Exhibit No.:	
Issue(s):	Fuel Adjustment Clause; Storm Costs; Plant-in-Service Accounting
Witness:	Lynn M. Barnes
Sponsoring Party:	Union Electric Company
Type of Exhibit:	Direct Testimony
Case No.:	ER-2012-0166
Date Testimony Prepared:	February 3, 2012

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. ER-2012-0166

DIRECT TESTIMONY

OF

LYNN M. BARNES

ON

BEHALF OF

UNION ELECTRIC COMPANY
d/b/a Ameren Missouri

St. Louis, Missouri
February, 2012

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DIRECT TESTIMONY

OF

LYNN M. BARNES

CASE NO. ER-2012-0166

I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Lynn M. Barnes. My business address is One Ameren Plaza, 1901 Chouteau Avenue, St. Louis, Missouri 63103.

Q. Please describe your educational background and qualifications.

A. I have a Bachelor of Science degree in Accounting from Millikin University, Decatur, Illinois. I am also a licensed Certified Public Accountant in the states of Missouri and Illinois.

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

A. I am employed by Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri" or the "Company") as Vice President, Business Planning and Controller.

Q. Please describe your employment history.

A. After 11 years in public accounting with Deloitte & Touche as an auditor and 16 months with the Boeing Company (formerly McDonnell Douglas Corporation), as Manager of Financial Reporting, I joined Union Electric Company in 1997 as General Supervisor of Financial Communications. I was promoted to Manager of Financial Communications in 1999, and my responsibilities included managing the financial reporting department, the regulatory accounting department, and investor relations during the period of the Company's transition from a single utility to a public utility holding company with multiple operating companies. I directed financial management functions including preparation and analysis of monthly/quarterly financial statements and external reports for all Ameren Corporation subsidiaries. In 2002, I transferred to Ameren Services Company's Energy Delivery Department as Controller, and in 2005 I was promoted to Director of Energy Delivery Business Services. In July 2007 I was promoted to Controller for AmerenUE and in October 2007 I was promoted to Vice President, Business Planning and Controller for AmerenUE[1].

Q. Please describe your duties and responsibilities as Vice President, Business Planning and Controller for Ameren Missouri.

A. In my current position as Vice President, Business Planning and Controller, I supervise the Company's financial affairs, including nearly $1.5 billion of annual operations and maintenance ("O&M") expenses and capital expenditures. I direct Ameren Missouri's financial management functions including analysis of monthly/quarterly financial statements, financial forecasting, budget development and management, and management of the customer accounts department. I also coordinate the performance management reporting and the business planning process used throughout the Company. I interact with Ameren Missouri's Chief Executive Officer and senior leadership concerning strategic initiatives, financial forecasts and reports. I also serve as liaison between Ameren Missouri's management and the Ameren Corporation controller function.

[1] AmerenUE is a d/b/a under which Union Electric Company formerly conducted its business. As noted earlier, Union Electric Company now conducts its business using the d/b/a "Ameren Missouri."

Q. Have you previously testified in general rate proceedings before the Missouri Public Service Commission ("MPSC" or "Commission")?

A. Yes. I previously testified before the MPSC in the Company's last two electric rate cases (Case No. ER-2011-0028 and Case No. ER-2010-0036) regarding the continuation of the Company's fuel adjustment clause ("FAC"), and in the Company's 2008 electric rate case (Case No. ER-2008-0318) on miscellaneous cost of service issues.

II. PURPOSE AND SUMMARY OF TESTIMONY

Q. What is the purpose of your direct testimony in this proceeding?

A. The purpose of my testimony is three-fold. First, I address the continuation of the Company's FAC, which was first implemented nearly three years ago. My testimony includes a schedule (Schedule LMB-E1) reflecting compliance with the minimum filing requirements prescribed by the Commission's FAC rules for continuing the Company's FAC, and also addresses updating the net base fuel costs ("NBFC") which form the base against which changes in the Company's net fuel costs (fuel and purchased power costs net of off-system sales revenues) are tracked in the FAC.

In addition to my testimony regarding the FAC, this testimony also supports the implementation of two other regulatory mechanisms: (a) a two-way tracker[2] to support the opportunity to recover major storm restoration costs; and (b) a request for "Plant-In-Service Accounting"[3]; that is, for accounting authority to accrue for lost return and to defer depreciation expense on nonrevenue-producing assets from the time those assets

[2] When I refer to a "tracker" I am referring to accounting authority from the Commission to allow the Company to reflect on its books, in a regulatory asset or liability (as appropriate), the difference between a base level of major storm costs used to set base rates in this case and the actual major storm costs incurred after rates from this case are implemented until rates are re-set in a future rate case.
[3] The ratemaking treatment I refer to in this testimony as "Plant-In-Service Accounting" is similar to the ratemaking treatment that has previously been referred to as "construction accounting."

actually begin serving customers until they can be reflected in rate base in a later rate case.

Q. Please summarize your testimony.

A. In summary, the Company's net fuel costs, including each of the major components (fuel and purchased power costs and off-system sales revenues), continue to be substantial, largely beyond the control of management, and volatile. Moreover, an FAC continues to be necessary in order for Ameren Missouri to have a sufficient opportunity (likely any opportunity) to earn a fair return on equity ("ROE"). The Commission has determined in three previous rate cases that these conditions warrant the implementation and continuation of the FAC. In the current economic climate, keeping the Company's credit metrics at investment grade levels is important; the rider mechanism is a significant factor that permits rating agencies to maintain the Company's current credit ratings. Continuing the FAC in its current form also promotes regulatory consistency with other utilities both across the state and across the country. This consistency is of critical importance to both the debt and equity investors upon whom the Company must rely for capital. Continuing the FAC allows the Company to maintain its financial position by sustaining cash flows, thus reducing the need to incur additional debt to fund operations and capital investments. To summarize the foregoing points, current conditions require continuation of the FAC in its current form for Ameren Missouri to have any real chance to earn a fair ROE. Conditions haven't materially changed since the Commission approved continuation of the FAC in our last rate case

(Case No. ER-2011-0028); therefore, the Company's FAC, with a minor modification I discuss below, should be continued.[4]

Regarding the two-way storm restoration cost tracker, as has been recognized in Ameren Missouri's previous rate orders, storms are "unpredictable and do not occur in any recognizable pattern. As a result, storm costs can vary greatly from year to year."[5] The fact that storm costs are unpredictable and volatile suggests that utilization of a two-way tracker would provide a win-win proposition for customers and the Company because it provides an appropriate signal to the Company; that is, the signal that prudently incurred costs to restore service quickly and efficiently following a storm – a goal that is critically important to customers and the Commission -- will be eligible for recovery through future rates even if they did not fall within a rate case test year. On the other hand, if storm costs that are actually incurred are less than the amount built into base rates, the difference will be available for refund to customers.

With respect to Plant-in-Service Accounting, the existing regulatory framework reflects an inherent (and inherently unfair) disincentive for the Company to invest in the system due to the regulatory lag caused by the complete loss of depreciation expense and return on these investments during the period between when these assets are placed in service and when they ultimately are included in rate base and reflected in rates in a future rate case. To mitigate this disincentive, the Company is requesting the ability to accrue the lost return on its net investment and to defer depreciation expense during this interim period.

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[4] The FAC is also fair to customers -- if net fuel costs decrease, the FAC is structured so that customers will see a more immediate benefit from those decreases through downward FAC-related rate adjustments on their bills.
[5] Report and Order, Case No. ER-2011-0028, p. 20.

III. THE CONTINUATION OF THE FUEL ADJUSTMENT CLAUSE

Q. Is the Company requesting to continue its FAC?

A. Yes. The conditions that resulted in the FAC being approved in early 2009 and continued just a few months ago are still present.

Q. When was the Company's FAC first approved?

A. The FAC was approved in late January 2009 in Case No. ER-2008-0318, and became effective March 1, 2009. The first accumulation period, intended to cover the period February-May, 2009 was only a partial period due to the effective date of the FAC and was completed May 31, 2009. The Company has subsequently experienced additional changes in net fuel costs in seven additional accumulation periods, three of which are currently being reflected in customer rates. The adjustment related to the most recently concluded accumulation period will be filed in March 2012 and will be reflected in customer bills beginning approximately June 1, 2012.

Q. Have net fuel costs increased or decreased since the FAC was continued in the Company's last rate case?

A. Net fuel costs have increased 21% compared to the base amount (the NBFC referenced above) established in the Company's last rate case, which was based upon a true-up cutoff date of February 28, 2011. This increase is based upon actual and pro-forma changes in fuel costs and power prices through July 31, 2012, and will be trued-up as part of the true-up phase of this case. The 21% increase is primarily driven by higher coal and coal transportation costs that took effect January 1, 2012 and also by lower off-system sales revenues due to the continued downturn in power prices as compared to the historical average power prices that have been used to set the base.

Q. What are the rules for requesting or continuing an FAC?

A. Continuing an FAC is governed by Section 386.266, RSMo and Commission Rules codified at 4 CSR 240-20.090 and 4 CSR 240-3.161, in particular 3.161(3)(A) through (S), which prescribe the minimum filing requirements for continuation of an FAC. These minimum filing requirements are provided in the attached Schedule LMB-E1.

Q. What are the specific reasons why the Company believes that continuing its FAC is appropriate?

A. There are several reasons why Ameren Missouri's FAC is still appropriate. Those reasons are: 1) all of the factors the Commission has generally considered in evaluating FACs favor continuation of the FAC; 2) there is no reasonable opportunity for the Company to earn a fair ROE without the FAC; 3) significant regulatory lag would still be present and would prevent the Company from timely reflecting changes in net fuel costs in rates absent an FAC; 4) any modification or elimination of the FAC would reflect an inconsistent regulatory policy which would harm the Company's access to needed capital at the lowest reasonable cost; and 5) Ameren Missouri's FAC is important to maintaining the Company's credit quality, primarily because of the fact that nearly all other electric utilities with whom the credit ratings agencies compare Ameren Missouri operate with FACs. Finally, the Commission also recognized the continued need for the FAC in Ameren Missouri's last electric rate order, stating "[n]othing has changed in the years since the Commission established Ameren

Missouri's fuel adjustment clause to cause the Commission to change that decision."[6] That statement is just as true today as it was when it was made last July.

Q. Please elaborate.

A. The Commission initially approved Ameren Missouri's FAC in part based upon its conclusions about three factors it typically considers when reviewing FAC requests, that is, that the cost or revenue changes included in the FAC must be:

1. Substantial enough to have a material impact upon revenue requirements and the financial performance of the business between rate cases;
2. Beyond the control of management, where the utility has little influence over experienced revenue or cost levels; and
3. Volatile in amount, causing significant swings in income and cash flows if not tracked.

The Company's fuel and purchased power costs are clearly substantial—they continue to represent the Company's largest single cost item, comprising over $941 million in the test year, which is 47% of the Company's total annual operations and maintenance expense reflected in the Company's revenue requirement. The main revenue tracked in the FAC – off-system sales – is also substantial, estimated to be approximately $360 million per year based upon normalized energy prices and conditions. These costs and revenues also continue to be beyond the control of management. This is because coal and coal transportation costs, natural gas costs, nuclear fuel costs and power prices for off-system sales continue to be dictated by national and international markets. Finally, these costs and revenues continue to be quite volatile, because those same national and international markets continue to be volatile. For example, annual average wholesale power prices decreased approximately $3 per megawatt-hour ("MWh") or approximately 10% since we rebased fuel costs in the last

[6] Report and Order, Case No. ER-2011-0028, p. 76.

rate case (just last February), which represents an approximately $30 million decrease in annual off-system sales revenues despite comparable sales volumes (see the direct testimony of Ameren Missouri witness Jaime Haro). In summary, these large fuel and purchased power costs and significant off-system sales revenues cannot be controlled by the Company, and can vary substantially from period to period because of the volatility inherent in the markets in which fuel and purchased power are acquired and in which off-system sales are made.

