ALL DAY, EVERY DAY

Exhibit No. 147
Case No(s). GR-99-315
Date 9-23-04 Rptr TS

Ameren

2003 Annual Report

IMPAIRMENT OF LONG-LIVED ASSETS

We evaluate long-lived assets for impairment when events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. The determination of whether impairment has occurred is based on an estimate of undiscounted cash flows attributable to the assets, as compared with the carrying value of the assets. If impairment has occurred, the amount of the impairment recognized is determined by estimating the fair value of the assets and recording a provision for loss if the carrying value is greater than the fair value.

UNAMORTIZED DEBT DISCOUNT, PREMIUM AND EXPENSE

Discount, premium and expense associated with long-term debt are amortized over the lives of the related issues.

REVENUE

We accrue an estimate of electric and gas revenues for service rendered, but unbilled, at the end of each accounting period.

Interchange revenues included in Operating Revenues – Electric were $351 million for the year ended December 31, 2003 (2002 - $259 million; 2001 – $364 million). See EITF No. 02-3 discussion under Accounting Changes and Other Matters below for further information.

PURCHASED POWER

Purchased power included in Operating Expenses – Fuel and Purchased Power was $256 million for the year ended December 31, 2003 (2002 - $167 million; 2001 - $298 million). See EITF No. 02-3 discussion under Accounting Changes and Other Matters below for further information.

FUEL AND GAS COSTS

In our retail electric utility jurisdictions, there are no provisions for adjusting rates for changes in the cost of fuel for electric generation. In our retail gas utility jurisdictions, changes in gas costs are generally reflected in billings to gas customers through PGA clauses.

The cost of nuclear fuel is amortized to fuel expense on a unit-of-production basis. Spent fuel disposal cost is charged to expense, based on net kilowatthours generated and sold.

EXCISE TAXES

Excise taxes reflected on Missouri electric and gas, and Illinois gas, customer bills are imposed on us and are recorded gross in Operating Revenues and Other Taxes. Excise taxes recorded in Operating Revenues and Taxes Other than Income Taxes for 2003 were $137 million (2002 - $116 million; 2001 - $113 million). Excise taxes reflected on Illinois electric customer bills are imposed on the consumer and are recorded as tax collections payable and included in Taxes Accrued on the Consolidated Balance Sheet.

INCOME TAXES

We file a consolidated federal tax return. Deferred tax assets and liabilities are recognized for the tax consequences of transactions that have been treated differently for financial reporting and tax return purposes, measured using statutory tax rates.

Investment tax credits utilized in prior years were deferred and are being amortized over the useful lives of the related properties.

EARNINGS PER SHARE

There were no differences between the basic and diluted earnings per share amounts for Ameren in 2003. The inclusion of assumed stock option conversions in the calculation of earnings per share resulted in dilution of $0.01 for 2002 and 2001. The dilutive component in each of the periods was comprised of assumed stock option conversions, which increased the number of shares outstanding in the diluted earnings per share calculation by 289,244 in 2003, 332,909 shares in 2002 and 331,813 shares in 2001. Ameren's equity security units have no dilutive effect on our earnings per share, except during periods when the average market price of Ameren's common stock is above $46.61.

ACCOUNTING CHANGES AND OTHER MATTERS

SFAS No. 133 – "Accounting for Derivative Instruments and Hedging Activities"

In January 2001, we adopted SFAS No. 133. The impact of that adoption resulted in a cumulative effect charge of $7 million, net of taxes, to the Consolidated Statement of Income, and a cumulative effect adjustment of $11 million, net of taxes, to Accumulated OCI, which reduced common stockholders' equity. See Note 9 – Derivative Financial Instruments for further information.

SFAS No.143 – "Accounting for Asset Retirement Obligations"

We adopted the provisions of SFAS No. 143, effective January 1, 2003. SFAS No. 143 provides the accounting requirements for asset retirement obligations associated with tangible, long-lived assets. SFAS No. 143 requires us to record the estimated fair value of legal obligations associated with the retirement of tangible long-lived assets in the period in which the liabilities are incurred and to capitalize a corresponding amount as part of the book value of the related long-lived asset. In subsequent periods, we are required to adjust asset retirement obligations based on changes in estimated fair value. Corresponding increases in asset book values are depreciated over the remaining useful life of the related asset. Uncertainties as to the probability, timing or amount of cash flows associated with an asset retirement obligation affect our estimates of fair value.

Upon adoption of this standard, Ameren recognized additional asset retirement obligations of approximately $213 million and a net increase in net property and plant of approximately $77 million related primarily to UE's Callaway Nuclear Plant decommissioning costs and retirement costs for a UE river structure. The difference between the net asset and the liability recorded upon adoption of SFAS No. 143 related to rate-regulated assets was recorded as an additional regulatory asset of approximately $136 million because Ameren expects to continue to recover in electric rates the cost of Callaway Nuclear Plant decommissioning and other costs of removal. These asset retirement obligations and associated assets are in addition to assets and liabilities of $174 million that UE had recorded prior to the adoption of SFAS No. 143, related to the future obligations and funds accumulated to decommission the Callaway Nuclear Plant.

