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Issue(s): Advertising Expense
Witness: Richard Mark
Sponsoring Party: Union Electric Company
Type of Exhibit: Rebuttal Testimony
Case No.: ER-2010-0036
Date Testimony Prepared: February 11, 2010

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. ER-2010-0036

REBUTTAL TESTIMONY

OF

RICHARD MARK

ON

BEHALF OF

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

**St. Louis, Missouri
February 11, 2010**

1 **REBUTTAL TESTIMONY**

2 **OF**

3 **RICHARD MARK**

4
5 **CASE NO. ER-2010-0036**

6 **Q. Please state your name and business address.**

7 A. My name is Richard Mark. My business address is One Ameren Plaza,
8 1901 Chouteau Avenue, St. Louis, MO 63103.

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

10 A. I am employed by AmerenUE as Senior Vice President Customer Operations.

11 **Q. Please describe your employment history with AmerenUE.**

12 A. I joined Ameren Services as Vice President of Customer Relations in January of
13 2002 and then became Vice President of Governmental Policy and Consumer Affairs. In
14 December of 2004, I was promoted to Senior Vice President of Missouri Energy Delivery. In
15 2009, I was named to my current position at AmerenUE. Prior to my current employment, I
16 spent seven years as President and Chief Executive of St. Mary's Hospital of East St. Louis and
17 five years as the hospital's Chief Operating Officer.

18 **Q. Please describe your duties and responsibilities as Senior Vice President**
19 **Customer Operations.**

20 A. I am responsible for AmerenUE's electric and natural gas distribution systems
21 and operations, as well as the Company's customer service operations, consisting of the
22 customer contact center, customer accounts, and customer credit assistance, including
23 AmerenUE's Dollar More Program and community relations. I have recently become
24 responsible for managing AmerenUE's Energy Efficiency programs.

1 **Q. What is the purpose of your rebuttal testimony?**

2 A. The purpose of my rebuttal testimony is to respond to the portion of the Staff
3 Report on Revenue Requirement and Cost of Service (Staff Report) which dealt with
4 AmerenUE's advertising expense, sponsored by Staff witness Lisa Ferguson on pages 88 and 89.

5 **Q. Why did Ms. Ferguson recommend disallowance of some of the Company's**
6 **advertising expenditures?**

7 A. The Staff Report does not specify other than to state that she "...proposed an
8 adjustment to exclude the costs of institutional and promotional advertising..." Nowhere is there
9 any explanation of how she reached this conclusion or what standards she used to determine that
10 these advertisements were institutional or promotional. In total, Ms. Ferguson recommended a
11 disallowance of \$2,854,429 with no explanation other than the sentence I quoted above. There is
12 no explanation of how she determined any particular advertisement was promotional or the
13 standard for making that determination she used. Without some semblance of explanation of
14 how she reached her conclusions, Staff has not met its burden to overcome the presumption that
15 our expenditures are prudent. Accordingly, I believe the entire disallowance recommendation
16 should be rejected.

17 **Q. Do you agree with the exclusions proposed by Ms. Ferguson?**

18 A. I do not. In fact, I have a basic disagreement with the approach taken by Staff. In
19 AmerenUE's last rate case, the Commission set forth very clear direction on how Staff should
20 evaluate advertisements in rate cases. Ms. Ferguson did not follow that direction.

21 **Q. Can you explain what you mean?**

22 A. The Commission's Report and Order was very explicit, "The fault was...with
23 Staff's attempt to individually categorize each and every advertisement produced by AmerenUE.

1 As Mr. Mark testified for AmerenUE, it makes more sense to look at an advertising campaign as
2 a whole.”¹ The Report and Order continued, “In the future, Staff would do well to examine
3 advertisements on a campaign basis rather than becoming ensnared in the effort to evaluate
4 individual ads within a larger campaign. If on balance a campaign is acceptable then the cost of
5 individual advertisements within that campaign should be recoverable in rates.”²

6 **Q. Why do you believe Staff failed to follow the Commission’s direction?**

7 A. Ms. Ferguson did not make a determination that the Power On campaign was not
8 an inappropriate campaign. However, she failed to follow the Commission’s direction because
9 she went through advertisement types and recommended a disallowance of \$840,340 in Power
10 On advertising on an ad-by-ad basis. She recommended the Commission allow only a portion of
11 the Power On campaign. If, as the Commission had directed, she’d looked at the campaign as a
12 whole, she would have allowed those expenses in their entirety.

13 **Q. Is the Commission bound by its previous ruling from Case No.**
14 **ER-2008-0318?**

15 A. It is not. However, unless there is some basis to justify changing the standard by
16 which a cost is judged recoverable as advertising, to do so would place the Company in a
17 position where it cannot know which expenditures are acceptable and which are not from rate
18 case to rate case. As I stated above, many of the advertisements Ms. Ferguson seeks to disallow
19 are identical to advertisements which were approved in our last rate case. I believe these costs
20 were prudently incurred and, in addition, consistency and fairness would dictate that they be
21 recoverable in this case just as they were in the last case.

¹ ER-2008-0318, Report and Order, p. 118

² Id.

1 **Q. What Power On advertising costs did Ms. Ferguson recommend disallowing?**

2 A. While Ms. Ferguson recommended recovery of newspaper advertisements for the
3 Power On campaign, she recommended disallowance of other types of Power On advertising,
4 including all television advertisements. Interestingly, the majority of the television
5 advertisements disallowed were the exact television advertisements the Commission allowed
6 cost recovery for in the Company's last rate case, Case No. ER-2008-0318. Attached to this
7 testimony as Schedule RJM-ER1 are several screen shots from the television Power On
8 advertisements as well as the complete script for each television advertisement. It should be
9 noted that each advertisement included our website address so that customers could find more
10 information.

11 **Q. Did Ms. Ferguson indicate why television would be an unacceptable medium**
12 **for AmerenUE to use in communicating with its customers?**

13 A. No, she did not and because she didn't recommend disallowance of television
14 advertisements related to AmerenUE's budget billing program, I presume Ms. Ferguson agrees
15 that television can be an effective method for communicating with customers in our service
16 territory.

17 **Q. Some individuals testified at the local public hearings that they don't know**
18 **why AmerenUE advertises on television as it doesn't need to attract customers. Why does**
19 **the Company advertise on television?**

20 A. I have heard those comments, but the purpose of these advertisements is not to
21 convince a customer to choose AmerenUE over a competitor. AmerenUE's advertisements
22 contain information for our customers, whether it is a safety message or about Power On. The
23 Company believes there is an inherent value in initiating these customer communication

1 programs. Generally, customer communications can cover a range of topics and issues,
2 including customer education (concerning, for example, budget billing), information on
3 corporate initiatives (Power On), clarifying Company policies or dispelling mistaken
4 perceptions.

5 Television is only one medium AmerenUE uses to communicate with its
6 customers. The Company uses a variety of advertising media, including television, radio,
7 newspaper, outdoor advertising and online media. Having a good mix of communication
8 channels is important as it allows the Company to most effectively reach its customers as well as
9 to reinforce the message being delivered. Television generates the broadest reach of all mass
10 media because of its vast appeal to the general public. The Company is able to target the
11 audience which views the advertisements and customer recall of television messages is better
12 than those delivered by other media alone. Television advertisements are short, typically 30
13 seconds in length, so the advertisements must draw customer attention and direct them on how to
14 take action or find more information. The awareness generated by television advertising
15 supports the messages delivered through other media and makes those messages stronger.

16 AmerenUE tracks the effectiveness of its advertising through ongoing customer
17 satisfaction surveys. Customers are asked to identify any message they have heard over a certain
18 period of time. In our last year of surveys, Power On messages have been rated as our top four
19 recalled messages.

20 **Q. Are there other Power On campaign costs that Ms. Ferguson recommended**
21 **not be recovered?**

22 A. There were. Ms. Ferguson recommended disallowance of the cost of all
23 AmerenUE's Power On billboards. Again, the majority of these billboards were exactly the

1 same billboards whose cost the Commission allowed recovery of in our last rate case. As
2 explained above, our billboards are part of an overall campaign to educate and inform our
3 customers. As the Commission stated, "...a simple billboard advertisement that by its nature
4 cannot convey a great deal of information to a motorist rushing by at 70 miles per hour, may
5 motivate and direct that customer to seek out more detailed information from another source."³
6 I have included copies of these billboards as Schedule RJM-ER2.

