAXES	(4,000)	(62,008)	(66,008)
INVESTMENT TAX CREDIT	(78,000)	(624,000)	(702,000)
TOTAL	(199,000)	(1,637,360)	(1,836,360)
UNBILLED TAXES	(1,399,000)	1,399,000	0
DEFERRED INVESTMENT TAX CREDIT-NET	58,000	624,000	682,000
DEFERRED INCOME TAXES:			
LIBERALIZED DEPRECIATION	637,000	70,700	707,700
AMORT OF LIBERALIZED DEPRECIATION	(53,000)		(53,000)
DEFERRED INCOME TAXES-OTHER-NET	199,000		199,000
TOTAL DEFERRED	783,000	70,700	853,700
TOTAL PROVISION FOR INCOME TAXES	(757,000)	\$476,340	\$626,660

PROVISION FOR INCOME TAXES
RECONCILIATION OF PRO FORMA WITH ACTUAL

DESCRIPTION	PRO FORMA ADJUSTMENTS	PER BOOKS EFFECT ON INCOME TAX @ 46.68778069%	NET TAX EFFECT	PRO FORMA EFFECT ON INCOME TAX @ 47.4922344%
ADJ. TO NET OPERATING INCOME	\$1,218,786	\$569,024	\$9,906	\$578,930
ADJ. TO REFLECT LOWER TAX RATE				71,322
ADJ. EMBEDDED COST TO L.T.S. AT 6-30-86	(151,228)	(70,605)	(1,217)	(71,322)
ADJ. TO BOOK DEPRECIATION	(31,141)	(14,539)	(251)	(14,790)
ADDITIONAL TAX DEPRECIATION ON YEAR-END PLANT	(198,813)	(90,124)	(1,556)	(90,679)
ELIMINATION OF UNBILLED REVENUES	(2,547,300)	(1,175,869)	(23,713)	(1,399,599)
TOTAL TAXABLE INCOME ADJ.	(2,001,499)	(881,143)	(14,807)	(1,000,760)
ELIMINATION OF PRIOR YEARS ACCRUAL	(13,000)			(13,000)
REDUCTION OF INVESTMENT TAX CREDIT	(624,000)			(624,000)
ELIMINATION OF UNBILLED TAXES	1,399,000			1,399,000
REDUCTION OF DEFERRED INVESTMENT TAX CREDIT	624,000			624,000
INCR. DEF. TAXES DUE TO ANNUALIZED DEPRECIATION	80,700			80,700
		(\$624,799)		\$476,720

PROOF OF INCOME TAXES

	TAXABLE INC.	AVERAGE EFFECTIVE TAX RATE	TOTAL FED. & STATE INC. TAX
PER BOOKS	(287,013)	46.68778069%	(\$134,060)
PRO FORMA	(2,388,512)	47.4922344%	(\$1,174,360)
	(\$2,101,499)	-0.80454275%	(\$1,000,360)
CHANGE IN TAXABLE INCOME @ CURRENT RATE			(998,051)
PER BOOKS TAXABLE INCOME @ DIFFERENCE IN EFFECTIVE TAX RATES			(2,309)
PRO FORMA ADJUSTMENT TO FED. & STATE INCOME TAXES			(\$1,000,360)

TAX CALCULATION

	AMOUNT
PRO-FORMA NET INCOME	\$3,459,319
INCOME TAX PER BOOKS	(757,000)
OTHER DEDUCTIONS:	
INTEREST	2,282,310
OTHER TAX DEDUCTIONS	1,607,521
TOTAL DEDUCTIONS	5,090,331
TAXABLE INCOME	(2,359,512)
FEDERAL INCOME TAX @ 46.00%	(1,088,352)
STATE INCOME TAXES	(66,308)

UNION ELECTRIC COMPANY
MISSOURI GAS OPERATIONS
PRO FORMA DEFICIENCY IN EXISTING RATES
12 MONTHS ENDED 6-30-86

@ 40%

	AMOUNT
NET ORIGINAL COST RATE BASE	\$49,837,783
RETURN @ 11.37%	5,666,556
OPERATION & MAINTENANCE EXPENSES	68,582,496
DEPRECIATION	1,872,959
OTHER TAXES	1,299,763
INCOME TAXES @ 11.37%	1,320,540
TOTAL COST OF SERVICE	79,153,314
PRO FORMA REVENUES	74,369,037
DEFICIENCY	4,785,277
LESS OTHER REVENUE	49,132
DEFICIENCY EXCLUDING OTHER REVENUE	4,736,145
GROSS RECEIPTS TAXES @ 4.80%	227,335
TOTAL DEFICIENCY	\$5,012,612

UNION ELECTRIC COMPANY
MISSOURI GAS OPERATIONS
CALCULATION OF INCOME TAXES
12 MONTHS ENDED 6-30-96

	PRO FORMA	AS CLAIMED RETURN 111372
PRO FORMA NET OPERATING INCOME	\$3,458,819	
INCOME TAX - PER BOOKS	(737,000)	
	2,701,819	
PRO FORMA INCOME TAXES	(183,208)	
NET OPERATING INCOME	2,885,027	\$5,665,556
NON-OPERATING INCOME & DEDUCTIONS:		
INTEREST INCOME	29,448	29,448
MISCELLANEOUS INCOME DEDUCTIONS:		
INTEREST CHARGES:		
INTEREST ON LONG TERM DEBT	(2,959,000)	(2,959,000)
OTHER INTEREST CHARGES	(293,858)	(293,858)
AMORT. OF LOSS ON REACQUIRED DEBT	(19,600)	(19,600)
TOTAL NON-OPERATING INCOME & DEDUCTIONS	(3,282,810)	(3,282,810)
NET INCOME FROM OPERATIONS	(397,783)	2,382,746
ADD: DEFERRED INCOME TAXES- NET	816,067	816,067
DEFERRED I.T.C.-NET	37,000	37,000
INVESTMENT TAX CREDIT	(57,000)	(57,000)
TOTAL	816,067	816,067
TOTAL	418,284	3,199,313
OTHER DEDUCTIONS:		
ADDITIONAL DEPRECIATION	(68,211)	(68,211)
ACCELERATED DEPRECIATION-NET	1,257,916	1,257,916
EXPENSES CAPITALIZED	210,813	210,813
PENSIONS EXPENSE CAPITALIZED	135,973	135,973
PAYROLL TAXES CAPITALIZED	134,594	134,594
DISMANTLING EXPENSE	136,331	136,331
MISCELLANEOUS	103	103
TOTAL DEDUCTIONS	1,807,521	1,807,521
TAXABLE AFTER TAXES (NAT)	(1,389,237)	1,392,292
INCOME TAXES:		
FEDERAL INCOME TAX (FIT)	0.466666666 (924,158)	929,195
TAXES, NOT BASED ON INCOME:		
INVESTMENT TAX CREDIT	(57,000)	(57,000)
DEFERRED INVESTMENT TAX CREDIT-NET	37,000	37,000
DEFERRED INCOME TAXES-ACCELERATED DEPR.	527,367	527,367
DEFERRED INCOME TAXES-OTHER-NET	199,200	199,200
TOTAL TAXES NOT BASED ON INCOME	816,067	816,067
TOTAL FEDERAL INCOME TAXES	(110,091)	1,744,262
STATE INCOME TAXES	0.05 (73,118)	76,279
TOTAL FEDERAL AND STATE INCOME TAXES	(183,208)	\$1,820,540

UNION ELECTRIC COMPANY
MISSOURI GAS OPERATIONS
CALCULATION OF INCOME TAXES
12 MONTHS ENDED 4-30-84

	PER BOOKS	PRO FORMA ADJUSTMENTS	PRO FORMA
NET OPERATING INCOME	\$2,240,933	\$1,218,786	\$3,458,319
NON-OPERATING INCOME & DEDUCTIONS:			
INTEREST INCOME	29,648		29,648
MISCELLANEOUS INCOME DEDUCTIONS:			
INTEREST CHARGES:			
INTEREST ON LONG TERM DEBT	(2,247,772)	(151,228)	(2,399,000)
OTHER INTEREST CHARGES	(293,858)		(293,858)
AMORT. OF LOSS ON REACQUIRED DEBT	(119,600)		(119,600)
TOTAL NON-OPERATING INCOME & DEDUCTIONS	(3,131,582)	(151,228)	(3,282,810)
NET INCOME FROM OPERATIONS	(891,549)	1,067,558	176,009
ADD: PROVISION FOR INCOME TAXES	(199,000)		(199,000)
DEFERRED INCOME TAXES-NET	(616,000)		(616,000)
DEFERRED I.T.C.-NET	58,000		58,000
TOTAL	(757,000)	0	(757,000)
TOTAL	(1,648,549)	1,067,558	(580,991)
OTHER DEDUCTIONS:			
ADDITIONAL DEPRECIATION	(99,352)	31,141	(68,211)
ACCELERATED DEPRECIATION-NET	1,067,000	190,915	1,257,915
EXPENSES CAPITALIZED	210,813		210,813
RENTIONS EXPENSE CAPITALIZED	135,973		135,973
PAYROLL TAXES CAPITALIZED	134,596		134,596
DISMANTLING EXPENSE	136,331		136,331
STATE INCOME TAXES	(4,000)	(69,118)	(73,118)
UNBILLED REVENUE-NET	(2,947,000)	2,947,000	0
MISCELLANEOUS	103		103
TOTAL DEDUCTIONS	(1,365,536)	3,099,939	1,734,403
TAXABLE INCOME	(287,013)	(2,032,381)	(2,319,394)
INCOME TAXES:			
CURRENT FEDERAL INCOME TAX	PRO FORMA @ 40% (130,000)	(796,153)	(926,153)
ADJUSTMENT TO PRIOR YEARS	13,000	(13,000)	0
CURRENT STATE INCOME TAXES	(4,000)	(69,118)	(73,118)
INVESTMENT TAX CREDIT	(78,000)	21,000	(57,000)
TOTAL	(199,000)	(857,275)	(1,056,275)
UNBILLED TAXES	(1,399,000)	1,399,000	0
DEFERRED INVESTMENT TAX CREDIT-NET	58,000	(21,000)	37,000
DEFERRED INCOME TAXES:			
LIBERALIZED DEPRECIATION	637,000	53,067	690,067
AMORT OF LIBERALIZED DEPRECIATION	(53,000)		(53,000)
DEFERRED INCOME TAXES-OTHER-NET	199,000		199,000
TOTAL DEFERRED	783,000	53,067	836,067
TOTAL PROVISION FOR INCOME TAXES	(\$757,000)	\$573,792	(\$183,208)

