

**FILED<sup>3</sup>**  
APR 16 2007  
Missouri Public  
Service Commission

*Ameren* <sup>UE</sup>  
Exhibit No. 121  
Case No(s) EL-2007-0002  
Date 3-26-07 Rptr KF

Unit	Manufacturer	Model	Commercial Operation Date	Capacity (MW)
West Gardner-1	General Electric	MS7001EA	May 2003	77 72
West Gardner-2	General Electric	MS7001EA	May 2003	72
West Gardner-3	General Electric	MS7001EA	May 2003	72
West Gardner-4	General Electric	MS7001EA	May 2003	72
Osawatomie Unit 1	General Electric	MS7001EA	June 2003	72
Hawthorn 6	Siemens	V84.3A1	July 1999	132
Hawthorn 9	Nooter-Eriksen HRSG & Westinghouse Turbine Generator (repowered)		July 2000	55 MW w/o duct firing & 137 MW w/ duct firing
Hawthorn 7	General Electric	MS7001EA	May 2000	77 72
Hawthorn 8	General Electric	MS7001EA	July 2000	77 72
Spearville	General Electric	Wind Turbines	September 2006	67 @ 1.5 MW each
Hawthorn 5	Babcock & Wilcox steam generator and General Electric turbine generator		June 2001 (rebuild)	590 MW (gross)

118.8 Mill.

52.4 Mill.

CALL LEON & TAYLOR  
OR CARY ON IN SERVICE  
FOR AQUILA

Unit	Manufacturer	Model	Commercial Operation Date	Capacity-Net (MW)	Notes
1 Venice CTG-2	Pratt & Whitney	FT-8	6/1/2002	48	
2 Venice CTG-3	Siemens-Westinghouse	501FD	6/1/2005	165	
3 Venice CTG-4	Siemens-Westinghouse	501FD	6/1/2005	165	
4 Venice CTG-5	Siemens-Westinghouse	501D5A	11/1/2005	117	
5 Peno Creek-1	Pratt & Whitney	FT-8	5/19/2002	48	
6 Peno Creek-2	Pratt & Whitney	FT-8	5/19/2002	48	
7 Peno Creek-3	Pratt & Whitney	FT-8	5/19/2002	48	
8 Peno Creek-4	Pratt & Whitney	FT-8	5/26/2002	48	
9 Kinmundy-1	Siemens-Westinghouse	501D5A	4/10/2001	116	Transferred to AmerenUE-5/2/2005
10 Kinmundy-2	Siemens-Westinghouse	501D5A	5/25/2001	116	Transferred to AmerenUE-5/2/2005
11 Pinckneyville-1	General Electric	LM 6000	6/1/2000	44	Transferred to AmerenUE-5/2/2005
12 Pinckneyville-2	General Electric	LM 6000	6/1/2000	44	Transferred to AmerenUE-5/2/2005
13 Pinckneyville-3	General Electric	LM 6000	6/20/2000	44	Transferred to AmerenUE-5/2/2005
14 Pinckneyville-4	General Electric	LM 6000	6/30/2000	44	Transferred to AmerenUE-5/2/2005
15 Pinckneyville-5	General Electric	MS6001B	6/14/2001	35	Transferred to AmerenUE-5/2/2005
16 Pinckneyville-6	General Electric	MS6001B	6/14/2001	35	Transferred to AmerenUE-5/2/2005
17 Pinckneyville-7	General Electric	MS6001B	6/23/2001	35	Transferred to AmerenUE-5/2/2005
18 Pinckneyville-8	General Electric	MS6001B	7/3/2001	35	Transferred to AmerenUE-5/2/2005
19 Audrain-1	General Electric	MS7001EA		80	Purchased from NRG Energy-3/29/2006
20 Audrain-2	General Electric	MS7001EA		80	Purchased from NRG Energy-3/29/2006
21 Audrain-3	General Electric	MS7001EA		80	Purchased from NRG Energy-3/29/2006
22 Audrain-4	General Electric	MS7001EA		80	Purchased from NRG Energy-3/29/2006
23 Audrain-5	General Electric	MS7001EA		80	Purchased from NRG Energy-3/29/2006
24 Audrain-6	General Electric	MS7001EA		80	Purchased from NRG Energy-3/29/2006
25 Audrain-7	General Electric	MS7001EA		80	Purchased from NRG Energy-3/29/2006
26 Audrain-8	General Electric	MS7001EA		80	Purchased from NRG Energy-3/29/2006
27 Goose Creek-1	General Electric	MS7001EA		75	Purchased from Aquila-4/3/2006
28 Goose Creek-2	General Electric	MS7001EA		75	Purchased from Aquila-4/3/2006
29 Goose Creek-3	General Electric	MS7001EA		75	Purchased from Aquila-4/3/2006
30 Goose Creek-4	General Electric	MS7001EA		75	Purchased from Aquila-4/3/2006
31 Goose Creek-5	General Electric	MS7001EA		75	Purchased from Aquila-4/3/2006
32 Goose Creek-6	General Electric	MS7001EA		75	Purchased from Aquila-4/3/2006
33 Raccoon Creek-1	General Electric	MS7001EA		83.5	Purchased from Aquila-4/3/2006
34 Raccoon Creek-2	General Electric	MS7001EA		83.5	Purchased from Aquila-4/3/2006
35 Raccoon Creek-3	General Electric	MS7001EA		83.5	Purchased from Aquila-4/3/2006
36 Raccoon Creek-4	General Electric	MS7001EA		83.5	Purchased from Aquila-4/3/2006
Total				2659	

	\$/MW	Cost	MW
Pinckneyville	\$ 517,468	\$ 163,520,000	316
Kinmundy	\$ 415,000	\$ 86,280,000	232
Audrain	\$ 179,688	\$ 115,000,000	640
Goose Creek	\$ 233,333	\$ 105,000,000	450
Raccoon Creek	\$ 209,581	\$ 70,000,000	334
Venice #5	\$ 359,386	\$ 42,048,169	117
Venice #3	\$ 358,540	\$ 59,159,024	165
Venice #2	\$ 178,310	\$ 8,558,878	48
Venice #4	\$ 346,563	\$ 57,182,848	165
Peno Creek	\$ 538,542	\$ 103,400,000	192

Pinckneyville & Kinmundy	\$ 439,781	\$ 241,000,000	548
Audrain	\$ 312,500	\$ 200,000,000	640

Pinckneyville & Kinmundy @ Audrain \$ 171,250,000

Adjustment to Plant CTGs \$ (69,750,000)

Depreciation Reserve @ 4% \$ (3,255,000)

CHECK



August 15, 2002

Mr. Clarence "Joe" Hopf, Jr.  
Senior Vice President  
Ameren Energy  
400 South Fourth Street  
St. Louis, MO 63102

RE: Audrain Proposal

Dear Joe:

We appreciated meeting with you and your team to discuss opportunities for the Audrain facility. As requested, NRG is pleased to present an indicative proposal to sell the Audrain facility to Ameren.

#### **Executive Summary**

NRG Energy, Inc. (NRG) acquired a 100% undivided interest in Duke Energy Audrain, LLC from Duke Energy North America on May 10, 2001. NRG's interests in the Audrain project are held by its direct, wholly owned subsidiary, NRG Audrain Holding LLC (Audrain). Audrain's operations are carried out through its wholly owned subsidiaries NRG Audrain BondCo LLC and NRG Audrain Generating LLC (Audrain Generating, formerly known as Duke Energy Audrain, LLC). Audrain Generating was established to develop, construct, lease and operate the 640MW gas-fired simple cycle merchant generation facility located in Vandalia, Missouri, approximately 105 miles northwest of St. Louis (the "Project").

This letter and information memorandum are being supplied confidentially for use by Ameren for the sole purpose of evaluating the potential purchase of Audrain. Contingent upon appropriate approvals, and delivery and execution of definitive agreements, NRG would consider selling 100% of its undivided interest in Audrain for \$200 million.

In order to provide you with the information that you will require to submit a counterproposal, we will provide you with certain information regarding the Audrain generating facility, the industrial revenue bonds owned by NRG Audrain BondCo LLC, and the current facility lease structure with Audrain County. The information will include a preliminary information memorandum (included with this letter), a financial information supplement (upon signing a confidentiality agreement governing further disclosures and the sale process), and a Purchase Agreement (the "Agreement").