7 There were also adjustments made for much more minor Power On expenditures,
8 but the fact that Staff sought to disallow them is troubling. The best example is that of the
9 magnetic signs which identify our outside contractors as doing work for AmerenUE's Power On
10 project. These expenditures were allowed by the Commission in our last rate case. The facts
11 behind that decision have not changed; letting the public know that these contractors are
12 associated with AmerenUE is important to our customers. First, it is important that they know it
13 is AmerenUE trimming the tree lines and ultimately, the Company is responsible for the work
14 that is completed, so knowing that the contractor is working on behalf of AmerenUE provides
15 customers with information on who to contact if there is a question or concern about the work. It
16 is not image advertising to let customers know that AmerenUE is responsible for the tree
17 trimming work going on in their neighborhood. To suggest otherwise does not make sense.

18 **Q. Were there disallowance recommendations not related to Power On with**
19 **which you disagree?**

20 A. There are. First, Ms. Ferguson recommended disallowance of our sponsorship of
21 the St. Louis July parade. This cost had been allowed in AmerenUE's last two rate cases.
22 AmerenUE uses the parade to send a safety message to our customers as we rely upon Louie the

³ Id., p. 118.

1 Lighting Bug, who is our ambassador for safety and carries the safety message wherever he is
2 seen. This disallowance was for \$6,750.

3 Ms. Ferguson disallowed costs associated with media storage, traffic and talent
4 for AmerenUE's television and radio advertisements. These are basic and necessary
5 expenditures for any television or radio advertisements and should not be a controversial cost.
6 The media storage costs are necessary to maintain the integrity of the original advertisement and
7 shipping of the recorded message. Talent costs are the costs of voiceovers, actors and actresses,
8 photography and filming. All of these are simply part of the cost of doing business in the
9 advertising world and should be allowed by the Commission. These expenditures cost \$18,220.

10 Ms. Ferguson also recommended a \$62,500 disallowance related to Power On
11 advertising as part of a St. Louis Rams advertising package. (This cost is not included in the
12 Power On number listed above.) AmerenUE did not put the entire cost of this sponsorship into
13 our revenue requirement, only the value of the advertising portion. This is exactly what
14 AmerenUE did in its previous rate case with Dollar More advertising with the Rams and the
15 Commission found that the cost of those advertisements should be recoverable. Copies of these
16 advertisements are attached as Schedule RJM-ER3.

17 Another disagreement I have with Ms. Ferguson's recommendation is related to
18 the retainer AmerenUE pays to advertising agencies. AmerenUE pays a retainer to the agencies
19 that create many of AmerenUE's advertisements. The agencies bill against the retainer fee for
20 work related to the development of communication plans, tracking industry trends, consumer
21 behavior research and creative services (meaning concept development as opposed to production
22 costs.) It is not billed against for any production costs of any actual advertisement. The use of
23 retainer fees in this manner is standard in the industry. Ms. Ferguson recommended allowing or

1 disallowing this cost according to the percentage of advertisements she allowed. While at first
2 blush that may seem to make some sense, there is not any correlation between the two costs. The
3 retainer costs do not correspond to the particular advertisements that are run. Production costs do
4 correspond (and are included in the total advertisement cost we provided.) The retainer fees
5 represent general costs, were appropriately incurred and should be allowed in full. The amount
6 Ms. Ferguson recommended to disallow was \$361,934.

7 Ms. Ferguson recommended disallowance of the out-of-pocket media costs and
8 credits. When AmerenUE initiates a new advertising campaign, we pay an estimated cost for the
9 campaign up front. If the actual cost turns out to be less, then AmerenUE receives a credit.
10 During the test year, several credits were received. AmerenUE accounted for those credits in the
11 information provided to Staff, so Ms. Ferguson's actions result in a double adjustment on this
12 item. The credits totaled \$82,056.

13 During the test year, AmerenUE spent \$426 on a Callaway Plant statistics and
14 information sheet. A copy is attached as Schedule RJM-ER4. Ms. Ferguson recommended
15 disallowance. The reasoning behind this recommendation is not clear; the sheet clearly contains
16 information about our Callaway Plant and is the same information sheet we have used for years.
17 To be clear, this fact sheet has nothing to do with a second plant that had been proposed at the
18 Callaway site. The cost has been recovered in the past and should be allowed again in this case.

19 In 2008, AmerenUE sent a letter to all customers. This letter was a direct
20 communication from our Company President to the customers we served and contained important
21 information about our efforts to improve system reliability and Power On. This letter cost
22 \$41,729 and is a legitimate cost of business. Staff's efforts to restrict our ability to communicate
23 with our customers should be rejected. A copy of the letter is attached as Schedule RJM-ER5.

1 Ms. Ferguson recommended disallowance of a storm related advertisement that
2 AmerenUE took out in newspapers in the area hardest hit by the January 2009 ice storm in
3 Southeast Missouri. These advertisements are attached as Schedule RJM-ER6 and cost \$916.
4 The purpose of these advertisements was to communicate with our customers. At that time, the
5 high school was receiving repeated complaints alleging that they had asked our Company to
6 vacate school property (which had been our staging area). This allegation was not true – our work
7 was completed and we were leaving. It became apparent that there was a bit of misinformation in
8 the community and this advertisement helped to clarify that issue. In addition, I believe it
9 important to communicate with our customers that we have finished restoration work. If there is a
10 remaining line down or an individual home still with power out, that customer will know to notify
11 us. This advertisement met all of those goals and thanked our customers for the tremendous
12 amount of support we received during the time our workers were in their area. I believe Staff's
13 exclusion of this basic communication should be rejected.

14 AmerenUE spent \$14,500 on a survey of our building sign locations to record the
15 location, size, if it is lighted, and other information, which was recommended to be disallowed.
16 The Company often receives telephone calls that a sign has been damaged or is not working, but
17 the caller doesn't know the exact location or remember exactly what type of sign they saw, so
18 having a database of this information is helpful to the Company in responding to those calls. It is
19 classified as advertising, but really serves an operational need for the Company.

20 AmerenUE spent \$7,000 on truck wraps for our hybrid graphics. All of our trucks
21 are detailed, but because this was a different type of detailing (wrap), it showed up as a separate
22 cost. Ms. Ferguson allowed the normal detailing costs but not this one. It contains the same
23 markings identifying AmerenUE but is designed to also raise customer awareness that AmerenUE

1 is exploring the use of vehicles with alternative fuels. I believe the cost of this advertisement
2 should be recovered in our revenue requirement.

3 Ms. Ferguson disallowed \$1,775 that was spent on a digital camera and two
4 lenses. This equipment is used to record damage from storms, capture pictures of logistical areas
5 to be used in our storm restoration efforts and to do some basic photography that we would
6 otherwise be required to hire out. The recommendation to exclude the cost of this equipment
7 should be rejected.

8 AmerenUE spent \$24,000 on its sponsorship of the Tour of Missouri bike race.
9 At each of the race stops that occurred within AmerenUE's service territory, four in total,
10 AmerenUE had a table with safety information, energy efficiency information and Louie the
11 Lighting Bug. This sponsorship was used to raise awareness and educate our customers about
12 these important aspects of our business and the sponsorship should be allowed by the
13 Commission.

14 Finally, Ms. Ferguson recommended disallowance of the Company's sponsorship
15 of Earth Day. This event was all about energy efficiency education and the main theme was "The
16 greenest kilowatt hour is the one not used." This event cost \$2,000 and the Company should be
17 allowed to recover this expenditure in our revenue requirement.

18 There are likely more advertisement costs that Staff disallowed that should be
19 recoverable. However, as Staff failed to describe their reasons for rejecting any of the
20 advertisements, AmerenUE believes it has more than demonstrated these costs should be
21 recovered. As is obvious by this testimony, the majority of Ms. Ferguson's recommendations
22 was either made without consideration of the Commission's previous decision or reflects a lack

1 of understanding of how advertising works and the expenditures involved and must be rejected.

2 I am confident these expenditures were prudent and should be allowed by the Commission.

3 **Q. Does this conclude your rebuttal testimony?**

4 **A.** Yes, it does.

In the Matter of Union Electric Company d/b/a AmerenUE's Tariffs to Increase its Annual Revenues for Electric Service.) Case No. ER-2010-0036
) Tracking No. YE-2010-0054
) Tracking No. YE-2010-0055

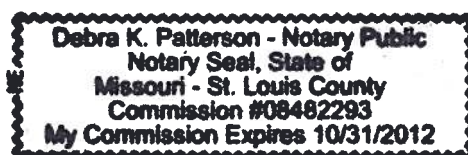
STATE OF MISSOURI)
) ss
CITY OF ST. LOUIS)

1. My name is Richard Mark. I work in the City of St. Louis, Missouri, and I am employed by AmerenUE as Senior Vice President Customer Operations.

