

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of Union Electric Company)	
d/b/a AmerenUE for Authority to File)	
Tariffs Increasing Rates for Electric)	Case No. ER-2007-0002
Service Provided to Customers in the)	
Company's Missouri Service Area.)	

**SECOND STIPULATION AND AGREEMENT
AS TO CERTAIN ISSUES/ITEMS**

COME NOW Union Electric Company, d/b/a AmerenUE ("AmerenUE" or "Company"), the Staff of the Missouri Public Service Commission ("Staff"), the Office of the Public Counsel ("Public Counsel"), the Missouri Department of Natural Resources ("DNR"), Missouri Department of Economic Development ("DED"), the State of Missouri ("State"), AARP, Aquila Networks ("Aquila"), Consumers Council of Missouri ("CCM"), Laclede Gas Company ("Laclede"), Missouri Association for Social Welfare ("MASW"), Missouri Energy Group ("MEG"), Missouri Industrial Energy Consumers ("MIEC"), Missouri Retailers Association ("MRA"), Noranda Aluminum, Inc. ("Noranda"), and The Commercial Group ("TCG")(collectively, the "Parties") that, as a result of negotiations, the undersigned parties ("Parties") have reached the stipulations and agreements contained herein in order to settle the certain issues/items specified below.

1. **Issues Settled.** The following revenue and expense issues between the Company and the Staff shall be resolved by the Company agreeing to the Staff's positions for revenue requirement calculations for these revenue and expense issues in exchange for an additional \$5.5 million of revenue requirement to be imputed into the Staff's revenue requirement calculations.

The parties agree that this dollar settlement shall resolve the enumerated issues and any adjustments related thereto sponsored by either party.

- Unresolved disallowance of Dues and Donations issues,
- AMS allocations,
- Osage Relicensing and Headwater Expense shall be amortized over 25 years,
- Annual recovery of Rate Case Expense,
- Adjustment of \$4,442,000 to the test year Storm Costs will be recovered through a five year, \$800,000 annual adjustment (over the period 7/1/07-6/30/12), and
- Unresolved Cash Working Capital issues.

2. **Additional Issues/Items** - Agreement has also been reached on the following items. These amounts are not included in the above mentioned \$5.5 million adjustment to Staff's revenue requirement.

A. Staff will recognize the full \$45 million of vegetation management expenses in the cost of service and the Company will amortize the remaining Missouri UE-CIPS merger costs and Y2K costs over an additional 4 years (7/1/07-6/30/11), consistent with the rescheduling proposed by the State of Missouri's position.

B. The Company and the Staff agree to use a nuclear fuel expense rate of 36.85 cents/MMbtu in the true-up production cost model and a \$45,166,562 value for nuclear fuel inventory in the true-up rate base.

C. The Company shall adopt a normalization method of accounting prospectively for the book/tax timing differences associated with cost of removal (net salvage). The amount of the book accruals of cost of removal (net salvage) will be

determined by the Commission in this proceeding as part of the depreciation and plant in service issues. The income tax issue will be fully resolved by this agreement and no additional testimony will be presented by any witnesses on this issue, except as may be required by true-up.

D. Non-labor Callaway refueling outage maintenance expense will be set at \$24.8 million in place of Staff's \$21.5 million. Two-thirds of this amount will be included in the Company's revenue requirement.

E. The Company's proposed diesel fuel hedge costs of \$3.2 million shall be accepted.

F. The Missouri Jurisdictional Accumulated Deferred Income Tax balance included in rate base shall be \$1,171,160,613.

3. This Stipulation and Agreement is being entered into solely for the purpose of settling the above identified issues/items, in this case alone, except as otherwise indicated for the following issues/items: the pending case test year Storm Costs recovery (five year, \$800,000 annual adjustment (7/1/07-6/30/12)); 2.A. remaining Missouri UE-CIPS merger costs and Y2K costs (extend amortization over additional period 7/1/07-6/30/11); and 2.C. book/tax timing differences associated with cost of removal (net salvage) (this case and prospectively). Unless otherwise explicitly provided herein, none of the Parties to this Stipulation and Agreement shall be deemed to have approved or acquiesced in any ratemaking or procedural principle, including, without limitation, any other method of cost determination or cost allocation or revenue-related methodology. Other than explicitly provided herein, none of the Parties shall be prejudiced or bound in any manner by the terms of this Stipulation and Agreement in this or any other proceeding regardless of whether this Stipulation and Agreement is approved.