Moreover, Ameren Missouri's FAC is absolutely necessary for the Company to have any reasonable opportunity to earn a fair ROE. It is obvious that unless net fuel costs are tracked in the FAC, significant swings in the Company's financial performance and earnings can occur, which can negatively impact cash flows (requiring greater, higher cost borrowings) and affect the Company's ability to earn a fair return on equity.

Q. Does the FAC fully address the lag in time between the incurrence of fuel related costs and the recovery of those costs?

A. Not entirely. As illustrated by Schedule LMB-E2, it will take at least 12 months between the time when changes in net fuel costs occur and when those changes are fully[7] reflected in bills to customers. This is because unlike in many states, the FAC rules adopted by the Commission require the use of historic, not projected costs, and this is also because of the 8-month recovery period included in Ameren Missouri's FAC.

[7] The FAC does not provide "full" recovery because only 95% of the changes in net fuel costs are reflected in FAC adjustments.

Q. Please elaborate on your points regarding the FAC's impact on credit quality and consistency in regulatory policy.

A. Certainly. Ameren Missouri's FAC remains critical to maintaining the Company's credit quality and keeping the Company's credit risk profile essentially on par with the more than 95% of integrated electric utilities across the country that operate with an FAC (including the two other electric utilities in Missouri who are eligible to have FACs). As the Commission found in the Company's last rate case, "Ameren Missouri must still compete in the capital markets with other utilities and the vast majority of those utilities have fuel adjustment clauses."[8] A June 2010 Moody's Investor Services publication stated: "Moody's views automatic adjustment clauses, the most common of which is for fuel and purchased power, the largest component of utility operating expenses, as supportive of utility credit quality and important in reducing a utility's cash flow volatility, liquidity requirements, and credit risk."[9] In addition, both debt and equity investors value consistency in regulation. Inconsistent regulatory policy erodes investor confidence in the utility and casts a shadow on the state regulatory process.

Q. Has the Company updated the NBFC included in the FAC tariff to reflect the current level of NBFC?

A. Yes. When rates are re-set in a rate case, the Commission updates all of the costs and revenues that comprise the revenue requirement to reflect more current conditions. Net fuel costs are one of the elements of the cost of service that must be updated. Consequently, as with every other cost in a rate case, the base level of net fuel

[8] Report and Order, Case No. ER-2011-0028, p. 77.

costs has been updated to reflect the more current levels of fuel and purchased power expense and off-system sales revenues.

In the Company's previous rate case, the Commission set the NBFC at 1.319 cents per kilowatt-hour ("kWh") for the Summer and at 1.213 cents per kWh for the Winter. The NBFC included in the Company's revenue requirement in this case, allocated between the Summer and the Winter as before, is 1.529 cents per kWh for the Summer and 1.553 cents per kWh for the Winter. The calculation of the NBFC is addressed in detail in the direct testimony of Ameren Missouri witness Gary S. Weiss.

Q. It appears that NBFC have increased. Please discuss the reasons for that increase.

A. As discussed in the last case, the Company has in place long-term contracts for coal and coal transportation with escalating costs. Delivered coal costs will increase substantially, in accordance with those contracts. Moreover, as discussed in Mr. Haro's direct testimony, power prices at which off-system sales are made have continued to fall, which also raises net fuel costs. Consequently, two key components tracked in the FAC have led to increased NBFC.[10]

Q. Are you recommending any tariff changes to the FAC?

A. Yes, I am recommending one minor change related to variable costs associated with controlling emissions at the Company's power plants.

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[9] Moody's Investor Service Global Infrastructure Finance Special Comment, "Cost Recovery Provisions Key to Investor Owned Utility Ratings and Credit Quality", June 10, 2010, p. 2.

[10] The increase in net fuel costs reflected in our filing in this case is comprised of approximately $86 million in higher delivered fuel (mostly coal) costs, an approximately $25 million reduction in off-system sales revenues, and an approximately $8 million decrease in purchased power expense.

Q. Please explain.

A. In the Company's current FAC tariff, emission allowances purchases and sales are included in the Cost of Fuel (Factor "CF"). As the Commission is aware, emission allowances are utilized as a means to comply with mandated environmental laws and regulations. Another means of compliance with those laws and regulations is to control or limit emissions using Air Quality Control Systems ("AQCS"). In order to operate an AQCS, consumables such as urea, limestone and powder-activated carbon are required. Consequently, it is appropriate to also include the cost of such consumables in Factor CF. This treatment and the tariff language I propose to implement is nearly identical to the treatment and tariff language in place for The Empire District Electric Company in its FAC.[11] A revised FAC tariff, marked to show this change, is attached to this testimony as Schedule LMB-E3.

IV. TWO-WAY STORM RESTORATION COST TRACKER

Q. How have the costs of major storms historically been treated for ratemaking purposes?

A. Historically, capital costs have been included in rate base when a rate case is filed (which is the treatment used by Ameren Missouri in this case) and non-labor O&M (i.e., excluding internal labor) costs incurred above the amount of major storm costs in base rates have frequently been recovered through a five-year amortization. The

[11] The Empire District Electric Company Fuel Adjustment Clause Revised Tariff Sheet 17. We have made one change to the language from the Empire tariff to reflect the fact that Ameren Missouri uses urea (not anhydrous ammonia) to operate an RRI/SNCR (Rich Reagent Injection/Selective Non-Catalytic Reduction) unit to control NOx whereas Empire uses anhydrous ammonia to operate an SCR (Selective Catalytic Reduction) unit to control NOx. In any event, the tariff language is illustrative rather than constituting an exclusive list of the kinds of consumables that could be used to operate an AQCS.

five-year amortization is not required by any Commission rule, but has been the practice in recent years, usually as the result of stipulations and agreements reached in rate cases.

Q. Is Ameren Missouri requesting similar treatment in this case?

A. Not for O&M costs.[12] While Ameren Missouri could seek to recover the additional non-labor O&M costs associated with the one major storm it experienced during the test year over a protracted (five-year) recovery period, such a long period provides a poor match to the compressed time frames within which these kinds of costs are incurred, and would result in negative cash flows. As the Commission recognized in Ameren Missouri's last electric rate order, "storms are unpredictable and do not occur in any recognizable pattern. As a result, storm costs can vary greatly from year to year."[13] In fact, when faced with a choice between spending less versus spending more in the face of the need to restore service in the wake of a severe storm, the Company has deliberately chosen to spend whatever it takes in order to restore service in the shortest possible amount of time. Ameren Missouri witness David N. Wakeman's direct testimony discusses the operational realities facing the Company when a major storm impacts Ameren Missouri's service territory. Ameren Missouri believes this level of storm restoration effort is expected by the Commission as well as by customers. However, continued reliance on protracted recovery through long amortizations results in negative cash flows from operations at a time when the Company needs more, not less cash.

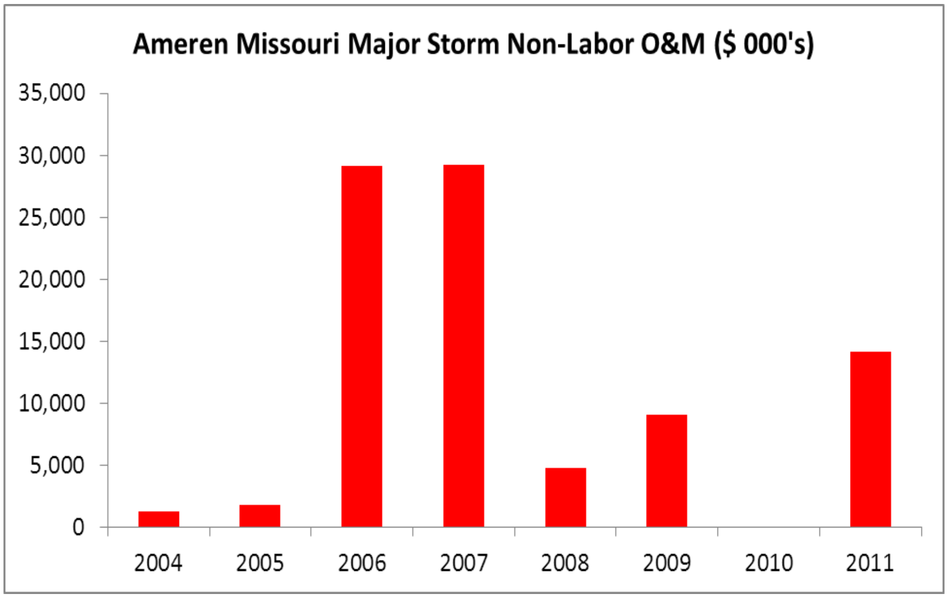
[12] Capital costs associated with storm restoration will be included in rate base as part of a subsequent rate case and would also be treated as other capital costs would be treated for purposes of the Company's Plant-In-Service Accounting proposal, discussed below.
[13] Report and Order Case No. ER-2011-0028, p. 20.

Q. Specifically, what relief other than an amortization of these storm costs is Ameren Missouri asking the Commission for in this case?

A. First, the Company is asking the Commission to set the base level of major storm restoration O&M costs (excluding internal labor) in the Company's revenue requirement at a level based on an average of the last three years of actual costs incurred, which is $7.8 million as noted in Ameren Missouri witness Gary S. Weiss' direct testimony. Second, Ameren Missouri is asking the Commission to establish a two-way "storm restoration cost tracker." Storm-related non-labor O&M expenses would be tracked against this base amount with expenditures below the base to create a regulatory liability and expenditures above the base to create a regulatory asset, in each case along with the associated interest (at the Company's AFUDC rate). This would allow the Company to reflect the regulatory asset or liability amounts in the revenue requirement in the Company's next rate case for amortization over a period that the Company would propose should be three years.

Q. Why is the proposed tracker necessary?

A. The tracker is necessary because of the recognized volatility and unpredictability of storms and the related restoration costs, as reflected in the chart below.



Continued reliance on the historic practice of obtaining accounting authority to amortize excess storm costs over a protracted five-year period creates unwarranted negative regulatory lag. In cases where major storm costs exceed the level included in base rates, the Company is forced to finance these restoration efforts over an extended period of time without compensation for the financing costs. And, although the Company may eventually recover these costs, as noted earlier there is a long-term cash flow impact from each major storm. In an economy where credit is more expensive and electric demand and revenues are stagnant or decreasing, the Company may be forced to incur more costly financing (by short-term borrowings, or otherwise) to finance both these storm costs and normal, but equally important, operational and capital needs. As economic conditions have worsened, these choices have become more difficult. Conversely, in periods where major storm costs have not exceeded the base rate levels (such as 2010), there is no opportunity to return those excess amounts to customers without a tracker mechanism.

Historically, this Commission has allowed Ameren Missouri to implement trackers for large costs that were outside of the Company's control. For example, the Commission has approved a tracker for the cost of Ameren Missouri's pensions and other post-employment benefits ("OPEB") as well as a tracker for its vegetation management and infrastructure inspection costs. The costs associated with storm restoration efforts are even less within the control of the Company and are thus appropriate to be recovered through a tracker. Severe storms are Acts of God. Immediate service restoration is demanded by both our customers and by the Commission. Ameren Missouri is proud of its ability to restore customers timely and efficiently following storms. It only makes sense that the Company be provided a mechanism which allows for the timely recovery of the legitimate costs of restoring service after major storms.