PROVISION FOR INCOME TAXES
RECONCILIATION OF PRO FORMA WITH ACTUAL

DESCRIPTION	PRO FORMA ADJUSTMENTS	PER BOOKS EFFECTIVE ON INCOME TAX @ 46.68778069%	NET TAX EFFECT	PRO FORMA EFFECTIVE ON INCOME TAX @ 41.83673469%
ADJ. TO NET OPERATING INCOME	\$1,219,786	\$569,024	(\$59,124)	\$509,900
ADJ. TO REFLECT LOWER TAX RATE				13,927
ADJ. EMBEDDED COST TO L.T.D. AT 6-30-86	(151,225)	(70,605)	7,336	(67,269)
ADJ. TO BOOK DEPRECIATION	(31,141)	(14,579)	1,511	(13,023)
ADDITIONAL TAX DEPRECIATION ON YEAR-END PLANT	(190,916)	(89,134)	9,161	(78,373)
ELIMINATION OF UNBILLED REVENUES	(2,947,000)	(1,375,399)	132,950	(1,202,399)
TOTAL TAXABLE INCOME ADJ.	(2,101,499)	(981,143)	101,745	(865,275)
ELIMINATION OF PRIOR YEARS ACCRUAL	(13,000)			13,000
REDUCTION OF INVESTMENT TAX CREDIT	21,300			(21,300)
ELIMINATION OF UNBILLED TAXES	1,755,000			(1,755,000)
REDUCTION OF DEFERRED INVESTMENT TAX CREDIT	(21,300)			21,300
INCR. DEF. TAXES DUE TO ANNUALIZED DEPRECIATION	53,067			53,067
	(\$662,432)			\$572,772

PROOF OF INCOME TAXES

	TAXABLE INC.	AVERAGE EFFECTIVE TAX RATE	TOTAL FED. & STATE INC. TAX
PER BOOKS	(287,013)	46.68778069%	(\$134,000)
PRO FORMA	(2,308,512)	41.83673469%	(\$999,275)
	(\$2,101,499)	4.85104600%	(\$865,275)
CHANGE IN TAXABLE INCOME @ CURRENT RATE			(\$79,199)
PER BOOKS TAXABLE INCOME @ DIFFERENCE IN EFFECTIVE TAX RATES			13,923
PRO FORMA ADJUSTMENT TO FED. & STATE INCOME TAXES			(\$865,275)

TAX CALCULATION

PRO-FORMA NET INCOME
INCOME TAX PER BOOKS

AMOUNT

\$3,458,819
(757,000)

OTHER DEDUCTIONS:
INTEREST
OTHER TAX DEDUCTIONS

3,392,810
1,507,521

TOTAL DEDUCTIONS

5,090,331

TAXABLE INCOME

(2,386,512)

FEDERAL INCOME TAX @
STATE INCOME TAXES

40.00%

(954,153)
(75,115)

UNION ELECTRIC COMPANY
MISSOURI GAS OPERATIONS
PRO FORMA DEFICIENCY IN EXISTING RATES
12 MONTHS ENDED 4-30-86

@ 34%

	AMOUNT
NET ORIGINAL COST RATE BASE	\$49,837,763
RETURN @ 11.37%	5,666,356
OPERATION & MAINTENANCE EXPENSES	68,553,496
DEPRECIATION	1,872,959
OTHER TAXES	1,207,763
INCOME TAXES @ 11.37%	1,546,514
TOTAL COST OF SERVICE	78,861,288
PRO FORMA REVENUES	74,368,037
DEFICIENCY	4,513,251
LESS OTHER REVENUE	49,132
DEFICIENCY EXCLUDING OTHER REVENUE	4,464,119
GROSS RECEIPTS TAXES @ 4.60%	214,278
TOTAL DEFICIENCY	\$4,727,529

UNION ELECTRIC COMPANY
MISSOURI GAS OPERATIONS
CALCULATION OF INCOME TAXES
12 MONTHS ENDED 6-30-86

	PRO FORMA	ST CLAIMED RETURN 11.372
PRO FORMA NET OPERATING INCOME	\$3,458,819	
INCOME TAX - PER BOOKS	(757,000)	
	2,701,819	
PRO FORMA INCOME TAXES	(87,904)	
NET OPERATING INCOME	2,789,723	\$5,566,556
NON-OPERATING INCOME & DEDUCTIONS:		
INTEREST INCOME	29,548	29,548
MISCELLANEOUS INCOME DEDUCTIONS:		
INTEREST CHARGES:		
INTEREST ON LONG TERM DEBT	(2,999,000)	(2,999,000)
OTHER INTEREST CHARGES	(293,558)	(293,558)
AMORT. OF LOSS ON REACQUIRED DEBT	(15,600)	(15,600)
TOTAL NON-OPERATING INCOME & DEDUCTIONS	(3,282,810)	(3,282,810)
NET INCOME FROM OPERATIONS	(493,087)	2,283,746
ADD: DEFERRED INCOME TAXES- NET	797,112	797,112
DEFERRED I.T.C.-NET	37,000	37,000
INVESTMENT TAX CREDIT	(57,000)	(57,000)
TOTAL	777,112	777,112
TOTAL	284,025	3,160,858
OTHER DEDUCTIONS:		
ADDITIONAL DEPRECIATION	(68,211)	(68,211)
ACCELERATED DEPRECIATION-NET	1,257,916	1,257,916
EXPENSES CAPITALIZED	210,813	210,813
PENSIONS EXPENSE CAPITALIZED	135,973	135,973
PAYROLL TAXES CAPITALIZED	134,596	134,596
DISMANTLING EXPENSE	136,331	136,331
MISCELLANEOUS	103	103
TOTAL DEDUCTIONS	1,807,521	1,807,521
TAXABLE AFTER TAXES (NAT)	(1,523,496)	1,353,337
INCOME TAXES:		
FEDERAL INCOME TAX (FIT)	0.51515151 (784,932)	697,174
TAXES, NOT BASED ON INCOME:		
INVESTMENT TAX CREDIT	(57,000)	(57,000)
DEFERRED INVESTMENT TAX CREDIT-NET	37,000	37,000
DEFERRED INCOME TAXES-ACCELERATED DEPR.	598,112	598,112
DEFERRED INCOME TAXES-OTHER-NET	199,000	199,000
TOTAL TAXES NOT BASED ON INCOME	777,112	777,112
TOTAL FEDERAL INCOME TAXES	(7,720)	1,474,236
STATE INCOME TAXES	0.05 (80,124)	74,238
TOTAL FEDERAL AND STATE INCOME TAXES	(87,904)	\$1,548,514

UNION ELECTRIC COMPANY
MISSOURI GAS OPERATIONS
CALCULATION OF INCOME TAXES
12 MONTHS ENDED 6-30-86

	PER BOOKS	PRO FORM A ADJUSTMENTS	PRO FORM A
NET OPERATING INCOME	\$2,240,333	\$1,218,786	\$3,458,819
NON-OPERATING INCOME & DEDUCTIONS:			
INTEREST INCOME	29,648		29,648
MISCELLANEOUS INCOME DEDUCTIONS:			
INTEREST CHARGES:			
INTEREST ON LONG TERM DEBT	(2,547,772)	(151,228)	(2,699,000)
OTHER INTEREST CHARGES	(293,858)		(293,858)
AMORT. OF LOSS ON REACQUIRED DEBT	(19,500)		(19,500)
TOTAL NON-OPERATING INCOME & DEDUCTIONS	(3,131,582)	(151,228)	(3,282,810)
NET INCOME FROM OPERATIONS	(891,549)	1,067,558	176,009
ADD: PROVISION FOR INCOME TAXES	(199,000)		(199,000)
DEFERRED INCOME TAXES-NET	(615,000)		(615,000)
DEFERRED I.T.C.-NET	58,000		58,000
TOTAL	(757,000)	0	(757,000)
TOTAL	(1,648,549)	1,067,558	(580,991)
OTHER DEDUCTIONS:			
ADDITIONAL DEPRECIATION	(99,352)	31,141	(68,211)
ACCELERATED DEPRECIATION-NET	1,067,000	190,916	1,257,916
EXPENSES CAPITALIZED	210,513		210,513
PENSIONS EXPENSE CAPITALIZED	135,973		135,973
PAYROLL TAXES CAPITALIZED	134,596		134,596
DISMANTLING EXPENSE	136,331		136,331
STATE INCOME TAXES	(4,000)	(76,184)	(80,184)
UNBILLED REVENUE-NET	(2,947,000)	2,947,000	0
MISCELLANEOUS	193		193
TOTAL DEDUCTIONS	(1,365,536)	3,092,875	1,727,337
TAXABLE INCOME	(283,013)	(2,025,315)	(2,308,328)
INCOME TAXES:			
CURRENT FEDERAL INCOME TAX	PRO FORM A @ 34% (120,000)	(654,932)	(784,932)
ADJUSTMENT TO PRIOR YEARS	13,000	(13,000)	0
CURRENT STATE INCOME TAXES	(4,000)	(76,184)	(80,184)
INVESTMENT TAX CREDIT	(78,000)	21,000	(57,000)
TOTAL	(199,000)	(723,016)	(922,016)
UNBILLED TAXES	(1,399,000)	1,399,000	0
DEFERRED INVESTMENT TAX CREDIT-NET	58,000	(21,000)	37,000
DEFERRED INCOME TAXES:			
LIBERALIZED DEPRECIATION	637,000	14,112	651,112
AMORT OF LIBERALIZED DEPRECIATION	(53,000)		(53,000)
DEFERRED INCOME TAXES-OTHER-NET	199,000		199,000
TOTAL DEFERRED	783,000	14,112	797,112
TOTAL PROVISION FOR INCOME TAXES	(6757,000)	\$669,096	(6087,904)

PROVISION FOR INCOME TAXES
RECONCILIATION OF PRO FORMA WITH ACTUAL

DESCRIPTION	PRO FORMA ADJUSTMENTS	PER BOOKS EFFECT ON INCOME TAX & 46.68775069%	NET TAX EFFECT	PRO FORMA EFFECT ON INCOME TAX & 36.21566633%
ADJ. TO NET OPERATING INCOME	\$1,219,784	\$549,024	(\$127,433)	\$421,591
ADJ. TO REFLECT LOWER TAX RATE			30,056	30,056
ADJ. EMBEDDED COST TO L.T.D. AT 6-30-86	(151,228)	(170,405)	15,837	(18,728)
ADJ. TO BOOK DEPRECIATION	(31,141)	(14,539)	3,221	(11,273)
ADDITIONAL TAX DEPRECIATION ON YEAR-END PLANT	(190,916)	(89,174)	19,283	(19,142)
ELIMINATION OF UNBILLED REVENUES	(2,547,000)	(1,375,389)	369,812	(1,017,173)
TOTAL TAXABLE INCOME ADJ.	(2,101,499)	(931,143)	220,071	(771,315)
ELIMINATION OF PRIOR YEARS ACCRUAL	(17,000)			(17,000)
REDUCTION OF INVESTMENT TAX CREDIT	21,000			21,000
ELIMINATION OF UNBILLED TAXES	1,399,000			1,399,000
REDUCTION OF DEFERRED INVESTMENT TAX CREDIT	(21,000)			(21,000)
INCR. DEF. TAXES DUE TO ANNUALIZED DEPRECIATION	14,112			14,112
	(\$701,337)			\$669,094

PROOF OF INCOME TAXES

	TAXABLE INC.	AVERAGE EFFECTIVE TAX RATE	TOTAL FED. & STATE INC. TAX
PER BOOKS	(287,013)	46.68775069%	(\$134,000)
PRO FORMA	(2,388,512)	36.21566633%	(\$865,016)
	(\$2,101,499)	10.47211437%	(\$731,316)
CHANGE IN TAXABLE INCOME & CURRENT RATE			(761,072)
PER BOOKS TAXABLE INCOME & DIFFERENCE IN EFFECTIVE TAX RATES			30,056
PRO FORMA ADJUSTMENT TO FED. & STATE INCOME TAXES			(731,016)

TAX CALCULATION

PRO-FORMA NET INCOME
INCOME TAX PER BOOKS

AMOUNT
\$3,458,919
(757,000)

OTHER DEDUCTIONS:
INTEREST
OTHER TAX DEDUCTIONS

3,252,810
1,807,521

TOTAL DEDUCTIONS

5,090,331

TAXABLE INCOME

(2,388,512)

FEDERAL INCOME TAX
STATE INCOME TAXES

@ 34%

(734,932)
(80,154)

UNION ELECTRIC COMPANY
WATER OPERATIONS INCOME STATEMENT
FOR THE YEAR ENDING DECEMBER 31, 1985
(In Thousands)

	Per Books @ 46% <u>Tax Rate</u>	@ 39.95% <u>Tax Rate</u>	@ 34% <u>Tax Rate</u>
Total Water Revenues	\$2 831	\$2 831	\$2 831
Operating & Maintenance Exp.	1 875	1 875	1 875
Depreciation & Amortization	158	158	158
Taxes, Other Than Income	249	249	249
Current Income Taxes	-42	-37	-32
Deferred Income Taxes - Net	105	92	79
Invest. Tax Credit - Net	<u>-4</u>	<u>-4</u>	<u>-4</u>
Total Income Taxes	59	51	43
	<u> </u>	<u> </u>	<u> </u>
Net Water Operating Income	<u>\$ 490</u>	<u>\$ 498</u>	<u>\$ 506</u>

These income statements and tax calculations were adjusted only for the changes in tax rates.

