

AmerenUE
ST. LOUIS, MISSOURI

DEPRECIATION STUDY

**CALCULATED ANNUAL DEPRECIATION ACCRUALS
RELATED TO GAS PLANT
AT DECEMBER 31, 2008**



Gannett Fleming
Valuation and Rate Division

Harrisburg, Pennsylvania

Calgary, Alberta

Valley Forge, Pennsylvania

AmerenUE
St. Louis, Missouri

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AT DECEMBER 31, 2008

GANNETT FLEMING, INC. - VALUATION AND RATE DIVISION
Harrisburg, Pennsylvania



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May 14, 2010

Ameren Corporation
1901 Choteau Avenue
St. Louis, MO 63103

Attention Mr. Thomas Byrne
Associate General Counsel

Ladies & Gentlemen:

Pursuant to your request, we have conducted a depreciation study related to the gas plant of AmerenUE as of December 31, 2008. The attached report presents a description of the methods used in the estimation of depreciation, the summary of annual and accrued depreciation, the statistical support for the service life and net salvage estimates and the detailed tabulations of annual and accrued depreciation.

We gratefully acknowledge the assistance of Ameren Services personnel in the conduct of the study.

Respectfully submitted,

GANNETT FLEMING, INC.

JOHN F. WIEDMAYER
Project Manager, Depreciation
Valuation and Rate Division

JFW:krm

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PART III. RESULTS OF STUDY

PART III. RESULTS OF STUDY

QUALIFICATION OF RESULTS

The calculated annual and accrued depreciation are the principal results of the study. Continued surveillance and periodic revisions are normally required to maintain continued use of appropriate annual depreciation accrual rates. An assumption that accrual rates can remain unchanged over a long period of time implies a disregard for the inherent variability in service lives and salvage and for the change of the composition of property in service. The annual accrual rates were calculated in accordance with the straight line remaining life method of depreciation using the average service life procedure based on estimates which reflect considerations of current historical evidence and expected future conditions.

The annual depreciation accrual rates are applicable specifically to the utility plant in service as of December 31, 2008. For most plant accounts, the application of such rates to future balances that reflect additions subsequent to December 31, 2008, is reasonable for a period of three to five years.

DESCRIPTION OF STATISTICAL SUPPORT

The service life and salvage estimates were based on judgment which incorporated statistical analyses of retirement data, discussions with management and consideration of estimates made for other gas utility companies. The results of the statistical analyses of service life are presented in Appendix A of the report.

The estimated survivor curves for each account are presented in graphical form. The charts depict the estimated smooth survivor curve and original survivor curve(s), when applicable, related to each specific group. For groups where the original survivor curve was plotted, the calculation of the original life table is also presented.

The analyses of salvage data are presented in Appendix B, titled "Net Salvage Statistics". The tabulations present annual cost of removal and salvage data, three-year moving averages and the most recent five-year average. Data are shown in dollars and as percentages of original costs retired.

DESCRIPTION OF DEPRECIATION TABULATIONS

A summaries of the results of the study, as applied to the original cost of utility plant at December 31, 2008, are presented in Schedules 1 to 3 on pages III-4 through III-9 of this report. Schedule 1 on pages III-4 and III-5 sets forth the estimated survivor curve and net salvage percent, original cost, calculated accrued depreciation and the annual depreciation accrual amounts and rates based on the straight line method and the average service life procedure for each account. Schedule 2 on pages III-6 and III-7 compares the calculated accrued depreciation with the book depreciation reserve and calculates amortization amounts that correct the variance. Schedule 3 on pages III-8 and III-9 sets forth the total annual depreciation accrual amounts and rates related to utility plant as of December 31, 2008, consisting of the whole life accrual from Schedule 1 and the amortization amounts from Schedule 2. The total annual accrual rate for each account is the total annual accrual amount divided by the original cost expressed as a percent.

The tables of the calculated annual depreciation accruals are presented in account sequence in the Appendix C titled "Depreciation Calculations." The tables indicate the estimated survivor curve, net salvage percent and annual accrual rate for the account and set forth for each installation year the original cost, the average life, annual accrual rate and amount, the life expectancy, the calculated accrued factor and calculated accrued depreciation amount.

