Ameren Services

**Steven R. Sullivan** Vice President Regulatory Policy, General Counsel & Secretary One Ameren Plaza 1901 Chouteau Avenue PO Box 66149, MC 1300 St. Louis, MO 63166-6149 314.554.2038 314.554.4014 fax srsullivan@ameren.com

May 23, 2003

## Via MoPSC EFIS Electronic Filing

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
Governor State Office Building
200 West Madison Street
Jefferson City, Missouri 65102-0360

**Ameren** 

Re: Union Electric Company, d/b/a AmerenUE, Revised Tariff Sheets

Dear Mr. Roberts:

Provided herewith for filing on behalf of Union Electric Company, d/b/a AmerenUE ("AmerenUE" or "Company"), please find in electronic format the following revised tariff sheets:

P.S.C. Mo. No. 2, 5th Revised Sheet No. 5 Canceling P.S.C. Mo. No. 2, 4th Revised Sheet No. 5

P.S.C. Mo. No. 2, 4th Revised Sheet No. 6 Canceling P.S.C. Mo. No. 2, 3rd Revised Sheet No. 6

P.S.C. Mo. No. 2, 4th Revised Sheet No. 7 Canceling P.S.C. Mo. No. 2, 3rd Revised Sheet No. 7

P.S.C. Mo. No. 2, 5th Revised Sheet No. 10 Canceling P.S.C. Mo. No. 2, 4th Revised Sheet No. 10

P.S.C. Mo. No. 2, 3rd Revised Sheet No. 63 Canceling P.S.C. Mo. No. 2, 2nd Revised Sheet No. 63

The purpose of this filing is to implement a general rate increase for natural gas service provided by AmerenUE and to index the interest rate to be paid on customer deposits. Please note that the referenced tariff sheets bear an issue date of today and are proposed to become effective for service rendered on and after June 22, 2003.

The revised natural gas rates were designed to produce an additional \$26.7 million in gross annual natural gas revenues (excluding gross receipts and sales taxes) or a 17.8% increase over the existing natural gas revenues. The proposed increase is necessary to recover the increased operating and maintenance expenses, depreciation and taxes, and the costs associated with the additional investment in natural gas distribution facilities made since the Company's last rate increase in 2000.

Mr. Dale Hardy Roberts May 23, 2003 Page - 2 -

The proposed revenue increase has been distributed among the Company's natural gas rate classifications on the basis of a class cost-of-service study which was performed by the Company in order to allocate its total gas investment and operating expenses to each rate classification in a manner reflective of the Company's cost of providing such service. The revenue impact of this study and its accompanying tariff revisions will vary for each of the Company's rate classifications. However, the effect of the proposed rate increase on the Company's average residential customer would be an increase of approximately \$16.26 per month, based upon average usage of about 60 Ccf per month.

Within the rate schedules, the allocated increase is recovered partially through increases in customer charges based on cost-of-service principles, while taking into account bill impact concerns. For the Residential Service rate, the customer charge is proposed to be increased from \$9.00 to \$16.00 per month. The Company also proposed to increase the monthly customer charge for the General Service and Interruptible Service rate schedules to \$41.60 and \$300.00, respectively. With respect to Transportation Service, the customer charge is increased to \$41.60 per month for the Standard Transportation rate and \$1,500.00 per month for the Large Volume Transportation rate. The remainder of the Company's proposed rate increase would be recovered through increased per Ccf charges.

To minimize the impact on customers, AmerenUE proposes an alternative of phasing in the new rates over two years, with one-half of the increase taking effect December 1, 2003, and the other half taking effect November 1, 2004. AmerenUE would also agree not to seek additional increases in gas delivery rates through November 1, 2006 – excluding its Purchased Gas Adjustment and any special provisions for the recover of certain infrastructure costs that may be provided by law.