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

Subscribed and sworn to before me this 10th day of February, 2010.

My commission expires:

















POWER ON

INVESTING IN COMMUNITIES

A \$1 billion plan of action.



Ameren.com/PowerOn





AMEREN UE
POWER ON
PHASE 2 RADIO
TITLE: Lineman 2
:60

ANNCR Meet the people behind Power On, Ameren UE's billion dollar plan of action.

EMPLOYEE Hey. This is <name>. I'm a lineman for Ameren UE and I'm here with some updates on our project, Power On.

Trimming trees near power lines and strengthening the power grid are two phases of the project.

And since overhead lines leave the reliability of the system exposed to the elements, a portion of the billion dollars is committed to relocating the lines below ground.

See, at some point in the delivery from the power plant to your home or business, electricity has to run through overhead lines. It's simply a matter of how far.

We have crews digging with backhoes. Drills. Even hand shovels. But wherever feasible, it's their job to minimize the distance that the electricity has to run above ground.

And while I'm partial to working up in the bucket truck, sometimes the best protection for power lines is a healthy layer of dirt.

We're working hard to improve reliability and environmental stewardship across Missouri. And burying power lines under ground is just one way we're getting it done.

ANNCR To learn more about the ways the billion dollars is being invested, visit Ameren.com/PowerOn.



AMEREN UE
POWER ON
PHASE 2 RADIO
TITLE: Tree Trimmer
:60

ANNCR Meet the people behind Power On, Ameren UE's billion dollar plan of action.

EMPLOYEE This is <name>. I supervise a tree trimming crew contracted by Ameren UE. And I'm here with some updates on our project.

One phase focuses on strengthening the power grid. Burying lines underground is another.

And since trees tend cause the most trouble, a portion of the billion dollars is committed to limit their ability to do so.

While most new housing developments are now built with the power lines buried, it wasn't always the case.

Over the years, the pines and oaks and maples that were planted have grown tall enough to mess with the lines supplying power throughout the neighborhood.

The overgrowth can loosen or damage connections. And when a storm hits, those are the locations most likely to falter.

That's why we're focusing our efforts to make sure the power lines have plenty of room to operate.

We're working hard to improve reliability and environmental stewardship across Missouri. And trimming trees near power lines is just one way they're getting it done.

ANNCR To learn more about the ways the billion dollars is being invested, visit Ameren.com/PowerOn.



AMEREN UE
POWER ON
PHASE 2 RADIO
TITLE: Engineer
:60

ANNCR

Meet the people behind Power On, Ameren UE's billion dollar plan of action.

EMPLOYEE

Hey there. This is <name>. I'm an Engineer for Ameren UE.

Normally, I'm out in the field checking the power grid to make sure it's performing its best. But I'm here with some updates on our project.

Over the past few months, you may have seen the crews around town, trimming trees near power lines. Or burying lines under ground.

And since the power grid is only as strong as its weakest link, a portion of the billion dollars is committed to preventive maintenance.

It's an ongoing battle – so dedicated teams are checking our equipment for wear-and-tear or corrosion.

They're looking for loose or rusty connections.

Or poles that are ready to be retired.

And when a crew spots a problem, it will be fixed then and there. Or marked for a team of specialists following close behind. All to make the system stronger through replacement or repair.

We're working hard to improve reliability and environmental stewardship across Missouri. And strengthening the power grid is just one way we're getting it done.

ANNCR

To learn more about the ways the billion dollars is being invested, visit Ameren.com/PowerOn.

AMEREN UE
POWER ON CAMPAIGN 10.16.07
UNDERGROUND LINES
TITLE: FEASTS
:30

VO: **Nature feasts on power lines. But she can't eat what she can't find.**

Burying power lines under ground.

Just one phase of Power On.

AMEREN UE
POWER ON CAMPAIGN 10.16.07
TREE TRIMMING
TITLE: CHAINSAW

VO: **A little chainsaw before the storm means less chainsaw after.**

Trimming trees near power lines.

Just one phase of Power On.

AMEREN UE
POWER ON CAMPAIGN 10.16.07
ENVIRONMENTAL STEWARDSHIP
TITLE: DUCKS & DEER
:30

VO: **Ducks and deer don't use power. But they still have a say.**

Improving air quality.

Just one phase of Power On.

AMEREN UE
POWER ON CAMPAIGN 10.16.07
DEVICE INSPECTION AND REPAIR
TITLE: HIDE AND SEEK
:30

VO: **Early detection: A high stakes game of hide-and-seek.**

Strengthening the power grid.

Just one phase of Power On.



**AMEREN UE
POWER ON
PHASE 2 RADIO
TITLE: UNDERGROUND
:60**

ANNCR **Meet the people behind Power On, Ameren UE's billion-dollar plan of action.**

EMPLOYEE Hey. This is Lisa Gendron. I'm Managing Supervisor for the Ameren UE's Underground Reliability Program, here with some updates on our progress.

Since UE launched Power On last summer, we've been getting our hands dirty burying power lines.

We started with the areas most susceptible to outages and have already helped over 10,000 customers. And projects currently under way will impact 23,000 more.

Moving forward, we'll be looking for areas that make the most sense in terms of cost and benefit. Then making our delivery system more dependable by planting our lines firmly in the ground.

This is just one phase of our project. Other crews are:

- Trimming trees near power lines.
- Strengthening the power grid.
- Or installing new equipment to improve air quality.

Through Power On, UE is working hard in each of these areas to increase reliability and environmental stewardship across Missouri. And creating 8,500 jobs in the process.

ANNCR To learn more about the ways the billion dollars is being invested, visit UEPowerOn.com.



**AMEREN UE
POWER ON
PHASE 2 RADIO
TITLE: TREES
:60**

ANNCR

Meet the people behind Power On, Ameren UE's billion-dollar plan of action.

EMPLOYEE

This is Peggy Voelker. I supervise tree-trimming crews contracted by UE. And I'm here with a progress report.

For all of their beauty, trees are almost always responsible for interruptions during severe weather. While we can't bury every power line underground, we can help make sure overhead lines are kept out of harm's way.

Since UE launched Power On last summer, we've cleared tree limbs and overgrowth from over 6,800 miles of power lines. That's a big step forward, but there's plenty more to be done.

This is just one phase of our project. Other crews are:

- **Burying lines underground.**
- **Strengthening the power grid.**
- **Or installing new equipment to improve air quality.**

Through Power On, UE is working hard in each of these areas to increase reliability and environmental stewardship across Missouri. And creating 8,500 jobs in the process.

ANNCR

To learn more about the ways the billion dollars is being invested, visit UEPowerOn.com.



AMEREN UE
POWER ON
PHASE 2 RADIO
TITLE: STRENGTHEN
:60

ANNCR **Meet the people behind Power On, Ameren UE's billion-dollar plan of action.**

EMPLOYEE **Hey there. This is Tim Webers. I'm a Supervisor for UE. And I'm here to fill you in on our progress.**

Strengthening the power grid is a lot like searching for a needle in a haystack. Only our haystack is 57-counties wide.

Since UE launched Power On last summer, our teams have inspected over 8,000 miles of power lines. And tested 102,000 power poles for strength.

We're looking for anything that's not as strong as it could be. And if it seems like it won't stand up to the next round of severe weather, it gets replaced or repaired.

This is just one phase of our project. Other crews are:

- **Trimming trees near power lines.**
- **Burying lines underground.**
- **Or installing new equipment to improve air quality.**

Through Power On, UE is working hard in each of these areas to increase reliability and environmental stewardship across Missouri. And creating 8,500 jobs in the process.

ANNCR **To learn more about the ways the billion dollars is being invested, visit UEPowerOn.com.**

TITLE: RELIABILITY
:15

VO: We're AmerenUE, ratcheting up our routine so you
can enjoy undisturbed comfort in yours.

Learn how we're improving reliability at
UEPowerOn.com.

AMEREN
POWER ON TV
RELIABILITY VO
AS RECORDED 8.5.08

TITLE: RELIABILITY
:30

VO: Connecting Missouri with 27,000 miles of power lines means each and every mile must be reliable.

Because when the skies turn dark, every mile must show its strength.

We're AmerenUE...working every day...improving our delivery system.