#### **ATTACHMENT 1.2**

NRG Power Marketing Inc.  
901 Marquette Avenue  
Suite 2300  
Minneapolis, MN 55402-3265

Main Phone: (612) 373-5300  
Main Fax: (612) 373-8686  
Telephone: (800) 241-4NRG

*an NRG Energy company*

## ATTACHMENT 1.2

### Proposal Guidelines

Your counterproposal must include all material terms on which it is based, specifically including the following:

- a) **Price.** The purchase price you will pay in cash for NRG's interest in NRG Audrain Holding LLC. Our expectation is that the purchase price will be \$200 million
- b) **Financing Sources.** The form and source(s) of financing of the purchase price. If financing will involve third party source(s), please provide an indication of the timing and committed nature of those sources;
- c) **Required Approvals and Consents.** A statement as to any applicable approvals and consents (shareholder, board, regulatory or otherwise) required by you to complete the transaction and the estimated timing to obtain such approvals (if they have not yet been obtained);
- d) **Timing.** A statement regarding the proposed timing of a transaction and any requirements that you might have regarding the closing date of a transaction;
- e) **Purchase Agreement.** By the time of your counterproposal, a Purchase Agreement will have been provided to you. NRG requests that you provide comments to the Agreement when you submit your proposal.

### Statements

This indicative proposal is valid through August 30, 2002, unless extended by NRG. The submission of this proposal by NRG is not deemed an acceptance of all of the terms, conditions and requirements of Ameren's request for an indicative offer. Any counterproposal must be submitted in written form by 1:00 pm CST on August 30, 2002.

No agreement will be deemed to be reached, and unless the parties agree otherwise in writing, neither Ameren nor NRG will be obligated to the other in any manner until the execution and delivery of definitive agreements setting forth the understanding of the parties.

Audrain appears to be particularly well suited to meeting your planned generation needs. We look forward to discussing our offer with you. If you have any questions regarding this indicative proposal, please call me at (303) 308-2741 or David Duran at (303) 308-2822.

Regards,

Connie L. Paoletti  
Origination

Encl.

## AUDRAIN INFORMATION MEMORANDUM

### Overview

NRG Energy, Inc. (NRG) acquired a 100% undivided interest in Duke Energy Audrain, LLC from Duke Energy North America on May 10, 2001. NRG's interests in the Audrain project are held by its direct, wholly owned subsidiary, NRG Audrain Holding LLC (Audrain). Audrain's operations are carried out through its wholly owned subsidiaries NRG Audrain BondCo LLC and NRG Audrain Generating LLC (Audrain Generating, formerly known as Duke Energy Audrain, LLC). Audrain Generating was established to develop, construct, lease and operate the 640MW gas-fired simple cycle merchant generation facility located in Vandalia, Missouri, approximately 105 miles northwest of St. Louis (the "Project").

### Project History

Audrain was designed and constructed by Duke Energy Audrain under a turnkey, lump sum Engineering & Construction (E&C) Contract. Audrain achieved Substantial Completion and met performance guarantee requirements under the E&C Contract on May 9, 2001.

### Site Description

Audrain and related equipment are situated on a site totaling approximately 105 acres at an elevation of just over 762 feet. The site is located 60 miles north of Interstate 70, 105 miles from St. Louis. The site was previously used for agriculture.

### Electricity Interconnection

Ameren completed the appropriate interconnection and system studies. Ameren designed, procured, and constructed the switchyard as well as other system upgrades needed to interconnect Audrain to Ameren. Ameren operates and maintains the new switchyard as necessary to reliably and safely interconnect the facility to the electric transmission system.

Audrain has an Interconnection Agreement with Ameren dated January 2001. The Interconnection Agreement established and defined the respective responsibilities regarding the provisions of the installed equipment and facilities, and Audrain interconnecting equipment, and all that was necessary to interconnect the plant to the Ameren electric transmission system. These facilities include protection and controls, metering equipment, and all necessary connection, switching, transmission, distribution, safety engineering, communication and protective equipment. The interconnection facility was designed in accordance with the findings from the Ameren Facility Study, dated September 19, 2001. Ameren has completed construction and testing of its installed facilities.

## ATTACHMENT 1.1

Under the Interconnection Agreement, Duke paid Ameren for actual costs incurred to design, construct, modify, test and install its facilities, and for easements, right of way, permits, and the like, to connect the plant to the electric system. Each company operates, maintains, repairs and inspects its respective interconnection facilities at Audrain's expense.

In addition, the Interconnect Agreement specifies the responsibilities of either party for billing, dispute resolution, insurance, limitation of liability, indemnification, warranties, default and termination.

### Fuel Supply and Transportation

Panhandle Eastern Pipeline Company (PEPL) owns and operates the natural gas interconnection under a 20-year interruptible natural gas agreement. The natural gas fuel supply to the facility is transported by way of a PEPL interconnection. The interconnection is designed to supply a minimum flow rate of 500 dekatherm per hour at the delivery point at the site. A pressure regulating station reduces the gas pressure to 350 psig operating pressure as required by GE specifications.

### Long-Term Power Purchase Agreement

At this time, NRG does not have any long-term power purchase agreements in place for its interest in Audrain. NRG Power Marketing (NPM) sells and markets the offtake produced by Audrain.

### Equipment Configuration

Audrain's power train includes eight General Electric MS7001EA turbines and Brush generators. The CTGs are fired exclusively by natural gas. Electrical generators connected to the eight CTGs are connected to the switchyard through 4 individual generator step-up transformers (two generators per transformer). These transformers raise the generated voltage to 345 kV for connection into the AmerenUE electrical system under the terms of the 30-year Interconnection Agreement.

The CTGs are equipped with inlet air fogger systems and dry low NO<sub>x</sub> (DLN) combustion systems. The Audrain Project's combustor is guaranteed to meet a NO<sub>x</sub> emissions limit of 9 ppm and the facility's NO<sub>x</sub> levels were guaranteed by DFD under the Environment & Compliance Contract at 9 ppm. Since Commercial Operation, the CTGs have averaged NO<sub>x</sub> emissions below 8.5 ppm during base load operations.

### Circulating Water System

Audrain Station CTGs have a closed loop circulating water system that is treated with ethylene glycol for freeze protection.

### **Plant Control System**

Audrain has a central control room which houses modern state-of-the-art computer equipment including a Mark V turbine control system, distributed control system (DCS), vibration monitoring system, and CEMS. The CTGs are controlled by independent GE Speedtronic Mark V turbine control systems that provide primary control and engineering functions for the turbine generators. The Fisher-Rosemount Delta V DCS system provides plant process control, including Balance of Plant. A Bentley-Nevada 3300 Vibration Monitoring system monitors the turbine generator units.

### **Emissions Control System**

Cisco hardware and VIM Technical software are included as part of the 8 fully automated and redundant CEMS to continuously monitor air pollution concentrations in flue gas from the CTGs. Audrain currently meets emission permit requirements.

### **Water Treatment System**

Audrain utilizes potable water from the Monroe County Water District as makeup water for the fire main and demineralized water service for the CTGs. The treatment system is provided, as required, under contract with Ecolo Chem Inc. for demineralized water makeup to the demineralized storage tank, two demineralized water feed pumps, three demineralized forwarding pumps, and a 380,000 gallon demineralized water storage tank are permanent plant equipment.

### **Operations and Maintenance**

The O&M agreement between Audrain and NRG Operations dated October 12, 2001 provides for the administration, operations, and maintenance of Audrain and will remain in effect for a term of ten years after the effective date, with subsequent five-year renewals at Audrain's discretion.

A Duke Energy Audrain Contract and Procurement Agreement provides warranties for all machinery, engineering and design, and for situations involving corrections, additions, repairs or replacements, excluding defects attributable to the manufacture of the turbines, which are provided in the Turbine Contract with GE.

### **Water Supply and Waste Water Disposal Management**

The water supply for firewater and demineralized water service is provided from the Monroe County Water District as described above. The portable, trailer mounted system is a single train system sized for 215 gallons per minute makeup requirement.