The alternative proposal also calls for the Company to contribute \$1.75 million to its Dollar More energy assistance program to help low-income customers pay their utility bills, with the first \$1.0 million contribution set for December 1, 2003, and \$250,000 in each of the following three years. The Company will not seek recovery of these amounts in its rates.

The Company understands, as should all other interested parties, that the Commission's review of the aforementioned rate design could result in significant changes or modifications in the way in which the Company's proposed rate increase may be allocated among and within the Company's various rate classes.

Also provided in electronic form as Appendix 1 are AmerenUE's Minimum Filing Requirements as required by Commission Rule 4 CSR 240-3.030.

Finally, provided on behalf of AmerenUE, in electronic form, please find the direct testimony of the following witnesses:

Gary L. Rainwater Warner L. Baxter Richard J. Mark Jimmy L. Davis Michael G. O'Bryan Kathleen C. McShane

Gary S. Weiss Michael Adams James R. Pozzo William M. Warwick Wilbon L. Cooper Mr. Dale Hardy Roberts May 23, 2003 Page - 3 -

Please see that this filing is brought to the attention of the appropriate Commission personnel. Two copies of the filing are being provided to the Office of the Public Counsel.

It is requested that all pleadings, documents and communications concerning this filing be served upon each of the following persons:

Thomas M. Byrne Associate General Counsel Ameren Services One Ameren Plaza, MC-1310 1901 Chouteau Avenue St. Louis. Missouri 63103

Dean L. Cooper Brydon, Swearengen & England P.C. 312 East Capitol Avenue P.O. Box 456 Jefferson City, Missouri 65102-0456

Thank you for your cooperation in this matter.

Sincerely,

Steven R. Sullwary by TMB Steven R. Sullivan

Vice President Regulatory Policy, General Counsel and Secretary

SRS/rbf

**Enclosures** 

CC:

Office of the Public Counsel

General Counsel

Cancelling P.S.C. Mo. No. 2

4th Revised SHEET No. 5

\$16.00 per month

## UNION ELECTRIC COMPANY **GAS SERVICE**

Applying to MISSOURI SERVICE AREA

### RESIDENTIAL SERVICE RATE

Applicable to gas service to all residential customers as defined in Section I.H. of Company's Rules and Regulations. As indicated in Section IX., Resale of Service of Company's Rules and Regulations, this service may not be resold.

**\*** 1. Monthly Customer and Volumetric Meter Reading Rates.

> Customer Charge: Delivery Charge:

35.066¢ per Ccf

- Minimum Monthly Charge. The Customer Charge.
- 3. Purchased Gas Adjustment. Applicable to all metered and/or billed Ccf, pursuant to the provisions of Rider A - Purchased Gas Adjustment Clause.
- Yard Light Service. Any customer with an unmetered gas yard light 4. will have 18 Ccf per month of gas added per light to each month's metered Ccf usage, for billing purposes. This unmetered yard light service is one of limited application. No new such unmetered service will be offered after February 18, 1998.
- Seasonal Use. This schedule is a continuous service schedule. If 5. service is disconnected at the request of the customer, and thereafter restored at the same location for the same occupant(s) within a twelve (12) month period following the date of the service disconnection, a reconnection charge will become due and payable when service is restored. The charge shall be computed by multiplying the Customer Charge by the number of months and fractions of months that service is disconnected, plus the Reconnection Charge as indicated in Section D. Miscellaneous Charges, Sheet No. 19.
- Payments. Bills will be rendered at monthly intervals, are due 6. and payable within ten (10) days from their date of rendition and become delinquent after twenty-one (21) days from their date of rendition. The date of rendition is the date of mailing by the Company. Late payment charges shall be determined pursuant to Section VIII.F. of Company's Rules and Regulations.
- \* Indicates Change.