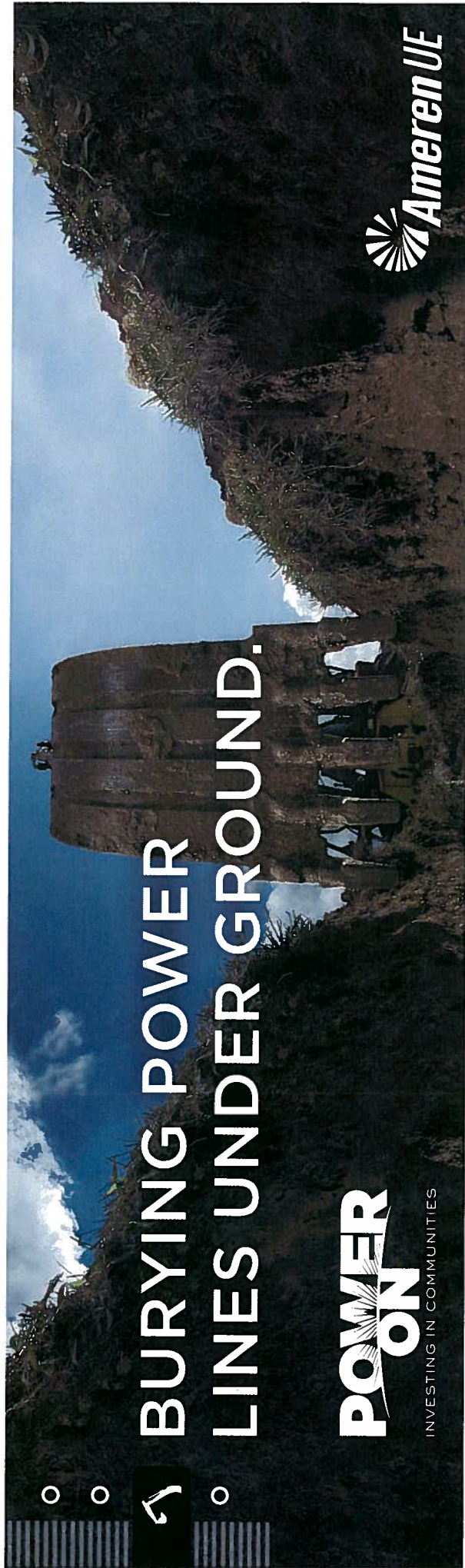
UE – ratcheting up our routine so you can enjoy undisturbed comfort in yours.

Learn how we're improving reliability at UEPowerOn.com.



STRENGTHENING THE POWER GRID.

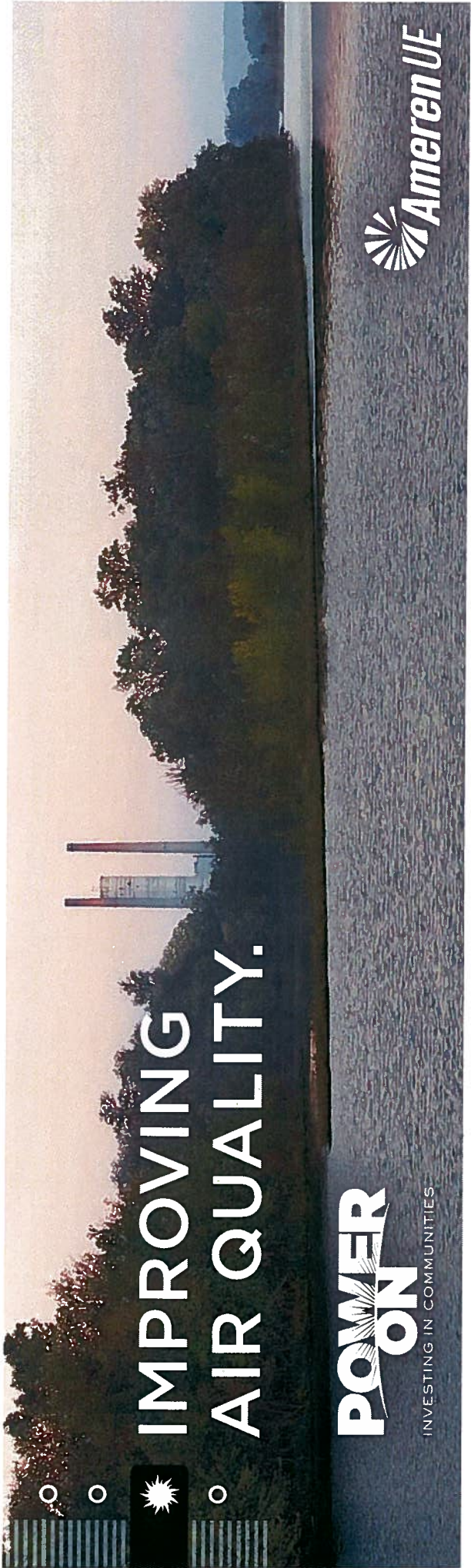
**POWER
ON**
INVESTING IN COMMUNITIES



BURYING POWER LINES UNDER GROUND.

POWER
ON
INVESTING IN COMMUNITIES





IMPROVING
AIR QUALITY.

POWER
ON
INVESTING IN COMMUNITIES





A \$1 BILLION PLAN OF ACTION.

**POWER
ON**
INVESTING IN COMMUNITIES

STRENGTHENING THE POWER GRID.

**POWER
ON**
INVESTING IN COMMUNITIES



BURYING POWER LINES UNDER GROUND.

POWER ON
INVESTING IN COMMUNITIES

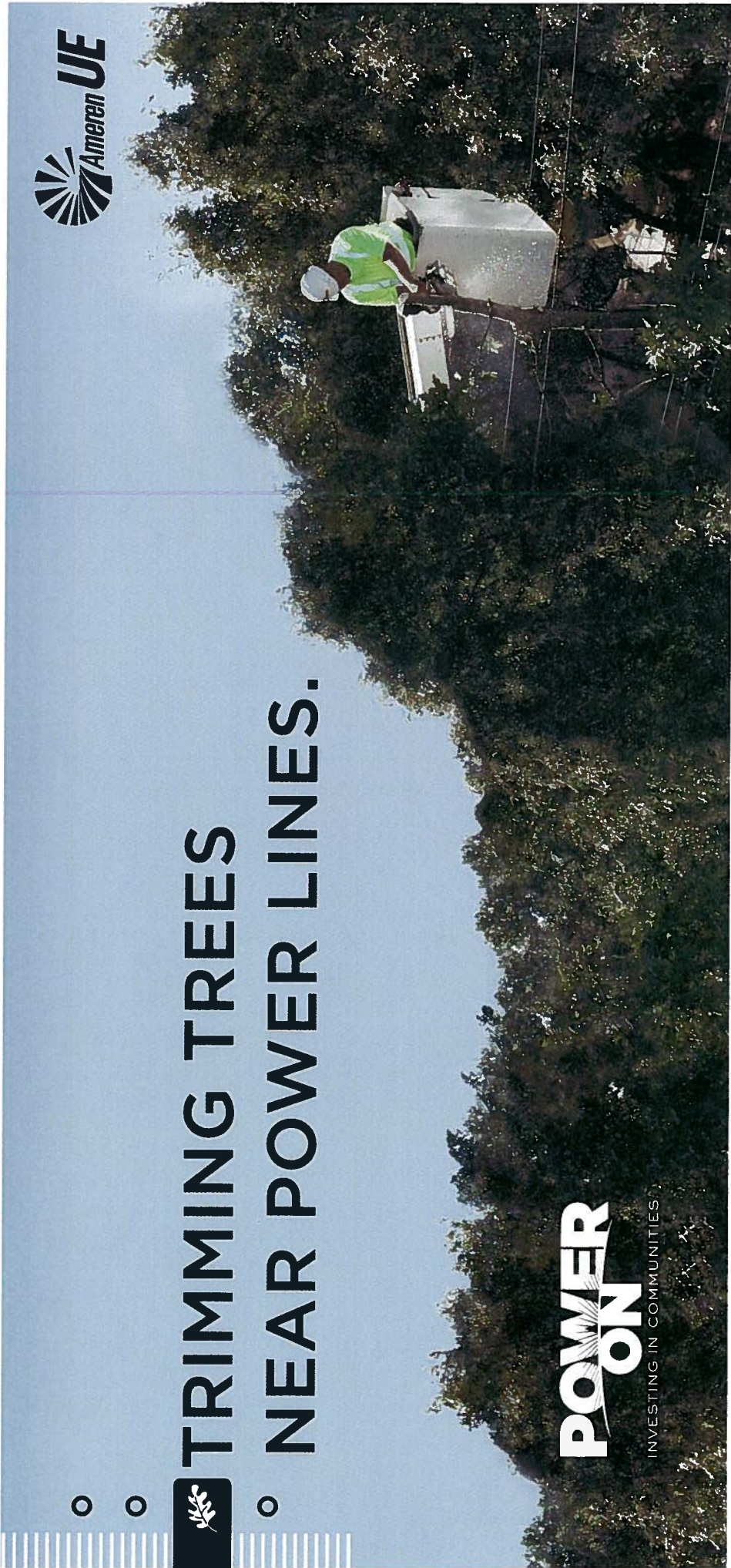




◦ IMPROVING ◦ AIR QUALITY.