**Property Taxes**

Under the financing structure for the Audrain generating facility, the project is exempt from real and personal property taxes in exchange for annual grant payments by NRG Audrain Holding LLC to the local taxing authorities. The annual grant payments are \$350,000 through 2006. Beginning in 2007, the annual grant payments increase annually by the increase in the Consumer Price Index, but not more than 3% per year.

**Financial Information**

Available upon execution of a Confidentiality Agreement.

**Insurance**

NRG maintains insurance coverage that for Audrain is sufficiently comprehensive in scope and amount. Audrain's insurance is on a full replacement value basis. Audrain is included in NRG's corporate policy for third party liability.

**Employees**

Audrain has 10 employees.

**Permits and Regulatory Approvals**

Audrain has obtained all permits, licenses and approvals required for operations and is operating in compliance with its emissions permit.

**Environmental Matters**

Similar to other gas-fired plants using GE-7EA technology, Audrain is significantly more environmentally friendly than other fossil fuel based generation such as coal or oil. Audrain has been designed and constructed to comply with all current environmental rules and regulations.

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

The Staff of the Missouri Public  
Service Commission,

Complainant,

v.

Union Electric Company, d/b/a  
AmerenUE,

Respondent.

Case No. EC-2002-1

**STIPULATION AND AGREEMENT**

As a result of discussions among the Staff of the Commission ("Staff"), the Office of Public Counsel ("Public Counsel"), Union Electric Company d/b/a AmerenUE ("UE"), the State of Missouri – Office of the Attorney General, the Missouri Energy Group ("MEG"), the Missouri Industrial Energy Consumers ("MIEC"), the Missouri Retailers Association, and Doe Run Resources Corporation (collectively "the signatories"), the signatories hereby submit to the Missouri Public Service Commission ("Commission") for its consideration and approval this Stipulation and Agreement (the "Agreement"), in resolution of Case No. EC-2002-1. The signatories state as follows:

1. On July 2, 2001, the Staff filed its complaint and initial direct testimony in this case based on a test year of the twelve months ended June 30, 2000 and an update period through December 31, 2000. The Staff's position was that UE's earnings/revenues were excessive in the range of approximately \$213 million to \$250 million per year, exclusive of license, occupation, franchise, gross receipts, or other similar fees or taxes, and UE should have its rates reduced.

#### 4. TIMELY INFRASTRUCTURE INVESTMENTS

UE commits to undertake commercially reasonable efforts to make energy infrastructure investments totaling \$2.25 billion to \$2.75 billion from January 1, 2002 through June 30, 2006.

This commitment includes the completion or substantial completion of the following construction projects:

- 700 MW of new regulated generating capacity, which does not include the replacement of the Venice power plant by new generation, nor the transfer of load to increase available generating capacity, but may include the purchase of generation plant from an Ameren affiliate at net book value;
- upgrades to existing plants which will result in 270 MW or greater of additional generating capacity;
- replacement of steam generators at the Callaway power plant;
- replacement of Venice power plant by new generating capacity, which does not include the transfer of load to increase available generating capacity, but may include the purchase of generation plant from an Ameren affiliate at net book value; and
- new transmission lines and transmission upgrades that will increase transmission import capability by 1,300 MW.

UE shall provide status updates on these infrastructure commitments to the Staff, Public Counsel, Office of the Attorney General and, under appropriate confidentiality agreements, to representatives of the MIEC, MEG and the Department of Natural Resources, on a quarterly basis. In the event that UE plans to make energy infrastructure investments totaling less than \$2.25 billion, UE will immediately report these plans to the Staff, Public Counsel, Office of the Attorney General and, under appropriate confidentiality agreements, to representatives of the MIEC, MEG and the Department of Natural Resources. Such report will explain why these investment plans are in the public interest. In addition, UE will continue its current process of working with the Staff and Public Counsel in its long-term resource planning efforts to ensure that its current plans and commitments are consistent with the future needs of its customers and

the energy needs of the State of Missouri. UE will include representatives of the Department of Natural Resources in its future process for long-term resource planning efforts, but under no circumstances shall UE be compelled to disclose any proprietary or confidential information. Nothing in this Agreement shall be construed to impair the Commission's rulemaking authority with respect to resource planning. Further, nothing in this Section would prohibit any signatory to this Agreement from raising issues regarding the prudence and reasonableness of the foregoing infrastructure investment decisions.

**14. EFFECT OF THIS NEGOTIATED SETTLEMENT**

a. None of the signatories shall be deemed to have approved or acquiesced in any question of Commission authority, accounting authority order principle, cost of capital methodology, capital structure, decommissioning methodology, ratemaking or procedural principle, valuation methodology, cost of service methodology or determination, depreciation principle or method, rate design methodology, jurisdictional allocation methodology, cost allocation, cost recovery, or question of prudence, that may underlie this Agreement, or for which provision is made in this Agreement.

b. This Agreement represents a negotiated settlement. Except as specified herein, the signatories to this Agreement shall not be prejudiced, bound by, or in any way affected by the terms of this Agreement: (a) in any future proceeding; (b) in any proceeding currently pending under a separate docket; and/or (c) in this proceeding should the Commission decide not to approve this Agreement, or in any way condition its approval of same.

# **Title 4—DEPARTMENT OF ECONOMIC DEVELOPMENT**

Division 240—Public Service

Commission

Chapter 20—Electric Utilities

4 CSR 240-20.010 Rate Schedules  
(Rescinded April 30, 2003)

*AUTHORITY:* section 393.140, RSMo 1986. Original rule filed Dec. 19, 1975, effective Dec. 29, 1975. Amended: Filed May 16, 1977, effective Dec. 11, 1977. Rescinded: Filed Aug. 16, 2002, effective April 30, 2003.

## **4 CSR 240-20.015 Affiliate Transactions**

*PURPOSE:* This rule is intended to prevent regulated utilities from subsidizing their non-regulated operations. In order to accomplish this objective, the rule sets forth financial standards, evidentiary standards and record-keeping requirements applicable to any Missouri Public Service Commission (commission) regulated electrical corporation whenever such corporation participates in transactions with any affiliated entity (except with regard to HVAC services as defined in section 386.754, RSMo Supp. 1998, by the General Assembly of Missouri). The rule and its effective enforcement will provide the public the assurance that their rates are not adversely impacted by the utilities' nonregulated activities.

### **(1) Definitions.**

(A) Affiliated entity means any person, including an individual, corporation, service company, corporate subsidiary, firm, partnership, incorporated or unincorporated association, political subdivision including a public utility district, city, town, county, or a combination of political subdivisions, which directly or indirectly, through one (1) or more intermediaries, controls, is controlled by, or is under common control with the regulated electrical corporation.

(B) Affiliate transaction means any transaction for the provision, purchase or sale of any information, asset, product or service, or portion of any product or service, between a regulated electrical corporation and an affiliated entity, and shall include all transactions carried out between any unregulated business operation of a regulated electrical corporation and the regulated business operations of a electrical corporation. An affiliate transaction for the purposes of this rule excludes heating, ventilating and air conditioning (HVAC) services as defined in section 386.754 by the General Assembly of Missouri.

(C) Control (including the terms "controlling," "controlled by," and "common control") means the possession, directly or indirectly, of the power to direct, or to cause the direction of the management or policies of an entity, whether such power is exercised through one (1) or more intermediary entities, or alone, or in conjunction with, or pursuant to an agreement with, one or more other entities, whether such power is exercised through a majority or minority ownership or voting of securities, common directors, officers or stockholders, voting trusts, holding trusts, affiliated entities, contract or any other direct or indirect means. The commission shall presume that the beneficial ownership of ten percent (10%) or more of voting securities or partnership interest of an entity constitutes control for purposes of this rule. This provision, however, shall not be construed to prohibit a regulated electrical corporation from rebutting the presumption that its ownership interest in an entity confers control.

(D) Corporate support means joint corporate oversight, governance, support systems and personnel, involving payroll, shareholder services, financial reporting, human resources, employee records, pension management, legal services, and research and development activities.