DATE OF ISSUE May 23, 2003 DATE EFFECTIVE June 22, 2003

ISSUED BY C. W. Mueller Chairman & CEO St. Louis, Missouri

3rd Revised SHEET No. 6

# UNION ELECTRIC COMPANY GAS SERVICE

Applying to MISSOURI SERVICE AREA

### GENERAL SERVICE RATE

Applicable to gas service to non-residential customers. As indicated in Section IX., Resale of Service of Company's Rules and Regulations, this service may not be resold.

\* 1. Monthly Customer and Volumetric Meter Reading Rates.

Customer Charge:

\$41.60 per month

Delivery Charge: First 7,000 Ccf

26.70¢ per Ccf 17.70¢ per Ccf

First 7,000 Ccf Over 7,000 Ccf

- 2. Minimum Monthly Charge. The Customer Charge.
- 3. Purchased Gas Adjustment.

Applicable to all metered and/or billed Ccf, pursuant to the provisions of the Rider A - Purchased Gas Adjustment Clause.

4. Payments.

Bills will be rendered at monthly intervals and are due and payable within ten (10) days from their date of mailing, which due date shall be considered the delinquent date for this rate classification. Pursuant to Section VIII.F. of Company's Rules and Regulations, any portion of any bill, other than deposit arrears, remaining unpaid after the delinquent date will have a late payment charge added thereto.

5. Term of Contract.

Gas service will be provided under this rate for a period of not less than one year.

6. Tax Adjustment.

Any license, franchise, gross receipts, occupation or similar charge or tax levied by any taxing authority on the amounts billed hereunder will be so designated and added as a separate item to bills rendered to customers under the jurisdiction of the taxing authority.

7. Rules and Regulations. Service will be rendered in accordance with the Company's Rules and Regulations for Gas Service on file with the Missouri Public Service Commission.

\* Indicates Change.

DATE OF ISSUE	May 23, 2003	DATE EFFECTIVE	June 22, 2003
ISSUED BY	C. W. Mueller	Chairman & CEO	St. Louis, Missouri

Name of Officer Title Address

Cancelling P.S.C. Mo. No. 2

3rd Revised SHEET No. 7

## UNION ELECTRIC COMPANY **GAS SERVICE**

Applying to \_\_\_\_\_ MISSOURI SERVICE AREA

### INTERRUPTIBLE SERVICE RATE WITH AN ASSURANCE GAS OPTION

### 1. Availability.

Whenever, in Company's sole judgment, gas is available for interruptible service, Company will make such service available to any qualified non-residential customer. To qualify, customer shall either provide adequate standby facilities and fuel for its use during periods when gas service is interrupted or shall give Company satisfactory evidence of its ability and willingness to curtail or cease operations during interruption. Gas service under other rates cannot be used for the same process, facility or equipment served under this rate. As indicated in Section IX. Resale of Service of Company's Rules and Regulations, this service may not be resold.

### 2. Character of Service.

All gas delivery under this rate will be subject to interruption under Section 9. hereof and all gas consumed by customer during periods of non-interruption will be billed at the Interruptible Gas Delivery Charge, except for Assurance volumes as provided below. As a part of the contract for interruptible service, customer may request the Company to provide a specified daily quantity of firm sales gas to be available during periods of interruption, to be categorized as Assurance Gas and billed by Company at the Interruptible Gas Delivery Charge plus the Assurance Gas Surcharge and the firm Purchased Gas Adjustment (PGA) factor rate. For billing purposes Assurance Gas volumes shall be considered the first through the meter. Customer will be required to contract with Company, by June 1 of the initial contract year, for the daily quantity of Assurance Gas desired. Customer must notify Company of any changes in such Assurance Gas Level by June 1 of subsequent contract extension years. All other gas consumed by customer during any period of interruption shall be considered and billed by Company as Unauthorized Gas.

### \* 3. Monthly Customer and Volumetric Meter Reading Rates.

Customer Charge: \$300.00 per month Interruptible Gas Delivery Charge: First 7,000 Ccf 26.70¢ per Ccf 20.709 per Ccf 12.260 per Ccf Over 7,000 Ccf Assurance Gas Surcharge: All Over 250 Ccf per day

6.30¢ per Ccf
4.56¢ per Ccf First 250 Ccf per day

Indicates Change.

