

September 28, 2000

VIA FAX & U. S. MAIL

Mr. Dale Hardy Roberts  
Secretary/Chief Regulatory Law Judge  
P.O. Box 360  
Jefferson City, MO 65102

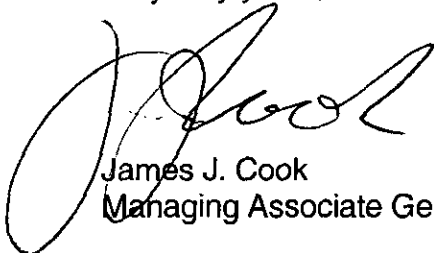
Re: Preliminary Earnings and Sharing Report  
Case No. EM-96-149

Dear Mr. Roberts:

This letter will document for the record that Union Electric Company d/b/a AmerenUE, has submitted a preliminary earnings report, along with a proposed sharing report, to the Staff of the Missouri Public Service Commission, the Office of Public Counsel and the attorneys for certain industrial customers. These reports have been prepared pursuant to the provisions of the Stipulation and Agreement submitted in the above styled case – specifically Section 7.f.iv., and cover the Sharing Period ending June 30, 2000.

A copy of the referenced reports and calculations is attached hereto, but is not being submitted for filing. Copies of this cover letter will be sent to all other parties to this docket.

Very truly yours,



James J. Cook  
Managing Associate General Counsel

JJC/dhb

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**FILED**

SEP 29 2000

Missouri Public  
Service Commission



Mr. Dale Hardy Roberts  
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Enclosure(s)

cc w/encl.: Mr. Steve Dottheim  
Mr. John Coffman  
Mr. Robert Johnson  
Ms. Diana Schmidt-Vuylsteke

cc w/o encl.: All Other Parties on Service List

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**UNION ELECTRIC COMPANY**  
**12 MONTHS ENDED JUNE 30, 2000**  
**(IN THOUSANDS OF DOLLARS)**

**EARNINGS REPORT**  
**PRELIMINARY**

	<b>TOTAL ELECTRIC</b>	<b>MISSOURI JURISDICTIONAL</b>
Plant in Service	\$ 8,551,118	\$ 7,765,221
Reserve for Depreciation	<u>3,547,239</u>	<u>3,201,252</u>
Net Plant	5,003,879	4,563,969
Add:		
Fuel and Materials & Supplies	188,376	165,115
Cash Working Capital	(27,000)	(24,000)
Prepayments	15,632	13,895
Less:		
Income Tax Offset (Staff Method)	63,340	58,367
Interest Expense Offset (Staff Method)	14,291	13,028
Customer Advances	8,977	8,934
Customer Deposits	13,658	13,658
Accumulated Deferred Income Taxes:		
Account 190	97,753	87,485
Account 282	<u>(894,370)</u>	<u>(806,940)</u>
(A) Total Rate Base	<u>\$ 4,284,004</u>	<u>\$ 3,905,537</u>
(B) Net Operating Income	\$ 457,994	\$ 425,796
(C) Return on Rate Base ((B) / (A))	<u>10.691%</u>	<u>10.902%</u>
(D) Return Portion Related to Debt & Preferred	2.818%	2.818%
(E) Return Portion Related to Common Equity ((C) - (D))	7.873%	8.084%
(F) Equity Percentage of Capital Structure	<u>59.494%</u>	<u>59.494%</u>
(G) Achieved Cost of Common Equity ((E) / (F))	<u>13.233%</u>	<u>13.588%</u>

**UNION ELECTRIC COMPANY**  
**12 MONTHS ENDED JUNE 30, 2000**  
**(IN THOUSANDS OF DOLLARS)**

**EARNINGS REPORT**  
**PRELIMINARY**

	<u>TOTAL ELECTRIC</u>	<u>MISSOURI JURISDICTIONAL</u>
Operating Revenues	\$ 2,171,831	\$ 1,975,559
Operating & Maintenance Expenses:		
Production:		
Fixed Allocation	117,565	104,363
Variable Allocation	517,108	450,401
Directly Assigned	<u>(4,274)</u>	<u>(3,585)</u>
Total Production Expenses	630,399	551,179
Transmission Expenses (Fixed)	19,362	17,188
Distribution Expenses (Distr. Plant)	99,404	93,254
Customer Accounting Expenses (Direct)	56,390	53,370
Customer Serv. & Info. Expenses (Direct)	6,421	6,041
Sales Expenses (Direct)	1,027	847
Administrative & General Expenses:		
Directly Assigned	16,982	14,425
Labor Allocation	197,344	176,899
Total Administrative & General Expenses	<u>214,326</u>	<u>191,324</u>
Total Operating & Maintenance Expenses	<u>1,027,329</u>	<u>913,203</u>
Depreciation & Amortization Expense:		
Fixed Allocation	70,899	62,937
Labor Allocation	9,607	8,611
Directly Assigned	174,628	161,035
Total Depreciation & Amortization Expense	<u>255,134</u>	<u>232,583</u>
Taxes Other than Income Taxes:		
Fixed Allocation	50,690	44,998
Variable Allocation	1,450	1,263
Labor Allocation	4,043	3,624
Directly Assigned	137,902	134,334
Total Taxes Other than Income Taxes	<u>194,085</u>	<u>184,219</u>
Income Taxes:		
Federal Income Taxes	204,842	188,216
Missouri State Income Tax	32,212	31,542
Other States' Income Taxes	235	0
Total Income Taxes	<u>237,289</u>	<u>219,758</u>
Net Operating Income	<u>\$ 457,994</u>	<u>\$ 425,796</u>