AMERENUE - GAS DIVISION

**SCHEDULE 1. ESTIMATED SURVIVOR CURVES, ORIGINAL COST, CALCULATED ANNUAL DEPRECIATION ACCRUALS
AND CALCULATED ACCRUED DEPRECIATION RELATED TO UTILITY PLANT AT DECEMBER 31, 2008**

		Probable Retirement	Survivor	Net	Original	Calculated	Calculated	
Depreciable Group		Date	Curve	Salvage, %	Cost at	Accrued	Annual Accrual	
(1)		(2)	(3)	(4)	December 31, 2008	Depreciation	Amount	Rate
		(2)	(3)	(4)	(5)	(6)	(7)	(8)=(7)/(5)
Depreciable Plant								
Production Plant								
Cape Girardeau Plant								
305	Structures and Improvements	06-2020	60 - L0.5 *	(5)	\$ 644,985.72	\$ 234,707	\$ 39,887	6.18
311	Liquified Petroleum Gas Equipment	06-2020	55 - L1 *	5	1,259,626.52	777,153	39,542	3.14
Total Production Plant					1,904,612.24	1,011,860	79,429	4.17
Transmission Plant								
366	Structures and Improvements		40 - R2	0	5,816.58	455	145	2.49
367	Mains		50 - R3	0	5,398,166.67	1,312,066	107,963	2.00
369	Measuring and Regulating Stations		45 - R1.5	0	43,733.10	17,179	971	2.22
Total Transmission Plant					5,447,716.35	1,329,700	109,079	2.00
Distribution Plant								
375	Structures and Improvements		40 - R2	0	31,016.21	13,091	775	2.50
376	Gas Mains		50 - R3	(10)	187,768,018.44	48,678,906	4,130,889	2.20
378	Measuring and Regulating Station Equipment - General		45 - R1.5	(3)	3,774,250.25	1,116,092	86,302	2.29
379	Measuring and Regulating Station Equipment - City Gate		45 - R1.5	0	436,077.59	94,093	9,681	2.22
380	Services		37 - R2.5	(10)	102,195,318.92	32,924,084	3,033,340	2.97
381	Meters		35 - R1.5	0	18,958,477.88	4,663,026	542,212	2.86
383	House Regulators		45 - R3	(5)	10,767,337.01	3,118,986	250,986	2.33
385	Industrial Measuring and Regulating Equipment		30 - R1	0	1,191,400.92	289,060	39,674	3.33
Total Distribution Plant					325,121,897.22	90,897,338	8,093,859	2.49

AMERENUE - GAS DIVISION

**SCHEDULE 1. ESTIMATED SURVIVOR CURVES, ORIGINAL COST, CALCULATED ANNUAL DEPRECIATION ACCRUALS
AND CALCULATED ACCRUED DEPRECIATION RELATED TO UTILITY PLANT AT DECEMBER 31, 2008**

Depreciable Group		Probable Retirement	Survivor	Net	Original Cost at	Calculated Accrued	Calculated Annual Accrual	
		Date	Curve	Salvage, %	December 31, 2008	Depreciation	Amount	Rate
(1)		(2)	(3)	(4)	(5)	(6)	(7)	(8)=(7)/(5)
General Plant								
390	Structures and Improvements		50 - R3	(5)	1,059,946.14	368,134	22,259	2.10
391	Office Furniture and Equipment		15 - SQ	0	101,576.85	82,889	5,136	5.06
391.2	Personal Computers		5 - SQ	0	259,021.25	200,202	19,434	7.50
392	Transportation Equipment		11 - R1	10	5,427,356.98	1,850,104	441,692	8.14
393	Stores Equipment		20 - SQ	0	27,268.29	24,704	1,026	3.76
394	Tools, Shop, and Garage Equipment		20 - SQ	0	2,356,542.97	1,439,206	105,001	4.46
395	Laboratory Equipment		20 - SQ	0	124,259.50	69,821	3,836	3.09
396	Power Operated Equipment		18 - S3	10	2,437,647.46	831,632	121,980	5.00
397	Communications Equipment		15 - SQ	0	723,869.26	471,804	40,854	5.64
Total General Plant					344,991,714.51	98,577,394	9,043,585	2.62
Total Depreciable Plant					\$ 344,991,714.51	\$ 98,577,394	\$ 9,043,585	
Accounts Not Studied								
	Cape Girardeau Plant - Land				32,420.76			
365.1	Land and Land Rights				1,282.00			
365.2	Rights-of-Way				118,250.00			
374	Land and Land Rights				294,031.00			
387	Miscellaneous Equipment				-			
389	Land and Land Rights				2,174,140.00			
Total Accounts Not Studied					2,620,123.76			
Total Gas Plant					\$ 347,611,838.27			

* Curve shown is interim survivor curve.