(E) Derivatives means a financial instrument, traded on or off an exchange, the price of which is directly dependent upon (i.e., "derived from") the value of one or more underlying securities, equity indices, debt instruments, commodities, other derivative instruments, or any agreed-upon pricing index or arrangement (e.g., the movement over time of the Consumer Price Index or freight rates). Derivatives involve the trading of rights or obligations based on the underlying product, but do not directly transfer property. They are used to hedge risk or to exchange a floating rate of return for a fixed rate of return.

(F) Fully distributed cost (FDC) means a methodology that examines all costs of an enterprise in relation to all the goods and services that are produced. FDC requires recognition of all costs incurred directly or indirectly used to produce a good or service. Costs are assigned either through a direct or allocated approach. Costs that cannot be directly assigned or indirectly allocated (e.g., general and administrative) must also be included in the FDC calculation through a general allocation.

(G) Information means any data obtained by a regulated electrical corporation that is not obtainable by nonaffiliated entities or can only be obtained at a competitively prohibitive cost in either time or resources.

(H) Preferential service means information or treatment or actions by the regulated electrical corporation which places the affiliated entity at an unfair advantage over its competitors.

(I) Regulated electrical corporation means every electrical corporation as defined in section 386.020, RSMo, subject to commission regulation pursuant to Chapter 393, RSMo.

(J) Unfair advantage means an advantage that cannot be obtained by nonaffiliated entities or can only be obtained at a competitively prohibitive cost in either time or resources.

(K) Variance means an exemption granted by the commission from any applicable standard required pursuant to this rule.

### **(2) Standards.**

(A) A regulated electrical corporation shall not provide a financial advantage to an affiliated entity. For the purposes of this rule, a regulated electrical corporation shall be deemed to provide a financial advantage to an affiliated entity if—

1. It compensates an affiliated entity for goods or services above the lesser of—

A. The fair market price; or

B. The fully distributed cost to the regulated electrical corporation to provide the goods or services for itself; or

2. It transfers information, assets, goods or services of any kind to an affiliated entity below the greater of—

A. The fair market price; or

B. The fully distributed cost to the regulated electrical corporation.

(B) Except as necessary to provide corporate support functions, the regulated electrical corporation shall conduct its business in such a way as not to provide any preferential service, information or treatment to an affiliated entity over another party at any time.

(C) Specific customer information shall be made available to affiliated or unaffiliated entities only upon consent of the customer or as otherwise provided by law or commission rules or orders. General or aggregated customer information shall be made available to affiliated or unaffiliated entities upon similar terms and conditions. The regulated electrical corporation may set reasonable charges for costs incurred in producing customer information. Customer information includes information provided to the regulated utility by affiliated or unaffiliated entities.

(D) The regulated electrical corporation shall not participate in any affiliated transactions which are not in compliance with this rule, except as otherwise provided in section (10) of this rule.

(E) If a customer requests information from the regulated electrical corporation about goods or services provided by an affiliated entity, the regulated electrical corporation may provide information about its affiliate but must inform the customer that regulated services are not tied to the use of an affiliate provider and that other service providers may be available. The regulated electrical corporation may provide reference to other service providers or to commercial listings, but is not required to do so. The regulated electrical corporation shall include in its annual Cost Allocation Manual (CAM), the criteria, guidelines and procedures it will follow to be in compliance with this rule.

(F) Marketing materials, information or advertisements by an affiliate entity that share an exact or similar name, logo or trademark of the regulated utility shall clearly display or announce that the affiliate entity is not regulated by the Missouri Public Service Commission.

### (3) Evidentiary Standards for Affiliate Transactions.

(A) When a regulated electrical corporation purchases information, assets, goods or services from an affiliated entity, the regulated electrical corporation shall either obtain competitive bids for such information, assets, goods or services or demonstrate why competitive bids were neither necessary nor appropriate.

(B) In transactions that involve either the purchase or receipt of information, assets, goods or services by a regulated electrical corporation from an affiliated entity, the regulated electrical corporation shall document both the fair market price of such information, assets, goods and services and the FDC to the regulated electrical corporation to produce the information, assets, goods or services for itself.

(C) In transactions that involve the provision of information, assets, goods or services to affiliated entities, the regulated electrical corporation must demonstrate that it—

1. Considered all costs incurred to complete the transaction;
2. Calculated the costs at times relevant to the transaction;
3. Allocated all joint and common costs appropriately; and
4. Adequately determined the fair market price of the information, assets, goods or services.

(D) In transactions involving the purchase of goods or services by the regulated electrical corporation from an affiliated entity, the regulated electrical corporation will use a commission-approved CAM which sets forth cost allocation, market valuation and internal cost methods. This CAM can use benchmarking practices that can constitute compliance with the market value requirements of this section if approved by the commission.

### (4) Record Keeping Requirements.

(A) A regulated electrical corporation shall maintain books, accounts and records separate from those of its affiliates.

(B) Each regulated electrical corporation shall maintain the following information in a mutually agreed-to electronic format (i.e., agreement between the staff, Office of the Public Counsel and the regulated electrical corporation) regarding affiliate transactions on a calendar year basis and shall provide such information to the commission staff and the Office of the Public Counsel on, or before, March 15 of the succeeding year:

1. A full and complete list of all affiliated entities as defined by this rule;
2. A full and complete list of all goods and services provided to or received from affiliated entities;
3. A full and complete list of all contracts entered with affiliated entities;
4. A full and complete list of all affiliate transactions undertaken with affiliated entities without a written contract together with a brief explanation of why there was no contract;
5. The amount of all affiliate transactions by affiliated entity and account charged; and
6. The basis used (e.g., fair market price, FDC, etc.) to record each type of affiliate transaction.

(C) In addition, each regulated electrical corporation shall maintain the following information regarding affiliate transactions on a calendar year basis:

1. Records identifying the basis used (e.g., fair market price, FDC, etc.) to record all affiliate transactions; and
2. Books of accounts and supporting records in sufficient detail to permit verification of compliance with this rule.

### (5) Records of Affiliated Entities.

(A) Each regulated electrical corporation shall ensure that its parent and any other affiliated entities maintain books and records that include, at a minimum, the following information regarding affiliate transactions:

1. Documentation of the costs associated with affiliate transactions that are incurred

by the parent or affiliated entity and charged to the regulated electrical corporation;

2. Documentation of the methods used to allocate and/or share costs between affiliated entities including other jurisdictions and/or corporate divisions;

3. Description of costs that are not subject to allocation to affiliate transactions and documentation supporting the nonassignment of these costs to affiliate transactions;

4. Descriptions of the types of services that corporate divisions and/or other centralized functions provided to any affiliated entity or division accessing the regulated electrical corporation's contracted services or facilities;

5. Names and job descriptions of the employees from the regulated electrical corporation that transferred to a nonregulated affiliated entity;

6. Evaluations of the effect on the reliability of services provided by the regulated electrical corporation resulting from the access to regulated contracts and/or facilities by affiliated entities;

7. Policies regarding the availability of customer information and the access to services available to nonregulated affiliated entities desiring use of the regulated electrical corporation's contracts and facilities; and

8. Descriptions of and supporting documentation related to any use of derivatives that may be related to the regulated electrical corporation's operation even though obtained by the parent or affiliated entity.

### (6) Access to Records of Affiliated Entities.

(A) To the extent permitted by applicable law and pursuant to established commission discovery procedures, a regulated electrical corporation shall make available the books and records of its parent and any other affiliated entities when required in the application of this rule.

(B) The commission shall have the authority to—

1. Review, inspect and audit books, accounts and other records kept by a regulated electrical corporation or affiliated entity for the sole purpose of ensuring compliance with this rule and making findings available to the commission; and

2. Investigate the operations of a regulated electrical corporation or affiliated entity and their relationship to each other for the sole purpose of ensuring compliance with this rule.

(C) This rule does not modify existing legal standards regarding which party has the burden of proof in commission proceedings.

## (7) Record Retention.

(A) Records required under this rule shall be maintained by each regulated electrical corporation for a period of not less than six (6) years.

## (8) Enforcement.

(A) When enforcing these standards, or any order of the commission regarding these standards, the commission may apply any remedy available to the commission.

(9) The regulated electrical corporation shall train and advise its personnel as to the requirements and provisions of this rule as appropriate to ensure compliance.