DATE OF ISSUE May 23, 2003 DATE EFFECTIVE June 22, 2003 ISSUED BY C. W. Mueller Chairman & CEO St. Louis, Missouri Name of Officer

<u>5th Revised</u> SHEET No. 10

Cancelling P.S.C. Mo. No. 2

4th Revised SHEET No. 10

## UNION ELECTRIC COMPANY **GAS SERVICE**

Applying to

## MISSOURI SERVICE AREA

### NATURAL GAS TRANSPORTATION SERVICE

#### 1. Availability.

This service schedule is available: 1) to all non-residential customers on a per meter basis and 2) on an experimental basis through June 30, 2005, to the premises of "New Eligible School Entities," which are the eligible school entities as defined in Section 393.310 RSMo, that were not receiving Natural Gas Transportation Service as of July 31, 2002. Such service is applicable to individual customers that can individually secure and arrange for the delivery of sufficient supplies of natural gas to the Company's designated city gate and to the New Eligible School Entities that can do so through aggregate contracts negotiated by and through a not-for-profit school association. The Company will not provide this service to any customer who uses such gas primarily to heat a premise that provides temporary or permanent living quarters for individuals, unless the customer demonstrates to the Company that it has contracted for primary firm capacity with the upstream supplying intrastate and/or interstate pipelines to meet the customer's peak needs, or unless the customer demonstrates to the Company that the customer has adequate and usable alternative fuel facilities to meet the customer's energy needs.

The "transportation customer" shall be responsible for the purchase and transportation of its gas needs to the Company's city gate which serves such customer.

The Company shall not sell gas to any of its transportation customers except as specifically provided for in this service classification.

#### \*2. Monthly Customer, EGM and Volumetric Meter Reading Rates. (5)

Standard Large Volume Transportation (1) Transportation (2)

Customer Charge:

\$41.60

\$1,500.00 per month

Electronic Gas Meter (EGM) Charges: \$40.00

\$40.00 per month

Administrative Charge: \$40.00 \$40.00 per month
Meter Equipment Charge (3): Section G. Miscellaneous Charges Sheet

No. 20.1, as applicable.

Transportation Charge:

First 7,000 Ccf All Over 7,000 Ccf 26.700¢ per Ccf 26.700¢ per Ccf

12.020¢ per Ccf 9.699¢ per Ccf

Transportation Charge Adder:

All Over 7,000 Ccf (4)

5.680¢ per Ccf 8.001¢ per Ccf

\* Indicates Change.