AMERENUE - GAS DIVISION

**SCHEDULE 2. COMPARISON OF CALCULATED ACCRUED DEPRECIATION AND BOOK DEPRECIATION RESERVE
AT DECEMBER 31, 2008 AND CALCULATION OF ANNUAL AMORTIZATION OF THE RESERVE VARIANCE
BASED ON A COMPOSITE REMAINING LIFE PERIOD**

Depreciable Group		Original Cost at December 31, 2008	Book Reserve	Calculated Accrued Depreciation	Reserve Variance	Remaining Life	Annual Amortization True Up
(1)		(2)	(3)	(4)	(5) = (4) - (3)	(6)	(7) = (5) / (6)
Depreciable Plant							
Production Plant							
<i>Cape Girardeau Plant</i>							
305	Structures and Improvements	\$ 644,985.72	\$ 61,363	\$ 234,707	\$ 173,344	11.1	\$ 15,631
311	Liquified Petroleum Gas Equipment	<u>1,259,626.52</u>	<u>404,165</u>	<u>777,153</u>	<u>372,988</u>	10.6	<u>35,154</u>
Total Production Plant		1,904,612.24	465,528	1,011,860	546,332		50,785
Transmission Plant							
366	Structures and Improvements	5,816.58	528	455	(73)	37.0	(2)
367	Mains	5,398,166.67	1,785,177	1,312,066	(473,111)	37.9	(12,500)
369	Measuring and Regulating Stations	<u>43,733.10</u>	<u>25,577</u>	<u>17,179</u>	<u>(8,398)</u>	27.4	<u>(307)</u>
Total Transmission Plant		5,447,716.35	1,811,282	1,329,700	(481,582)		(12,809)
Distribution Plant							
375	Structures and Improvements	31,016.21	1,558	13,091	11,533	23.1	499
376	Gas Mains	187,768,018.44	47,897,067	48,678,906	781,839	38.2	20,456
378	Measuring and Regulating Station Equipment - General	3,774,250.25	1,143,347	1,116,092	(27,255)	32.1	(849)
379	Measuring and Regulating Station Equipment - City Gate	436,077.59	117,275	94,093	(23,182)	35.3	(656)
380	Services	102,195,318.92	49,246,365	32,924,084	(16,322,281)	26.2	(622,750)
381	Meters	18,958,477.88	2,595,117	4,663,026	2,067,909	26.4	78,419
383	House Regulators	10,767,337.01	3,163,345	3,118,986	(44,359)	32.6	(1,360)
385	Industrial Measuring and Regulating Equipment	<u>1,191,400.92</u>	<u>276,107</u>	<u>289,060</u>	<u>12,953</u>	22.7	<u>570</u>
Total Distribution Plant		325,121,897.22	104,440,181	90,897,338	(13,542,843)		(525,671)

AMERENUE - GAS DIVISION

**SCHEDULE 2. COMPARISON OF CALCULATED ACCRUED DEPRECIATION AND BOOK DEPRECIATION RESERVE
AT DECEMBER 31, 2008 AND CALCULATION OF ANNUAL AMORTIZATION OF THE RESERVE VARIANCE
BASED ON A COMPOSITE REMAINING LIFE PERIOD**

Depreciable Group		Original Cost at December 31, 2008	Book Reserve	Calculated Accrued Depreciation	Reserve Variance	Remaining Life	Annual Amortization True Up
(1)		(2)	(3)	(4)	(5) = (4) - (3)	(6)	(7) = (5) / (6)
General Plant							
390	Structures and Improvements	1,059,946.14	372,768	368,134	(4,634)	33.5	(139)
391	Office Furniture and Equipment	101,576.85	7,786	82,889	75,103	3.6	20,633
391.2	Personal Computers	259,021.25	124,257	200,202	75,945	3.0	25,065
392	Transportation Equipment	5,427,356.98	2,602,307	1,850,104	(752,203)	6.9	(109,491)
393	Stores Equipment	27,268.29	11,073	24,704	13,631	2.5	5,453
394	Tools, Shop, and Garage Equipment	2,356,542.97	1,157,762	1,439,206	281,444	8.7	32,202
395	Laboratory Equipment	124,259.50	42,186	69,821	27,635	14.2	1,948
396	Power Operated Equipment	2,437,647.46	944,859	831,632	(113,227)	11.2	(10,137)
397	Communications Equipment	723,869.26	424,044	471,804	47,760	6.2	7,741
Total General Plant		<u>12,517,488.70</u>	<u>5,687,042</u>	<u>5,338,496</u>	<u>(348,546)</u>		<u>(26,725)</u>
Total Depreciable Plant		<u>\$ 344,991,714.51</u>	<u>\$ 112,404,033</u>	<u>\$ 98,577,394</u>	<u>\$ (13,826,639)</u>		<u>\$ (514,420)</u>
Accounts Not Studied							
	Cape Girardeau Plant - Land	32,420.76	-				
365.1	Land and Land Rights	1,282.00	-				
365.2	Rights-of-Way	118,250.00	-				
374	Land and Land Rights	294,031.00	-				
387	Miscellaneous Equipment	-	161				
389	Land and Land Rights	2,174,140.00	-				
Total Accounts Not Studied		<u>2,620,123.76</u>	<u>161</u>				
Total Gas Plant		<u>\$ 347,611,838.27</u>	<u>\$ 112,404,194</u>				