## (10) Variances.

(A) A variance from the standards in this rule may be obtained by compliance with paragraphs (10)(A)1. or (10)(A)2. The granting of a variance to one regulated electrical corporation does not constitute a waiver respecting or otherwise affect the required compliance of any other regulated electrical corporation to comply with the standards. The scope of a variance will be determined based on the facts and circumstances found in support of the application.

1. The regulated electrical corporation shall request a variance upon written application in accordance with commission procedures set out in 4 CSR 240-2.060(11); or

2. A regulated electrical corporation may engage in an affiliate transaction not in compliance with the standards set out in subsection (2)(A) of this rule, when to its best knowledge and belief, compliance with the standards would not be in the best interests of its regulated customers and it complies with the procedures required by subparagraphs (10)(A)2.A. and (10)(A)2.B. of this rule—

A. All reports and record retention requirements for each affiliate transaction must be complied with; and

B. Notice of the noncomplying affiliate transaction shall be filed with the secretary of the commission and the Office of the Public Counsel within ten (10) days of the occurrence of the non-complying affiliate transaction. The notice shall provide a detailed explanation of why the affiliate transaction should be exempted from the requirements of subsection (2)(A), and shall provide a detailed explanation of how the affiliate transaction was in the best interests of the regulated customers. Within thirty (30) days of the notice of the noncomplying affiliate transaction, any party shall have the right to request a hearing regarding the noncomplying affiliate transaction. The commission may grant or deny the request for hearing at that

time. If the commission denies a request for hearing, the denial shall not in any way prejudice a party's ability to challenge the affiliate transaction at the time of the annual CAM filing. At the time of the filing of the regulated electrical corporation's annual CAM filing the regulated electrical corporation shall provide to the secretary of the commission a listing of all non-complying affiliate transactions which occurred between the period of the last filing and the current filing. Any affiliate transaction submitted pursuant to this section shall remain interim, subject to disallowance, pending final commission determination on whether the noncomplying affiliate transaction resulted in the best interests of the regulated customers.

(11) Nothing contained in this rule and no action by the commission under this rule shall be construed to approve or exempt any activity or arrangement that would violate the antitrust laws of the state of Missouri or of the United States or to limit the rights of any person or entity under those laws.

*AUTHORITY: sections 386.250, RSMo Supp. 1998, and 393.140, RSMo 1994.\* Original rule filed April 26, 1999, effective Feb. 29, 2000.*

*\*Original authority: 386.250, RSMo 1963, amended 1967, 1977, 1980, 1987, 1988, 1991, 1993, 1995, 1996 and 393.140, RSMo 1939, amended 1949, 1967.*

#### 4 CSR 240-20.017 HVAC Services Affiliate Transactions

*PURPOSE: This rule prescribes the requirements for HVAC services affiliated entities and regulated electric corporations when such electric corporations participate in affiliated transactions with an HVAC affiliated entity as set forth in sections 386.754, 386.756, 386.760, 386.762 and 386.764, RSMo by the General Assembly of the State of Missouri.*

## (1) Definitions.

(A) Affiliated entity means any entity not regulated by the Public Service Commission which is owned, controlled by or under common control with a utility and is engaged in HVAC services.

(B) Control (including the terms "controlling," "controlled by," and "common control") means the possession, directly or indirectly, of the power to direct, or to cause the direction of the management or policies of an entity, whether such power is exercised through (1) one or more intermediary entities, or alone, or in conjunction with, or pur-

suant to an agreement with, one (1) or more other entities, whether such power is exercised through a majority or minority ownership or voting of securities, common directors, officers or stockholders, voting trusts, holding trusts, affiliated entities, contract or any other direct or indirect means. The commission shall presume that the beneficial ownership of more than ten percent (10%) of voting securities or partnership interest of an entity confers control for purposes of this rule. This provision, however, shall not be construed to prohibit a regulated electric corporation from rebutting the presumption that its ownership interest in an entity confers control.

(C) Fully distributed cost means a methodology that examines all costs of an enterprise in relation to all the goods and services that are produced. Fully distributed cost requires recognition of all costs incurred directly or indirectly used to produce a good or service. Costs are assigned either through a direct or allocated approach. Costs that cannot be directly assigned or indirectly allocated (e.g. general and administrative) must also be included in the fully distributed cost calculation through a general allocation.

(D) HVAC services means the warranty, sale, lease, rental, installation, construction, modernization, retrofit, maintenance or repair of heating, ventilating and air conditioning (HVAC) equipment.

(E) Regulated electric corporation means an electrical corporation as defined in section 386.020, RSMo, subject to commission regulation pursuant to Chapter 393, RSMo.

(F) Utility contractor means a person, including an individual, corporation, firm, incorporated or unincorporated association or other business or legal entity, that contracts, whether in writing or not in writing, with a regulated electric corporation to engage in or assist any entity in engaging in HVAC services, but does not include employees of a regulated electric corporation.

(2) A regulated electric corporation may not engage in HVAC services, except by an affiliated entity, or as provided in section (8) or (9) of this rule.

(3) No affiliated entity or utility contractor may use any vehicles, service tools, instruments, employees, or any other regulated electric corporation assets, the cost of which are recoverable in the regulated rates for regulated electric corporation service, to engage in HVAC services unless the regulated electric corporation is compensated for the use of such assets at the fully distributed cost to the regulated electric corporation.



The following table estimates the capital expenditures that will be incurred by the Ameren Companies from 2006 through 2010, including construction expenditures, capitalized interest and allowance for funds used during construction (except for Genco, which has no allowance for funds used during construction) and estimated expenditures for compliance with environmental standards:

	2006	2007	-	2010		Total
Ameren <sup>(a)(b)</sup>	\$ 1,225	\$ 3,805	-	\$ 5,250	\$ 5,030	\$ 6,475
UE <sup>(b)</sup>	790	1,660	-	2,290	2,450	3,080
CIPS	75	275	-	380	350	455
Genco	95	675	-	935	770	1,030
CILCO	110	435	-	605	545	715
IP	150	600	-	825	750	975

(a) Includes amounts for nonregistrant Ameren subsidiaries.

(b) Includes \$290 million for the purchase of 1,490 megawatts of CTs.

UE's estimated capital expenditures include transmission, distribution and generation-related activities, as well as expenditures for compliance with new environmental regulations discussed below. UE's 2006 capital expenditures will satisfy its commitment, as part of UE's 2002 Missouri electric rate case settlement, to make between \$2.25 billion to \$2.75 billion of infrastructure investments during the period January 1, 2002 to June 30, 2006, including the addition of 700 megawatts of generation capacity. The new capacity requirement was satisfied by the addition of 240 megawatts of CTs in 2002 and the transfer from Genco to UE of 550 megawatts of CTs at Pinckneyville and Kinmundy, Illinois, discussed above. In addition, commitments totaling at least \$15 million for gas infrastructure improvements between July 1, 2003, and June 30, 2006, were agreed upon as part of UE's 2003 Missouri gas rate case settlement.

Union Electric Company  
ER-2007-0002  
Generating Unit Cost  
Website Explanations of 2006 Rate Filing, Item 4.

On the generation side, since 2002 we have added 2,600 megawatts of generating capacity dedicated to serving Ameren~~UE~~ customers, and spent \$700 million on building generation. (Peno Creek CTGs—\$35.2 million; transfer Pinckneyville and Kinmundy CTGs—\$237.1 million; Audrain CTG—\$115 million; Goose Creek and Raccoon Creek CTGs—\$175.0 million; and Venice CTGs—\$166.9 million). This is a total of \$729.2 million on new generation plant. (This does not include the upgrades to existing plants to increase their generation capacity—e.g., Callaway's recent 60-megawatt capacity addition.)

MATCHES 10K

In December 2002, upon receipt of all the necessary federal and state regulatory approvals, AmerenUE, pursuant to Missouri economic development statutes, conveyed most of its Peno Creek combustion turbine generating facility to the City of Bowling Green, Missouri in exchange for the issuance by the City of a taxable industrial development revenue bond in the amount of \$103.4 million. Concurrently, the City leased back the facility to AmerenUE for a term of 20 years. The lease term is the same as the final maturity of the bond purchased by AmerenUE. While the lease is a capital lease, no capital was raised in the transaction. AmerenUE is responsible for making rental payments under the lease in an amount sufficient to pay the debt service of the bond. The City's ownership of the facility during the term of the bond and the lease is expected to result in property tax savings to AmerenUE. Under the terms of the lease, AmerenUE retains all operation and maintenance responsibilities for the facility and ownership of the facility is returned to AmerenUE at the expiration of the lease.