UNION ELECTRIC COMPANY  
12 MONTHS ENDED JUNE 30, 2000

EARNINGS REPORT  
PRELIMINARY

ALLOCATION FACTORS

	<u>TOTAL ELECTRIC</u>	<u>MISSOURI JURISDICTIONAL</u>
Fixed	100.00%	88.77%
Variable	100.00%	87.10%
Nuclear	100.00%	88.89%
Distribution	100.00%	94.45%
Mo. Distribution Plant	100.00%	99.46%
Labor	100.00%	89.64%
Net Plant	100.00%	91.21%
Operating Revenues	100.00%	90.96%
Operating Expenses	100.00%	88.89%
Callaway Post Operational	100.00%	95.55%
EPRI	100.00%	92.10%

**UNION ELECTRIC COMPANY**  
**MISSOURI ELECTRIC**  
**CALCULATION OF SHARING REVENUES**  
**BASED ON TWELVE MONTHS ENDING JUNE 30, 2000**  
**(IN THOUSANDS OF DOLLARS)**  
**EARNINGS REPORT**  
**PRELIMINARY**

	Preliminary 6/30/00
MISSOURI RATE BASE	\$ 3,905,537
TOTAL RETURN ON RATE BASE	10.902%
EARNED RETURN ON COMMON EQUITY	13.588%
<b>50% SHARING FOR EARNED RETURN &gt; 12.61% = 14.00%</b>	
$[(13.588\% - 12.61\%) * 50\% * \$3,905,537 \text{ (RB)} * 0.59494 \text{ (C.E. \%)}]$	\$ 11,362
TOTAL 50% SHARING INCLUDING INCOME TAXES (.6231)	\$ 18,442
<b>90% SHARING FOR EARNED RETURN &gt; 14.00% = 16.00%</b>	
$[(14.000\% - 14.00\%) * 90\% * \$3,905,537 \text{ (RB)} * 0.59494 \text{ (C.E. \%)}]$	\$ -
TOTAL 90% SHARING INCLUDING INCOME TAXES (.6231)	\$ -
<b>100% SHARING FOR EARNED RETURN &gt; 16.00%</b>	
$[(16.000\% - 16.00\%) * 100\% * \$3,905,537 \text{ (RB)} * 0.59494 \text{ (C.E. \%)}]$	\$ -
TOTAL 100% SHARING INCLUDING INCOME TAXES (.6231)	\$ -
<b>TOTAL SHARING INCLUDING TAXES (EXCLUDES GROSS RECEIPTS TAX)</b>	<b>\$ 18,442</b>

**UNION ELECTRIC COMPANY  
CAPITAL STRUCTURE AND  
EMBEDDED COST OF DEBT AND PREFERRED  
AT JUNE 30, 1999 AND 2000  
PRELIMINARY EARNINGS REPORT**

**BEGINNING OF SHARING PERIOD (JUNE 30, 1999)**

	(I) CAPITAL STRUCTURE DOLLARS	(II) %	(III) EMBEDDED COST	(IV) WGTD AVG COST
COMMON STOCK EQUITY*	\$2,497,618,986	58.019%	N/A	N/A
PREFERRED STOCK	155,197,000	3.605%	5.775%	0.208%
LONG-TERM DEBT	1,652,029,074	38.376%	6.953%	2.668%
TOTAL CAPITALIZATION	<u>\$4,304,845,060</u>	<u>100.000%</u>		
RETURN PORTION RELATED TO DEBT AND PREFERRED				<u>2.876%</u>

**END OF SHARING PERIOD (JUNE 30, 2000)**

	(V) CAPITAL STRUCTURE DOLLARS	(VI) %	(VII) EMBEDDED COST	(VIII) WGTD AVG COST
COMMON STOCK EQUITY*	\$2,523,579,615	60.969%	N/A	N/A
PREFERRED STOCK	155,197,000	3.750%	5.775%	0.217%
LONG-TERM DEBT	1,460,359,853	35.282%	7.207%	2.543%
TOTAL CAPITALIZATION	<u>\$4,139,136,468</u>	<u>100.000%</u>		
RETURN PORTION RELATED TO DEBT AND PREFERRED				<u>2.759%</u>

RETURN PORTION RELATED TO DEBT AND PREFERRED  
AVERAGE BEGINNING AND END OF SHARING PERIOD

2.818%

AVERAGE COMMON STOCK EQUITY\*  
BEGINNING AND END OF SHARING PERIOD (%)

59.494%

\*Since common dividends payable at the end of a quarter and preferred dividends payable during the subsequent quarter are removed from common equity in their entirety during the first month of every quarter, the balance for common stock equity for the end of the first or second month in each quarter (if used as the beginning or end of the sharing period) should be adjusted from actual book value. The balance for the end of the first month in the quarter should be adjusted by adding back two-thirds of the quarterly preferred and common dividend. The balance for the end of the second month in the quarter should be adjusted by adding back one-third of the quarterly preferred and common dividend.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served via U. S. Mail on this 28th day of September, 2000, on the following parties of record:

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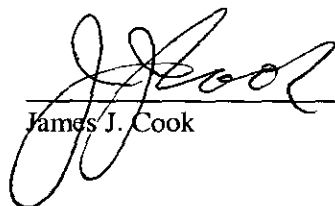
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