V. PLANT-IN-SERVICE ACCOUNTING

Q. Can you define the term "Plant-in-Service Accounting"?

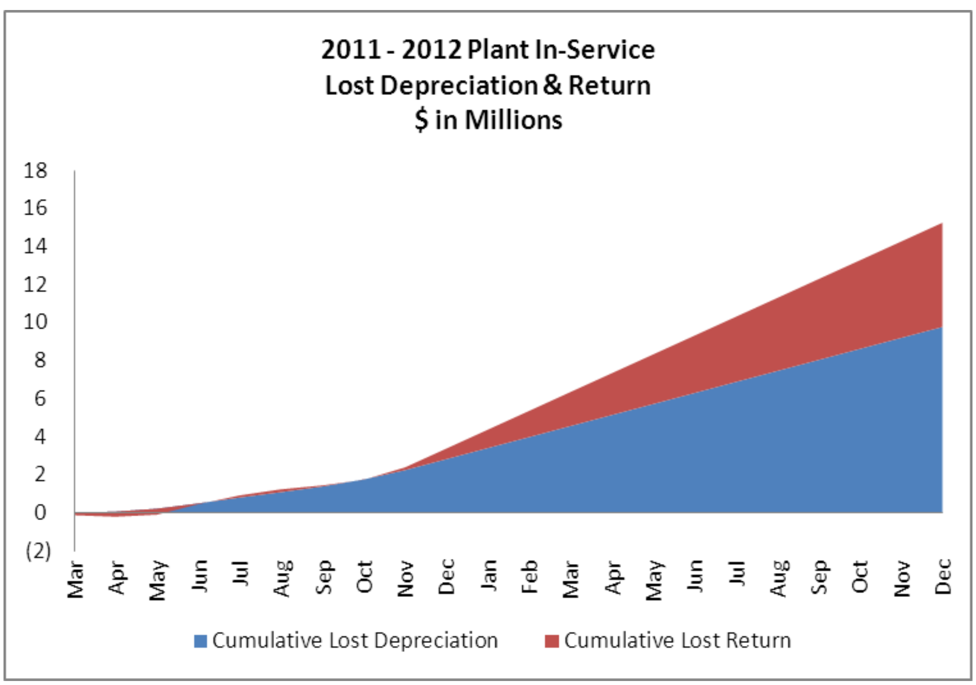
A. Certainly. In this context, the term Plant-in-Service Accounting refers to regulatory treatment which would allow for the accrual of return and the deferral of depreciation expense during the period between when nonrevenue-producing assets are placed in service and the point when they become part of rate base following a rate case, offset by retirements and changes to the accumulated depreciation reserve. This practice is similar to what has sometimes been referred to as construction accounting.

Q. Why is Plant-in-Service Accounting necessary?

A. Under the existing regulatory framework the real costs – the return and depreciation expense -- associated with assets that are actually in-service and benefitting customers are completely lost between the time they are placed in service and the time when those assets can actually be included in rate base and reflected in rates. Even if rate base additions were perfectly timed – which is an impossible task -- there would still be at least a five month gap (the typical period of time from the end of a rate case true-up period and the effective date of new rates) between the in-service date and when the cost of the assets is recoverable in rates.

Q. How significant is this problem?

A. It can be extremely significant depending on the amount of investment made between rate cases. An example of how quickly the losses add up is demonstrated by the amount of lost depreciation expense and return for assets placed in service between the end of the true-up period from the last rate case (March 2011) and the end of December 2011, until the point when these assets will be included in rates resulting from this case (January 2013). During that period alone, we estimate that the lost return and depreciation expense will total approximately $15 million as noted in the chart below.



This number could easily double based on the assets that will be placed in service between December 31, 2011 and the end of proposed true-up period in this case (July 2012), which also won't be included in rates until January 2013.

Q. Are you requesting this treatment for all asset additions?

A. No. Asset additions that are related to new service connections which generate revenue (i.e., new business) would not be eligible for this treatment; however, it is relevant to note that there is no guarantee that the Company will ever recover the lost depreciation and return from the new revenues generated from these assets. In addition, we are proposing to offset gross plant additions with retirements and increases in accumulated depreciation not already reflected in rates during the same time period, which means that we are only requesting this treatment on the "net" change in plant-in-service that is unrelated to new business.

Q. How do you propose that these amounts be treated?

A. The depreciation and return amounts for net plant additions occurring after the true-up period for this case would be recorded as a regulatory asset as it accumulates between rate cases. In a future rate case, the Company would include these deferred amounts in its revenue requirement to be amortized in rates set in that future rate case over the lives of the underlying assets, thus minimizing the impact to customers in a particular year. For example, if Plant-in-Service Accounting had been in effect, the impact on customers' bills of the $15 million of lost return and depreciation incurred for $250 million in net assets placed in service between March-December 2011 would have been an increase of only approximately one-percent (0.097%) to existing rates. More specifically, based on the Company's proposed across-the-board allocation of the rate increase requested in this case, the monthly impact of this increase for a typical residential customer would have been approximately eight cents per month, or just 96 cents per year.

Q. How would the adoption of Plant-in-Service Accounting impact the Company's ability to provide service to customers?

A. The Company has a finite amount of funds that it can invest in its system. Those funds are limited both by the cash flows rates provide, and by the need to balance the level of investment the Company makes against the need to control costs in order for the Company to actually have some opportunity to earn a fair return. Given the increasing cost/stagnant or declining sales conditions the Company, and the utility industry in general, is facing, without Plant-in-Service Accounting every dollar the Company invests in its system undermines the Company's ability to earn a fair return, which discourages investment. One of the principal causes of the Company's inability to earn its authorized return over the last several years has in fact been the total loss of the return and depreciation expense on the billions of dollars of assets it has placed in service before the assets could be reflected in rates. Customers benefit from the investments that the Company makes in its system. Today customers rely on electricity more than they ever have, and have increasingly high service expectations. Plant-in-Service Accounting will put the Company in a better position to make incremental infrastructure investments on a timely basis to replace its aging infrastructure and maintain and improve overall system reliability. This mechanism represents a win-win for customers and the Company as the recovery encourages the Company to invest with minimal impact to customers. Recovery of this lost depreciation and return is necessary to allow the Company the opportunity to earn the allowed return designated by the Commission; the Company's current inability to recover these amounts discourages the Company's investment in the system.

Q. Does this conclude your direct testimony?

A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Union Electric Company d/b/a Ameren Missouri's Tariffs to Increase Its Revenues for Electric Service.	)))	**Case No. ER-2012-0166**

AFFIDAVIT OF LYNN M. BARNES

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

Lynn M. Barnes, being first duly sworn on his oath, states:

1. My name is Lynn M. Barnes. I work in the City of St. Louis, Missouri, and I am employed by Union Electric Company d/b/a Ameren Missouri as Vice President Business Planning & Controller.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Union Electric Company d/b/a Ameren Missouri consisting of 20 pages and Schedules LMB-E1 through LMB-E3, all of which have been prepared in written form for introduction into evidence in the above-referenced docket.

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

Lynn M Barnes
Lynn M. Barnes

Subscribed and sworn to before me this 2nd day of February, 2012.

Mary Hoyt
Notary Public

My commission expires: 4-11-2014

Mary Hoyt - Notary Public
Notary Seal, State of
Missouri - Jefferson County
Commission #10397820
My Commission Expires 4/11/2014

FAC MINIMUM FILING REQUIREMENTS[1]

(A) An example of the notice to be provided to customers as required by 4 CSR 240-20.090(2)(D);

LOCAL PUBLIC HEARING NOTICE

Ameren Missouri has filed tariff sheets with the Missouri Public Service Commission (PSC) that would increase the company's electric service revenues by approximately $375.6 million. Included in this amount is an increase in the level of net fuel costs that are recovered in base rates of approximately $103 million, which will have the effect of making the company's fuel adjustment clause charges lower in the future than they otherwise would have been. Also included in the overall $375.6 million request are approximately $81 million relating to implementation of energy efficiency programs which are being considered in a separate PSC docket, Case No. EO-2012-0142. The overall request would raise a typical residential customer's bill by approximately 14.6%, translating to just more than an approximately $9.30 monthly increase, or approximately 46 cents per day. The permanent rate increase request, which is subject to regulatory approval, would take effect no later than January 2013. Ameren Missouri's rate filing also includes a request to continue its fuel adjustment clause in substantially its current form which would continue to allow 95% of increases or decreases in net fuel costs to be passed through to customers as a separate line item on customer's bills.

Public comment hearings have been set before the PSC as follows:

[To be determined by the Commission]

If you are unable to attend a live public hearing and wish to make written comments or secure additional information, you may contact the Office of the Public Counsel, P.O. Box 2230, Jefferson City, Missouri 65102, telephone (573) 751-4857, email opcservice@ded.mo.gov or the Missouri Public Service Commission, Post Office Box 360, Jefferson City, Missouri 65102, telephone 1-800-392-4211, email pscinfo@psc.mo.gov. The Commission will also conduct an evidentiary hearing at its offices in Jefferson City during the weeks of __________ through __________, beginning at _____ a.m. The hearings and local public hearings will be held in buildings that meet accessibility standards required by the Americans with Disabilities Act.

If a customer needs additional accommodations to participate in these hearings, please call the Public Service Commission's Hotline at 1-800-392-4211 (voice) or Relay Missouri at 711 prior to the hearing.

(B) An example customer bill showing how the proposed RAM shall be separately identified on affected customers' bills in accordance with 4 CSR 240-20.090(8);

Attached hereto as Attachments A and B are two different examples of customer bills (one in the postcard format used by Ameren Missouri for residential customers and

[1] Each item (A) …. (T) corresponds to the subparagraphs in 4 CSR 240-3.161(3).

one in the billing format used by Ameren Missouri for non-residential customers), as required by 4 CSR 240-20.091(8).

(C) Proposed RAM rate schedules;

Attached to the testimony to which this Schedule is attached as Schedule LMB-E3 is Rider FAC - Fuel and Purchased Power Adjustment Clause, which is the proposed rate schedule for the fuel adjustment clause proposed by Ameren Missouri, and which shows minor changes to the existing Rider FAC as outlined in the testimony.

(D) A general description of the design and intended operation of the proposed RAM;

As discussed in the testimony to which this Schedule is attached, Ameren Missouri is proposing to continue its existing Fuel and Purchased Power Adjustment Clause ("FAC") in substantially its current form. The FAC applies to all rate classes, and would reflect increases or decreases in fuel, transportation and purchased power costs, including transportation, net of off-system sales revenues ("net fuel costs"), according to the formula expressed in the rate schedule referred to in item (C) above. Historic fuel, transportation and purchased power costs, including transportation, net of off-system sales revenues, would be accumulated during three different Accumulation Periods, as designated in the rate schedule, and then 95% of the change in fuel costs would be recovered (if an increase) or credited (if a decrease) using the calculated FPA (as defined in the rate schedule) over three different Recovery Periods (also designated in the rate schedule), each of which cover a period of 8 months. Two of the three changes to the FPA rate would coincide with the existing seasonal changes in Ameren Missouri's base rates. The tariff includes two seasonal base amounts, known as the "net base fuel costs" (factor NBFC in the tariff), against which changes in net fuel costs are tracked. The FPA would be applied to customer bills on a per kilowatt-hour ("kWh") basis, as adjusted for voltage level (to take into account varying line losses at different service voltage levels).

The FPA formula includes a factor to accommodate adjustments made as a result of the true-up process or any prudence disallowances occurring as a result of prudence reviews; and an "N" factor to address reductions of rate class 12(M) billing determinants under certain conditions specified in the tariff..

(E) A complete explanation of how the proposed RAM is reasonably designed to provide the electric utility a sufficient opportunity to earn a fair return on equity;

Ameren Missouri's continued FAC tariff, which is substantially the same as its existing FAC, continues to be reasonably designed to provide Ameren Missouri with a sufficient opportunity to earn a fair return on equity for several reasons. First, it provides for full and timely recovery of 95% of the changes in Ameren Missouri's net fuel costs (which, in general terms, consist of fuel and purchased power costs, net of off-system sales revenues), by reflecting increases and decreases in such costs in rates. The 5% of changes not passed through the FAC provide the Company with additional incentives to manage fuel and purchased power costs, but still provide recovery of 95% of those costs.