Genco's cash provided by investing activities increased in 2005 over 2004, because of the sale of 550 megawatts of CTs at Pinckneyville and Kinmundy, Illinois, to UE for \$241 million. These proceeds were partially offset by increased capital expenditures for upgrades at one of its power plants in 2005.

APRIL 22, 2003

MAY 27, 2003

FERC website  
EC0353

ATTORNEYS AT LAW

WRIGHT & TALISMAN, P.C.

ORIGINAL

FILED  
OFFICE OF THE  
SECRETARY

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2006 SEP 28 P 3:55

FEDERAL ENERGY  
REGULATORY COMMISSION

September 28, 2006

The Honorable Magalie R. Salas, Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

AC06-262-000

CHIEF ACCOUNTANT

206 OCT -11 PM 3:25

FERC

Re: Union Electric Company d/b/a AmerenUE, et al., Docket Nos. EC06-56-  
and ER06-410-  
Submission of Accounting Entries

Dear Ms. Salas:

In accordance with the terms of the Federal Energy Regulatory Commission's ("Commission" or "FERC") March 10, 2006 Order,<sup>1</sup> Union Electric Company d/b/a AmerenUE ("AmerenUE") hereby submits an original and seven copies of its proposed accounting entries for the sale of certain assets by MEP Flora Power, LLC, Aquila Piatt County Power L.L.C., and Aquila Merchant Services, Inc. to AmerenUE as authorized in the March 10 Order (the "Transfer"). The Transfer authorized by the March 10 Order was consummated effective March 31, 2006.

The March 10 Order directed AmerenUE to submit the journal entries and related details of the Transfer within six months of the date of Transfer.<sup>2</sup> Accordingly, AmerenUE submits the required entries and details as Exhibit I hereto.

<sup>1</sup> Union Elec. Co. d/b/a AmerenUE, 114 FERC ¶ 61,255 (2006) ("March 10 Order").

<sup>2</sup> See id. at Ordering Paragraph E.

The Honorable Magalie R. Salas  
September 28, 2006  
Page 2

In addition to this letter and the attached accounting entries, also included with this filing are a form of notice suitable for publication in the Federal Register. Copies of this filing have been served on all parties included on the Commission's official service list established in this proceeding.

Respectfully submitted,



Douglas O. Waikart  
David S. Berman

Attorneys for Union Electric Company  
d/b/a AmerenUE

Enclosures  
cc: All parties

Attachments

K:\AMEREN\117-014-731.DOC

## **EXHIBIT I**

AmerenUE  
ACCOUNTING ENTRIES  
TO REFLECT THE TRANSFER OF GOOSE CREEK AND RACCOON CREEK CTGs  
FROM ELECTRIC PLANT PURCHASED TO PLANT IN SERVICE

FERC ACCOUNT	ACCOUNT TITLE		GOOSE CREEK	RACCOON CREEK	TOTAL
	<u>Assets</u>				
101	Plant in Service	(1)	\$214,354,883	\$149,928,483	\$364,281,326
108	Accumulated Provision for Depreciation		(14,900,000)	(12,600,000)	(\$27,500,000)
114	Electric Plant Acquisition Adjustment		(96,019,069)	(68,898,710)	(\$162,915,779)
102	Electric Plant Purchased		(103,435,794)	(70,429,752)	(\$173,865,546)
	Total Assets		<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Notes:

- (1) Capital spare parts were not capitalized at Aquila, these costs have been added to the original cost (101-Plant in Service)



## **FORM OF NOTICE**

**UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION**

Union Electric Company d/b/a AmerenUE )	Docket Nos. EC06-56-__
Aquila Piatt County Power L.L.C. )	ER06-410-__
MEP Flora Power, LLC )	
Aquila Merchant Services )	

**NOTICE OF FILING**

Take notice that on September 28, 2006, Union Electric Co. d/b/a AmerenUE ("AmerenUE") submitted the accounting entries and related details as required by the Federal Energy Regulatory Commission's March 10, 2006 Order in this proceeding. Union Electric Company d/b/a AmerenUE, 114 FERC ¶ 61,255 (2006).

Copies of this filing were served on all parties included on the Commission's official service list established in the proceeding.

Any person desiring to intervene or to protest this filing must file in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 C.F.R. §§ 385.211 and 385.214). Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a notice of intervention or a motion to intervene, as appropriate. Such notices, motions, or protests must be filed on or before the comment date. Anyone filing a motion to intervene or protest must serve a copy of that document on the Applicant. On or before the comment date, it is not necessary to serve motions to intervene or protests on person other than the Applicant.

The Commission encourages electronic submission of protests and interventions in lieu of paper using the "eFiling" link at <http://www.ferc.gov>. Persons unable to file electronically should submit an original and 14 copies of the protest or intervention to the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426.

This filing is accessible on-line at <http://www.ferc.gov>, using the "eLibrary" link and is available for review in the Commission's Public Reference Room in Washington, D.C. There is an "eSubscription" link on the web site that enables subscribers to receive email notification when a document is added to a subscribed docket(s). For assistance, please contact FERC Online service, please email [FERCOnlineSupport@ferc.gov](mailto:FERCOnlineSupport@ferc.gov), or call (866) 208-3676 (toll free). For TTY, call (202) 502-8659.

**Comment Date:**

ATTORNEYS AT LAW

WRIGHT & TALISMAN, P.C.

ORIGINAL

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2006 SEP 28 P. 3: 54

September 28, 2006

The Honorable Magalie R. Salas, Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

AC06-263-000

Re: Union Electric Company d/b/a AmerenUE, Docket No. EC06-55  
Submission of Accounting Entries

Dear Ms. Salas:

In accordance with the terms of the Federal Energy Regulatory Commission's ("Commission" or "FERC") March 10, 2006 Order,<sup>1</sup> Union Electric Co. d/b/a AmerenUE ("AmerenUE") hereby submits an original and seven copies of its proposed accounting entries for the sale of certain assets by NRG Audrain Generating, LLC to AmerenUE as authorized in the March 10 Order (the "Transfer"). The Transfer authorized by the March 10 Order was consummated effective March 28, 2006.

The March 10 Order directed AmerenUE to submit the journal entries and related details of the Transfer within six months of the date of Transfer.<sup>2</sup> Accordingly, AmerenUE is submitting the required entries and details as Exhibit I hereto.


<sup>1</sup> Union Elec. Co. d/b/a AmerenUE, 114 FERC ¶ 61,254 (2006) ("March 10 Order").

<sup>2</sup> See id. at Ordering Paragraph E.

The Honorable Magalie R. Salas  
September 28, 2006  
Page 2

In addition to this letter and the attached accounting entries, also included with this filing are a form of notice suitable for publication in the Federal Register. Copies of this filing have been served on all parties included on the Commission's official service list established in this proceeding.

Respectfully submitted,

  
Douglas O. Waikart  
David S. Berman

Attorneys for Union Electric Company  
d/b/a AmerenUE

Enclosures  
cc: All parties

Attachments

K:\AMEREN\117-013-731.DOC

## **EXHIBIT I**

AmerenUE  
ACCOUNTING ENTRIES  
TO REFLECT THE TRANSFER OF AUDRAIN CTGs  
FROM ELECTRIC PLANT PURCHASED TO PLANT IN SERVICE

FERC ACCOUNT	ACCOUNT TITLE		AUDRAIN	TOTAL
	<u>Assets</u>			
101	Plant in Service	(1)	\$171,531,671	\$171,531,671
108	Accumulated Provision for Depreciation	(2)	-	-
114	Electric Plant Acquisition Adjustment		(56,659,525)	(56,659,525)
102	Electric Plant Purchased		(114,872,146)	(114,872,146)
	Total Assets		<u>\$0</u>	<u>\$0</u>

Notes:

- (1) Capital spare parts were not capitalized at NRG, these costs have been added to the original cost (101-Plant in Service)
- (2) NRG did not book depreciation on the Audrain assets

## **FORM OF NOTICE**

**UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION**

Union Electric Company d/b/a AmerenUE )  
NRG Audrain Generating, LLC )

Docket No. EC06-55-\_\_

**NOTICE OF FILING**

Take notice that on September 28, 2006, Union Electric Co. d/b/a AmerenUE ("AmerenUE") submitted the accounting entries and related details as required by the Federal Energy Regulatory Commission's March 10, 2006 Order in this proceeding. Union Electric Company d/b/a AmerenUE, 114 FERC ¶ 61,254 (2006).