If capitalized deductions are eliminated, current taxes as well as deferred taxes would be effected. See Schedule detailing deferred taxes.

WATER OPERATIONS
RATE BASE AT 12/31/85

Plant in Service	\$9 220 010
Allocated Portion of General Plant Facilities	309 744
Total Plant	<u>9 529 754</u>
Reserve for Depreciation	1 874 546
Allocated Portion of General Plant Facilities	90 560
Total Reserve	<u>1 965 206</u>
Net Plant	7 564 548
Materials & Supplies:	
Fuel	0
General M & S	219 103
Total	<u>219 103</u>
Prepayments	13 601
Customer Advances	(371 075)
Contributions in Aid of Construction	(265 692)
Deferred Income Taxes	<u>(718 661)</u>
Total Rate Base	<u>\$6 441 824</u>

Source: Quarterly Rate of Return File 12/85

UNION ELECTRIC COMPANY
WATER OPERATIONS
DEFERRED TAX PROVISION
YEAR 1985

<u>Unbilled - Federal Only</u>	<u>\$11 000</u>
<u>Investment Tax Credit - Deferred</u>	-
Amortization	<u>-4 000</u>
<u>Depreciation</u>	
Deferred - Federal	83 000
- State	3 000
	<u>86 000</u>
Amortization - Federal	-4 000
Net	<u>82 000</u>
<u>Other - Deferred</u>	
Expense Capitalized - Federal	5 000
Pensions	3 000
P/R Taxes	4 000
Amortization	-0-
Net	<u>\$12 000</u>

UNION ELECTRIC COMPANY
INCOME TAX CALCULATION
YEAR ENDED DECEMBER 31, 1985

FEDERAL TAX RATE @ 46%

ATTACHMENT G
SCHEDULE 4
PAGE 1 OF 4
WATER
\$548,983

NET OPERATING REVENUE BEFORE INCOME TAX

STATE INCOME TAXES:

MISSOURI	(2,000)
ILLINOIS (INCL. P.P.R.I. TAX)	0
IOWA	0

TOTAL CURRENT STATE INCOME TAXES	(2,000)
----------------------------------	---------

CAPITAL GAINS	0
---------------	---

TOTAL	(2,000)
-------	---------

NET OPER. REVENUE BEFORE FED. INC. TAX	550,983
--	---------

FEDERAL INCOME TAXES	61,000
----------------------	--------

ADJUSTMENT TO PRIOR YEAR ACCRUAL:

STATE INCOME TAXES:

MISSOURI	0
ILLINOIS	0
IOWA	0
FEDERAL	0

NET OPERATING INCOME	\$489,983
----------------------	-----------

NET OPER. REVENUE BEFORE F. I. T.	\$550,983
OTHER TAXABLE DEDUCTIONS	638,102

INCOME FOR FEDERAL INCOME TAX	(87,119)
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FEDERAL INCOME TAXES:

CURRENT FEDERAL INCOME TAX:

NORMAL TAXES @ 46%	(40,000)
INVESTMENT TAX CREDIT	0
CAPITAL GAINS TAX	0
MINIMUM TAX	0

TOTAL CURRENT FEDERAL INCOME TAX	(40,000)
----------------------------------	----------

DEFERRED INCOME TAXES:

DEFERRED I. T. C. - NET	(4,000)
UNBILLED TAXES	11,000
OTHER DEFERRED INC. TAXES	94,000

TOTAL DEFERRED INCOME TAXES	101,000
-----------------------------	---------

TOTAL FEDERAL INCOME TAXES	\$61,000
----------------------------	----------

TOTAL INC. TAXES CHGD. TO EXPENSE	\$59,000
-----------------------------------	----------

UNION ELECTRIC COMPANY
STATE INCOME TAX CALCULATION
YEAR ENDED DECEMBER 31, 1985

ATTACHMENT G
SCHEDULE 4
PAGE 2 OF 4

MISSOURI TAXABLE INCOME:	
INCOME FOR FEDERAL INCOME TAX	WATER (\$87,119)
ADD:	
STATE INCOME TAXES	(2,000)
INTEREST - E. ST. LOUIS BONDS	0

	(2,000)
DEDUCT:	
TAXABLE DIVIDEND REVENUE	0
CURRENT FED. INC. TAX (EXCL. CAP. GAINS)	(40,000)
INTEREST ON FEDERAL SECURITIES	0

	(40,000)

TAXABLE INCOME - MISSOURI	(\$49,119)

ILLINOIS TAXABLE INCOME:
INCOME FOR FEDERAL INCOME TAX
ADD:
ILLINOIS INCOME & P.P.R.I. TAXES
INTEREST - E. ST. LOUIS BONDS

DEDUCT:
INTEREST ON FEDERAL SECURITIES

TAXABLE INCOME - ILLINOIS

IOWA TAXABLE INCOME:
INCOME FOR FEDERAL INCOME TAX
ADD:
IOWA INCOME TAXES
INTEREST - E. ST. LOUIS BONDS

DEDUCT:
1/2 CUR. FED. INC. TAX (EXCL. CAP. GAINS)
INTEREST ON FEDERAL SECURITIES

TAXABLE INCOME - IOWA

MISSOURI INCOME TAX (\$2,000)

ILLINOIS INCOME TAX
ILLINOIS P.P.R.I. TAX

TOTAL ILL. INCOME & P.P.R.I. TAX

IOWA INCOME TAX

UNION ELECTRIC COMPANY
INCOME TAX CALCULATION
YEAR ENDED DECEMBER 31, 1985

ATTACHMENT G
SCHEDULE 4
PAGE 3 OF 4

DEFERRED INCOME TAXES:

UNBILLED TAXES:

PROVISION - FEDERAL
PROVISION - STATE

WATER
\$11,000
0

TOTAL PROVISION
AMORTIZATION

11,000
0

TOTAL UNBILLED TAXES

11,000

OTHER DEFERRED INCOME TAXES:

PROVISION - FEDERAL
PROVISION - STATE

95,000
3,000

TOTAL PROVISION
AMORTIZATION

98,000
(4,000)

TOTAL OTHER DEFERRED INCOME TAXES

\$94,000

UNION ELECTRIC COMPANY
INCOME TAX CALCULATION
YEAR ENDED DECEMBER 31, 1985

ADJUSTMENT TO PROVISION FOR DEF. INC. TAXES:

UNBILLED TAXES:

PROVISION - FEDERAL (PER BOOKS)
ADJUSTMENT

WATER

\$11,000

0

TOTAL PROVISION - FEDERAL

11,000

PROVISION - STATE (PER BOOKS)
ADJUSTMENT

0

TOTAL PROVISION - STATE

0

TOTAL UNBILLED TAXES

11,000

OTHER DEFERRED TAXES:

PROVISION - FEDERAL (PER BOOKS)
ADJUSTMENT

95,000

0

TOTAL PROVISION - FEDERAL

95,000

PROVISION - STATE (PER BOOKS)
ADJUSTMENT

3,000

0

TOTAL PROVISION - STATE

3,000

TOTAL OTHER DEFERRED TAXES

\$98,000

ADJUSTMENT FOR FEDERAL TAX:

ADJUSTMENT FOR STATE TAX:

NEW TAX RATE / OLD TAX RATE = ADJUSTMENT FACTOR

46.00%

46.00%

1

1.70%

1.70%

1

UNION ELECTRIC COMPANY
INCOME TAX CALCULATION
YEAR ENDED DECEMBER 31, 1985

FEDERAL TAX RATE @ 39.95%

ATTACHMENT G
SCHEDULE 5
PAGE 1 OF 4

NET OPERATING REVENUE BEFORE INCOME TAX

WATER
\$548,983

STATE INCOME TAXES:

MISSOURI (3,000)
ILLINOIS (INCL. P.P.R.I. TAX) 0
IOWA 0

TOTAL CURRENT STATE INCOME TAXES (3,000)

CAPITAL GAINS 0

TOTAL (3,000)

NET OPER. REVENUE BEFORE FED. INC. TAX 551,983

FEDERAL INCOME TAXES 53,588

ADJUSTMENT TO PRIOR YEAR ACCRUAL:

STATE INCOME TAXES:

MISSOURI 0
ILLINOIS 0
IOWA 0
FEDERAL 0

NET OPERATING INCOME \$498,395

NET OPER. REVENUE BEFORE F. I. T. \$551,983
OTHER TAXABLE DEDUCTIONS 638,102

INCOME FOR FEDERAL INCOME TAX (86,119)

FEDERAL INCOME TAXES:

CURRENT FEDERAL INCOME TAX:

NORMAL TAXES @ 39.95% (34,000)
INVESTMENT TAX CREDIT 0
CAPITAL GAINS TAX 0
MINIMUM TAX 0

TOTAL CURRENT FEDERAL INCOME TAX (34,000)

DEFERRED INCOME TAXES:

DEFERRED I.T.C.-NET (4,000)
UNBILLED TAXES 9,553
OTHER DEFERRED INC. TAXES 82,035

TOTAL DEFERRED INCOME TAXES 87,588

TOTAL FEDERAL INCOME TAXES \$53,588

TOTAL INC. TAXES CHGD. TO EXPENSE \$50,588

UNION ELECTRIC COMPANY
STATE INCOME TAX CALCULATION
YEAR ENDED DECEMBER 31, 1985

ATTACHMENT G
SCHEDULE 5
PAGE 2 OF 4

MISSOURI TAXABLE INCOME:

INCOME FOR FEDERAL INCOME TAX

WATER
(\$86,119)

ADD:

STATE INCOME TAXES

(3,000)

INTEREST - E. ST. LOUIS BONDS

0

(3,000)

DEDUCT:

TAXABLE DIVIDEND REVENUE

0

CURRENT FED. INC. TAX (EXCL. CAP. GAINS)

(34,000)

INTEREST ON FEDERAL SECURITIES

0

(34,000)

TAXABLE INCOME - MISSOURI

(\$55,119)

ILLINOIS TAXABLE INCOME:

INCOME FOR FEDERAL INCOME TAX

ADD:

ILLINOIS INCOME & P.P.R.I. TAXES

INTEREST - E. ST. LOUIS BONDS

DEDUCT:

INTEREST ON FEDERAL SECURITIES

TAXABLE INCOME - ILLINOIS

IOWA TAXABLE INCOME:

INCOME FOR FEDERAL INCOME TAX

ADD:

IOWA INCOME TAXES

INTEREST - E. ST. LOUIS BONDS

DEDUCT:

1/2 CUR. FED. INC. TAX (EXCL. CAP. GAINS)

INTEREST ON FEDERAL SECURITIES

TAXABLE INCOME - IOWA

MISSOURI INCOME TAX

(\$3,000)

ILLINOIS INCOME TAX

ILLINOIS P.P.R.I. TAX

TOTAL ILL. INCOME & P.P.R.I. TAX

IOWA INCOME TAX

UNION ELECTRIC COMPANY
INCOME TAX CALCULATION
YEAR ENDED DECEMBER 31, 1985

ATTACHMENT G
SCHEDULE 5
PAGE 3 OF 4

DEFERRED INCOME TAXES:

UNBILLED TAXES:

PROVISION - FEDERAL
PROVISION - STATE

WATER

\$9,553
0

TOTAL PROVISION
AMORTIZATION

9,553
0

TOTAL UNBILLED TAXES

9,553

OTHER DEFERRED INCOME TAXES:

PROVISION - FEDERAL
PROVISION - STATE

82,505
3,529

TOTAL PROVISION
AMORTIZATION

86,035
(4,000)

TOTAL OTHER DEFERRED INCOME TAXES

\$82,035

UNION ELECTRIC COMPANY
INCOME TAX CALCULATION
YEAR ENDED DECEMBER 31, 1985

ADJUSTMENT TO PROVISION FOR DEF. INC. TAXES:

UNBILLED TAXES:

PROVISION - FEDERAL (PER BOOKS)
ADJUSTMENT

WATER
\$11,000
(1,447)

TOTAL PROVISION - FEDERAL

9,553

PROVISION - STATE (PER BOOKS)
ADJUSTMENT

0

TOTAL PROVISION - STATE

0

TOTAL UNBILLED TAXES

9,553

OTHER DEFERRED TAXES:

PROVISION - FEDERAL (PER BOOKS)
ADJUSTMENT

95,000
(12,495)

TOTAL PROVISION - FEDERAL

82,505

PROVISION - STATE (PER BOOKS)
ADJUSTMENT

3,000
529

TOTAL PROVISION - STATE

3,529

TOTAL OTHER DEFERRED TAXES

\$86,035

ADJUSTMENT FOR FEDERAL TAX:
ADJUSTMENT FOR STATE TAX:

NEW TAX RATE /	OLD TAX RATE =	ADJUSTMENT FACTOR
39.95%	46.00%	0.86847828
2.00%	1.70%	1.17647059

UNION ELECTRIC COMPANY
INCOME TAX CALCULATION
YEAR ENDED DECEMBER 31, 1985

FEDERAL TAX RATE @ 34%

ATTACHMENT G
SCHEDULE 6
PAGE 1 OF 4

NET OPERATING REVENUE BEFORE INCOME TAX

WATER
\$548,983

STATE INCOME TAXES:

MISSOURI (3,000)
ILLINOIS (INCL. P.P.R.I. TAX) 0
IOWA 0

TOTAL CURRENT STATE INCOME TAXES (3,000)

CAPITAL GAINS 0

TOTAL (3,000)

NET OPER. REVENUE BEFORE FED. INC. TAX \$548,983

FEDERAL INCOME TAXES 45,583

ADJUSTMENT TO PRIOR YEAR ACCRUAL:

STATE INCOME TAXES:

MISSOURI 0
ILLINOIS 0
IOWA 0
FEDERAL 0

NET OPERATING INCOME \$506,400

NET OPER. REVENUE BEFORE F. I. T. \$551,983
OTHER TAXABLE DEDUCTIONS 638,102

INCOME FOR FEDERAL INCOME TAX (86,119)

FEDERAL INCOME TAXES:

CURRENT FEDERAL INCOME TAX:

NORMAL TAXES @ 34% (29,000)
INVESTMENT TAX CREDIT 0
CAPITAL GAINS TAX 0
MINIMUM TAX 0

TOTAL CURRENT FEDERAL INCOME TAX (29,000)

DEFERRED INCOME TAXES:

DEFERRED I.T.C.-NET (4,000)
UNBILLED TAXES 8,130
OTHER DEFERRED INC. TAXES 70,453

TOTAL DEFERRED INCOME TAXES 74,583

TOTAL FEDERAL INCOME TAXES \$45,583

TOTAL INC. TAXES CHGD. TO EXPENSE \$42,583

UNION ELECTRIC COMPANY
STATE INCOME TAX CALCULATION
YEAR ENDED DECEMBER 31, 1985

ATTACHMENT G
SCHEDULE 6
PAGE 2 OF 4

MISSOURI TAXABLE INCOME:

INCOME FOR FEDERAL INCOME TAX

WATER
(\$86,119)

ADD:

STATE INCOME TAXES

(3,000)

INTEREST - E. ST. LOUIS BONDS

0

(3,000)

DEDUCT:

TAXABLE DIVIDEND REVENUE

0

CURRENT FED. INC. TAX (EXCL. CAP. GAINS)

(29,000)

INTEREST ON FEDERAL SECURITIES

0

(29,000)

TAXABLE INCOME - MISSOURI

(\$60,119)

ILLINOIS TAXABLE INCOME:

INCOME FOR FEDERAL INCOME TAX

ADD:

ILLINOIS INCOME & P.P.R.I. TAXES

INTEREST - E. ST. LOUIS BONDS

DEDUCT:

INTEREST ON FEDERAL SECURITIES

TAXABLE INCOME - ILLINOIS

IOWA TAXABLE INCOME:

INCOME FOR FEDERAL INCOME TAX

ADD:

IOWA INCOME TAXES

INTEREST - E. ST. LOUIS BONDS

DEDUCT:

1/2 CUR. FED. INC. TAX (EXCL. CAP. GAINS)

INTEREST ON FEDERAL SECURITIES

TAXABLE INCOME - IOWA

MISSOURI INCOME TAX

(\$3,000)

ILLINOIS INCOME TAX

ILLINOIS P.P.R.I. TAX

TOTAL ILL. INCOME & P.P.R.I. TAX

IOWA INCOME TAX

UNION ELECTRIC COMPANY
INCOME TAX CALCULATION
YEAR ENDED DECEMBER 31, 1985

ATTACHMENT G
SCHEDULE 6
PAGE 3 OF 4

DEFERRED INCOME TAXES:

UNBILLED TAXES:

PROVISION - FEDERAL
PROVISION - STATE

WATER

\$8,130
0

TOTAL PROVISION
AMORTIZATION

8,130
0

TOTAL UNBILLED TAXES

8,130

OTHER DEFERRED INCOME TAXES:

PROVISION - FEDERAL
PROVISION - STATE

70,217
4,235

TOTAL PROVISION
AMORTIZATION

74,453
(4,000)

TOTAL OTHER DEFERRED INCOME TAXES

\$70,453

UNION ELECTRIC COMPANY
INCOME TAX CALCULATION
YEAR ENDED DECEMBER 31, 1985

ADJUSTMENT TO PROVISION FOR DEF. INC. TAXES:

UNBILLED TAXES:

PROVISION - FEDERAL (PER BOOKS)
ADJUSTMENT

WATER
\$11,000
(2,870)

TOTAL PROVISION - FEDERAL

8,130

PROVISION - STATE (PER BOOKS)
ADJUSTMENT

0

TOTAL PROVISION - STATE

0

TOTAL UNBILLED TAXES

8,130

OTHER DEFERRED TAXES:

PROVISION - FEDERAL (PER BOOKS)
ADJUSTMENT

95,000
(24,783)

TOTAL PROVISION - FEDERAL

70,217

PROVISION - STATE (PER BOOKS)
ADJUSTMENT

3,000
1,235

TOTAL PROVISION - STATE

4,235

TOTAL OTHER DEFERRED TAXES

\$74,453

ADJUSTMENT FOR FEDERAL TAX:

ADJUSTMENT FOR STATE TAX:

NEW TAX RATE / OLD TAX RATE = ADJUSTMENT FACTOR

34.00%

46.00%

0.73913043

2.40%

1.70%

1.41176471

UNION ELECTRIC COMPANY
ACCUMULATED DEFERRED INCOME TAXES
MISSOURI WATER OPERATIONS
BALANCE AT 12/31/85

ACCOUNT	DESCRIPTION	AMOUNT
282-11	ACCELERATED DEPRECIATION	\$618,661
282-14	INTEREST	26,000
282-15	EXPENSES CAPITALIZED	9,000
282-16	PENSIONS	38,000
282-17	PAYROLL TAXES	27,000
	TOTAL	\$718,661

CALCULATION OF EXCESS RESERVES:

ACCUMULTAED BALANCE AT 12/31/85	\$100,000
282-14 THRU 282-17	
COMPOSITE TAX RATIO (1)	0.241
EXCESS RESERVES	\$24,100

(1) COMPOSITE TAX RATIO

47.7
36.2

11.5 / 47.7 = .241

UNION ELECTRIC COMPANY
MISSOURI WATER OPERATIONS
PRO FORMA DEFICIENCY IN EXISTING RATES
12 MONTHS ENDED 6-30-86

@462

	AMOUNT
NET ORIGINAL COST RATE BASE	\$6,467,954
RETURN @ 11.37%	735,406
OPERATION & MAINTENANCE EXPENSES	2,015,514
DEPRECIATION	164,117
OTHER TAXES	156,032
INCOME TAXES @ 11.37%	286,296
TOTAL COST OF SERVICE	3,337,366
PRO FORMA REVENUES	2,829,540
DEFICIENCY	507,826
GROSS RECEIPTS TAXES @ 2.50%	12,696
TOTAL DEFICIENCY	\$520,522
18.40% INCREASE	=====