**POWER
ON**
INVESTING IN COMMUNITIES



TRIMMING TREES NEAR POWER LINES.

**POWER
ON**
INVESTING IN COMMUNITIES



STRENGTHENING THE POWER GRID.

POWER
ON
INVESTING IN COMMUNITIES



BURYING POWER LINES UNDER GROUND.

POWER ON
INVESTING IN COMMUNITIES





◦ IMPROVING ◦ AIR QUALITY.



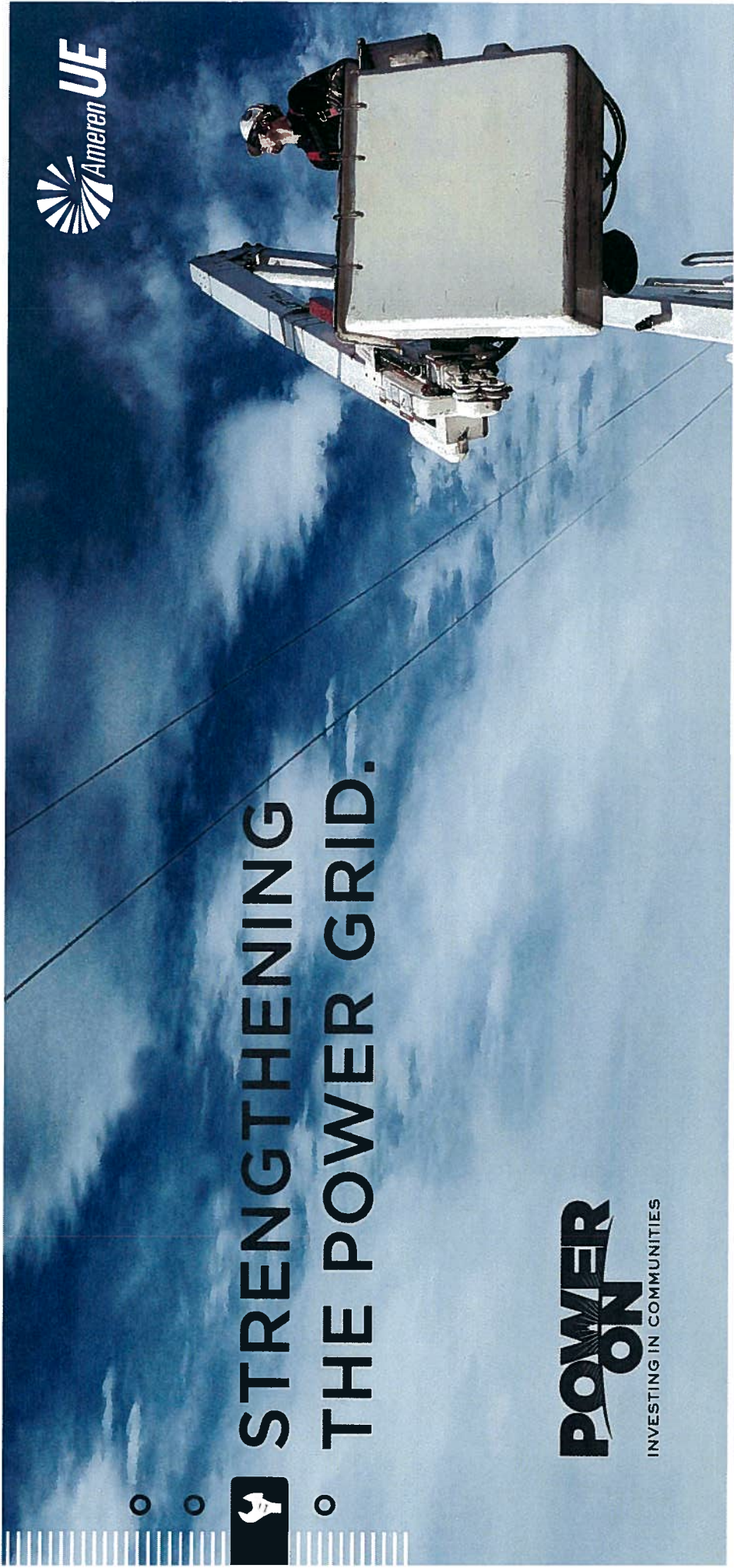
**POWER
ON**
INVESTING IN COMMUNITIES





TRIMMING TREES NEAR POWER LINES.

**POWER
ON**
INVESTING IN COMMUNITIES



STRENGTHENING THE POWER GRID.

POWER
ON
INVESTING IN COMMUNITIES

BURYING POWER LINES UNDER GROUND.

**POWER
ON**
INVESTING IN COMMUNITIES

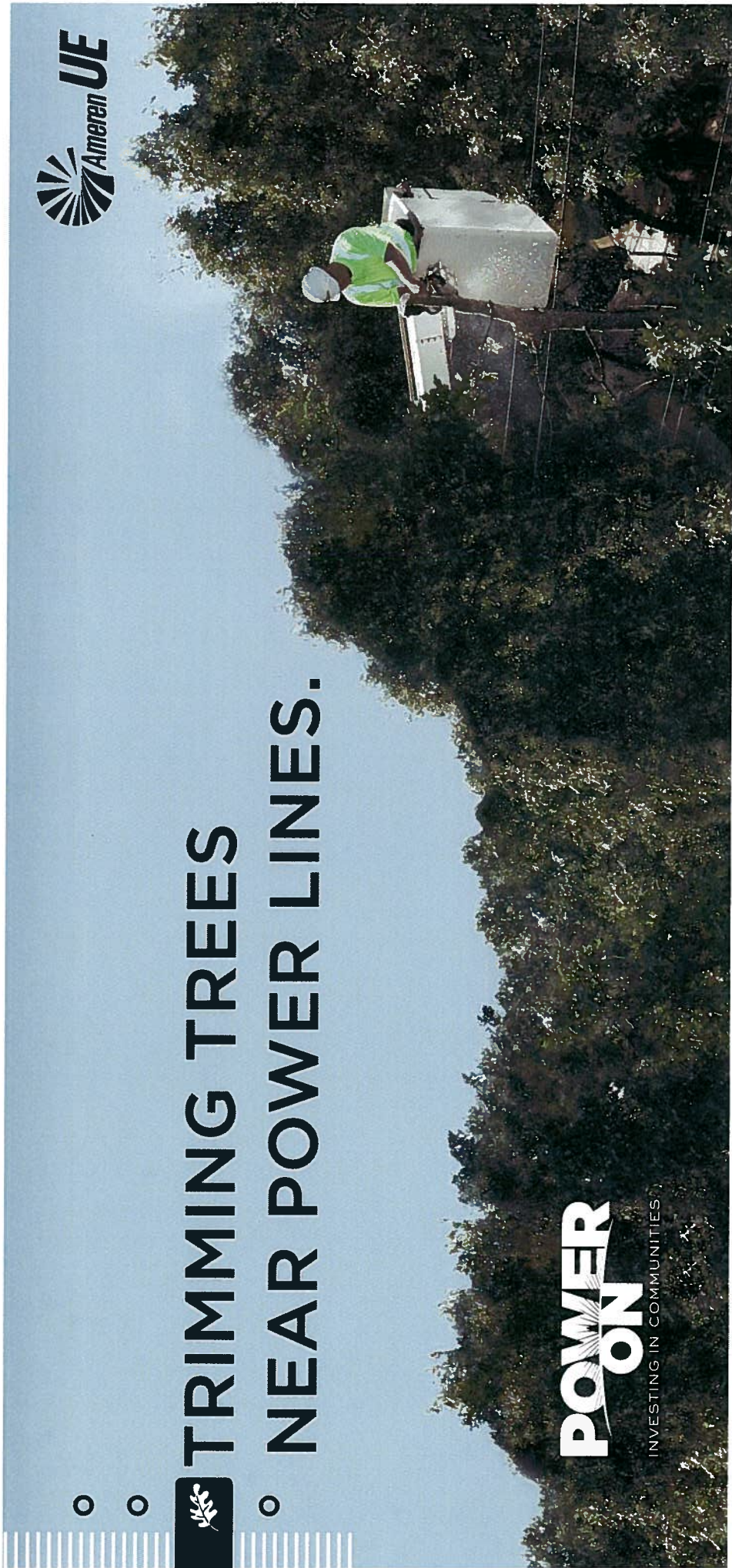




◦ IMPROVING ◦ AIR QUALITY.