4. This Stipulation and Agreement has resulted from extensive negotiations among the Parties and the terms hereof are interdependent. If the Commission does not approve this Stipulation and Agreement unconditionally and without modification, then this Stipulation and Agreement shall be void and no Party shall be bound by any of the agreements or provisions hereof, except as explicitly provided herein.

5. If the Commission does not unconditionally approve this Stipulation and Agreement without modification, and notwithstanding the provision herein that it shall become void; neither this Stipulation and Agreement nor any matters associated with its consideration by the Commission shall be considered or argued to be a waiver of the rights that any Party has for a decision in accordance with §536.080 RSMo 2000 or Article V, Section 18 of the Missouri Constitution, and the Parties shall retain all procedural and due process rights as fully as though this Stipulation and Agreement had not been presented for approval, and any suggestions, memoranda, testimony, or exhibits that have been offered or received in support of this Stipulation and Agreement shall become privileged as reflecting the substantive content of settlement discussions and shall be stricken from and not be considered as part of the administrative or evidentiary record before the Commission for any purpose whatsoever.

6. In the event the Commission unconditionally accepts the specific terms of this Stipulation and Agreement without modification, the Parties waive their respective rights to present oral argument and written briefs pursuant to §536.080.1 RSMo 2000; their respective rights to the reading of the transcript by the Commission pursuant to RSMo §536.080.2 RSMo 2000; their respective rights to seek rehearing, pursuant to §536.500 RSMo 2000; and their respective rights to judicial review pursuant to §386.510 RSMo 2000. This waiver applies only to a Commission order respecting this Stipulation and Agreement issued in this proceeding and

only to the issues/items that are resolved hereby. It does not apply to any matters raised in any prior or subsequent Commission proceeding or any matters not explicitly addressed by this Stipulation and Agreement.

7. This Stipulation and Agreement contains the entire agreement of the Signatories concerning the issues/items addressed herein.

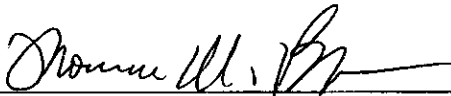
8. Should the Commission have questions about this Stipulation and Agreement, the Signatories will make available their witnesses and attorneys on the issues/items resolved by this Stipulation and Agreement. If the Commission has questions for the Signatories' witnesses or Signatories, the Signatories will make available at any on-the-record session, their witnesses and attorneys on the issues/items resolved by this Stipulation and Agreement, so long as all the Parties have had adequate notice of that session. The Signatories agree to cooperate in presenting this Stipulation and Agreement to the Commission for approval, and will take no action, direct or indirect, in opposition to the request for approval of this Stipulation and Agreement.

9. This Stipulation and Agreement does not constitute a contract with the Commission. Acceptance of this Stipulation and Agreement by the Commission shall not be deemed as constituting an agreement on the part of the Commission to forego the use of any discovery, investigative or other power which the Commission presently has. Thus, nothing in this Stipulation and Agreement is intended to impinge or restrict in any manner the exercise by the Commission of any statutory right, including the right to access information, or any statutory obligation.

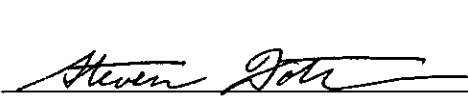
WHEREFORE, for the foregoing reasons, the undersigned Parties respectfully request that the Commission issue its Order approving the specific terms and conditions of this Stipulation and Agreement.

Respectfully submitted,

**UNION ELECTRIC COMPANY
d/b/a AmerenUE**

By: 
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Thomas M. Byrne, MBE #33340

**STAFF OF THE MISSOURI PUBLIC
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**MISSOURI DEPARTMENT OF
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**STATE OF MISSOURI
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AARP

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By: _____
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**CONSUMERS COUNCIL OF
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**MISSOURI RETAILERS
ASSOCIATION**

By: _____
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THE COMMERCIAL GROUP

By: _____
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Dated: March 26, 2007

Certificate of Service

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to all counsel of record this 26th day of March 2007.