UNION ELECTRIC COMPANY
MISSOURI WATER OPERATIONS
CALCULATION OF INCOME TAXES
12 MONTHS ENDED 6-30-86

	PRO FORMA	AT CLAIMED RETURN 11.372
PRO FORMA NET OPERATING INCOME	\$401,877	
INCOME TAX - PER BOOKS	92,000	
	493,877	
PRO FORMA INCOME TAXES	23,598	
NET OPERATING INCOME	470,279	\$735,406
NON-OPERATING INCOME & DEDUCTIONS:		
INTEREST INCOME	3,948	3,946
MISCELLANEOUS INCOME DEDUCTIONS:		
INTEREST CHARGES:		
INTEREST ON LONG TERM DEBT	(394,000)	(394,000)
OTHER INTEREST CHARGES	(39,204)	(39,204)
AMORT. OF LOSS ON REACQUIRED DEBT	(2,618)	(2,618)
TOTAL NON-OPERATING INCOME & DEDUCTIONS	(431,874)	(431,874)
NET INCOME FROM OPERATIONS	38,405	303,532
ADD: DEFERRED INCOME TAXES- NET	120,683	120,683
DEFERRED I.T.C.-NET	50,000	50,000
INVESTMENT TAX CREDIT	(55,000)	(55,000)
TOTAL	115,683	115,683
TOTAL	154,088	419,215
OTHER DEDUCTIONS:		
ADDITIONAL DEPRECIATION	5,567	5,567
ACCELERATED DEPRECIATION-NET	211,989	211,989
EXPENSES CAPITALIZED	16,541	16,541
PENSIONS EXPENSE CAPITALIZED	10,657	10,657
PAYROLL TAXES CAPITALIZED	10,671	10,671
DISMANTLING EXPENSE	472	472
MISCELLANEOUS	0	0
TOTAL DEDUCTIONS	255,897	255,897
TAXABLE AFTER TAXES (MAT)	(101,809)	163,318
INCOME TAXES:		
FEDERAL INCOME TAX (FIT)	0.85185185 (86,726)	139,123
TAXES, NOT BASED ON INCOME:		
INVESTMENT TAX CREDIT	(55,000)	(55,000)
DEFERRED INVESTMENT TAX CREDIT-NET	50,000	50,000
DEFERRED INCOME TAXES-ACCELERATED DEPR.	102,683	102,683
DEFERRED INCOME TAXES-OTHER-NET	18,000	18,000
TOTAL TAXES NOT BASED ON INCOME	115,683	115,683
TOTAL FEDERAL INCOME TAXES	28,957	254,806
STATE INCOME TAXES	0.05 (5,358)	11,490
TOTAL FEDERAL AND STATE INCOME TAXES	\$23,598	\$266,296

UNION ELECTRIC COMPANY
MISSOURI WATER OPERATIONS
CALCULATION OF INCOME TAXES
12 MONTHS ENDED 6-30-86

	PER BOOKS	PRO FORMA ADJUSTMENTS	PRO FORMA
NET OPERATING INCOME	\$323,058	(\$123,181)	\$401,877
NON-OPERATING INCOME & DEDUCTIONS:			
INTEREST INCOME	3,948		3,948
MISCELLANEOUS INCOME DEDUCTIONS:			
INTEREST CHARGES:			
INTEREST ON LONG TERM DEBT	(379,695)	(14,305)	(394,000)
OTHER INTEREST CHARGES	(39,204)		(39,204)
AMORT. OF LOSS ON REACQUIRED DEBT	(2,618)		(2,618)
TOTAL NON-OPERATING INCOME & DEDUCTIONS	(417,569)	(14,305)	(431,874)
NET INCOME FROM OPERATIONS	107,489	(137,486)	(29,997)
ADD: PROVISION FOR INCOME TAXES	(20,000)		(20,000)
DEFERRED INCOME TAXES-NET	112,000		112,000
DEFERRED I.T.C.-NET	0		0
TOTAL	92,000	0	92,000
TOTAL	199,489	(137,486)	62,003
OTHER DEDUCTIONS:			
ADDITIONAL DEPRECIATION	(1,736)	7,303	5,567
ACCELERATED DEPRECIATION-NET	200,000	11,989	211,989
EXPENSES CAPITALIZED	16,541		16,541
PENSIONS EXPENSE CAPITALIZED	10,657		10,657
PAYROLL TAXES CAPITALIZED	10,671		10,671
DISMANTLING EXPENSE	472		472
STATE INCOME TAXES	0	(5,358)	(5,358)
UNBILLED REVENUE-NET	(3,000)	3,000	0
MISCELLANEOUS	0		0
TOTAL DEDUCTIONS	233,605	16,934	250,539
TAXABLE INCOME	(34,116)	(154,420)	(188,536)
INCOME TAXES:			
CURRENT FEDERAL INCOME TAX	PRO FORMA @ 46% (15,000)	(71,726)	(86,726)
ADJUSTMENT TO PRIOR YEARS	0	0	0
CURRENT STATE INCOME TAXES	0	(5,358)	(5,358)
INVESTMENT TAX CREDIT	(5,000)	(50,000)	(55,000)
TOTAL	(20,000)	(127,085)	(147,085)
UNBILLED TAXES	(1,000)	1,000	0
DEFERRED INVESTMENT TAX CREDIT-NET	0	50,000	50,000
DEFERRED INCOME TAXES:			
LIBERALIZED DEPRECIATION	98,000	7,683	105,683
AMORT OF LIBERALIZED DEPRECIATION	(3,000)		(3,000)
DEFERRED INCOME TAXES-OTHER-NET	18,000		18,000
TOTAL DEFERRED	113,000	7,683	120,683
TOTAL PROVISION FOR INCOME TAXES	\$92,000	(\$68,402)	\$23,598

TAX CALCULATION

	AMOUNT
PRO-FORMA NET INCOME	\$401,877
INCOME TAX PER BOOKS	92,000
OTHER DEDUCTIONS:	
INTEREST	431,874
OTHER TAX DEDUCTIONS	255,897
TOTAL DEDUCTIONS	687,771
TAXABLE INCOME	(193,894)
FEDERAL INCOME TAX @ 46%	(86,726)
STATE INCOME TAXES	(5,358)

PROVISION FOR INCOME TAXES
RECONCILIATION OF PRO FORMA WITH ACTUAL

DESCRIPTION	PRO FORMA ADJUSTMENTS	PER BOOKS EFFECT ON INCOME TAX @ 43.96763982%	NET TAX EFFECT	PRO FORMA EFFECT ON INCOME TAX @ 47.49232344%
ADJ. TO NET OPERATING INCOME	(\$123,181)	(\$54,160)	(\$4,342)	(\$58,502)
ADJ. TO REFLECT LOWER TAX RATE				(1,202)
ADJ. EMBEDDED COST TO L.T.D. AT 6-30-86	(14,305)	(6,290)	(504)	(6,794)
ADJ. TO BOOK DEPRECIATION	(7,303)	(3,211)	(257)	(3,469)
ADDITIONAL TAX DEPRECIATION ON YEAR-END PLANT	(11,989)	(5,271)	(423)	(5,694)
ELIMINATION OF UNBILLED REVENUES	(3,000)	(1,319)	(106)	(1,425)
TOTAL TAXABLE INCOME ADJ.	(159,778)	(70,251)	(5,632)	(77,085)
ELIMINATION OF PRIOR YEARS ACCRUAL	0			0
REDUCTION OF INVESTMENT TAX CREDIT	(50,000)			(50,000)
ELIMINATION OF UNBILLED TAXES	1,000			1,000
REDUCTION OF DEFERRED INVESTMENT TAX CREDIT	50,000			50,000
INCR. DEF. TAXES DUE TO ANNUALIZED DEPRECIATION	7,683			7,683
	(\$151,095)			(\$68,402)
	=====			=====

PROOF OF INCOME TAXES

	TAXABLE INC.	AVERAGE EFFECTIVE TAX RATE	TOTAL FED. & STATE INC. TAX
PER BOOKS	(34,116)	43.96763982%	(\$15,000)
PRO FORMA	(193,894)	47.49232344%	(\$92,085)
	(\$159,778)	3.52468362%	(\$77,085)
CHANGE IN TAXABLE INCOME @ CURRENT RATE			(75,882)
PER BOOKS TAXABLE INCOME @ DIFFERENCE IN EFFECTIVE TAX RATES			(1,202)
PRO FORMA ADJUSTMENT TO FED. & STATE INCOME TAXES			(77,085)

UNION ELECTRIC COMPANY
MISSOURI WATER OPERATIONS
PRO FORMA DEFICIENCY IN EXISTING RATES
12 MONTHS ENDED 6-30-86

@ 4.2

	AMOUNT
NET ORIGINAL COST RATE BASE	\$6,467,954
RETURN @ 11.37%	735,406
OPERATION & MAINTENANCE EXPENSES	2,015,514
DEPRECIATION	164,117
OTHER TAXES	156,032
INCOME TAXES @ 11.37%	210,471
TOTAL COST OF SERVICE	3,281,540
PRO FORMA REVENUES	2,629,540
DEFICIENCY	452,000
GROSS RECEIPTS TAXES @ 2.50%	11,300
TOTAL DEFICIENCY	\$463,300
16.37% INCREASE	=====

UNION ELECTRIC COMPANY
MISSOURI WATER OPERATIONS
CALCULATION OF INCOME TAXES
12 MONTHS ENDED 6-30-86

	PRO FORMA	AT CLAIMED RETURN 11.37%
PRO FORMA NET OPERATING INCOME	\$401,877	
INCOME TAX - PER BOOKS	92,000	
	493,877	
PRO FORMA INCOME TAXES	20,990	
NET OPERATING INCOME	472,937	\$735,406
NON-OPERATING INCOME & DEDUCTIONS:		
INTEREST INCOME	3,948	3,948
MISCELLANEOUS INCOME DEDUCTIONS:		
INTEREST CHARGES:		
INTEREST ON LONG TERM DEBT	(394,000)	(394,000)
OTHER INTEREST CHARGES	(39,204)	(39,204)
AMORT. OF LOSS ON REACQUIRED DEBT	(2,618)	(2,618)
TOTAL NON-OPERATING INCOME & DEDUCTIONS	(431,874)	(431,874)
NET INCOME FROM OPERATIONS	41,063	303,532
ADD: DEFERRED INCOME TAXES- NET	107,059	107,059
DEFERRED I.T.C.-NET	9,000	9,000
INVESTMENT TAX CREDIT	(14,000)	(14,000)
TOTAL	102,059	102,059
TOTAL	143,122	405,591
OTHER DEDUCTIONS:		
ADDITIONAL DEPRECIATION	5,567	5,567
ACCELERATED DEPRECIATION-NET	211,989	211,989
EXPENSES CAPITALIZED	16,541	16,541
PENSIONS EXPENSE CAPITALIZED	10,657	10,657
PAYROLL TAXES CAPITALIZED	10,671	10,671
DISMANTLING EXPENSE	472	472
MISCELLANEOUS	0	0
TOTAL DEDUCTIONS	255,897	255,897
TAXABLE AFTER TAXES (NAT)	(112,775)	149,694
INCOME TAXES:		
FEDERAL INCOME TAX (FIT)	0.66666666 (75,183)	99,796
TAXES, NOT BASED ON INCOME:		
INVESTMENT TAX CREDIT	(14,000)	(14,000)
DEFERRED INVESTMENT TAX CREDIT-NET	9,000	9,000
DEFERRED INCOME TAXES-ACCELERATED DEPR.	89,059	89,059
DEFERRED INCOME TAXES-OTHER-NET	18,000	18,000
TOTAL TAXES NOT BASED ON INCOME	102,059	102,059
TOTAL FEDERAL INCOME TAXES	26,876	201,855
STATE INCOME TAXES	0.05 (5,936)	8,615
TOTAL FEDERAL AND STATE INCOME TAXES	\$20,940	\$210,471

