AmerenUE's Response to
MIEC Data Request
MPSC Case No. ER-2007-0002
AmerenUE's Tariff Filing to Increase Rates for Electric Service
Provided to Customers in the Company's Missouri Service Area

Requested From: Diana Vuylsteke

Data Request No. MIEC 12-05

Please provide all analysis and workpapers supporting the development of the Steam Production plant probable retirement dates, the Hydraulic Production plant retirement dates, and the Other Production average service lives of 35 years. [depreciation]

Response:

The estimated retirement dates for the generating facilities were provided to Gannett Fleming by Gary Weiss, Manager – Regulatory Accounting at AmerenUE during a telephone discussion with Gannett Fleming after his consultation with company management including company generation engineers. Gannett Fleming assessed the estimated retirement dates provided by AmerenUE by comparing the projected life spans of the AmerenUE units with industry life spans used for similar power plants.

For the steam production plants, AmerenUE has no plans to retire any of their generating units during their current planning horizon (i.e., the next 20 years). The oldest steam unit currently in service, Meramec Unit 1, began operation in 1953 and the youngest steam unit, Rush Island 2, began operation in 1977. These units have been in operation for 53 and 29 years, respectively. Typical life spans used by other electric utilities for similar plants range from 40 to 60 years. In 20 years, these units will range in age from 49 to 73 years old which is beyond the typical life spans used for coal-fired steam units. The estimated retirements date of June 30, 2026 used for AmerenUE's steam production plants was based on the assumption that the plants will operate for an additional 20 years. Beyond 20 years, there is too much uncertainty, given these plants' age at that time, whether or not they could continue to operate, particularly without substantial, life-extending capital expenditures made by AmerenUE.

The life span of the Callaway Nuclear Plant is based on the length of the operating license as established by the Nuclear Regulatory Commission. The company's operating license is valid for 40 years from the date of issue, or until October, 2024.

The estimated retirement date for the hydraulic production units is June 30, 2036. The units at Keokuk, Osage and Taum Sauk have been in operation since 1913, 1931 and 1963, respectively. The Osage plant license expires in 2006 and AmerenUE is applying for a new license which is expected to be valid through 2036. The Keokuk plant was authorized by an Act of Congress before FERC licensing was required. The Taum Sauk license expires in 2010. In December 2005, the upper reservoir at Taum Sauk failed catastrophically and the plant is currently out of service pending further investigations related to the accident. A 30 year period seems reasonable to use to recover the remaining undepreciated investment as of December 31, 2005 at Keokuk and Taum Sauk given their age.

The 35 year life span used for the Other Production power plants was based on industry experience with similar units. Much of the investment in Other Production relates to natural gas-fired combustion turbines built since 2000. These power stations are relatively new and the outlook for continued operation is expected over the company's planning horizon.

Prepared By: John Wiedmayer
Title: Project Manager, Depreciation Studies
Date: November 27, 2006