Copies of this filing were served on all parties included on the Commission's official service list established in the proceeding.

Any person desiring to intervene or to protest this filing must file in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 C.F.R. §§ 385.211 and 385.214). Protests will be considered by the Commission in determining the appropriate action to be taken, but will not serve to make protestants parties to the proceeding. Any person wishing to become a party must file a notice of intervention or a motion to intervene, as appropriate. Such notices, motions, or protests must be filed on or before the comment date. Anyone filing a motion to intervene or protest must serve a copy of that document on the Applicant. On or before the comment date, it is not necessary to serve motions to intervene or protests on person other than the Applicant.

The Commission encourages electronic submission of protests and interventions in lieu of paper using the "eFiling" link at <http://www.ferc.gov>. Persons unable to file electronically should submit an original and 14 copies of the protest or intervention to the Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426.

This filing is accessible on-line at <http://www.ferc.gov>, using the "eLibrary" link and is available for review in the Commission's Public Reference Room in Washington, D.C. There is an "eSubscription" link on the web site that enables subscribers to receive email notification when a document is added to a subscribed docket(s). For assistance, please contact FERC Online service, please email [FERCOnlineSupport@ferc.gov](mailto:FERCOnlineSupport@ferc.gov), or call (866) 208-3676 (toll free). For TTY, call (202) 502-8659.

**Comment Date:**



AmerenUE Draft

March [ ], 2003

The Honorable Magalie R. Salas, Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

Re: Ameren Energy Generating Co. and Union Electric Co. d/b/a AmerenUE,  
Docket No. EC03-53  
Comments of the Missouri Public Service Commission in Support of  
Application

Dear Ms. Salas:

The purpose of this letter is to forward the Missouri Public Service Commission's ("Missouri Commission") request that Federal Energy Regulatory Commission ("FERC") approval of the February 5, 2003 application of Ameren Energy Generation Company ("AEG") and Union Electric Company d/b/a AmerenUE (collectively, "Applicants") filed in Docket No. EC03-53 for all authorizations and approvals necessary under section 203 of the Federal Power Act ("FPA"), 16 U.S.C. § 824b, for AEG to sell and transfer, and AmerenUE to purchase and accept, certain jurisdictional assets now owned by AEG ("February 5 Application"), be expeditiously granted.

The Missouri Commission agrees with Applicants that approval of the proposed transaction will help implement, in a very timely manner given the impending summer season, certain provisions of a Stipulation and Agreement ("Stipulation") that has been approved by the Missouri Commission.

One of the terms of the Stipulation is that AmerenUE is to make infrastructure investments that include the addition of 700 MW of new generating capacity. Stipulation, Section 4. The Stipulation states that such addition "...may include the purchase of generation plant from an Ameren affiliate at net book value " Id.

AmerenUE's generation adequacy requirement is to meet the reliability reserve requirements of the Mid-America Interconnected Network, Inc, of which AmerenUE is a member. AmerenUE projects a need for 543 megawatts of generation capacity to meet its generation adequacy requirement for the summer of 2003, and this Application would transfer 548 megawatts of combustion turbine capacity to meet that need. \_\_\_\_\_

Because this is really a traditional ratemaking issue, the Missouri Commission urges FERC to expeditiously approve the February 5 Application. The Missouri Commission also agrees that the proposed transaction is consistent with our preference that Missouri's bundled retail customers be reliably served through company owned generation, a point which is reflected in the Stipulation. The Missouri Commission notes that it will retain jurisdiction over AmerenUE's retail rates, including any proposed recovery of the costs of this transaction through such rates.

Therefore, the Missouri Commission requests that the FERC act expeditiously to approve the February 5 Application.

Respectfully submitted,

cc: All parties on Docket No. EC03-53 service list

K:\AMEREN\1066-008-731

	Purchase Year	Cost	MW	\$/kW	
<b>New UE Generation in Rate Base</b>					
Peno Creek	2002	\$103,400,000	188	\$550.0	35.2
					237.1
Pinckneyville	2005	\$158,734,935	316	\$502.3	115
Kinmundy	2005	\$95,615,725	232	\$412.1	175
					166.9
Venice	2005	\$166,900,000	501	\$333.1	729.2
Audrain	2006	\$114,872,146	640	\$179.5	
Goose Creek	2006	\$103,435,794	510	\$202.8	
Raccoon Creek	2006	\$70,429,752	340	\$207.1	
			2727		

**Alternative to Pinckneyville/Kinmundy**

		Offer Price		
Audrain	8/15/02 offer	\$200,000,000	640	\$312.5

**Sources of cost data**

Audrain, Goose Creek and Raccoon Creek - UE FERC filings

Pinckneyville + Kinmundy from UE 6/24/03 filing in FERC Docket No. EC03-53

Peno Creek - \$/kW from Voytas testimony (transcript page p. 571, l. 120) in FERC hearing Docket No. EC03-

Audrain offer from NRG - NRG letter to UE in FERC Docket No. EC03-53

Voytas estimate of cost of new CT capacity in FERC Docket No. EC-03-53 was \$450/kW

All capacity numbers from Ameren web site - Ameren Corporate Facts

	UE FERC filing on 6/4/2003	UE MO PSC HC filing on 1/29/2003
Pinckneyville	\$172,196,914 \$13,461,979 \$158,734,935	\$160,652,722
Kinmundy	\$101,675,162 \$6,262,415 \$95,615,725	\$95,615,725
	\$254,350,660	\$256,268,447

Pinckneyville + Kinmundy Total from Ameren web site, FAQs AmerenUE Electric Filing  
\$237,100,000

## **Rackers, Steve**

---

**From:** Bender, Leon  
**Sent:** Tuesday, December 12, 2006 11:08 AM  
**To:** Rackers, Steve  
**Cc:** Dottheim, Steve; Mantle, Lena  
**Subject:** Kinmudy

Steve,

If you are still looking for more info on value of the Kinmudy units. They are identical to Aquila's South Harper units except there are three units at South Harper. That case ER-2005-0436, and EO-2005-0156 was about the same time frame as when Ameren transferred Kinmudy units to UE. There is a large collection of documents from DR's in those cases concerning the value of those units and others gathered by the Kansas City auditors and OPC in those cases. Cary Featherstone had some argument in his testimony about their value. RW Beck did an appraisal of south harper units also which I have a copy of. Also see OPC DR501 in case EO-2005-0263. There Empire got quotes by SWPC for units identical to Kinmudy.

**Dottheim, Steve**

---

**From:** Bender, Leon  
**Sent:** Tuesday, December 12, 2006 11:08 AM  
**To:** Rackers, Steve  
**Cc:** Dottheim, Steve; Mantle, Lena  
**Subject:** Kinmudy

Steve,

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Staff Draft

**DRAFT 3/17/03 10:00 A.M.**  
**Draft Still Being Reviewed Internally**

The Honorable Magalie R. Salas, Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington D.C. 20426

Re: Ameren Energy Generating Co. and Union Electric Co. d/b/a Ameren UE.  
Docket No. EC03-53-000 -- Comments of the Missouri Public Service  
Commission Regarding the Application to Transfer Generating Assets  
from Ameren Energy Generating Co. to Ameren UE.