Also upon adoption of this standard, Ameren recognized an asset retirement obligation of approximately $4 million and a net increase in net property and plant of approximately $34 million. The asset retirement obligation relates to retirement costs for a Genco power plant ash pond. The net increase in property and plant, as well as the majority of the net after-tax gain of $18 million recognized upon adoption, resulted from the elimination of costs of removal for non rate-regulated assets previously accrued as a component of accumulated depreciation that were not legal obligations ($20 million). Ameren also recognized a loss for the difference between the net asset and liability for the retirement obligation recorded upon adoption related to Genco's assets ($2 million).

As a result of the acquisition of CILCORP on January 31, 2003, Ameren's asset retirement obligations increased due to the assumption of asset retirement obligations of approximately $6 million related to CILCO's power plant ash ponds (now owned by AERG).

Asset retirement obligations at Ameren increased by $22 million during the year ended December 31, 2003, to reflect the accretion of obligations to their present value. Substantially all of this accretion was recorded as an increase to regulatory assets.

In addition to those obligations that were identified and valued, we determined that certain other asset retirement obligations exist. However, we were unable to estimate the fair value of those obligations because the probability, timing or cash flows associated with the obligations were indeterminable. We do not believe that these obligations, when incurred, will have a material adverse impact on our financial position, results of operations or liquidity.

The fair value of the nuclear decommissioning trust fund for UE's Callaway Nuclear Plant is reported in Nuclear Decommissioning Trust Fund in Ameren's Consolidated Balance Sheet. This amount is legally restricted to fund the costs of nuclear decommissioning. Changes in the fair value of the trust fund are recorded as an increase or decrease to the regulatory asset recorded in connection with the adoption of SFAS No. 143.

SFAS No. 143 required a change in the depreciation methodology we historically utilized for our non rate-regulated operations. Historically, we included an estimated cost of dismantling and removing plant from service upon retirement in the basis upon which our depreciation rates were determined. SFAS No. 143 required us to exclude costs of dismantling and removal upon retirement from the depreciation rates applied to non rate-regulated plant balances. Further, we were required to remove accumulated provisions for dismantling and removal costs from accumulated depreciation, where they were embedded, and to reflect such adjustment as a gain upon adoption of this standard, to the extent such dismantling and removal activities were not considered legal asset retirement obligations as defined by SFAS No. 143. The elimination of costs of removal from accumulated depreciation resulted in a gain for a change in accounting principle at Ameren, as noted above, of $20 million, net of taxes. Beginning in January 2003, depreciation rates for non rate-regulated assets were reduced to reflect the discontinuation of the accrual of dismantling and removal costs. In addition, non rate-regulated asset removal costs will prospectively be expensed as incurred. The impact of this change in accounting results in a decrease in depreciation expense and an increase in operations and maintenance expense, the net impact of which is indeterminable, but not expected to be material.

Like the methodology employed by our non rate-regulated operations, the depreciation methodology historically utilized by our rate-regulated operations has included an estimated cost of dismantling and removing plant from service upon retirement. Because these estimated costs of removal have been included in the cost of service upon which our present utility rates are based, and with the expectation that this practice will continue in the jurisdictions in which we operate, adoption of SFAS No. 143 did not result in any change in the depreciation accounting practices of our rate-regulated operations and, therefore, had no impact on net income from rate-regulated operations. However, in accordance with SFAS No. 143, estimated future removal costs previously embedded in accumulated depreciation were classified as a regulatory liability at December 31, 2003. A corresponding reclassification was made to conform the December 31, 2002, Consolidated Balance Sheet to the current year presentation. These reclassifications had no impact on our results of operations or cash flows. The estimated future removal costs recognized as a regulatory liability were $694 million and $652 million at December 31, 2003 and 2002, respectively.

The following table presents the asset retirement obligation as though SFAS No. 143 had been in effect for 2001 and 2002:

Pro Forma Asset Retirement Obligation	
January 1, 2001	$350
December 31, 2001	370
December 31, 2002	391

Pro forma net income, as well as pro forma earnings per share for Ameren, has not been presented for the years ended December 31, 2002 and 2001 because the pro forma application of SFAS No. 143 to prior periods would result in pro forma net income not materially different from the actual amounts reported for these periods.

EITF Issue No. 02-3, EITF Issue No. 98-10 and EITF Issue No. 03-11

During 2002, we adopted the provisions of EITF No. 02-3, "Issues Involved in Accounting for Derivative Contracts Held for Trading Purposes and Contracts Involved in Energy Trading and Risk Management Activities," that required revenues and costs associated