DATE OF ISSUE May 23, 2003 DATE EFFECTIVE June 22, 2003

ISSUED BY C. W. Mueller Chairman & CEO St. Louis, Missouri

P.S.C. Mo. No. 2

3rd Revised SHEET No. 63

Cancelling P.S.C. Mo. No. 2

2nd Revised SHEET No. 63

## UNION ELECTRIC COMPANY **GAS SERVICE**

Applying to	MISSOURI SERVICE AREA

#### Deposit Practices (Cont'd.) Χ.

- Deposit refunds The credit of the residential customer will be established and the deposit and accrued interest, if any, will be refunded, or the guarantor released, upon satisfactory payment before the delinquency date of all undisputed charges for service for a period of twelve successive months, or customer has closed his account. The credit of the non-residential customer will be reviewed after three years and the deposit returned if in the opinion of the Company, the customer has established satisfactory credit. The Company may withhold refund of the deposit or release of the quarantor pending the resolution of a matter in dispute involving disconnection for nonpayment or unauthorized interference by the customer. The Company may apply all deposits subject to refund and accrued interest, if any, against undisputed utility charges provided the amount of the refund is identified and disclosed on the bill.
- \*3. Interest paid on deposits Interest will be credited annually on all residential deposits. Interest will be either credited to the service account of the residential customer on an annual basis or paid upon the return of the deposit. Simple interest will be payable upon the return of a non-residential deposit held by the Company for six months or longer. Interest shall not accrue on any cash deposit after the date the deposit is applied to the customer's account, or Company has made a reasonable effort to return such deposit to the Customer. The interest rate shall be 9.5% per annum through December 31, 2003. Effective January 1, 2004 and thereafter, interest will be paid at a per annum rate equal to the prime bank lending rate, as published in the Wall Street Journal for the last business day of November of the preceding calendar year, plus one percentage point.
- 4. Final billed accounts Upon discontinuance or termination, other than for a change of service address, the deposit, with accrued interest, will be credited to the final bill and the balance, if any, will be returned within twenty-one (21) days of the rendition of the final bill.

\*Indicates Change.

DATE OF ISSUE May 23, 2003 DATE EFFECTIVE June 22, 2003

ISSUED BY

C. W. Mueller Chairman & CEO St. Louis, Missouri

## STATEMENT OF AGGREGATE ANNUAL INCREASE

The aggregate annual increase in Union Electric Company d/b/a AmerenUE's natural gas revenue requested by the proposed tariffs contained in this rate filing is \$26.7 million, or 17.8 percent, excluding applicable municipal Gross Receipts Taxes.

## **COMMUNITIES AFFECTED BY FILING**

Advance Franklin Painton
Ashland Glenallen Perkins
Auxvasse Grayridge Prairie Home
Bell City Hallsville Randles
Bellflower Liege Hartsburg Renick

Bellflower Liege Rivers Addition Blackwater Hawk Point Bloomfield Higbee Rocheport Boonville Russellville High Hill Cairo St. Clement **Holts Summit** California Huntsville St. Martins Cape Girardeau Jamestown Scott City Center Jefferson City Silex Centertown Jonesburg Stark Centralia Kelso Stover Circle City Laddonia Sturgeon Clark Lohman Troy Clarksville Louisiana Truesdale Columbia Marble Hill Truxton Curryville Martinsburg Vandalia Vandiver Delta Mexico

Dexter Moberly Vanduser Moscow Mills Versailles Eldon Wardsville Elsberry Nelson Elston New Bloomfield Warrenton Essex New Franklin Wellsville New London Wentzville Farber Fisk North Boonville Winfield Flint Hill Old Monroe Wright City

Foley Olean

Foristell

## **COUNTIES AFFECTED BY FILING**

**Audrain County** 

Bollinger County

**Boone County** 

Butler County

Callaway County

Cape Girardeau County

Cole County

Cooper County

**Howard County** 

Lincoln County

Miller County

Moniteau County

**Montgomery County** 

Morgan County

Pike County

Ralls County

Randolph County

St. Charles County

Saline County

Scott County

**Stoddard County** 

Warren County

## UNION ELECTRIC COMPANY d/b/a AmerenUE

Number of Customers Affected by General Category of Service and Rate Classification\*

As of December 31, 2002

Service and Rate Classification*	No. of Customers
Residential Service	99,195
General Service	12,033
Interruptible Service	13
Transportation Service	<u> 146</u>

**TOTAL CUSTOMERS** 

111,387

<sup>\*</sup> AmerenUE's general categories of service and rate classifications for natural gas service are substantially the same.

## UNION ELECTRIC COMPANY d/b/a AmerenUE

Average Annual Change Requested in Dollars and Percentage Change from Current Rates\*

Service and Rate Classification**	Average <u>Annual Change</u>	Percentage <u>Change</u>
Residential Service	\$ 195	24.9%
General Service	\$ 513	16.7%
Interruptible Service	\$10,140	4.3%
Transportation Service	\$ 7,326	3.5%

<sup>\*</sup> Includes an average PGA factor of 74.60¢/Ccf and 61.59¢/Ccf for Firm (Residential and General Service) and Interruptible Service, respectively, and 50.00¢/Ccf gas for Transportation Service.