Full and timely recovery of 95% of those costs is based upon the assumption that an appropriate level of costs and revenues that are tracked in the FAC will be set in base rates based upon these costs in the test year, as updated and trued-up in the rate case, and it also assumes appropriate base rate recovery of other cost of service items. With the FAC, it is more likely that fuel and purchased power costs, which are often times much more significant, volatile, uncertain and much more difficult to control than other utility costs, will be timely and fairly reflected in the rates charged to customers. Examples of factors that can often make these very large but critical costs highly volatile, uncertain and beyond the utility's control include the fact that fuel and purchased power is purchased on national markets which are subject to increasing volatility due to global demand, increased trading activities, world events, financial crises, weather (e.g. hurricanes), abnormally hot or cold weather, or other factors. Second, the FAC assists in addressing the relentlessly increasing, volatile and uncertain fuel costs incurred by the Company in providing service to its customers. Third, a continuation of the FAC continues to keep Ameren Missouri on comparable footing with utilities operating in other states, more than 95% of which use similar rate adjustment mechanisms. Moreover, it will keep Ameren Missouri on equal footing with the overwhelming majority (36 out of 37) of utilities operating in other non-restructured Midwestern states, including the heavily coal-based utilities (26 out of 27) in these other states. Fourth, the FAC continues to be reasonably designed to provide Ameren Missouri with a sufficient opportunity to earn a fair return on equity because it mitigates the very significant regulatory lag which is prevalent when dealing with such large, uncertain and often volatile costs, by preventing deterioration in the utility's financial position (including relative credit standing, which is a key determinant of borrowing costs), particularly in the face of known fuel cost increases facing Ameren Missouri, and by ensuring recovery of actual net fuel costs, which may vary substantially from expected levels.

(F) A complete explanation of how the proposed FAC shall be trued-up to reflect over- or under-collections, or the refundable portion of the proposed IEC shall be trued-up, on at least an annual basis;

The FAC will be trued-up on the first filing date for an adjustment to the FPA rate that occurs at least two months after the end of each 8-month recovery period. Any true-up adjustments will include interest, as provided for in the FAC tariff.

True-up amounts will reflect the difference between net fuel costs authorized for recovery under the FAC for the subject recovery period and net fuel costs actually collected. Actual collections can vary from those expected based upon actual net fuel costs because of variations in the actual kWh sales during a given recovery period versus the estimated KWh sales used to set the FAC rate in effect during a given recovery period.

(G) A complete description of how the proposed RAM is compatible with the requirement for prudence reviews;

Ameren Missouri's FAC is compatible with the requirement for prudence reviews for several reasons. Ameren Missouri's FAC is based on actual fuel and purchased power costs net of actual off-system sales revenues, which simplifies the prudence review. The fuel and purchased power costs included in the FAC are well defined in Rider FAC (the FAC tariff), including specific references to the FERC accounts in which the costs are recorded. Moreover, 4 CSR 240-3.161(5), requires the filing monthly of all the supporting data for the fuel and purchased power costs, revenues, plant generation and related information, all of which can be used as part of the prudence review process. These reports are currently being submitted by Ameren Missouri on a monthly basis. This includes providing monthly fuel burn and generating statistics for each of the generating plants. In addition, 4 CSR 240-3.190 requires submission to the Commission Staff each month of information on system output, hourly generation, purchases and sales, planned outages, forced outages and capacity purchases. All contracts for fuel, transportation and purchased power will also be available for review in connection with the prudence review process. The prudence review could also be used in conjunction with an audit plan, through which appropriate financial data can be sampled from the fuel and fuel transportation invoices that will be available.

(H) A complete explanation of all the costs that shall be considered for recovery under the proposed RAM and the specific account used for each cost item on the electric utility's books and records;

These costs are generally described as follows:

Coal Commodity Costs. This will include costs associated with purchase of coal, as well as british thermal unit ("btu") content adjustments and sulfur content quality adjustments associated with coal contracts. These costs are accumulated in an inventory account, and expensed on a weighted average cost basis as used. A detailed accounting of all additions and adjustments to the coal inventory account and allocation of dollars to each plant will be included in a reconciliation, as well as the calculation of the fuel expense recorded during the accounting period.

Coal Transportation Costs. This will include costs associated with transportation of coal, as well as fuel adjustments (e.g., diesel surcharges) associated with transportation contracts and price hedging mechanisms. These costs are accumulated in an inventory account, and expensed on a weighted average cost basis as coal is used. A detailed accounting of all additions and adjustments to the coal inventory account will be included in a reconciliation, as well as the calculation of the fuel expense recorded during the accounting period. Railcar costs are included in this account, and a separate accounting of all railcar costs flowing through inventory will be maintained as well as the allocation of costs to plant inventory accounts.

Oil Costs. This will include costs associated with oil and any price hedging mechanisms. These costs are accumulated in an inventory account, and expensed on a weighted average cost basis as used. A detailed accounting of all additions and adjustments to the oil inventory account will be included in a reconciliation, as well as the calculation of the fuel expense recorded during the accounting period.

Natural Gas Costs. This will include costs associated with the gas commodity, storage, reservation, transportation, hedging costs and oil costs associated with gas-fired plants. A detailed accounting of all additions and adjustments to inventory will be included in a reconciliation, including the calculation of fuel expenses recorded during the accounting period. Also included will be details of all direct costs to expense.

Water for Power. This will include costs associated with water used for hydraulic power generation. Details of water purchased for power will be included in a reconciliation.

Nuclear Fuel Costs. This will include costs associated with nuclear fuel. These costs are accumulated in inventory accounts under FERC Account 120, and amortized on a weighted average cost basis as used. A detailed accounting of all additions and adjustments to the inventory account will be included in a reconciliation, as well as the calculation of the fuel expense recorded during the accounting period.

Cost of Purchased Power. This will include the cost at the point of receipt by the Company of electricity purchased for resale. It shall include, also, net settlements for exchange of electricity or power, such as economy energy, off-peak energy or on-peak energy, ancillary services, etc. In addition, this category will include costs incurred from regional transmission organizations ("RTOs") for Revenue Sufficiency Guarantee, Losses, deviation charges, revenue neutrality, inadvertent charges, congestion and firm transmission rights but shall exclude MISO administrative costs arising under MISO Schedules 10, 16, 17 and 24, and shall exclude capacity charges under contracts with a term in excess of one (1) year.

The following table summarizes this information by account:

Type of Cost	Inventory Major	Expense Major	Description
Coal Commodity	151	501	Cost of coal delivered at the mine
Applicable Taxes	151	501/547/518	Applicable taxes on fuel and transportation costs
Btu adjustments	151	501	Added/subtracted amounts to coal contracts for btu content of coal
Coal Quality (sulfur) adjustments	151	501	Added/subtracted amounts to coal contracts for sulfur content of coal
SO_2 Hedge costs/revenues	151	501	Costs/Revenues associated with price hedges related to coal contract SO_2 adjustments
Railroad, truck and barge transportation	151	501	Costs associated with delivering coal from mine to plant

Switching & Demurrage	151	501	Costs associated with switching and demurrage costs incurred in delivering coal from the mine to the plant
Railcar repair	151	501	All railcar costs will be aggregated in a separate minor account under major Account No. 151. As part of the monthly closing process, these costs will be allocated to transportation inventory at the plants based on tonnage delivered during the period.
Railcar depreciation	151	501	
Railcar leases	151	501	
Railcar inspection	151	501	
Heating Oil Hedge costs/ revenues	151	501	Costs/revenues associated with price hedges related to diesel fuel adjustments in coal transportation contracts
Hedge costs associated with coal	151	501	Costs/revenues associated with price swaps, options, or other derivatives to manage fuel costs
Commissions and fees	151	501	Broker costs and commissions associated with hedging activities of coal commodity and transportation
Oil	151	501/547	Costs associated with oil used at plants for generation
Air Quality Control Systems (AQCS) Consumables		502	Cost of consumables such as urea or anhydrous ammonia, limestone and powder activated carbon used to operate AQCS.
Nuclear Fuel	120	518	Costs associated with nuclear fuel, including provisions for transportation, storage and disposal of nuclear fuel including spent fuel disposal fees, and handling costs for nuclear fuel assemblies.
Water for Power	Expensed	536	Costs associated with water used for hydraulic power generation
Fuel costs	151/direct expense	547	Delivered cost of gas, oil, propane, and other fuels used in other power generation
Ash Disposal Costs	Direct Expense	501	Cost to dispose of ash, net of ash revenues
Other Portfolio optimization activities	151	501/547	Revenues and expenses related to selling excess coal or natural gas and other portfolio optimization activities
Purchased Power Costs		555, 565, 575 and 924	Cost of purchased power, but excluding MISO administrative costs under MISO Schedules 10, 16, 17 and 24, and excluding capacity charges under contracts with a term in excess of one (1) year, incurred to support sales to all Missouri retail customers and off-system sales. Also included are replacement power insurance

			premiums to the extent those premiums are not reflected in base rates. Change in replacement power insurance premiums from the level reflected in base rates shall increase or decrease purchased power costs. See Item (I) below relating to the treatment of replacement power insurance recoveries.
Emission Allowances	158	509 411.8 411.9	Cost of purchasing and using emission allowances. Also, the gains and losses incurred selling emission allowances.

(I) A complete explanation of all the revenues that shall be considered in the determination of the amount eligible for recovery under the proposed RAM and the specific account where each such revenue item is recorded on the electric utility's books and records;

Description	Major	Comments
Off-System Sales	447	All sales transactions (excluding retail sales) that are associated with (1) Ameren Missouri's Missouri jurisdictional generating units and (2) power purchases made to serve Missouri retail customers, including any associated transmission.
Coal Sales	151	Fuel costs reduced by revenues from coal sales
Coal and Transportation Fuel Hedges	151	Revenues associated with price swaps and other hedges related to coal contracts and Fuel for Transportation adjustments
Coal and Transportation Fuel Hedges	151	Revenues associated with price swaps and other hedges related to coal contracts, and Fuel for Transportation adjustments upon settlement.
Railcar leases	151	Transportation costs reduced by revenue from lease of company owned/leased railcars to other companies
Gas Sales	151/547	Revenues and expenses associated with hedging activities and gas portfolio optimization
Ash Sales	501	Sales of fly ash and other types of ash produced at plants
Replacement Power Insurance Recoveries	555	Expected replacement power insurance recoveries qualifying as assets under Generally Accepted Accounting Principles.

(J) A complete explanation of any incentive features designed in the proposed RAM and the expected benefit and cost each feature is intended to produce for the electric utility's shareholders and customers;

Ameren Missouri's FAC contains the same FAC-specific incentive feature the Commission included in its existing FAC, and that has also been included in the FACs initially approved for Aquila, Inc. in Case No. ER-2007-0004, for The Empire District

Electric Company in Case No. ER-2008-0093, and that was contained in the continued FAC for Kansas City Power & Light Company – Greater Missouri Operations (formerly Aquila). The FAC is symmetrical. That is, 95% of increases or decreases are passed through the FAC. Given that it is expected that Ameren Missouri's fuel costs will continue to increase for the foreseeable future, by only passing through 95% of the changes in fuel costs, it is highly likely that customers will benefit by not bearing 5% of those increases. If fuel costs were to decrease (because of, for example, higher off-system sales revenues), customers would receive 95% of the decrease. If off-system sales were outside the FAC, customers would not benefit from those higher off-system sales. Customers also benefit because of the additional incentive to mitigate fuel cost increases created by the fact that the Company will simply not recover 5% of the increase in fuel costs.

