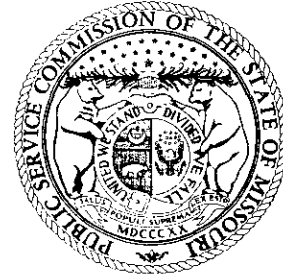


Notice of *Ex Parte* Contact

TO: Records Department:
All Parties in Case No. ER-2007-0002
All Commissioners



FROM: Commissioner Steve Gaw and *SB*
Commissioner Robert M. Clayton III *RC*

DATE: August 14, 2006

On July 6, 2006, AmerenUE employees Warner Baxter and Steve Sullivan, and attorney Joe Bednar personally distributed the attached documents, and discussed the contents. Commissioner Gaw informed Wess Henderson of this discussion and the receipt of the attached materials, and received acknowledgement from Mr. Henderson this information concerned several issues related to Union Electric d/b/a AmerenUE's potential rate case. We learned that AmerenUE filed with the Commission the rate case filing letter on July 7, 2006, while a general motion to open a case, establish a protective order, and receive expedited treatment was previously filed on July 3, 2006, in Case No. ER-2007-0002. Therefore, there is a question as to which date the *ex parte* rules became applicable in this case.

This is a contested case and the Commission is currently considering the issues discussed with the above named contacts, including some information in these handouts. Therefore, out of an abundance of caution, we think it is appropriate to submit this notice of *ex parte* contact pursuant to the standards set out in the rules cited above. This will ensure that any party to this case will have notice of the contact and a full and fair opportunity to respond to the comments presented.

Although communications are always welcome from members of the legislature and the public, those communications must be made known to all parties to a contested case so that those parties have the opportunity to respond. According to the Commission's rules (4 CSR 240-4), when a communication (either oral or written) occurs outside the hearing process, any member of the Commission or the Regulatory Law Judge who received the communication shall prepare a written report concerning the communication and submit it to each member of the Commission and parties to the case. The report shall identify the person(s) who participated in the *ex parte* communication, the substance of the communication and the relationship of the communication to a particular matter at issue before the Commission. This notice fulfills this requirement.

cc: Executive Director
Secretary/Chief Regulatory Law Judge
General Counsel



Electric and Gas Rate

Case Filing

July 7, 2006



Overview of AmerenUE's Electric Rates



- Last AmerenUE electric base rate increase was in 1987
 - ➔ Average electric rates have been lowered 13%
- In 2005, AmerenUE's average electric rates were:
 - ➔ Among the lowest in the nation
 - St. Louis has the second lowest rates of major U.S. metropolitan areas surveyed by the U.S. Bureau of Labor Statistics
 - ➔ 30% below the national average
 - ➔ 18% below non-restructured states
 - ➔ 15% below the Midwest average
 - ➔ Lowest of the investor-owned utilities in Missouri
- From the last electric rate case in 2002 through the end of 2005
 - ➔ AmerenUE's electric rates have declined 6%
 - ➔ National (+11%), non-restructured states (+13%) and Midwest (+5%) electric rates have all increased
 - ➔ U.S. average rates in the first quarter of 2006 are already 12% above where they were a year ago

Overview of Electric and Gas Rate Increase Request



- Electric: 17.7% increase, or \$361 million
 - ➔ Residential increase limited to 10%
 - Typical customer bill would increase by \$6 per month
 - Amounts in excess of 10% allocated to other customer classes
 - ➔ Should AmerenUE's rate proposal be approved by the MoPSC, average electric rates in 2007 will still be over 20% below the U.S. average electric rates projected by the DOE and the lowest in Missouri based on rate requests
- Gas delivery services: 6.4% increase on total rates, or \$11 million
- Commitment to community
 - ➔ Low-income energy assistance program
 - ➔ Dollar More – Budget Billing
 - ➔ Energy conservation programs
 - ➔ Discounted electric rates for economic development in St. Louis
- Renewable energy proposal of 100 MW's by 2010
 - ➔ Additional voluntary program allows electric customers to support development of renewable energy
- Taum Sauk costs incurred for clean up of park, state costs and resolution of individual claims excluded from electric rate request

Overview of Electric and Gas Rate Increase Request



- Test year and update items
- Return on equity of 12% for electric case and 11.5% for gas case
- Discontinuation of Joint Dispatch Agreement
- Expiration of Electric Energy, Inc. contract
- Off-system sales in base rates/sharing mechanism
- Fuel and environmental cost recovery mechanisms requested
- Net increase in depreciation rates
- MISO costs to reflect 2006 actual expenses
- Pension/OPEB tracking mechanism
- Other

Key Drivers of Rate Increase Proposal



- More than \$2.6 billion in energy infrastructure investments since 2002, including 2,200 megawatts of new generation
 - ➔ Annual expenditures up 50% since last rate case
- Coal and related transportation costs increase of 42% since the last rate case
- Cost of operations have significantly risen since last electric rate case
 - ➔ Aluminum overhead wire up 95%
 - ➔ Underground cable up 145%
 - ➔ Poles and transformers up 35% and 60%
 - ➔ Tree trimming costs up over 20%
 - ➔ Employee and retiree pension and medical benefit costs are up 56%
- Future investment needs
 - ➔ Environmental compliance: \$1.2 - \$1.6 billion over next ten years
 - ➔ Reliability projects
 - ➔ New baseload generation
 - ➔ Renewable generation