Dear Ms. Salas:

Union Electric Company d/b/a AmerenUE ("AmerenUE") has asked the Missouri Public Service Commission ("Missouri Commission") to submit a letter to the Federal Energy Regulatory Commission ("FERC") requesting that the FERC expeditiously approve the February 5, 2003 Application of Ameren Energy Generating Company ("AEG") and AmerenUE (collectively, "Applicants") filed in Docket No. EC03-53 000 for all authorizations and approvals necessary, under section 203 of the Federal Power Act ("FPA"), 16 U.S.C. § 824b, for AEG to sell and transfer, and AmerenUE to purchase and accept, certain generation assets now owned by AEG. This letter is the Missouri Commission's response to AmerenUE's request.

The Missouri Commission agrees with the Applicants that a consequence of the proposed transaction would be the implementation of certain provisions of a Stipulation and Agreement ("Stipulation") that was approved by the Missouri Commission on July 25, 2002. Specifically, the transaction would address the term of the Stipulation that says AmerenUE is to make infrastructure investments to add 700 MW of generating capacity over the period of an agreed to rate moratorium through June 30, 2006: [Stipulation, Section 4]. The Stipulation allows for this obligation to be met through the purchase of generating facilities from an affiliate at net book value but the Stipulation does not require that the additional generating capacity obligation be satisfied solely through the purchase of capacity from an affiliate to the exclusion of other available options. At the time the costs from this transaction are considered for ratemaking purposes, AmerenUE will be responsible to demonstrate that this transaction was prudent in light of other available options.

Neither the Commission nor its Staff have conducted an evaluation of the prudence of the present course of action taken by AmerenUE, which evaluation would include an examination of the options available to AmerenUE to meet this need. Missouri statutes do not require the pre-approval by the Missouri Commission of a utility's acquisition or construction of generating assets. Instead, at the time the costs of such acquisitions are sought to be recovered in rates and the investment is sought to be included in rate base for Missouri bundled retail customers, the Missouri Commission

will make a determination whether such costs were prudently incurred by the utility, including whether such an acquisition was a prudent long-run cost alternative for meeting the needs of Missouri bundled retail customers.<sup>1</sup>

AmerenUE projects a need for 543 megawatts of generation capacity to meet its generation adequacy requirement<sup>2</sup> for the summer of 2003, and the Application would transfer 548 megawatts of combustion turbine capacity to meet that need. Because the Missouri Commission is concerned that the FERC might place some incorrect interpretation on the Missouri Commission's not intervening in FERC Docket No. EC03-53-000, the Missouri Commission states that it has not filed an intervention as it expects that this transfer of assets will come before the Missouri Commission in a state ratemaking proceeding at a future date. Thus, even if the Missouri Commission were to intervene, it would not participate in any manner that might indicate prejudgment of the matters that later will be decided by the Missouri Commission, if the FERC approves the February 5, 2003 Application.

In requesting that the FERC timely consider the Applicants' request, the Missouri Commission is not seeking to comment in any manner on the protests filed by various entities in the instant proceeding.

Respectively submitted,

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<sup>1</sup> In 1999, certain Missouri investor-owned electric utilities, including Union Electric Company, filed an application requesting that the Missouri Commission rescind its electric resource planning rules (4 CSR 240-22). As a result of that filing, a Unanimous Stipulation And Agreement was reached and approved by the Missouri Commission, whereby the Missouri investor-owned electric utilities were granted variances from the Commission's electric resource planning rules. Instead of following the detailed procedures set out in those rules, the Missouri investor-owned electric utilities meet with the Missouri Commission Staff and others every six months to provide an update on their resource plans. These utilities also submit to the Manager of the Missouri Commission's Energy Department, a letter and documents in support of specific resource acquisitions. Neither the electric resource planning rules, the bi-annual meetings nor the letters and documents in support of specific resource acquisitions require or constitute pre-approval by the Missouri Commission for purposes of setting utility rates. (If the Missouri Commission grants a utility a certificate of convenience and necessity to serve a specified service territory, the utility does not need subsequent Commission authorization to construct generation, transmission or distribution facilities within that certificated service territory.)

<sup>2</sup> AmerenUE's generation adequacy requirement is to meet the reliability reserve requirements of the Mid-American Interconnected Network, Inc, of which AmerenUE is a member.

## MEMORANDUM

TO: Chair Kelvin Simmons  
Commissioner Connie Murray  
Commissioner Sheila Lumpe  
Commissioner Steve Gaw  
Commissioner Bryan Forbis

THROUGH DAN JOYCE: *DT, sd*

FROM: Steven Dottheim

DATE: March 17, 2003

SUBJECT: AmerenUE Request for Letter to FERC in Support of UE and AEG's Application for Approval of Transfer of Pinckneyville and Kimmunity Combustion Turbines to UE from AEG In FERC Docket No. EC03-53-000

Steve Sullivan, General Counsel, of AmerenUE first contacted Dan Joyce the last week of February requesting that the Commission submit a letter to the FERC in support of AmerenUE and Ameren Energy Generating Company's (AEG) Application for the approval of the transfer of AEG's Pinckneyville, IL combustion turbine generators (316 MWs) and its Kimmunity, IL combustion turbine generators (232 MWs) to AmerenUE. On late Friday, March 7, a draft letter prepared by AmerenUE for the Commission was faxed to Dan Joyce. Dan and I as well as other Staff members (Mike Proctor and Lena Mantle) were concerned respecting certain language in this draft regarding the meaning of the "Timely Infrastructure Investments" part of the Stipulation And Agreement comprising the settlement of the Staff's excess earnings/revenues complaint against AmerenUE in Case No. EC-2002-1 last July. We also were concerned that this draft went beyond what might be appropriate for the Commission to state or said too little respecting a proposed transaction pending before the FERC that neither the Commission nor the Staff had analytically reviewed in the manner that would occur if AmerenUE were seeking to reflect the transaction in rates to its Missouri retail ratepayers.

On Tuesday afternoon, March 11, Joe Bednar visited with Dan Joyce respecting the AmerenUE request and Dan Joyce indicated the limits of any letter that the Staff would recommend that the Commission send to the FERC respecting AmerenUE and AEG's Application. On late Thursday afternoon, March 13, Dan Joyce sent to Joe Bednar a redraft of the document that AmerenUE had provided. The redraft was consistent with the limits that Dan Joyce had previously indicated, and was prepared with input from Dan, Mike Proctor, Bob Schallenberg, Wess Henderson, Lena Mantle and me. On Friday, March 14, Joe Bednar advised Dan Joyce that the Staff's redraft was not acceptable to AmerenUE. Dan Joyce suggested to Joe Bednar that because AmerenUE wanted a quick Commission decision on sending a letter to the FERC, AmerenUE could request to have the matter of the letter placed on the Commission's Agenda for this week. AmerenUE has requested from the FERC an order issued no later than April 2,



granting all necessary approvals or authorizations for the proposed transaction to occur. He also noted that AmerenUE could make a formal filing with the Commission requesting a letter from the Commission to the FERC. AmerenUE has requested that this matter be placed on the Commission's Tuesday, March 18, Agenda, and it has been placed thereon.

On Friday, March 14, just before 5:00 p.m., I received from Shelley Viebrock a copy of an AmerenUE-revised draft of the letter that it proposes that the Commission send to the FERC. Joe Bednar had provided the copy for purposes of placing this matter on the Commission's Tuesday, March 18, Agenda. On the basis of the AmerenUE-revised draft letter, the Staff has revised its draft of the AmerenUE requested letter. Both AmerenUE's and the Staff's latest drafts are attached.

Also attached are partial copies of (1) UE and AEG's February 5, Application in FERC Docket No. EC03-53-000 and (2) UE and AEG's March 13, Answer To Requests For Rejection Or Hearing And To Protests in FERC Docket No. EC03-53-000.

The Staff notes that Section "4. Timely Infrastructure Investments" in the Stipulation And Agreement in the settlement of the Staff's excess earnings/revenues case against AmerenUE in Case No. EC-2002-1 states, in relevant part, as follows:

This commitment includes the completion or substantial completion of the following construction projects:

700 MW of new regulated generating capacity, which does not include the replacement of the Venice power plant by new generation, nor the transfer of load to increase available generating capacity, but may include the purchase of generation plant from an Ameren affiliate at net book value;

.... nothing in this Section would prohibit any signatory to this Agreement from raising issues regarding the prudence and reasonableness of the foregoing infrastructure investment decisions.

cc: Steven R. Sullivan  
Joe Bednar  
John Coffman