(K) A complete explanation of any rate volatility mitigation features designed in the proposed RAM;

Ameren Missouri's proposed FAC spreads the recovery of the difference between the base fuel costs set in the rate proceeding and fuel costs during each Accumulation Period over a full 8-month period. This has a mitigating effect on rate increases or decreases that will occur as a result of the three periodic FAC adjustments each year. Moreover, as discussed in Item (L) below, Ameren Missouri utilizes a hedging strategy designed to mitigate fuel cost volatility. Moreover, the FAC is seasonally adjusted and contains seasonally differentiated net base fuel costs. This results in tracking higher actual fuel costs against higher base fuel costs (in the Winter) and lower actual fuel costs against lower base fuel costs (in the Summer), both of which tends to mitigate volatility.

(L) A complete explanation of any feature designed into the proposed RAM or any existing electric utility policy, procedure, or practice that can be relied upon to ensure that only prudent costs shall be eligible for recovery under the proposed RAM;

In addition to keeping books and records relating to fuel, transportation and purchased power in accordance with Generally Accepted Accounting Principles and the Uniform System of Accounts, Ameren Missouri employs a number of policies, procedures and practices, including the use of internal audits where appropriate, to ensure the prudency of such costs. Described below are relevant policies, procedures and practices.

<u>Fuel Accounting</u>

In order to ensure proper accounting for coal, gas, and nuclear fuel costs, the following procedures and practices are in place.

Coal. A fuel accounting system called Fuelworx is managed by the coal supply and fuel accounting group. Fuelworx maintains information relating to all contracts, and deliveries scheduled and received against each contract. Fuelworx also records statistical and financial records associated with inventory balances, purchases, and fuel consumption. Fuel accounting enters invoice information into Fuelworx, and matches the invoice amount to contracted amounts for coal, transportation, fuel surcharge, and contracted btu and sulfur adjustments. Any discrepancies are resolved by the fuels contract administration group. Approved invoices are passed electronically to the corporate Accounts Payable system and paid according to contract terms. This system also allocates 8400 and 8800 PRB coal deliveries to each plant on a delivered average cost. This system is critical as it provides all the data related to coal costs for the month-end closing process; and it ensures that all coal commodity, transportation, and quality adjustment costs have been accrued in the proper period. This system is also used to account for oil, limestone and activated carbon costs. All inventory, receivable, and payable accounts associated with coal are balanced on at least a quarterly basis.

Gas. Gas supply executives prepare a month-end estimated gas cost worksheet for Ameren Missouri's generating units. Current month estimates, plus a true-up of prior month actuals versus estimates, are recorded in the current month. All inventory, receivable, and payable accounts associated with gas are balanced on at least a quarterly basis.

Nuclear Fuel. Nuclear fuel expenses and month end balances are calculated in the nuclear fuel accounting system called Surf'n, which is maintained by the nuclear fuel procurement group. All accounts charged in the general ledger are balanced with the nuclear fuel system on at least a quarterly basis.

<u>Fuel Procurement</u>

Fossil (e.g., coal and natural gas): To ensure fuel purchases are prudent, the fuel acquisition for Ameren Missouri's generation is governed by Ameren Missouri's Risk Management Policy. The rules and guidelines within the Policy, which were approved by Ameren's Risk Management Steering Committee, identify the levels of coal and natural gas for generation that must be acquired and hedged for future periods, identify the various types of allowable commodity transactions, and create extensive management reporting to monitor all commodity transactions and price positions. The Policy provides that coal and natural gas be purchased using a risk management strategy that secures the required volume for future periods within maximum and minimum policy limits while reducing exposure to market volatility. Deviations to the policy are allowed when justified by business conditions but must be approved by the Risk Management Steering Committee. The volumetric risk (securing the necessary quantities of fuel needed for electricity production) and price risk (entering into financial and physical transactions to hedge against price spikes and volatility in the market) for generation fuels are controlled through compliance with the Policy procurement limits. The Policy does not necessarily result in the lowest possible price for fuel, but strike a balance between price stability and security of supply. In addition to the Risk Management Policy, there are annual fuel supply planning processes which determine the actual acquisition of fuel for generation needs from various production basins and other parameters of fuel supply including transportation, inventory levels, management of inventory levels through purchases and sales, and logistics with power plants/power traders/generation dispatchers. These processes also encompass the development of competitive or alternative transportation methods between transportation providers to ensure competitive and reliable fuel supply. To ensure competitive fuel supply in the commodity markets, the fuel is procured and hedged through several diverse methods including periodic competitive bids, negotiated purchases, electronic trading, Over-the-Counter ("OTC") transactions, futures market transactions, and spot market transactions. In addition to the Risk Management Policy and fuel planning processes, the Internal Audit Department conducts routine audits of fuel supply on a three year cycle for purposes of reporting to senior executives and the Board of Directors. Fuel for generation is purchased by Ameren Missouri personnel, which is staffed with full-time fuel professionals to manage all aspects of fuel supply and operations with a mission of delivering reliable and competitive fuel supply for Ameren Missouri.

Nuclear: To ensure nuclear fuel purchases are prudent, Ameren Missouri follows a number of corporate procurement practices (as outlined below), including a specific Nuclear Fuel Risk Management Policy approved by the Ameren Risk Management Steering Committee, and a Nuclear Procedure for Nuclear Fuel Contracts. These practices and policies provide very similar controls to those described above relating to procurement of fossil fuels. The foregoing practices, policies and procedures are designed to: i) ensure a reliable supply of nuclear fuel to the Callaway Plant, ii) effectively manage nuclear fuel costs, iii) reduce Ameren Missouri's exposure to nuclear fuel price volatility, and iv) mitigate risks related to nuclear fuel. Nuclear fuel is procured using several processes. Ameren Missouri utilizes long-term contracts to ensure nuclear fuel is available for Callaway requirements. In addition, inventories of nuclear fuel are maintained to enhance security of supply. Ameren Missouri also continually monitors market assessments of nuclear fuel supply and demand, price forecasts, and projections of Callaway fuel requirements. This monitoring is an integral part in the continued review of procurement plans. Price and non-price elements, such as reliability of supply, supplier diversity, quality and quantity must also be balanced. In appropriate instances, nuclear fuel procurements are also made through competitive bidding, with all qualified suppliers solicited (however, depending upon the need, in some instances only 2-3 suppliers may be available). Moreover, while the nuclear fuel supply market is worldwide, other than the uranium supply component itself, there are limited suppliers for the other components of the nuclear fuel cycle. With the excellent operating performance of existing plants, and as the announced plans for new units become reality, supplies of nuclear fuel are expected to tighten in the next few years.

Nuclear fuel procurement is also under the direction and control of a full-time professional in nuclear fuel procurement to manage all aspects of nuclear fuel supply and operations.

(M) A complete explanation of the specific customer class rate design used to design the proposed RAM base amount in permanent rates and any subsequent rate adjustments during the term of the proposed RAM;

The FAC applies the FPA to all of Ameren Missouri's Missouri electric retail customers (*see* Schedule No. 5 - Schedule of Rates for Electric Service customers). To the extent fuel and purchased power costs are included in base rates the rate design discussed in the direct testimony of Ameren Missouri witness Wilbon C. Cooper is also applied. With regard to the proposed RAM amount in base rates, a level of 1.529 cents per kilowatt-hour at the generation level is included in Rider FAC for the Summer and 1.553 cents per kilowatt-hour for the Winter, as filed. Adjustments to the rates for each class will be performed in accordance with the formula reflected in Rider FAC and will be reflective of changes in the factors included in the formula versus the values used to determine the RAM amount in base rates. The adjustments reflect a calculation of the FPA based on test year costs and sales consistent with the factors included in the FPA formula in Rider FAC. Actual customer FPA adjustments will be applied to all retail billings for electric service on a per kilowatt-hour basis, as adjusted for losses based on the customers' service voltage (secondary, primary, large transmission service).

(N) A complete explanation of any change in business risk to the electric utility resulting from implementation of the proposed RAM in setting the electric utility's allowed return in any rate proceeding, in addition to any other changes in business risk experienced by the electric utility;

Continuing the RAM will not change Ameren Missouri's business risk. The continuation of a fuel adjustment mechanism (the proposed RAM) would continue to allow Ameren Missouri to pass through to its customers increases and decreases in fuel costs without the need for a costly and time-consuming rate proceeding necessitated by changes in fuel costs. In recent years, the lack of a fuel adjustment mechanism in Missouri has been a major concern to the financial community because fuel costs have been highly volatile. Because fuel adjustment clauses predominantly are part of the regulation of other U.S. utilities, continuing a fuel adjustment mechanism will keep the business risk of Ameren Missouri more comparable to the risks of other utilities. Without a fuel adjustment mechanism, the business risk of Ameren Missouri would be higher than that of other utilities, all else being equal. However, since most of the electric utilities used in the sample groups of comparable companies in Ameren Missouri's cost of equity studies are able to recover their fuel costs through fuel adjustment clauses, the reduced risk of implementing the proposed RAM in Missouri is already reflected in Ameren Missouri's base cost of equity recommendation (10.9%) in this case.

(O) A description of how responses to subsections (B) through (N) differ from responses to subsections (B) through (N) for the currently approved RAM;

Items (B) and (C) are unchanged. Item (D) has been updated to reflect the change in the recovery period to 8 months. Items (E) through (G) are unchanged. Item H has been updated to add AQCS consumables description. Items (I) and (J) are unchanged. Item (K) has been updated to reflect 8 month recovery period. Item(L) has been updated to reflect the change in the fossil procurement process that previously included AFS.

Items (M) and (N) are unchanged, except that (M) contains updated net base fuel cost figures.

(P) The supply side and demand side resources that the electric utility expects to use to meet its loads in the next four (4) true-up years, the expected dispatch of those resources, the reasons why these resources are appropriate for dispatch and the heat rates and fuel types for each supply-side resource; in submitting this information, it is recognized that supply and demand-side resources and dispatch may change during the next four (4) true-up years based upon changing circumstances and parties will have the opportunity to comment on this information after it is filed by the electric utility;

Attachment C to this Schedule lists the supply- and demand-side resources expected to meet the Ameren Missouri load requirements for the next four years (February 2012 to January 2016, and each one-year period thereafter). The data in the table lists the resource name, ownership, primary fuel type, heat rate at full load, and projected generation for the four true-up years. The projected generation for these four years is appropriate because they were developed from a detailed production cost model run. The production cost model used by Ameren Missouri is the PROSYM production cost model. This is the same model that is used by Ameren Missouri in this case to calculate fuel, transportation and purchased power costs and off-system sales. The major inputs to the PROSYM production cost model include: normalized hourly loads, unit availabilities, fuel prices, unit operating characteristics, hourly energy market prices, and system requirements.

(Q) The results of heat rate tests and/or efficiency tests on all the electric utility's nuclear and non-nuclear steam generators, HRSG, steam turbines and combustion turbines conducted with the previous twenty-four (24) months;

Attachment D to this Schedule contains the results of the most recent heat rate tests for the Company's coal-fired units according to the heat rate/efficiency testing processes implemented in connection with the initial approval of the fuel adjustment clause in Case No. ER-2008-0318. These include the most recent reports (Performance Reports) of heat rate tests completed on the Company's coal-fired units, data from heat rate testing at the Callaway Plant, and available heat rate test results for the Company's CTG units.[2]

(R) Information that shows that the electric utility has in place a long-term resource planning process, important objectives of which are to minimize overall delivered energy costs and provide reliable service;

On February 23, 2011, Ameren Missouri made its most recently required Integrated Resource Plan ("IRP") filing, reflecting that an important objective of Ameren

[2] The Company can make available all of the reports during the prior 24 months (some of which were already submitted with the FAC Minimum Filing Requirements in Case No. ER-2010-0036) upon the request of the Commission or any party, but given their voluminous nature, has only provided the most recent reports with this filing. To the extent necessary, the Company requests a waiver of the literal requirement to "file" all such reports.