Off-System Sales Sharing Alternative



- AmerenUE has included in this case for the Commission's consideration an alternative off-system sales sharing mechanism that the Company could use. The formula for this sharing mechanism is set forth below:

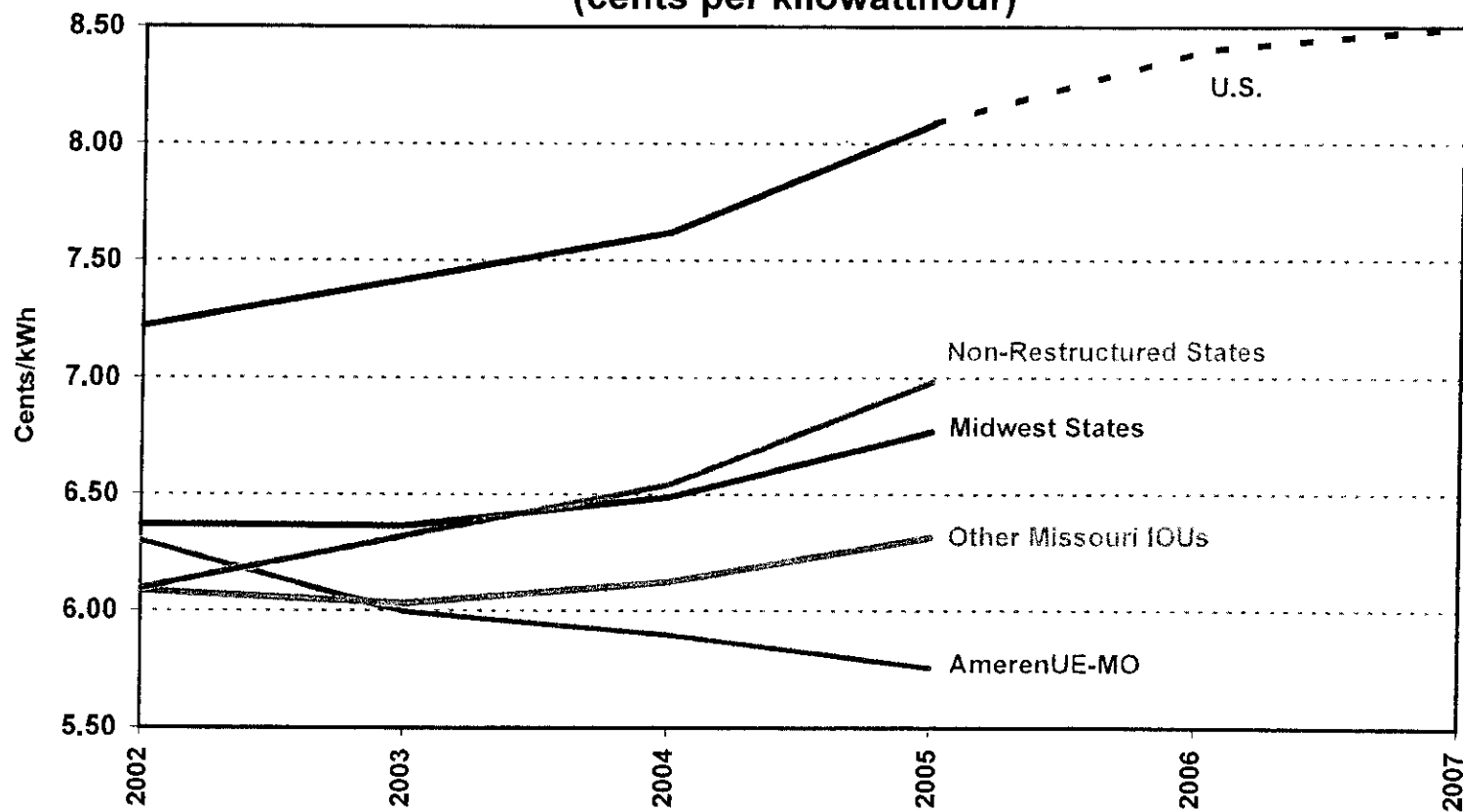
<u>Level of Off-System Sales Margin (in millions of \$)</u>	<u>Customer Share</u>	<u>AmerenUE Share</u>	<u>Effective Share for Customers</u>
\$0 - \$120	100%	0%	100%
\$121 - \$180	80%	20%	100% - 93%
\$181 - \$360	50%	50%	93% - 72%
Over \$360	100%	0%	72% or more

Off-System Sales Sharing Alternative



- The alternative sharing mechanism set forth above would set a minimum level of off-system sales margins in base rates (\$120 million). Off-system sales margins achieved in excess of this level would be shared with customers based on the sharing bands set forth in table above. For example, should off-system sales margins achieved during the applicable 12 month period equal \$ 220 million, customers would receive \$68 million in credits to their bills $[(\$60\text{MM} * 80\%) + (\$40\text{MM} * 50\%) = \$68\text{MM}]$. For that period, this mechanism would result in a reduction of electricity costs for customers of \$188 million from OSS margins (consisting of the \$120 million already credited to cost of service in base rates plus the additional \$68 million of rate credits the sharing mechanism would provide). This means that in this example, more than 85% of all off-system sales margins achieved by the Company during that period would belong to customers.