UNION ELECTRIC COMPANY
MISSOURI WATER OPERATIONS
CALCULATION OF INCOME TAXES
12 MONTHS ENDED 6-30-86

	PER BOOKS	PRO FORMA ADJUSTMENTS	PRO FORMA
NET OPERATING INCOME	\$525,058	(\$123,181)	\$401,877
NON-OPERATING INCOME & DEDUCTIONS:			
INTEREST INCOME	3,948		3,948
MISCELLANEOUS INCOME DEDUCTIONS:			
INTEREST CHARGES:			
INTEREST ON LONG TERM DEBT	(379,695)	(14,305)	(394,000)
OTHER INTEREST CHARGES	(39,204)		(39,204)
AMORT. OF LOSS ON REACQUIRED DEBT	(2,618)		(2,618)
TOTAL NON-OPERATING INCOME & DEDUCTIONS	(417,569)	(14,305)	(431,874)
NET INCOME FROM OPERATIONS	107,489	(137,486)	(29,997)
ADD: PROVISION FOR INCOME TAXES	(20,000)		(20,000)
DEFERRED INCOME TAXES-NET	112,000		112,000
DEFERRED I.T.C.-NET	0		0
TOTAL	92,000	0	92,000
TOTAL	199,489	(137,486)	62,003
OTHER DEDUCTIONS:			
ADDITIONAL DEPRECIATION	(1,736)	7,303	5,567
ACCELERATED DEPRECIATION-NET	200,000	11,989	211,989
EXPENSES CAPITALIZED	16,541		16,541
PENSIONS EXPENSE CAPITALIZED	10,657		10,657
PAYROLL TAXES CAPITALIZED	10,671		10,671
DISHANTLING EXPENSE	472		472
STATE INCOME TAXES	0	(5,936)	(5,936)
UNBILLED REVENUE-NET	(3,000)	3,000	0
MISCELLANEOUS	0		0
TOTAL DEDUCTIONS	233,605	16,356	249,961
TAXABLE INCOME	(34,116)	(153,842)	(187,958)
INCOME TAXES:			
CURRENT FEDERAL INCOME TAX	PRO FORMA @ 40% (15,000)	(60,183)	(75,183)
ADJUSTMENT TO PRIOR YEARS	0	0	0
CURRENT STATE INCOME TAXES	0	(5,936)	(5,936)
INVESTMENT TAX CREDIT	(5,000)	(9,000)	(14,000)
TOTAL	(20,000)	(75,119)	(95,119)
UNBILLED TAXES	(1,000)	1,000	0
DEFERRED INVESTMENT TAX CREDIT-NET	0	9,000	9,000
DEFERRED INCOME TAXES:			
LIBERALIZED DEPRECIATION	98,000	(5,941)	92,059
AMORT OF LIBERALIZED DEPRECIATION	(3,000)		(3,000)
DEFERRED INCOME TAXES-OTHER-NET	18,000		18,000
TOTAL DEFERRED	113,000	(5,941)	107,059
TOTAL PROVISION FOR INCOME TAXES	\$92,000	(\$71,060)	\$20,940
	=====	=====	=====

TAX CALCULATION

	AMOUNT
PRO-FORMA NET INCOME	\$401,877
INCOME TAX PER BOOKS	92,000
OTHER DEDUCTIONS:	
INTEREST	431,874
OTHER TAX DEDUCTIONS	255,897
TOTAL DEDUCTIONS	687,771
TAXABLE INCOME	(193,894)
FEDERAL INCOME TAX @ 40%	(75,163)
STATE INCOME TAXES	(5,936)

PROVISION FOR INCOME TAXES
RECONCILIATION OF PRO FORMA WITH ACTUAL

ATTACHMENT H
SCHEDULE 2
PAGE 5 OF 5

DESCRIPTION	PRO FORMA ADJUSTMENTS	PER BOOKS EFFECT ON INCOME TAX @ 43.96763982%	NET TAX EFFECT	PRO FORMA EFFECT ON INCOME TAX @ 41.83673469%
ADJ. TO NET OPERATING INCOME	(\$123,181)	(\$54,160)	\$2,625	(\$51,535)
ADJ. TO REFLECT LOWER TAX RATE				727
ADJ. EMBEDDED COST TO L.T.D. AT 6-30-86	(14,305)	(5,290)	305	(\$3,985)
ADJ. TO BOOK DEPRECIATION	(7,303)	(3,211)	156	(3,055)
ADDITIONAL TAX DEPRECIATION ON YEAR-END PLANT	(11,989)	(5,271)	255	(5,016)
ELIMINATION OF UNBILLED REVENUES	(3,000)	(1,319)	64	(1,255)
TOTAL TAXABLE INCOME ADJ.	(159,778)	(70,251)	3,405	(66,119)
ELIMINATION OF PRIOR YEARS ACCRUAL	0			0
REDUCTION OF INVESTMENT TAX CREDIT	(9,000)			(9,000)
ELIMINATION OF UNBILLED TAXES	1,000			1,000
REDUCTION OF DEFERRED INVESTMENT TAX CREDIT	9,000			9,000
INCR. DEF. TAXES DUE TO ANNUALIZED DEPRECIATION	(5,941)			(5,941)
	(\$164,719)			(\$71,060)

PROOF OF INCOME TAXES

	TAXABLE INC.	AVERAGE EFFECTIVE TAX RATE	TOTAL FED. & STATE INC. TAX
PER BOOKS	(34,116)	43.96763982%	(\$15,000)
PRO FORMA	(193,894)	41.83673469%	(\$81,119)
	(\$159,778)	2.13090512%	(\$66,119)
CHANGE IN TAXABLE INCOME & CURRENT RATE			(66,846)
PER BOOKS TAXABLE INCOME @ DIFFERENCE IN EFFECTIVE TAX RATES			727
PRO FORMA ADJUSTMENT TO FED. & STATE INCOME TAXES			(66,119)

UNION ELECTRIC COMPANY
MISSOURI WATER OPERATIONS
PRO FORMA DEFICIENCY IN EXISTING RATES
12 MONTHS ENDED 6-30-86

@ 34%

ATTACHMENT H
SCHEDULE 3
PAGE 1 OF 5

	AMOUNT
NET ORIGINAL COST RATE BASE	\$6,467,954
RETURN @ 11.37%	735,406
OPERATION & MAINTENANCE EXPENSES	2,015,513
DEPRECIATION	164,117
OTHER TAXES	156,032
INCOME TAXES @ 11.37%	169,417
TOTAL COST OF SERVICE	3,240,486
PRO FORMA REVENUES	2,929,540
DEFICIENCY	410,946
GROSS RECEIPTS TAXES @ 2.50%	10,274
TOTAL DEFICIENCY	\$421,220
14.89% INCREASE	=====

UNION ELECTRIC COMPANY
MISSOURI WATER OPERATIONS
CALCULATION OF INCOME TAXES
12 MONTHS ENDED 3-30-56

	PRO FORMA	AS CLAIMED RETURN 11.372
PRO FORMA NET OPERATING INCOME	\$401,877	
INCOME TAX - PER BOOKS	92,000	
	493,877	
PRO FORMA INCOME TAXES	20,120	
	473,757	\$735,406
NON-OPERATING INCOME & DEDUCTIONS:		
INTEREST INCOME	3,948	3,948
MISCELLANEOUS INCOME DEDUCTIONS:		
INTEREST CHARGES:		
INTEREST ON LONG TERM DEBT	(394,000)	(394,000)
OTHER INTEREST CHARGES	(39,204)	(39,204)
AMORT. OF LOSS ON REACQUIRED DEBT	(2,618)	(2,618)
TOTAL NON-OPERATING INCOME & DEDUCTIONS	(431,874)	(431,874)
NET INCOME FROM OPERATIONS	41,883	703,532
ADD: DEFERRED INCOME TAXES- NET	55,340	55,340
DEFERRED I.T.C.-NET	9,000	9,000
INVESTMENT TAX CREDIT	(14,000)	(14,000)
TOTAL	90,340	90,340
TOTAL	132,223	793,872
OTHER DEDUCTIONS:		
ADDITIONAL DEPRECIATION	5,567	5,567
ACCELERATED DEPRECIATION-NET	211,989	211,989
EXPENSES CAPITALIZED	16,541	16,541
PENSIONS EXPENSE CAPITALIZED	10,657	10,657
PAYROLL TAXES CAPITALIZED	10,671	10,671
DISMANTLING EXPENSE	472	472
MISCELLANEOUS	0	0
TOTAL DEDUCTIONS	255,897	255,897
TAXABLE AFTER TAXES (NAT)	(123,674)	137,975
INCOME TAXES:		
FEDERAL INCOME TAX (FIT)	0.515151 (63,711)	71,978
TAXES, NOT BASED ON INCOME:		
INVESTMENT TAX CREDIT	(14,000)	(14,000)
DEFERRED INVESTMENT TAX CREDIT-NET	9,000	9,000
DEFERRED INCOME TAXES-ACCELERATED DEPR.	77,340	77,340
DEFERRED INCOME TAXES-OTHER-NET	18,000	18,000
TOTAL TAXES NOT BASED ON INCOME	90,340	90,340
TOTAL FEDERAL INCOME TAXES	26,629	151,418
STATE INCOME TAXES	0.05 (6,509)	7,999
TOTAL FEDERAL AND STATE INCOME TAXES	\$20,120	\$159,417

UNION ELECTRIC COMPANY
MISSOURI WATER OPERATIONS
CALCULATION OF INCOME TAXES
12 MONTHS ENDED 6-30-96

	PER BOOKS	PRO FORMA ADJUSTMENTS	PRO FORMA
NET OPERATING INCOME	\$525,058	(\$123,181)	\$401,877
NON-OPERATING INCOME & DEDUCTIONS:			
INTEREST INCOME	3,948		3,948
MISCELLANEOUS INCOME DEDUCTIONS:			
INTEREST CHARGES:			
INTEREST ON LONG TERM DEBT	(379,695)	(14,305)	(394,000)
OTHER INTEREST CHARGES	(39,204)		(39,204)
AMORT. OF LOSS ON REACQUIRED DEBT	(2,518)		(2,518)
TOTAL NON-OPERATING INCOME & DEDUCTIONS	(417,549)	(14,305)	(431,854)
NET INCOME FROM OPERATIONS	107,489	(137,486)	(29,997)
ADD: PROVISION FOR INCOME TAXES	(20,000)		(20,000)
DEFERRED INCOME TAXES-NET	112,000		112,000
DEFERRED I.T.C.-NET	0		0
TOTAL	92,000	0	92,000
TOTAL	199,489	(137,486)	62,003
OTHER DEDUCTIONS:			
ADDITIONAL DEPRECIATION	(1,736)	7,303	5,567
ACCELERATED DEPRECIATION-NET	200,000	11,989	211,989
EXPENSES CAPITALIZED	16,541		16,541
PENSIONS EXPENSE CAPITALIZED	10,657		10,657
PAYROLL TAXES CAPITALIZED	10,671		10,671
DISMANTLING EXPENSE	472		472
STATE INCOME TAXES	0	(6,509)	(6,509)
UNBILLED REVENUE-NET	(3,000)	3,000	0
MISCELLANEOUS	0		0
TOTAL DEDUCTIONS	233,605	15,783	249,388
TAXABLE INCOME	(34,116)	(153,269)	(187,385)
INCOME TAXES:			
CURRENT FEDERAL INCOME TAX	(15,000)	(48,711)	(63,711)
ADJUSTMENT TO PRIOR YEARS	0	0	0
CURRENT STATE INCOME TAXES	0	(6,509)	(6,509)
INVESTMENT TAX CREDIT	(5,000)	(9,000)	(14,000)
TOTAL	(20,000)	(64,220)	(84,220)
UNBILLED TAXES	(1,000)	1,000	0
DEFERRED INVESTMENT TAX CREDIT-NET	0	9,000	9,000
DEFERRED INCOME TAXES:			
LIBERALIZED DEPRECIATION	98,000	(17,660)	80,340
AMORT OF LIBERALIZED DEPRECIATION	(3,000)		(3,000)
DEFERRED INCOME TAXES-OTHER-NET	18,000		18,000
TOTAL DEFERRED	113,000	(17,660)	95,340
TOTAL PROVISION FOR INCOME TAXES	\$92,000	(\$71,860)	\$20,140