Missouri's IRP process is to minimize overall delivered energy costs (i.e. least cost planning) and provide reliable service. This filing covers Ameren Missouri's long-term resource planning process and consisted of multiple volumes. Ameren Missouri's IRP filing reflected least cost analyses for a number of resource options and portfolios, and also examined the Company's capacity position and needs in detail. This information included Ameren Missouri's load forecasts as well as its analysis of available supply-side and demand-side resources. The end result is a twenty year resource plan. (Ameren Missouri filed to change the twenty year resource plan on October 25 2011.) Both of these filings were was made in compliance with 4 CSR 240-22.010, et. seq. This very comprehensive Commission rule is designed to insure utilities provide energy services which "…are safe, reliable and efficient, at just and reasonable rates, in a manner that serves the public interest." 4 CSR 240-22.010(2).

(S) If emissions allowance costs or sales margins are included in the RAM request and not in the electric utility's environmental cost recovery surcharge, a complete explanation of forecasted environmental investments and allowances purchases and sales;

Ameren Missouri established a plan to comply with the new Cross States Air Pollution Rule (CSAPR) that was finalized by USEPA in July 2011. Ameren Missouri's strategy for SO_2 compliance was to continue operation of the wet scrubber system at Sioux Plant coupled with a purchase of ultra-low sulfur coal for the balance of our coal fired units at Labadie, Meramec and Rush Island. No additional capital projects were necessary or planned for SO_2 compliance over the next 5 years. NOx compliance was to be achieved through some capital investment at Labadie Plant for additional over-fire air capacity and through more aggressive NOx tuning on all units across the fleet.

CSAPR had two phases, the first going into effect January 1, 2012 and the second, more restrictive phase, starting January 2014. Ameren Missouri planned to bank both SO_2 and NOx tons during the first phase and use these as necessary to comply with the second phase. As the SO_2 bank was projected to be significantly larger than the NOx bank, swapping SO_2 allocations for NOx was considered and a small trade was approved by the PSC late in 2011. The CSAPR Rule was stayed by the United States Court of Appeals for the D.C. Circuit in December 2011.

With the stay of CSAPR, Ameren Missouri will transition back to the previous Clean Air Interstate Rule (CAIR) and compliance will essentially be the same as in 2011. Ameren Missouri does not plan to sell CAIR SO_2 allowances as they are of minimum value (<$2/ton currently) and due to the fact that Ameren Missouri is currently consuming SO_2 tons from our bank. Ameren Missouri's NOx position under CAIR is long; as such some NOx sales may be pursued should opportunities be available.

At this time, it is unclear how long CAIR will remain in effect. There is some uncertainty on what, if any, changes will be made to CSAPR through the court process and how this correlates with our previous CSAPR compliance strategy and budgeted capital expenditures.

(T) Any additional information that may have been ordered by the Commission to be provided in the previous general rate proceeding.

The Commission has not ordered any additional information to be provided in connection with a continuation of the FAC.

PRES RDG	PREV RDG	USE	READING	RATE	AMOUNT
20830	18759	2071	Actual	1M SH	130.82
Fuel Adjustment Charge					3.91
Energy Efficiency Pgm Charge					0.83
MO Local Sales Tax					2.03
Amount Due on 12/27					**$137.59**

Ameren
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PRESORTED
FIRST CLASS MAIL
U.S. POSTAGE PAID
AMEREN

Service at:	**123 MAIN**		
Service from	**11/06 to 12/09/11**		**Days 33**
	11/21/11 $81.59		
Acct. No 12345-67890		**Bill Date**	**12/13/2011**

RETURN THIS STUB WITH PAYMENT TO:
AMEREN MISSOURI
P.O. BOX 66529, ST. LOUIS, MO 63166-6529

ADDRESS SERVICE REQUESTED

Acct. No. **12345-67890**

JANE DOE
123 MAIN
USA, MO 12345

Amt Due	**$137.59**
Due By	**12/27**
Delinquent After	**01/06**

1.800.552.7583	AmerenMissouri.com

A late payment charge of 1.5% will be added for any unpaid balance on all accounts after the delinquent date.
Ameren Missouri has partnered with SPEEDPAY to offer residential customers another payment option. You can use a valid MasterCard or Visa Credit or Debit card to pay your bill seven days a week, 24 hours a day, just call 1.866.268.3729. For recurring payments visits us at AmerenMissouri.com
Direct Pay Makes Paying Bills Easier- For an easy way to pay your bill, consider Direct Pay. The payment comes directly from your designated bank account on the due date of your bill. To enroll, go to AmerenMissouri.com, or call 1.800.552.7583 to request an enrollment form.
Thank you for your business.

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Amt Due	**$137.59**
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Delinquent After	**01/06**

JANE DOE
123 MAIN
ACCT. NO. **12345-67890**
AMOUNT ENCLOSE $ ____________

0010000 0012345678900 00000000 00000000 00137590

Ameren MISSOURI

Please Return This Portion With Your Payment

AMOUNT DUE	DUE DATE
$4,542.86	Dec 27, 2011
AMOUNT PAYABLE AFTER Jan 06, 2012	ACCOUNT NUMBER
$4,611.00	12345-67899

Amount Enclosed $ ______________

THE ABC COMPANY
PO BOX 100
ST LOUIS, MO 63166

Ameren Missouri
P. O. Box 66301
St. Louis, MO 63166-6301

Keep This Portion For Your Records

ACCOUNT NUMBER	12345-67899
NAME	THE ABC COMPANY
SERVICE AT	123 MAIN ST LOUIS, MO 63131

BILL DATE	Dec 13, 2011

TOTAL AMOUNT DUE BY	Dec 27, 2011	$4,542.86
DELINQUENT AFTER	Jan 06, 2012	$4,611.00

Payment received on Nov 23, 2011 $4,952.00

TYPE OF READING	METER NUMBER	SERVICE FROM TO	NO. DAYS	METER READING PREVIOUS	METER READING PRESENT	READING DIFFERENCE	METER MULTIPLIER	THERM FACTOR	USAGE	R D
Total kWh	88888888	11/08-12/11	33	5383.0000	5821.0000	438.0000	160.0000		70080.0000	A
Peak kW	88888888	11/08-12/11	33	0.0000	1.2450	1.2450	160.0000		199.2000	A

SUMMARY

	Service To			Service To	
Total kWh	12/11/2011	70080.0000	Peak kW	12/11/2011	199.2000
Total Billing Demand	12/11/2011	199.2000			
Base kWh Ratio	12/11/2011	1.0000	Winter Base Demand	12/11/2011	199.2000
Billing Demand	12/11/2011	199.2000	October Winter Base kW	12/11/2011	262.6000
Seasonal kWh (HUD)	12/11/2011	0.0000	Base kWh (HUD)	12/11/2011	70080.0000

METERED ELECTRIC SERVICE BILLING

Rate 3M Large General Service				**Service From**	**11/08/2011 to 12/11/2011**	
Seasonal Energy Charge	0.0	kWh	@	$0.03410000	$0.00	
Demand Charge	199.2	kW	@	$1.61000000	$320.71	
Base Energy Chg / Hours Used	29,880.0	kWh	@	$0.05860000	$1,750.97	
Base Energy Chg / Hours Used	39,840.0	kWh	@	$0.04340000	$1,729.06	
Base Energy Chg / Hours Used	360.0	kWh	@	$0.03410000	$12.28	
Fuel Adjustment Charge	70,080.0	kWh	@	$0.00188000	$131.75	
Energy Efficiency Pgm Charge	70,080.0	kWh	@	$0.00030000	$21.02	
Customer Charge					$83.54	
Total Service Amount						$4,049.33
Missouri State SalesTax					$171.08	
Missouri Local Sales Tax					$109.33	
Municipal Charge					$213.12	
Total Tax Related Charges						$493.53

Current Amount Due	$4,542.86
Prior Amount Due	$0.00
Total Amount Due	$4,542.86

A late payment charge of 1.5% will be addedfor any unpaid balance on all accounts after the due date.

Schedule LMB-E1 Attachment B 1 of 2

OPTIONS TO PAY YOUR BILL

Ameren Missouri offers you more ways than ever before to pay your bill. Pick the option that works best for you.

Direct Pay/EDI – Streamline your Ameren Missouri payment process, save time and avoid late fees by enrolling in Direct Pay or Electronic Data Interchange (EDI). Payment is taken directly from your checking or savings account on the day your bill is due each month. You need your account number and financial information to enroll.

Online – Make a one-time payment or schedule payments online. Pay by electronic check through your Ameren Missouri e-customer account – at no charge. Or pay your bills through Western Union Speedpay using a credit card, debit card or an electronic check. A processing fee will apply. Both options are fast and convenient!

Phone – Make immediate payments through Western Union Speedpay using a credit card, debit card or electronic check. To pay by phone, call 1.866.268.3729. A processing fee will apply.

Pay Stations – Pay in person at hundreds of convenient locations throughout our service territory. Pay stations accept checks, money orders and cash. A processing fee will apply. To find a location near you, log on to **AmerenMissouri.com/FullPageBill**.

Mail – Send your payment and bill stub to the address on the front of your bill. We accept checks and money orders in the mail. Allow at least five days for your payment to reach us.

To enroll in or learn more about any of these options, go to **AmerenMissouri.com/FullPageBill**.

SAFETY

At Ameren Missouri, safety is a top priority as we meet the energy needs of our customers.

Look up and know what is above you.
Be sure not to come in contact with power lines.

Dangers can also exist below ground.
Before you dig, contact Missouri One Call at 1.800.344.7483 or 811.

Go to **AmerenMissouri.com/FullPageBill** to learn more ways to protect your business and employees from potential danger.

We're prepared for the next big storm. Are you?

Now is the time to ready your business. **Ameren.mobi** is an easy way to keep track of what's happening to your power during a storm on your mobile device. At Ameren.mobi, check Missouri outage information by county or zip code or set up your account at My Electric Outage. All you need is the phone number linked to your account and the address number.

Information form Oct 20, 2011 with Nov 21 Loads Fuel Budget Run.