**POWER
ON**
INVESTING IN COMMUNITIES



TRIMMING TREES NEAR POWER LINES.

**POWER
ON**
INVESTING IN COMMUNITIES

-
-



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STRENGTHENING THE POWER GRID.

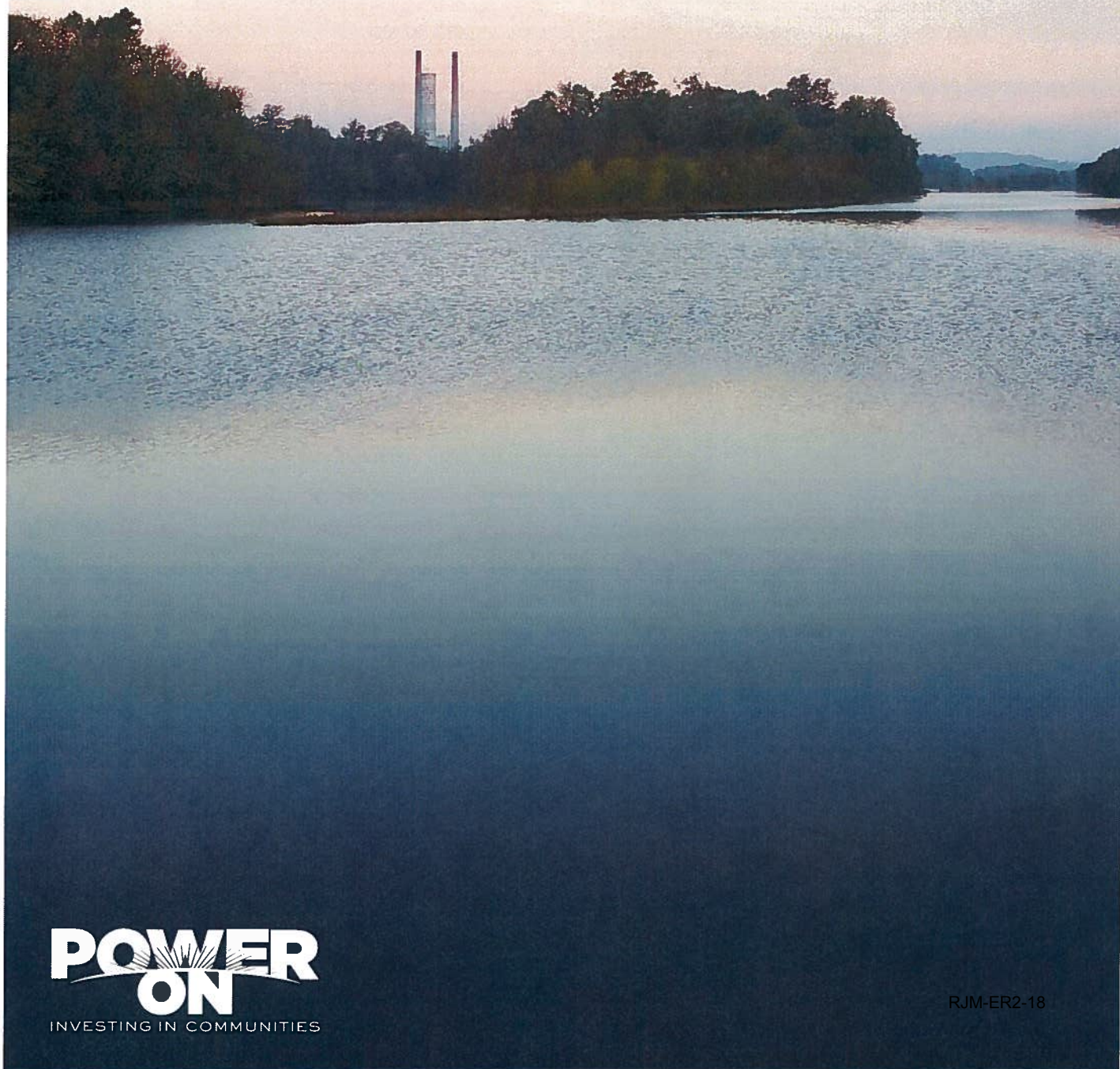


**POWER
ON**
INVESTING IN COMMUNITIES

RJM-ER2-17



IMPROVING AIR QUALITY.





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TRIMMING TREES

○

NEAR POWER LINES.



**POWER
ON**

INVESTING IN COMMUNITIES

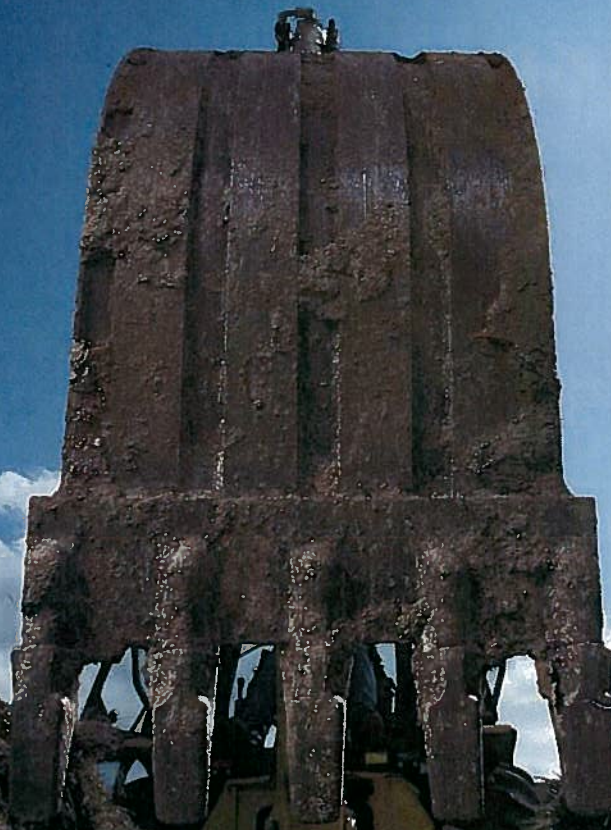


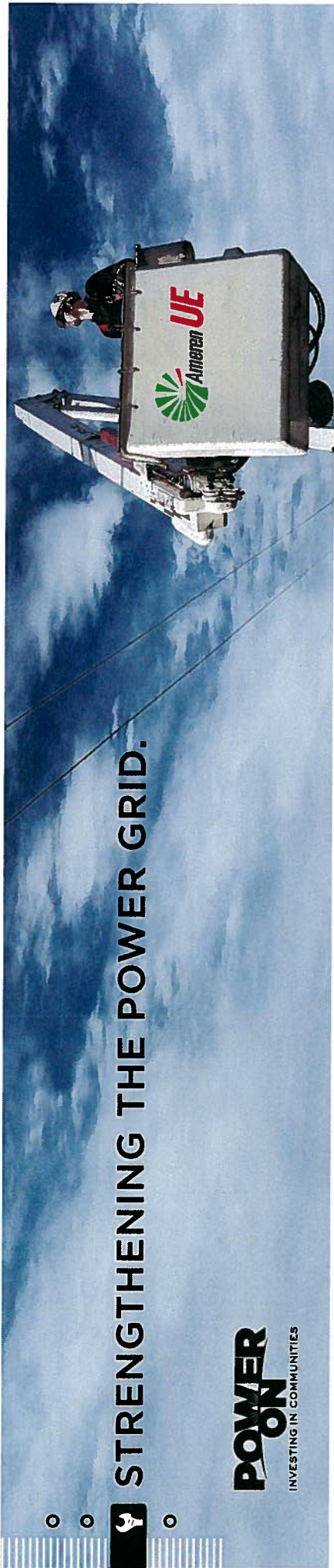
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BURYING POWER LINES UNDERGROUND.





STRENGTHENING THE POWER GRID.