TAX CALCULATION

PRO-FORMA NET INCOME
INCOME TAX PER BOOKS

AMOUNT

\$401,377
92,000

OTHER DEDUCTIONS:
INTEREST
OTHER TAX DEDUCTIONS

431,874
255,597

TOTAL DEDUCTIONS

687,771

TAXABLE INCOME

(193,994)

FEDERAL INCOME TAX 9.34%
STATE INCOME TAXES

(183,711)
(5,509)

PROVISION FOR INCOME TAXES
RECONCILIATION OF PRO FORMA WITH ACTUAL

DESCRIPTION	PRO FORMA ADJUSTMENTS	PER BOOKS EFFECT ON INCOME TAX @ 43.967637982%	NET TAX EFFECT	PRO FORMA EFFECT ON INCOME TAX @ 36.21566637%
ADJ. TO NET OPERATING INCOME	(\$127,131)	(\$54,160)	\$9,549	(\$44,811)
ADJ. TO REFLECT LOWER TAX RATE				2,445
ADJ. EMBEDDED COST TO L.T.D. AT 4-30-86	(14,305)	(6,290)	1,109	(1,181)
ADJ. TO BOOK DEPRECIATION	(7,303)	(3,211)	512	(2,545)
ADDITIONAL TAX DEPRECIATION ON YEAR-END PLANT	(11,995)	(5,221)	958	(4,740)
ELIMINATION OF UNBILLED REVENUES	10,000	(2,315)	235	(1,385)
TOTAL TAXABLE INCOME ADJ.	(\$159,739)	(\$70,221)	10,758	\$5,220
ELIMINATION OF PRIOR YEARS ACCRUAL	0			0
REDUCTION OF INVESTMENT TAX CREDIT	(5,000)			1,300
ELIMINATION OF UNBILLED TAXES	1,000			1,000
REDUCTION OF DEFERRED INVESTMENT TAX CREDIT	9,000			1,000
INCR. DEF. TAXES DUE TO ANNUALIZED DEPRECIATION	(17,560)			(17,560)
	(\$175,439)			(\$71,220)
	=====			=====

PROOF OF INCOME TAXES

	TAXABLE INC.	AVERAGE EFFECTIVE TAX RATE	TOTAL FED. & STATE INC. TAX
PER BOOKS	(\$4,116,743.967637982%		(\$15,000)
PRO FORMA	(\$159,739) 7.75197749%		(\$70,220)
	(\$159,739) 7.75197749%		(\$55,220)
CHANGE IN TAXABLE INCOME @ CURRENT RATE			(\$7,845)
PER BOOKS TAXABLE INCOME @ DIFFERENCE IN EFFECTIVE TAX RATES			2,645
PRO FORMA ADJUSTMENT TO FED. & STATE INCOME TAXES			(\$5,220)

UNION ELECTRIC COMPANY
 PHASE III-CALLAWAY
 CASE NO. EK-84-168
 PHASE-IN YEARS 3 THRU 5
 (\$000)

ATTACHMENT D
 SCHEDULE 2
 PAGE 1 OF 4

	TEST YEAR	YEAR 3	YEAR 4	YEAR 5
NET OPERATING INCOME ADJUSTED FOR PHASE-IN	\$206,213	46,002 \$443,105 70,538	37,002 \$443,536 65,520	46,002 \$443,286 17,904
ADJUSTED NET OPERATING INCOME		372,567	377,016	422,353
ADD:				
CURRENT INCOME TAX	(173,004)	50,388	19,323	95,660
DEFERRED INCOME TAXES:				
DEFERRED INVESTMENT TAX CREDIT	0	38,312	38,312	38,312
DEFERRED INCOME TAX EXPENSE	90,389	90,389	89,871	90,389
AMORT. OF PRIOR YEARS DEFERRALS	(14,789)	(14,789)	(14,789)	(14,789)
AMORTIZATION OF ITC	(2,346)	(2,346)	(2,346)	(2,346)
TOTAL INCOME TAX	250	161,954	110,370	207,226
NET INCOME BEFORE TAXES	206,463	534,521	487,386	629,580
LESS DEDUCTIONS:				
INTEREST EXPENSE @ 5.20%	189,330	189,330	189,514	189,062
INTEREST ON C/P	1,000	1,000	1,000	1,000
ACC. DEFA. NOT SUBJECT TO NORM.	(7,627)	(7,627)	(7,627)	(7,627)
EXCESS TAX DEPRECIATION	183,266	183,266	183,266	183,266
DIFF. BODY-TAX STRAIGHT LINE	(29,060)	(29,060)	(29,060)	(29,060)
AMORT. EMERGENCY FACILITIES	(643)	(643)	(643)	(643)
AMORT. EASEMENTS	217	217	217	217
DISPOSAL EXPENSE	5,155	5,155	5,155	5,155
TAX EXEMPT INTEREST INCOME	136	136	136	136
PREFERRED DIV. PAID CREDIT	1,258	1,258	1,258	1,258
PENDING & BENEFITS CAPITALIZED	4,498	0	4,498	0
PAID DIV. TAXES CAPITALIZED	2,760	0	2,760	0
PROPERTY TAXES CAPITALIZED	71	71	71	71
PROVISIONAL BALANCES	(377)	(377)	(377)	(377)
TOTAL DEDUCTIONS	349,984	349,984	342,839	349,716
NET TAXABLE INCOME	(143,521)	184,537	144,547	279,863
PROVISION FOR FEDERAL INCOME TAX:				
NET TAXABLE INCOME	(8143,521)	\$184,537	\$144,547	\$279,863
LESS:				
DED. MISSOURI INCOME TAX	0	7,060	6,591	9,695
FEDERAL TAXABLE INCOME	(8143,521)	\$177,476	\$137,956	\$270,169
FEDERAL INCOME TAX	(866,020)	\$81,639	\$51,044	\$124,278
LESS:				
I.T.C. AVAILABLE: \$78,312				
RATE FOR DEFERRED I.T.C.: 85.00%				
INVESTMENT TAX CREDIT USED	0	38,312	38,312	38,312
PROV. FOR FEDERAL INCOME TAX	(866,020)	\$43,327	\$12,732	\$85,966
PROV. FOR MISSOURI INCOME TAX:				
NET TAXABLE INCOME	(8143,521)	\$184,537	\$144,547	\$279,863
LESS:				
DED. FEDERAL INCOME TAX	0	43,327	12,732	85,966
MISSOURI TAXABLE INCOME	(8143,521)	\$141,210	\$131,815	\$193,898
PROV. FOR MISSOURI INCOME TAX	(87,176)	\$7,060	\$6,591	\$9,695
SUMMARY OF PROVISION FOR INCOME TAXES:				
FEDERAL INCOME TAX	(866,020)	\$43,327	\$12,732	\$85,966
MISSOURI INCOME TAX	(87,176)	7,060	6,591	9,695
PROVISION FOR INCOME TAXES-CURRENT	(873,196)	\$50,388	\$19,323	\$95,660

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9
INVESTMENT	\$2,013,361	\$2,013,361	\$2,013,361	\$2,013,361	\$2,013,361	\$2,013,361	\$2,013,361	\$2,013,361	\$2,013,361
ACCUMULATED DEPRECIATION	(26,783)	(80,828)	(129,148)	(181,193)	(234,824)	(288,454)	(342,085)	(395,715)	(449,346)
CAPITALIZED DEFERRED RETURN	0	0	0	0	0	0	0	0	0
RES. FOR AMORT. OF DEF. RETURN	0	0	0	0	0	0	0	0	0
CHANGE IN FUEL INVENTORY	61,280	61,280	61,280	61,280	61,280	61,280	61,280	61,280	61,280
CHANGE IN M & S & PREPAYMENTS	9,019	9,019	9,019	9,019	9,019	9,019	9,019	9,019	9,019
CASH PAYING CAPITAL	(5,628)	(5,628)	(5,628)	(5,628)	(5,628)	(5,628)	(5,628)	(5,628)	(5,628)
INCOME TAX OFFSET	(6,233)	(6,342)	(6,451)	(6,560)	(6,669)	(6,778)	(6,887)	(6,996)	(7,105)
INTEREST OFFSET	(15,415)	(15,525)	(15,635)	(15,745)	(15,855)	(15,965)	(16,075)	(16,185)	(16,295)
CHANGE IN DEFERRED TAXES	0	67,299	134,598	201,897	269,196	336,495	403,794	471,093	538,392
NET RATE BASE	2,027,601	2,042,632	2,057,663	2,072,694	2,087,725	2,102,756	2,117,787	2,132,818	2,147,849
RATE OF RETURN	12.17%	12.17%	12.17%	12.17%	12.17%	12.17%	12.17%	12.17%	12.17%
NET OPERATING INCOME	246,759	246,588	246,417	246,246	246,075	245,904	245,733	245,562	245,391
NET DEFERRED TAXES	(48,175)	(48,175)	(48,175)	(48,175)	(48,175)	(48,175)	(48,175)	(48,175)	(48,175)
INCOME TAXES	24,142	24,142	24,142	24,142	24,142	24,142	24,142	24,142	24,142
DEPRECIATION	22,045	22,045	22,045	22,045	22,045	22,045	22,045	22,045	22,045
AMORT. OF DEFERRED RETURN	0	0	0	0	0	0	0	0	0
FUEL SAVINGS	(88,516)	(88,516)	(88,516)	(88,516)	(88,516)	(88,516)	(88,516)	(88,516)	(88,516)
PROPERTY TAXES	37,216	37,216	37,216	37,216	37,216	37,216	37,216	37,216	37,216
DECOMMISSIONING	2,900	2,900	2,900	2,900	2,900	2,900	2,900	2,900	2,900
CELLULAR D & M EXPENSES	38,959	38,959	38,959	38,959	38,959	38,959	38,959	38,959	38,959
CHANGE RETURN (12.30%-12.17%)	(2,679)	(2,679)	(2,679)	(2,679)	(2,679)	(2,679)	(2,679)	(2,679)	(2,679)
TOTAL REVENUE REQUIREMENT	292,601	292,189	291,777	291,365	290,953	290,541	290,129	289,717	289,305
REVENUE PREVIOUSLY GRANTED	0	178,024	250,457	322,890	395,323	467,756	540,189	612,622	685,055
ADDITIONAL REVENUE NEEDED	292,601	114,165	41,320	68,475	95,630	122,785	149,940	177,095	204,250
PHASE-IN ADJUSTMENT	154,775	41,732	169,575	28,204	40	0	0	0	0
NET REVENUE REQUIREMENT	\$137,826	\$72,433	\$21,745	\$40,271	\$55,630	\$122,785	\$149,940	\$177,095	\$204,250
% OF TOTAL PHASE-IN	47.14%	72.93%	40.07%	71.54%	99.95%	100.00%	100.00%	100.00%	100.00%
PHASE-IN ADJ. - GROSS OF TAX	\$154,775	\$41,732	\$169,575	\$28,204	\$40	\$0	\$0	\$0	\$0
PHASE-IN INCOME TAXES	74,068	19,959	43,055	10,301	15	0	0	0	0
PHASE-IN ADJ. - NET OF TAX	\$80,707	\$21,773	\$126,520	\$17,904	\$25	\$0	\$0	\$0	\$0
PHASE-IN TOTAL - PREVIOUS YEAR	0	87,010	124,064	215,158	268,048	321,639	375,230	428,821	482,412
AMORT. OF DEFERRED EQUITY	0	0	0	0	(41,126)	(106,161)	(181,196)	(256,231)	(331,266)
CARRYFOR CENTS (15.00%)	6,351	15,191	24,574	33,957	43,340	52,723	62,106	71,489	80,872
PHASE-IN ADJUSTMENT TOTAL	\$87,010	\$124,064	\$169,575	\$215,158	\$268,048	\$321,639	\$375,230	\$428,821	\$482,412
PERCENTAGE INCREASE IN REVENUES									
REVENUES-\$981,046,000 IN YR. 0	14.00%	10.00%	5.92%	5.41%	5.82%	6.33%	6.84%	-1.25%	-9.72%
EQUITY ALLOWED:									
TOTAL EQUITY RETURN	\$138,282	\$139,308	\$140,334	\$141,360	\$142,386	\$143,412	\$144,438	\$145,464	\$146,490
PHASE-IN ADJ. TO EQUITY RETURN	80,707	21,773	126,520	17,904	25	0	0	0	0
NET EQUITY IN REV. REQUIREMENT	\$57,575	\$117,535	\$113,814	\$123,456	\$117,361	\$143,412	\$144,438	\$145,464	\$146,490