UNIT	Ownership	Primary Fuel Type	Average Heat Rate	2/12-1/13 (MWh)	2/13-1/14 (MWh)	2/14-1/15 (MWh)	2/15-1/16 (MWh)
CALLAWAY	Ameren Missouri	Nuclear	9,943	10,424,600	9,335,800	9,193,800	10,398,200
KEOKUK	Ameren Missouri	Run of River Hydro	N/A	910,500	920,600	923,700	968,800
LABADIE 1	Ameren Missouri	PRB Coal	10,030	4,435,000	4,498,600	3,619,800	4,687,500
LABADIE 2	Ameren Missouri	PRB Coal	10,039	3,608,800	4,512,800	4,620,000	4,657,900
LABADIE 3	Ameren Missouri	PRB Coal	9,955	4,394,700	3,740,800	4,592,100	4,649,100
LABADIE 4	Ameren Missouri	PRB Coal	10,032	3,790,000	4,527,900	4,644,800	3,844,800
MERAMEC 1	Ameren Missouri	PRB Coal	11,836	785,600	751,600	678,000	800,600
MERAMEC 2	Ameren Missouri	PRB Coal	11,653	779,900	707,900	806,000	750,700
MERAMEC 3	Ameren Missouri	PRB Coal	11,887	1,548,400	1,647,500	1,677,700	1,574,700
MERAMEC 4	Ameren Missouri	PRB Coal	10,511	2,231,100	1,636,900	2,247,700	2,058,900
OSAGE	Ameren Missouri	Pond Hydro	N/A	721,400	724,100	720,700	720,400
RUSH 1	Ameren Missouri	PRB Coal	9,950	4,381,100	4,355,100	4,474,100	4,551,300
RUSH 2	Ameren Missouri	PRB Coal	9,614	4,514,000	4,432,700	4,576,400	4,015,500
SIOUX 1	Ameren Missouri	PRB/ILL Coal	10,122	3,011,500	3,178,500	2,951,000	3,311,000
SIOUX 2	Ameren Missouri	PRB ILL Coal	10,253	3,007,100	2,680,800	3,245,500	3,307,900
TAUM SAUK 1	Ameren Missouri	Pumped Storage	N/A	264,500	301,550	312,550	310,450
TAUM SAUK 2	Ameren Missouri	Pumped Storage	N/A	306,750	301,550	312,550	310,450
AUDRAIN CT1	Ameren Missouri	Gas	12,294	14,000	11,000	16,600	21,100
AUDRAIN CT2	Ameren Missouri	Gas	12,310	13,200	11,600	17,100	20,800
AUDRAIN CT3	Ameren Missouri	Gas	12,284	14,300	10,600	15,400	19,800
AUDRAIN CT4	Ameren Missouri	Gas	12,289	14,300	11,400	16,500	19,800
AUDRAIN CT5	Ameren Missouri	Gas	12,312	13,400	11,100	14,700	21,400
AUDRAIN CT6	Ameren Missouri	Gas	12,322	13,800	10,900	14,700	19,900
AUDRAIN CT7	Ameren Missouri	Gas	12,321	14,000	11,000	13,900	19,300
AUDRAIN CT8	Ameren Missouri	Gas	12,347	14,000	9,900	15,300	20,300
FAIRGROUNDS CT	Ameren Missouri	Oil	11,867	0	0	0	0
GOOSE CRK CT1	Ameren Missouri	Gas	12,048	13,400	12,300	17,500	24,500
GOOSE CRK CT2	Ameren Missouri	Gas	12,030	13,400	13,300	18,900	26,300
GOOSE CRK CT3	Ameren Missouri	Gas	12,039	13,100	12,400	18,900	24,200
GOOSE CRK CT4	Ameren Missouri	Gas	12,047	13,100	12,200	17,400	24,800
GOOSE CRK CT5	Ameren Missouri	Gas	12,050	12,300	12,100	17,200	23,900
GOOSE CRK CT6	Ameren Missouri	Gas	12,044	12,000	13,300	18,800	25,100
HOWARD BEND CT	Ameren Missouri	Oil	12,467	0	0	0	0
KIRKSVILLE CT	Ameren Missouri	Gas	25,743	0	0	0	0
MERAMEC CT1	Ameren Missouri	Oil	11,644	0	0	0	0
MERAMEC CT2	Ameren Missouri	Gas	14,356	3,700	2,700	4,200	5,100
MEXICO CT	Ameren Missouri	Oil	11,755	0	0	0	0

MOBERLY CT	Ameren Missouri	Oil	12,089	0	0	0	0
MOREAU CT	Ameren Missouri	Oil	11,867	0	0	0	0
PENO CREEK CT1	Ameren Missouri	Gas	10,596	25,500	21,600	27,300	38,500
PENO CREEK CT2	Ameren Missouri	Gas	10,616	25,400	21,800	27,400	38,700
PENO CREEK CT3	Ameren Missouri	Gas	10,615	26,400	21,900	26,800	39,600
PENO CREEK CT4	Ameren Missouri	Gas	10,597	25,100	21,300	28,500	39,400
RACCOON CT1	Ameren Missouri	Gas	11,971	9,400	7,300	14,900	17,600
RACCOON CT2	Ameren Missouri	Gas	11,921	8,800	8,000	14,200	17,200
RACCOON CT3	Ameren Missouri	Gas	11,929	11,000	9,700	15,600	22,600
RACCOON CT4	Ameren Missouri	Gas	11,942	10,100	8,000	13,900	17,500
UEFREDW CT1	Ameren Missouri	Gas	9,945	63,000	75,300	75,400	75,300
UEKINM CT1	Ameren Missouri	Gas	11,580	12,600	8,000	18,600	21,800
UEKINM CT2	Ameren Missouri	Gas	11,582	12,600	7,100	16,100	21,800
UEPNK 1	Ameren Missouri	Gas	9,623	33,500	28,400	37,300	44,500
UEPNK 2	Ameren Missouri	Gas	9,604	34,600	28,800	36,400	44,600
UEPNK 3	Ameren Missouri	Gas	9,628	33,500	27,000	36,200	43,400
UEPNK 4	Ameren Missouri	Gas	9,625	33,400	27,500	37,100	45,300
UEPNKY 5	Ameren Missouri	Gas	11,903	6,300	4,800	7,700	11,300
UEPNKY 6	Ameren Missouri	Gas	11,877	6,500	5,000	7,100	10,500
UEPNKY 7	Ameren Missouri	Gas	11,855	6,100	5,100	7,800	11,200
UEPNKY 8	Ameren Missouri	Gas	11,809	6,200	4,500	8,000	10,600
VEN CT1	Ameren Missouri	Oil	14,779	0	0	0	0
VEN CT2	Ameren Missouri	Gas	10,774	21,400	15,900	22,800	28,100
VEN CT3	Ameren Missouri	Gas	10,794	56,500	48,500	77,800	84,700
VEN CT4	Ameren Missouri	Gas	10,779	50,700	54,300	74,900	88,300
VEN CT5	Ameren Missouri	Gas	11,498	12,200	9,500	18,800	20,500
VIADUCT CT	Ameren Missouri	Gas	18,709	0	0	0	0
Wind	Purchased Power Agreements		N/A	280,800	279,900	279,900	279,900
RES Lighting	Demand Side Management (1)			20,375	119,223	93,965	57,174
RES Efficient Products	Demand Side Management (1)			626	8,201	16,544	22,996
RES HVAC	Demand Side Management (1)			1,435	18,837	38,871	58,104
RES Appliance Recycling	Demand Side Management (1)			5,735	11,757	12,111	12,731
RES HEP	Demand Side Management (1)			89	1,070	1,070	981
RES New Homes	Demand Side Management (1)			57	742	1,554	2,581
RES Low Income***	Demand Side Management (1), (2)			3,709	5,692	4,431	3,060
BUS Standard	Demand Side Management (1)			6,199	22,351	32,309	43,811
BUS Custom	Demand Side Management (1)			8,822	48,807	51,720	63,036
BUS Retro-Commissioning	Demand Side Management (1)			196	2,353	2,403	2,608
BUS New Construction	Demand Side Management (1)			209	2,619	3,950	5,407

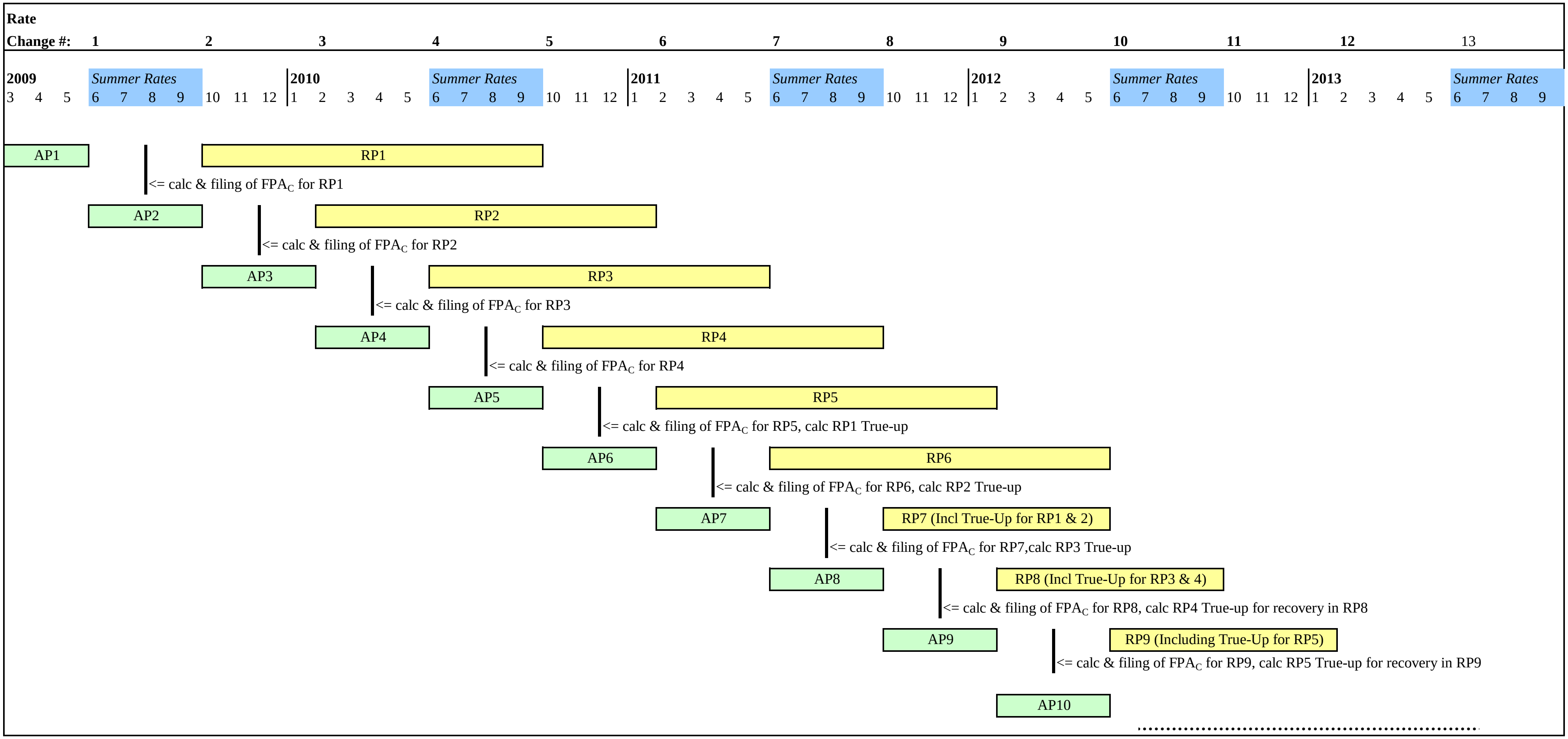
(1) Values based upon assumption that Ameren Missouri's MEEIA filing is accepted as filed. Values are at customer meter.
(2) 2012 program is known as "Multi-Family Income Qualified"

LMB-E1 Attachment D

HIGHLY CONFIDENTIAL

IN IT’S ENTIRETY

Illustration of Ameren Missouri's FAC with Seasonal NBFC and Rate Changes



Schedule LMB-E2

RIDER FAC

FUEL AND PURCHASED POWER ADJUSTMENT CLAUSE

Applicable To Service Provided On The Effective Date Of This Tariff And Thereafter

APPLICABILITY

This rider is applicable to kilowatt-hours (kWh) of energy supplied to customers served by the Company under Service Classification Nos. 1(M), 2(M), 3(M), 4(M), 5(M), 6(M), 7(M), 11(M), and 12(M).

Costs passed through this Fuel and Purchased Power Adjustment Clause (FAC) reflect differences between actual fuel and purchased power costs, including transportation, net of Off-System Sales Revenues (OSSR) (i.e., Actual Net Fuel Costs) and Net Base Fuel Costs (factor NBFC, as defined below), calculated and recovered as provided for herein.

The Accumulation Periods and Recovery Periods are as set forth in the following table:

Accumulation Period (AP)	Filing Date	Recovery Period (RP)
February through May	By August 1	October through May
June through September	By December 1	February through September
October through January	By April 1	June through January

Accumulation Period (AP) means the historical calendar months during which fuel and purchased power costs, including transportation, net of OSSR for all kWh of energy supplied to Missouri retail customers are determined.

Recovery Period (RP) means the billing months as set forth in the above table during which the difference between the Actual Net Fuel Costs during an Accumulation Period and NBFC are applied to and recovered through retail customer billings on a per kWh basis, as adjusted for service voltage level.