**POWER
ON**
INVESTING IN COMMUNITIES

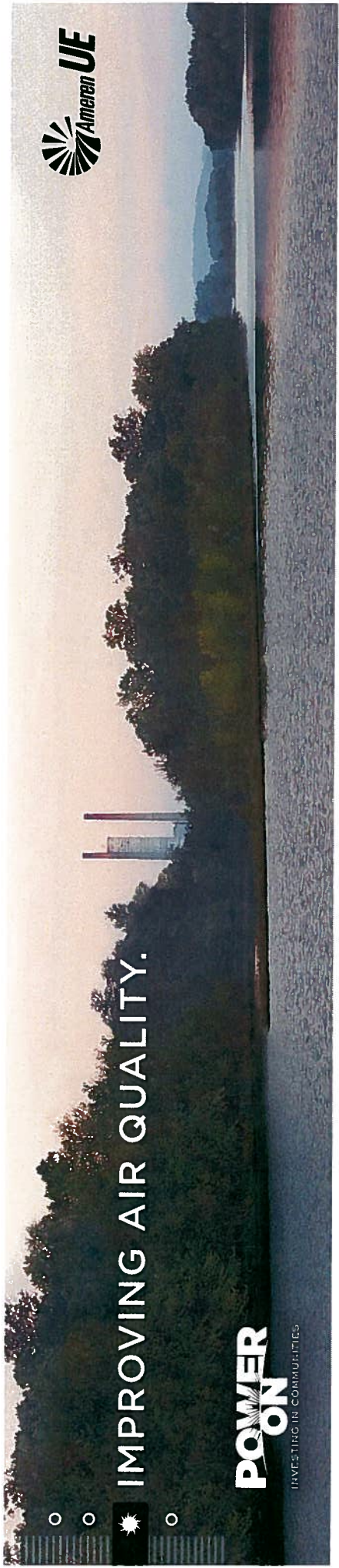


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BURYING POWER LINES
UNDERGROUND.

**POWER
ON**
INVESTING IN COMMUNITIES

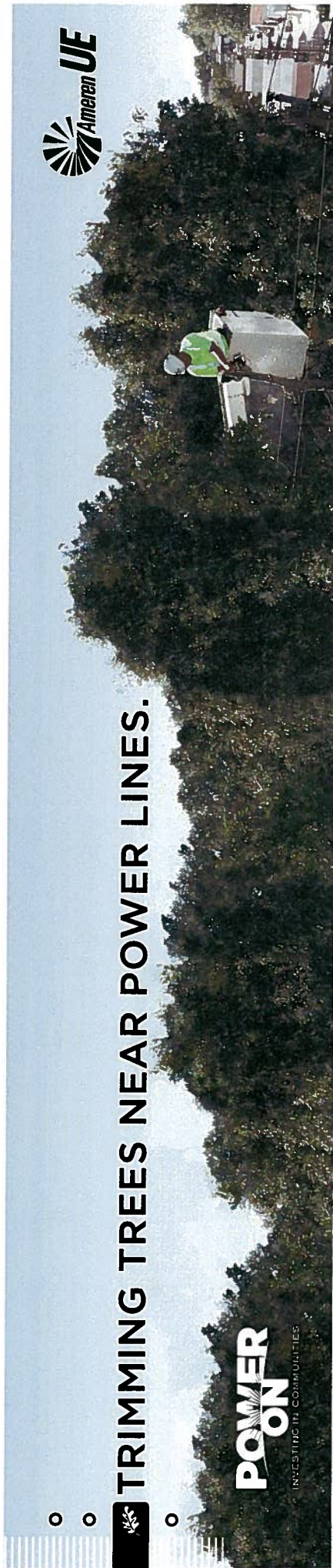




IMPROVING AIR QUALITY.

**POWER
ON**
INVESTING IN COMMUNITIES





TRIMMING TREES NEAR POWER LINES.

**POWER
ON**
INVESTING IN COMMUNITIES



FALL MEANS FOOTBALL. It's also an opportunity to make improvements before the winter storms. To do it, we're aggressively inspecting the entire grid to find potential faults in advance, and ensure the system is as strong as it possibly can be. All to make certain the power is there when you need it.

**POWER
ON**
INVESTING IN COMMUNITIES



**STRENGTHEN THE LINE,
STRENGTHEN THE DEFENSE.**

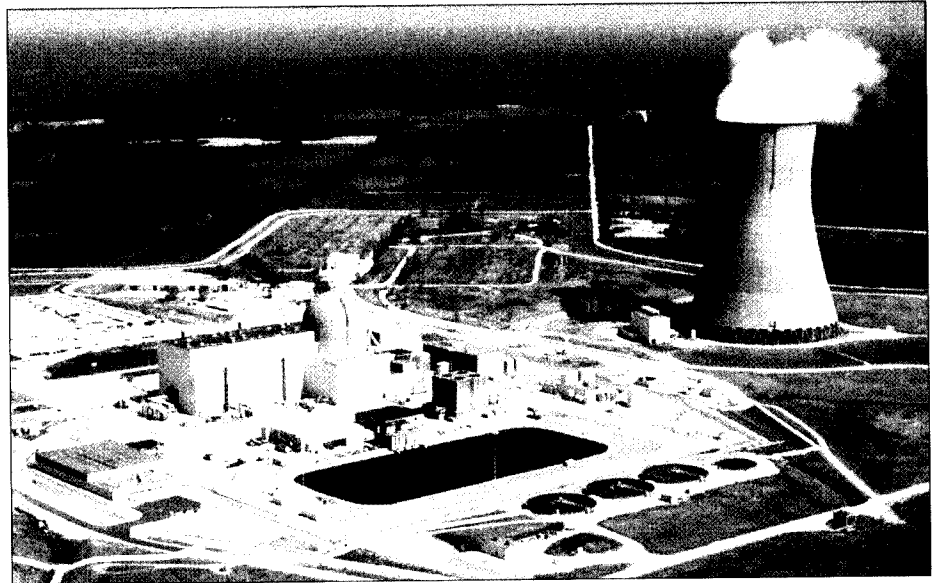
Callaway Plant Facts and Statistics — 2008

SAFETY PERFORMANCE

- AmerenUE's Callaway Plant has established a consistent record of safe operation throughout its 23-year operating history.
- In its most recent performance assessment, covering calendar year 2007, the U.S. Nuclear Regulatory Commission (NRC) staff stated that the plant "operated in a manner that preserved public health and safety and fully met all cornerstone objectives."
- The Callaway Plant is a very safe place to work. In 2007, Callaway employees had no accidents resulting in a lost workday. In 2006, the plant received the prestigious Edison Electric Institute (EEI) Safety Achievement Award for outstanding worker safety.

OPERATING PERFORMANCE

- In 2007, the Callaway Plant was the second largest power producer on the Ameren system — accounting for 19 percent of AmerenUE's generation and 12 percent of the total generation on the entire Ameren system.
- Since beginning operation in 1984, Callaway has achieved the fourth highest lifetime generation among the 104 nuclear power plants operating in the United States (209,187,723 megawatt-hours). Callaway's lifetime generation also ranked 20th in the world out of 435 nuclear plants operating in 31 countries for which data was available.
- Callaway's 2007 net generation of nearly 9.4 million megawatt-hours was enough to supply all the electricity needs of 780,000 average households.
- Reliable, low-cost electricity from the Callaway Plant has been a key factor in keeping the price of electricity low for AmerenUE's 1.2 million customers. In 2007, AmerenUE's overall rates were 38 percent below average in an Edison Electric Institute survey.



BENEFITS TO THE LOCAL ECONOMY

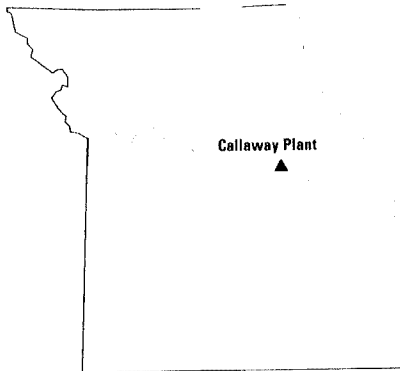
- More than 1,000 AmerenUE employees and contractors work at the plant, with a total annual payroll of approximately \$100 million. During refueling outages, which occur every 18 months, hundreds of additional workers are usually brought in for several weeks — providing another major boost to the local economy.
- The Callaway Plant is a major source of tax revenue to fund education and other critical services. In 2007, the plant accounted for \$8.6 million of AmerenUE's property taxes paid to Callaway County, with nearly \$6 million of that amount going to local schools. In addition, assessed values based on AmerenUE's investment in the plant resulted in another \$20 million in taxes shared by the remaining 66 counties in AmerenUE's Missouri service area where the company has facilities.

SECURITY

- AmerenUE has spent more than \$20 million on security enhancements and additional security manpower since the Sept. 11, 2001 terrorist attacks on New York and Washington, D.C. For the

U.S. nuclear power industry as a whole, such expenditures have totaled more than \$2 billion.

- Security enhancements at Callaway have included:
 - Extending and fortifying security perimeters around the plant;
 - Increasing patrols within security zones;
 - Installing new barriers to provide greater protection against vehicle bombs;
 - Installing additional high-tech surveillance equipment;
 - Strengthening the coordination of security efforts with local, state and federal agencies.
- Plant security is routinely tested in drills and exercises. In addition, the NRC requires "force on force" exercises at each plant — using highly-trained paramilitary personnel — at least once every three years.
- The most recent force-on-force exercise was conducted at Callaway in January 2008. Although details are confidential, plant security personnel performed at a very high level, resulting in no regulatory findings, violations, or unresolved items.