<sup>\*\*</sup> AmerenUE's general categories of service and rate classifications for natural gas service are substantially the same.

## UNION ELECTRIC COMPANY d/b/a AmerenUE

Proposed Annual Aggregate Change and Percentage Change in Revenues from Current Rates\*

Service and Rate Classification**	Annual <u>Aggregate Change</u>	Percentage <u>Change</u>
Residential Service	\$19,360,806	24.9%
General Service	\$ 6,167,872	16.7%
Interruptible Service	\$ 131,814	4.3%
Transportation Service	\$ 1,069,626	3.5%
Other Gas Revenues***	\$ 0	0.0%
TOTAL	<u>\$26,730,118</u>	<u>17.8%</u>

<sup>\*</sup> Includes an average PGA factor of 74.60¢/Ccf and 61.59¢/Ccf for Firm (Residential and General Service) and Interruptible Service, respectively, and 50.00¢/Ccf gas for Transportation Service.

<sup>\*\*</sup> AmerenUE's general categories of service and rate classifications for natural gas service are substantially the same.

<sup>\*\*\*</sup> Includes revenues from late payments, special contract customers, and Miscellaneous Charges.



Contacts:

Media:
Mike Cleary
(573) 681-7137
mcleary@ameren.com

**Analysts:** 

Bruce Steinke (314) 554-2574

bsteinke@ameren.com

**Investors:** 

Investor Services invest@ameren.com

## FOR IMMEDIATE RELEASE

## AMERENUE SEEKS NATURAL GAS RATE INCREASE; PROPOSES PHASE-IN AND OTHER PROVISIONS TO MINIMIZE CUSTOMER IMPACT

JEFFERSON CITY, MO., May 23, 2003—Citing significant investments in the energy infrastructure of its gas business and rising operating expenses, AmerenUE, an operating company of Ameren Corporation (NYSE:AEE), today filed a request with the Missouri Public Service Commission (PSC) for a phased-in \$26.7 million increase in natural gas delivery rates for its approximately 111,000 Missouri gas customers. In the filing, AmerenUE notes that this would be only the third increase in the company's Missouri gas delivery rates since 1987. The request will not have any immediate effect on customers' gas bills, as it must first go through the process of PSC review and hearings.

To minimize the impact on customers, AmerenUE is proposing to phase in the new rates over two years, with one half of the increase taking effect Dec. 1, 2003 and the other half taking effect Nov. 1, 2004. AmerenUE would also agree not to seek additional increases in gas delivery rates through Nov. 1, 2006—excluding any special provisions for the recovery of certain infrastructure costs that may be provided by law.

The proposal also calls for the company to contribute \$1.75 million to its Dollar More energy assistance program to help low-income customers pay their utility bills, with the first \$1 million contribution set for Dec. 1, 2003 and \$250,000 in each of the following three years. When coupled with the \$9 million commitment to Dollar More that AmerenUE made as part of its electric rate case settlement in 2002, the company will have committed \$10.75 million in new support for this important energy assistance program in the last year. AmerenUE notes that these contributions will not be recovered in its electric or natural gas rates.

\* more \*

"Our innovative rate proposal mitigates the impact of increased rates on customers' bills, particularly low-income customers, while it permits timely recovery of critical energy infrastructure investments," says AmerenUE President and Chief Operating Officer Gary L. Rainwater. "This proposal balances the interests of all stakeholders and will ensure continued reliability and strong service to all of our natural gas customers."

In the filing, the company is seeking to recover expenses associated with more than \$50 million of investments in gas system improvements, including significant replacement of cast iron mains and unprotected steel service lines as well as costs for customer service system improvements that have been completed since the last rate case.