The Company will make a Fuel and Purchased Power Adjustment (FPA) filing by each Filing Date. The new FPA rates for which the filing is made will be applicable starting with the Recovery Period that begins following the Filing Date. All FPA filings shall be accompanied by detailed workpapers supporting the filing in an electronic format with all formulas intact.

FPA DETERMINATION

Ninety five percent (95%) of the difference between Actual Net Fuel Costs and NBFC for all kWh of energy supplied to Missouri retail customers during the respective Accumulation Periods shall be reflected as an FPA_C credit or debit, stated as a separate line item on the customer's bill and will be calculated according to the following formulas.

For the FPA filing made by each Filing Date, the FPA_C rate, applicable starting with the Recovery Period following the applicable Filing Date, to recover fuel and purchased power costs, including transportation, net of OSSR, to the extent they vary from Net Base Fuel Costs (NBFC), as defined below, during the recently-completed Accumulation Period is calculated as:

RIDER FAC

FUEL AND PURCHASED POWER ADJUSTMENT CLAUSE (CONT'D.)

Applicable To Service Provided On The Effective Date Of This Tariff And Thereafter

** $FPA_{(RP)} = [[(CF+CPP-OSSR\cancel{-W}) - (NBFC \times S_{AP})] \times 95\% + I + R - N]/S_{RP}$

The FPA rate, which will be multiplied by the voltage level adjustment factors set forth below, applicable starting with the following Recovery Period is calculated as:

$$FPA_C = FPA_{(RP)} + FPA_{(RP-1)} + FPA_{(RP-2)}$$

Effective with the Company's April 1, 2012 filing, FPA_C shall be revised to:

$$FPA_C = FPA_{(RP)} + FPA_{(RP-1)}$$

where:

FPA_C = Fuel and Purchased Power Adjustment rate applicable starting with the Recovery Period following the applicable Filing Date.

FPA_{RP} = FPA Recovery Period rate component calculated to recover under/over collection during the Accumulation Period that ended prior to the applicable Filing Date.

$FPA_{(RP-1)}$ = FPA Recovery Period rate component from prior FPA_{RP} calculation, if any.

$FPA_{(RP-2)}$ = FPA Recovery Period rate component from FPA_{RP} calculation prior to $FPA_{(RP-1)}$, if any.

CF = Fuel costs incurred to support sales to all retail customers and Off-System Sales allocated to Missouri retail electric operations, including transportation, associated with the Company's generating plants. These costs consist of the following:

a) For fossil fuel or hydroelectric plants:

(i) the following costs reflected in Federal Energy Regulatory Commission (FERC) Account Number 501: coal commodity, applicable taxes, gas, alternative fuels, fuel additives, Btu adjustments assessed by coal suppliers, quality adjustments related to the sulfur content of coal assessed by coal suppliers, railroad transportation, switching and demurrage charges, railcar repair and inspection costs, railcar depreciation, railcar lease costs, similar costs associated with other applicable modes of transportation, fuel hedging costs (for purposes of factor CF, hedging is defined as realized losses and costs minus realized gains associated with mitigating volatility in the Company's cost of fuel and purchased power, including but not limited to, the Company's use of futures, options and over-the-counter derivatives

** Indicates Change.

UNION ELECTRIC COMPANY **ELECTRIC SERVICE**

MO.P.S.C. SCHEDULE NO. 5 2nd Revised SHEET NO. 98.3

CANCELLING MO.P.S.C. SCHEDULE NO. 5 1st Revised SHEET NO. 98.3

APPLYING TO **MISSOURI SERVICE AREA**

RIDER FAC

FUEL AND PURCHASED POWER ADJUSTMENT CLAUSE (CONT'D.)

Applicable To Service Provided On The Effective Date Of This Tariff And Thereafter

including, without limitation, futures contracts, puts, calls, caps, floors, collars, and swaps), hedging costs associated with SO2 and fuel oil adjustments included in commodity and transportation costs, broker commissions and fees associated with price hedges, oil costs, ash disposal revenues and expenses, and revenues and expenses resulting from fuel and transportation portfolio optimization activities; and

* (ii) the following costs reflected in FERC Account Number 502: consumable costs related to Air Quality Control System (AQCS) operation, such as urea, limestone and powder activated carbon; and

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(iii) the following costs reflected in FERC Account Number 547: natural gas generation costs related to commodity, oil, transportation, storage, capacity reservation charges, fuel losses, hedging costs, and revenues and expenses resulting from fuel and transportation portfolio optimization activities; and

(iv~~ii~~) costs and revenues for SO_2 and NO_x emission allowances.~~;~~

b) Costs in FERC Account Number 518 (Nuclear Fuel Expense).

CPP = Costs of purchased power reflected in FERC Account Numbers 555, 565, and 575, excluding MISO administrative fees arising under MISO Schedules 10, 16, 17, and 24, and excluding capacity charges for contracts with terms in excess of one (1) year, incurred to support sales to all Missouri retail customers and Off-System Sales allocated to Missouri retail electric operations. Also included in factor "CPP" are insurance premiums in FERC Account Number 924 for replacement power insurance to the extent those premiums are not reflected in base rates. Changes in replacement power insurance premiums from the level reflected in base rates shall increase or decrease purchased power costs. Additionally, costs of purchased power will be reduced by expected replacement power insurance recoveries qualifying as assets under Generally Accepted Accounting Principles.

OSSR = All revenues in FERC Account 447.

* Indicates Addition.

DATE OF ISSUE February 3, 2012 DATE EFFECTIVE March 4, 2012

ISSUED BY Warner L. Baxter President & CEO St. Louis, Missouri

NAME OF OFFICER TITLE ADDRESS

RIDER FAC

FUEL AND PURCHASED POWER ADJUSTMENT CLAUSE (CONT'D.)

Applicable To Service Provided On The Effective Date Of This Tariff And Thereafter

** Adjustment For Reduction of Service Classification 12(M) Billing Determinants:

Should the level of monthly billing determinants under Service Classification 12(M) fall below the level of normalized 12(M) monthly billing determinants as established in Case No. ER-~~2011~~2012-~~0028~~ 0166 an adjustment to OSSR shall be made in accordance with the following levels:

a) A reduction of less than 40,000,000 kWh in a given month
- No adjustment will be made to OSSR.

b) A reduction of 40,000,000 kWh or greater in a given month
- All Off-System Sales revenues derived from all kWh of energy sold off-system due to the entire reduction shall be excluded from OSSR.

~~W = $300,000 per month for the months, July 1, 2010 through, June 30, 2011. This factor "W" expires on June 30, 2011.~~

**N = The positive amount by which, over the course of the Accumulation Period, (a) revenues derived from the off-system sale of power made possible as a result of reductions in the level of 12(M) sales (as addressed in the definition of OSSR above) exceeds (b) the reduction of 12(M) revenues compared to normalized 12(M) revenues as determined in Case No. ER-~~2011~~2012-~~0028~~0166.

**I = Interest applicable to (i) the difference between Actual Net Fuel Costs ~~(adjusted for factor "W")~~ and NBFC for all kWh of energy supplied to Missouri retail customers during an Accumulation Period until those costs have been recovered; (ii) refunds due to prudence reviews (a portion of factor R, below); and (iii) all under- or over-recovery balances created through operation of this FAC, as determined in the true-up filings provided for herein (a portion of factor R, below). Interest shall be calculated monthly at a rate equal to the weighted average interest rate paid on the Company's short-term debt, applied to the month-end balance of items (i) through (iii) in the preceding sentence.

** Indicates Change.

DATE OF ISSUE February 3, 2012 DATE EFFECTIVE March 4, 2012

ISSUED BY Warner L. Baxter President & CEO St. Louis, Missouri

NAME OF OFFICER TITLE ADDRESS

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RIDER FAC

FUEL AND PURCHASED POWER ADJUSTMENT CLAUSE (CONT'D.)

Applicable To Service Provided On The Effective Date Of This Tariff And Thereafter

R = Under/over recovery (if any) from currently active and prior Recovery Periods as determined for the FAC true-up adjustments, and modifications due to adjustments ordered by the Commission~~–~~, as a result of required prudence reviews or other disallowances and reconciliations, with interest as defined in item I.

S_{AP} = kWh during the Accumulation Period that ended prior to the applicable Filing Date, as measured by taking the retail component of the Company's load settled at its MISO CP node (AMMO.UE or successor node), plus the kWh reductions up to the kWh of energy sold off-system associated with the 12(M) OSSR adjustment above.

S_{RP} = Applicable Recovery Period estimated kWh representing the expected retail component of the Company's load settled at its MISO CP node (AMMO.UE or successor node), subject to the FPA_{RP} to be billed.

**NBFC = Net Base Fuel Costs are the net costs determined by the Commission's order as the normalized test year value for the sum of allowable fuel costs (consistent with the term CF), plus cost of purchased power (consistent with the term CPP), less revenues from off-system sales (consistent with the term OSSR), ~~(consistent with the term "W")~~ expressed in cents per kWh, based on the retail kWh from the net output calculation in the fuel run used in part to determine Net Base Fuel Costs, as included in the Company's retail rates. The NBFC rate applicable to June through September calendar months ("Summer NBFC Rate") is 1.529~~319~~ cents per kWh. The NBFC rate applicable to October through May calendar months ("Winter NBFC Rate") is 1.553~~213~~ cents per kWh.

**To determine the FPA rates applicable to the individual Service Classifications, the FPA_C rate determined in accordance with the foregoing will be multiplied by the following voltage level adjustment factors:

Secondary Voltage Service	~~1.0557~~1.0575
Primary Voltage Service	~~1.0234~~1.0252
Large Transmission Voltage Service	~~0.9906~~0.9917

The FPA rates applicable to the individual Service Classifications shall be rounded to the nearest 0.001 cents, to be charged on a cents/kWh basis for each applicable kWh billed.

** Indicates Change.

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RIDER FAC
FUEL AND PURCHASED POWER ADJUSTMENT CLAUSE (CONT'D.)
Applicable To Service Provided On The Effective Date Of This Tariff And Thereafter

TRUE-UP OF FAC

After completion of each Recovery Period, the Company will make a true-up filing in conjunction with an adjustment to its FAC. The true-up filing shall be made on the same day as the filing made to adjust its FAC. Any true-up adjustments or refunds shall be reflected in item R above, and shall include interest calculated as provided for in item I above.

The true-up adjustments shall be the difference between the revenues billed and the revenues authorized for collection during the Recovery Period.

GENERAL RATE CASE/PRUDENCE REVIEWS

The following shall apply to this Fuel and Purchased Power Adjustment Clause, in accordance with Section 386.266.4, RSMo. and applicable Missouri Public Service Commission Rules governing rate adjustment mechanisms established under Section 386.266, RSMo:

The Company shall file a general rate case with the effective date of new rates to be no later than four years after the effective date of a Missouri Public Service Commission order implementing or continuing this Fuel and Purchased Power Adjustment Clause. The four-year period referenced above shall not include any periods in which the Company is prohibited from collecting any charges under this Fuel and Purchased Power Adjustment Clause, or any period for which charges hereunder must be fully refunded. In the event a court determines that this Fuel and Purchased Power Adjustment Clause is unlawful and all moneys collected hereunder are fully refunded, the Company shall be relieved of the obligation under this Fuel and Purchased Power Adjustment Clause to file such a rate case.

Prudence reviews of the costs subject to this Fuel and Purchased Power Adjustment Clause shall occur no less frequently than every eighteen months, and any such costs which are determined by the Missouri Public Service Commission to have been imprudently incurred or incurred in violation of the terms of this rider shall be returned to customers with interest at a rate equal to the weighted average interest rate paid on the Company's short-term debt.

DATE OF ISSUE February 3, 2012 DATE EFFECTIVE March 4, 2012

ISSUED BY Warner L. Baxter President & CEO St. Louis, Missouri
NAME OF OFFICER TITLE ADDRESS