CALLAWAY PLANT PROFILE

LOCATION: Callaway County, Missouri. Ten miles southeast of Fulton, 25 miles northeast of Jefferson City, 100 miles west of St. Louis.

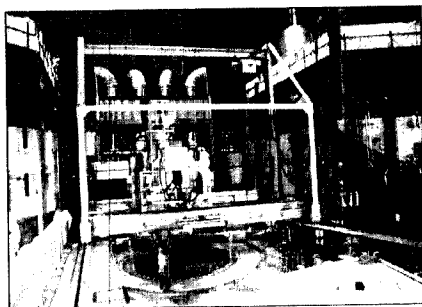
OWNER: AmerenUE (formerly known as Union Electric Company). AmerenUE is a subsidiary of St. Louis-based Ameren Corporation. The Ameren companies serve 2.4 million electric customers and nearly one million natural gas customers in a 64,000-square-mile area of Missouri and Illinois.

PLANT DESIGN: Standardized Nuclear Unit Power Plant System (SNUPPS), using a Westinghouse four-loop pressurized water reactor and a General Electric turbine-generator.

GENERATING CAPACITY:
1,190 megawatts (net).

COST TO BUILD: \$3 billion.

ENGINEERING/CONSTRUCTION: Bechtel Power Corporation, architect-engineer; Sverdrup & Parcel and Associates, Inc., architect-engineering consultant for site development; Daniel International Corporation, general contractor.



During refueling, which occurs every 18 months, Callaway operators use the refueling machine to replace nearly half of the 193 nuclear fuel assemblies in the reactor core.

CONSTRUCTION HISTORY:

July 16, 1973

Project announced and site selected.

April 1, 1975

Certificate of Convenience and Need granted by the Missouri Public Service Commission.

August 14, 1975

Limited Work Authorization granted by the U.S. Nuclear Regulatory Commission (NRC).

April 16, 1976

Construction permit granted by the NRC.

October 19, 1979

Application made to the NRC for the plant's operating permit.

November 16, 1982

Initial fuel delivery.

June 11, 1984

"Low power" operating license issued by the NRC.

June 13, 1984

Initial fuel load.

October 2, 1984

First nuclear chain reaction took place.

October 18, 1984

"Full power" operating license issued by the NRC.

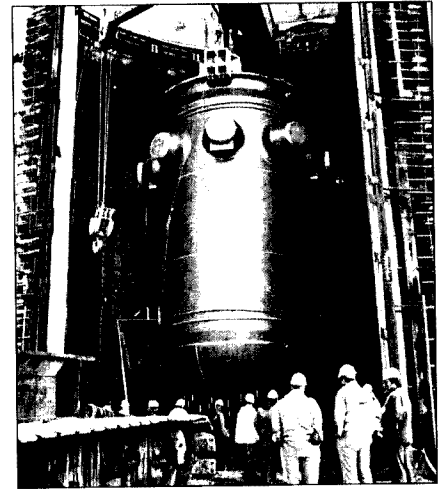
December 19, 1984

Required testing completed; plant declared "fully operational."

SITE

- Plant is five miles north of the Missouri River on a plateau 300 feet above the average river level.
- AmerenUE owns 7,200 acres of land at the site, 6,300 of which are administered by the Missouri Department of Conservation as the Reform Conservation Area (named after the small town of Reform that was once located there).
- More than 70 sites in four states were studied before the Callaway County site was selected.

A key milestone in the Callaway Plant's construction occurred in March 1979 when workers hoisted the 330-ton reactor vessel into place inside the reactor building.



REACTOR CONTAINMENT BUILDING

- 205 feet tall.
- 150 feet in diameter.
- Constructed of reinforced concrete and steel.

COOLING TOWER

- 553 feet tall (77 feet shorter than the St. Louis Gateway Arch).
- 430 feet in diameter at the base.
- Constructed of reinforced concrete. More than 40,000 cubic yards of concrete were used in its construction.
- Cools approximately 585,000 gallons of water per minute when the plant is operating at full power.
- About 15,000 gallons per minute are lost out the top through evaporation, and another 5,000 gallons per minute are sent to the Missouri River as "blow-down" to flush suspended solids from the cooling tower basin. This water is replaced with water from the river, which is five miles south of the plant.
- Cooling tower basin holds 11 million gallons. The water is 12 feet deep under the tower, and 20 feet deep at the intake to the circulating water pumps that pump the water through the plant.
- Temperature of the water going into the tower is 125 degrees Fahrenheit. The tower cools it to 95 degrees.



Dear Customer:

As your energy provider, we at AmerenUE take seriously our responsibility to listen to you and respond to your needs. Knowing we've had numerous challenges over recent years, we are reaching out across Missouri to hear your ideas and concerns. And we're listening.

Today UE is providing an even higher level of service through a number of initiatives . . . including our \$1 billion investment in reliability and environmental upgrades called *Power On*. This is just one of numerous ways our employees are working every day to better serve you.

As we move forward in 2008, we want to stress that this is our commitment to you:

At AmerenUE, we pledge to connect Missouri by providing reliable power,
dedicated customer service and vision for the future.

As always, our goal is to provide clean, safe, reliable power to you now and into the future. We will continue to communicate with you and hope you will keep in touch with us.

The nearly 4,000 men and women of UE are committed to listen to you, respond to your needs and deliver results . . . today and into the future.

Sincerely,

Thomas R. Voss

Chairman, President and Chief Executive Office
AmerenUE

RJM-ER5

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Cape Storm Ad
\$916.00
General.



Heavenly Father, thank you for these men and women who are taking time away from their friends and family to work and bring electrical power back to our community. Power which is used to heat our homes and feed our families. We pray that you protect these workers in what can be dangerous situations, though they are weary and tired from long work days. Help them to feel our appreciation and thankful hearts for the work they do for our community, bless their dear Lord, and may there be peace, mercy and salvation.

The staff & families at First Baptist Nestor

WE DID NOT EXPECT TO STAY SO LONG BUT, BOY, WERE YOU EVER GREAT HOSTS!

For the 4,000-person AmerenUE contingent fighting the ice storm that devastated your area, you opened your schools, your churches and your hearts.

Banks, fire departments, and local businesses allowed us to park in their lots. That really helped since we shipped in more than 50 mobile trailers and four mobile kitchens to house and feed workers. We also shipped more than 5,000 poles—to replace all those downed by the ice.

Your community centers, churches and schools also provided warm places to eat and sleep for hundreds of our own staffers and the almost 2,000 outside line workers who came to Southeast Missouri from as far away as Colorado, Texas and Alabama – from more than 10 states.

Then, there were the terrifically helpful city officials and emergency teams from fire and police departments who worked with us to shut down areas so our crews could battle freezing temperatures for 16- and 18-hour days, repairing some of the worst damage our system has ever seen.

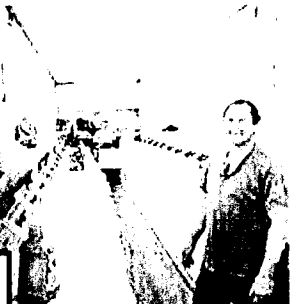
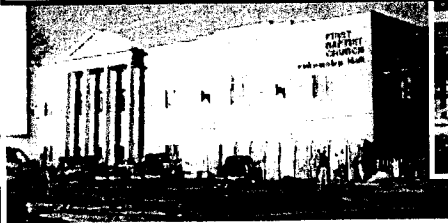
And as we moved from town to town—many of you were there with home-baked cookies, coffee—even bowls of chili for our crews.

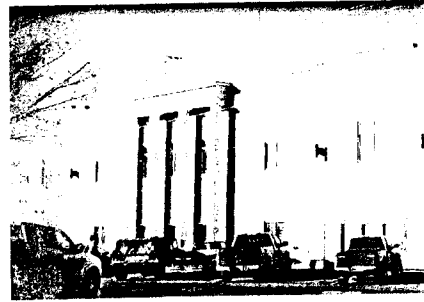
Yes, UE fought the storm—but so did all of you. And you did so with great courage, remarkable patience and enormous kindness. Through it all, you showed the kind of resilience and decency that make us proud to serve you.



At AmerenUE, we pledge to connect Missouri by providing reliable power, dedicated customer service and vision for a sustainable future.

We Listen. We Respond. We Deliver.





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Ice Storm
Ad
2/19