Thomas R. Voss, AmerenUE senior vice president for Energy Delivery, says that since May 1, 2000, the company has replaced about 55 miles of old cast iron pipes and more than 3,000 service lines with modern, more durable polyethylene pipe, largely to comply with state regulations. "In addition, we have added about 142 miles of new gas mains and more than 7,000 service connections to accommodate new growth," Voss says. "AmerenUE customers are receiving the benefits of these expenditures, but our current rates do not reflect these higher costs."

The requested rate change would result in an overall increase of about 9 percent in customers' natural gas costs beginning Dec. 1, 2003, and another 9 percent beginning Nov. 1, 2004. With the completion of this phase-in period, the net increase in an average monthly residential gas bill would be about \$16.26, compared to current bills.

This amount does not include any changes that may occur in the Purchased Gas Adjustment (PGA), which reflects the commodity cost of gas from the company's suppliers. Supplier costs are not regulated, and go up or down based on supply and demand without "mark-up" by AmerenUE.

Gas delivery rates reflect the cost of constructing, operating and maintaining the company's natural gas system. These costs usually account for about a third of a typical residential customer's total gas bill, while the PGA accounts for the rest, excluding taxes.

\* more \*

Changes in AmerenUE's Missouri PGA factor usually occur twice a year, while the company's gas delivery rates have not changed since Nov. 1, 2000.

To help customers control their energy costs, Ameren provides a range of energy-saving tips on its Web site: <a href="www.ameren.com">www.ameren.com</a>. AmerenUE also offers a **Budget Billing Plan** that enables customers to minimize the impact of rate changes and big seasonal changes in energy use by spreading their energy costs out over the entire year. Customers can sign up for Budget Billing through the Ameren Web site or by calling **1-800-55-ASK-UE** (**1-800-552-7583**).

AmerenUE is a subsidiary of St. Louis-based Ameren Corporation. Ameren companies serve 1.7 million electric customers and 500,000 natural gas customers in a 49,000-square-mile area of Missouri and Illinois.

# # #

## **Forward-Looking Statements**

Statements made in this release, which are not based on historical facts, are "forward-looking" and, accordingly, involve risks and uncertainties that could cause actual results to differ materially from those discussed. Although such "forward-looking" statements have been made in good faith and are based on reasonable assumptions, there is no assurance that the expected results will be achieved. These statements include (without limitation) statements as to future expectations, beliefs, plans, strategies, objectives, events, conditions, and financial performance. In connection with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, AmerenUE is providing this cautionary statement to identify important factors that could cause actual results to differ materially from those anticipated. The factors, discussed elsewhere in this release and in AmerenUE's annual report on SEC Form 10-K for the fiscal year ended December 31, 2002, and subsequent securities filings, could cause results to differ materially from management expectations, as suggested by such "forward-looking" statements.

## REASONS FOR PROPOSED RATE AND TARIFF CHANGES

Union Electric Company d/b/a AmerenUE's proposed rate increase is necessary to offset increased operating and maintenance expenses, depreciation and taxes, and the costs associated with the additional investment in gas distribution and supply facilities since the Company's last rate case. The Company's total plant investment associated with natural gas service has increased approximately \$50 million from \$198 million to \$248 million, approximately 25 percent.

Changes to tariff sheets of the Company and reasons in support of such changes are as follows:

Sheet No. 5, the Company's Residential Service tariff, was revised to reflect the Company's cost-of-service to the class and rate design objectives.

Sheet No. 6, the Company's General Service tariff, was revised to reflect the Company's cost-of-service to the class and rate design objectives.

Sheet No. 7, The Company's Interruptible Service Rate, was revised to reflect the Company's cost-of-service to the class and rate design objectives.

Sheet No. 10, of the Company's Natural Gas Transportation Service tariff, was revised to reflect the Company's cost-of-service to the class and rate design objectives.

Sheet No. 63, of the Company's Rules and Regulations, relating to the Company's deposit practices, was revised to reflect a change to the interest rate paid on deposits to match the provision applicable to the Company's Missouri retail electric operations.