UNION ELECTRIC COMPANY
PHASE-IN TAX CALCULATION
CASE NO. ER-84-168
(0000)

STATEMENT FOR TAX RATE CHANGE

FED. TAX
RATE
46.00%

ATTACHMENT A
SCHEDULE 1
PAGE 1 OF 2

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9
INVESTMENT	\$2,013,361	\$2,013,361	\$2,013,361	\$2,013,361	\$2,013,361	\$2,013,361	\$2,013,361	\$2,013,361	\$2,013,361
ACCUMULATED DEPRECIATION	(26,783)	(60,828)	(129,148)	(181,197)	(234,824)	(268,454)	(342,085)	(395,715)	(449,346)
CAPITALIZED DEFERRED RETURN	0	0	0	0	0	0	0	0	0
RES. FOR AMORT. OF DEF. RETURN	0	0	0	0	0	0	0	0	0
CHANGE IN FUE. INVENTORY	61,280	61,280	61,280	61,280	61,280	61,280	61,280	61,280	61,280
CHANGE IN M & S & PAYMENTS	9,019	9,019	9,019	9,019	9,019	9,019	9,019	9,019	9,019
CASH BORROWING CAPITAL	(5,628)	(5,628)	(5,628)	(5,628)	(5,628)	(5,628)	(5,628)	(5,628)	(5,628)
INCOME TAX DEFERET	(12,233)	(12,233)	(12,233)	(12,233)	(12,233)	(12,233)	(12,233)	(12,233)	(12,233)
INTEREST DEFERET	(12,415)	(12,415)	(12,415)	(12,415)	(12,415)	(12,415)	(12,415)	(12,415)	(12,415)
CHANGE IN DEFERRED TAXES	0	67,299	134,598	129,515	124,432	119,349	114,266	109,183	104,100
NET RATE BASE	2,027,601	2,042,632	2,053,934	1,957,641	1,939,786	1,881,931	1,824,075	1,766,220	1,708,365
RATE OF RETURN	12.17%	12.17%	12.17%	12.17%	12.17%	12.17%	12.17%	12.17%	12.17%
NET OPERATING INCOME	246,755	248,588	249,964	243,113	236,072	229,031	221,990	214,949	207,908
NET DEFERRED TAXES	(48,175)	(48,175)	24,207	24,207	24,207	24,207	24,207	24,207	24,207
INCOME TAXES (CURRENT)	54,342	55,290	121,470	117,922	157,915	191,579	189,898	192,491	99,645
DEPRECIATION	52,045	48,320	52,045	53,630	53,630	53,630	53,630	53,630	53,630
AMORT. OF DEFERRED RETURN	0	0	0	0	48,250	89,501	91,675	98,574	0
FUEL SAVINGS	(88,211)	(88,229)	(48,650)	(39,489)	(42,760)	(32,269)	(25,721)	(20,174)	(16,123)
PROPERTY TAXES	37,216	37,216	37,216	37,216	37,216	37,216	37,216	37,216	37,216
DECOMMISSIONING	2,900	2,900	2,900	2,900	2,900	2,900	2,900	2,900	2,900
CALIFORNIA J & M EXPENSES	38,959	38,959	38,959	38,959	38,959	38,959	38,959	38,959	38,959
CHANGE RETURN (12.30% - 12.17%)	(2,679)	(2,679)	(2,679)	(2,679)	(2,679)	(2,679)	(2,679)	(2,679)	(2,679)
TOTAL REVENUE REQUIREMENT	292,801	292,189	475,432	475,778	553,710	632,075	632,075	632,074	447,763
REVENUE PREVIOUSLY GRANTED	0	138,028	236,457	317,361	367,933	422,219	446,573	540,573	540,572
ADJ. TO REV. DUE TO TAX RATE CHANGE	0	0	(47,135)	(81,441)	(91,491)	(91,501)	(91,501)	(91,501)	(91,501)
ADDITIONAL REVENUE NEEDED	292,801	154,163	177,839	76,976	74,287	78,354	(0)	(1)	(186,371)
PHASE IN ADJUSTMENT	154,775	41,732	110,936	6,404	0	0	0	0	0
NET REVENUE REQUIREMENT	\$138,026	\$112,431	\$66,903	\$70,572	\$74,287	\$78,354	(\$0)	(\$1)	(\$186,371)
% OF TOTAL PHASED IN	47.14%	72.93%	37.62%	91.68%	100.00%	100.00%	100.00%	100.00%	100.00%
PHASE IN ADJ. - GROSS OF TAX	\$154,775	\$41,732	\$110,936	\$6,404	\$0	\$0	\$0	\$0	\$0
PHASE IN INC. TAXES INT. NEW RATES, YRS. 3-9	74,088	19,969	40,516	2,335	0	0	0	0	0
PHASE IN ADJ. - NET OF TAX	80,707	21,763	70,421	4,069	0	0	0	0	0
PHASE IN TOTAL - PREVIOUS YEAR	0	87,010	124,064	219,363	258,015	242,530	176,932	98,574	0
AMORT. OF DEFERRED EQUITY	0	0	0	0	(48,250)	(89,501)	(91,675)	(98,574)	0
CARRYING COSTS (10.62%)	6,303	15,291	24,879	34,582	32,765	23,903	13,317	0	0
PHASE IN ADJUSTMENT - TOTAL	\$87,010	\$124,064	\$219,363	\$258,015	\$242,530	\$176,932	\$98,574	\$0	\$0
PERCENTAGE INCREASE IN REVENUES REVENUES-8936,186,000 IN YR. 0	14.00%	10.00%	5.41%	5.41%	5.41%	5.41%	0.00%	0.00%	-12.00%
EQUITY ALLOWED:									
TOTAL EQUITY RETURN	\$138,282	\$119,308	\$140,078	\$136,239	\$132,293	\$128,348	\$124,402	\$120,456	\$116,510
PHASE IN ADJ. TO EQUITY RETURN	80,707	21,763	70,421	4,069	0	0	0	0	0
NET EQUITY IN REV. REQUIREMENT	\$57,575	\$117,545	\$69,658	\$132,170	\$132,293	\$128,348	\$124,402	\$120,456	\$116,510

UNION ELECTRIC COMPANY
MISSOURI ELECTRIC
REVENUE REQUIREMENT
PHASE-IN YEARS 3 THRU 5
(0000)

ATTACHMENT D
SCHEDULE 1
PAGE 2 OF 2

	YEAR 3		YEAR 4		YEAR 5	
	46% FED. TAX	37% FED. TAX	46% FED. TAX	34% FED. TAX	46% FED. TAX	34% FED. TAX
TOTAL PLANT IN SERVICE	84,797,376	84,797,376	84,797,376	84,797,376	84,797,376	84,797,376
LESS:						
DEPRECIATION RESERVE	932,778	932,778	932,778	932,778	932,778	932,778
NET PLANT IN SERVICE	3,864,598	3,864,598	3,864,598	3,864,598	3,864,598	3,864,598
ADD:						
CASH WORKING CAPITAL	(20,884)	(20,884)	(20,884)	(20,884)	(20,884)	(20,884)
FUEL INVENTORY	133,076	133,076	133,076	133,076	133,076	133,076
MATERIALS AND SUPPLIES	42,106	42,106	42,106	42,106	42,106	42,106
PREPAYMENTS	3,539	3,539	3,539	3,539	3,539	3,539
LESS:						
INC. TAX OFFSET (CURRENT INC. TAX X 0.1147)	5,779	2,216	10,972	4,286	13,042	5,445
INC. EXP. OFFSET (INT. DEDUCT. X 0.1452)	27,680	27,707	27,641	27,691	27,625	27,683
CUSTOMER ADVANCES FOR CONSTRUCTION	1,273	1,273	1,273	1,273	1,273	1,273
CUSTOMER DEPOSITS	7,222	7,222	7,222	7,222	7,222	7,222
DEFERRED INCOME TAXES	339,516	339,516	339,516	339,516	339,516	339,516
NET RATE BASE	3,640,964	3,644,501	3,635,811	3,642,447	3,633,755	3,641,297
RATE OF RETURN	12.17%	12.17%	12.17%	12.17%	12.17%	12.17%
NET OPERATING INCOME	442,105	443,536	442,478	443,286	442,228	443,146
ADJUSTED FOR PHASE-IN	70,539	66,520	20,125	17,904	27	26
ADJUSTED NET OPERATING INCOME	372,567	377,016	422,353	425,382	442,201	443,120
DEPRECIATION & MAINTENANCE EXPENSES	554,576	554,576	554,576	554,576	554,576	554,576
DEPRECIATION AND AMORTIZATION	137,749	137,749	137,749	137,749	137,749	137,749
TOTAL OTHER THAN INCOME TAXES	91,293	91,293	91,293	91,293	91,293	91,293
INCOME TAXES	161,954	110,370	267,226	122,756	255,275	132,865
TOTAL REVENUE REQUIREMENT	81,318,138	81,271,003	81,413,197	81,331,755	81,451,093	81,359,602
DIFFERENCE IN REVENUE REQUIREMENT DUE TO RATE CHANGE		(847,135)		(881,441)		(891,491)