AMERENUE - GAS DIVISION

**SCHEDULE 3. CALCULATION OF TOTAL ANNUAL DEPRECIATION INCLUDING AMORTIZATIONS OF THE RESERVE VARIANCE
AT DECEMBER 31, 2008**

Depreciable Group	Original Cost at 12/31/2008	Annual Accrual Amount	Reserve Variance Amortization	Total Annual Depreciation	Total Annual Depreciation Rate
(1)	(2)	(3)	(4)	(5)	(6) = (5) / (2)
Depreciable Plant					
Production Plant					
<i>Cape Girardeau Plant</i>					
305 Structures and Improvements	\$ 644,985.72	\$ 39,887	\$ 15,631	\$ 55,518	8.61
311 Liquified Petroleum Gas Equipment	<u>1,259,626.52</u>	<u>39,542</u>	<u>35,154</u>	<u>74,696</u>	5.93
Total Production Plant	1,904,612.24	79,429	50,785	130,214	6.84
Transmission Plant					
366 Structures and Improvements	5,816.58	145	(2)	143	2.46
367 Mains	5,398,166.67	107,963	(12,500)	95,463	1.77
369 Measuring and Regulating Stations	<u>43,733.10</u>	<u>971</u>	<u>(307)</u>	<u>664</u>	1.52
Total Transmission Plant	5,447,716.35	109,079	(12,809)	96,270	1.77
Distribution Plant					
375 Structures and Improvements	31,016.21	775	499	1,274	4.11
376 Gas Mains	187,768,018.44	4,130,889	20,456	4,151,345	2.21
378 Measuring and Regulating Station Equipment - General	3,774,250.25	86,302	(849)	85,453	2.26
379 Measuring and Regulating Station Equipment - City Gate	436,077.59	9,681	(656)	9,025	2.07
380 Services	102,195,318.92	3,033,340	(622,750)	2,410,590	2.36
381 Meters	18,958,477.88	542,212	78,419	620,631	3.27
383 House Regulators	10,767,337.01	250,986	(1,360)	249,626	2.32
385 Industrial Measuring and Regulating Equipment	<u>1,191,400.92</u>	<u>39,674</u>	<u>570</u>	<u>40,244</u>	3.38
Total Distribution Plant	325,121,897.22	8,093,859	(525,671)	7,568,188	2.33

AMERENUE - GAS DIVISION

**SCHEDULE 3. CALCULATION OF TOTAL ANNUAL DEPRECIATION INCLUDING AMORTIZATIONS OF THE RESERVE VARIANCE
AT DECEMBER 31, 2008**

Depreciable Group		Original Cost at 12/31/2008	Annual Accrual Amount	Reserve Variance Amortization	Total Annual Depreciation	Total Annual Depreciation Rate
(1)		(2)	(3)	(4)	(5)	(6) = (5) / (2)
General Plant						
390	Structures and Improvements	1,059,946.14	22,259	(139)	22,120	2.09
391	Office Furniture and Equipment	101,576.85	5,136	20,633	25,769	25.37
391.2	Personal Computers	259,021.25	19,434	25,065	44,499	17.18
392	Transportation Equipment	5,427,356.98	441,692	(109,491)	332,201	6.12
393	Stores Equipment	27,268.29	1,026	5,453	6,479	23.76
394	Tools, Shop, and Garage Equipment	2,356,542.97	105,001	32,202	137,203	5.82
395	Laboratory Equipment	124,259.50	3,836	1,948	5,784	4.65
396	Power Operated Equipment	2,437,647.46	121,980	(10,137)	111,843	4.59
397	Communications Equipment	723,869.26	40,854	7,741	48,595	6.71
Total General Plant		<u>12,517,488.70</u>	<u>761,218</u>	<u>(26,725)</u>	<u>734,493</u>	5.87
Total Depreciable Plant		<u>\$ 344,991,714.51</u>	<u>\$ 9,043,585</u>	<u>\$ (514,420)</u>	<u>\$ 8,529,165</u>	2.47
Accounts Not Studied						
	Cape Girardeau Plant - Land	32,420.76				
365.1	Land and Land Rights	1,282.00				
365.2	Rights-of-Way	118,250.00				
374	Land and Land Rights	294,031.00				
387	Miscellaneous Equipment	-				
389	Land and Land Rights	<u>2,174,140.00</u>				
Total Accounts Not Studied		2,620,123.76				
Total Gas Plant		<u>\$ 347,611,838.27</u>				