Comparison of AmerenUE-Missouri Average Retail Rates (cents per kilowatthour)



Source: DOE/EIA. 2006-2007 rates based on DOE forecast.

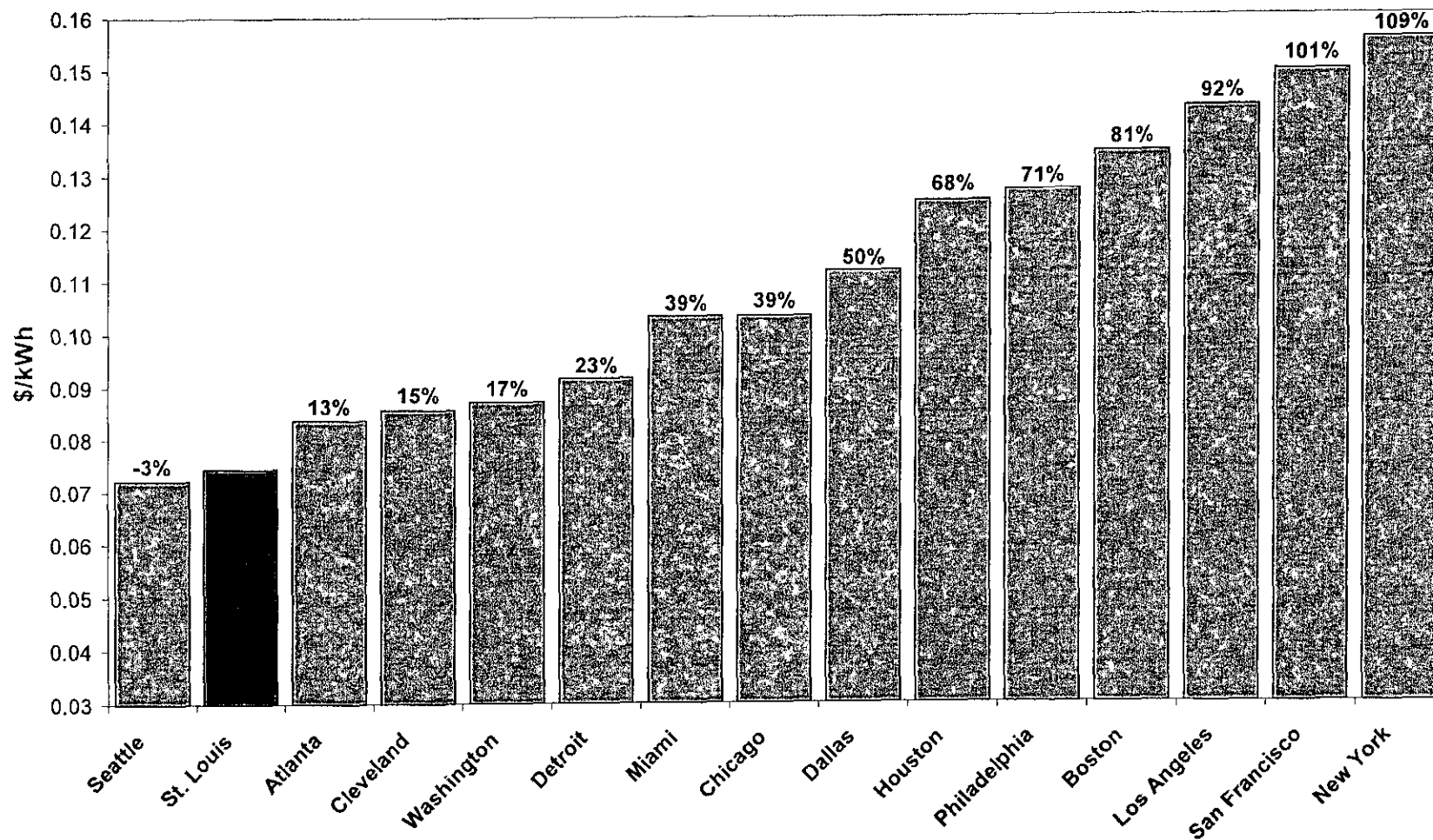
Non-restructured states are those states that have not deregulated the generation of electricity, similar to Missouri.

Midwest states based on Census Region definitions.

Other Missouri IOUs are Aquila, Empire District Electric, and Kansas City Power & Light.

Retail customers include residential, commercial, and industrial customers.

**Average Consumer Electricity Prices (2005) for All Major Metropolitan Areas Reported by the
Bureau of Labor Statistics**



Sources and Notes:

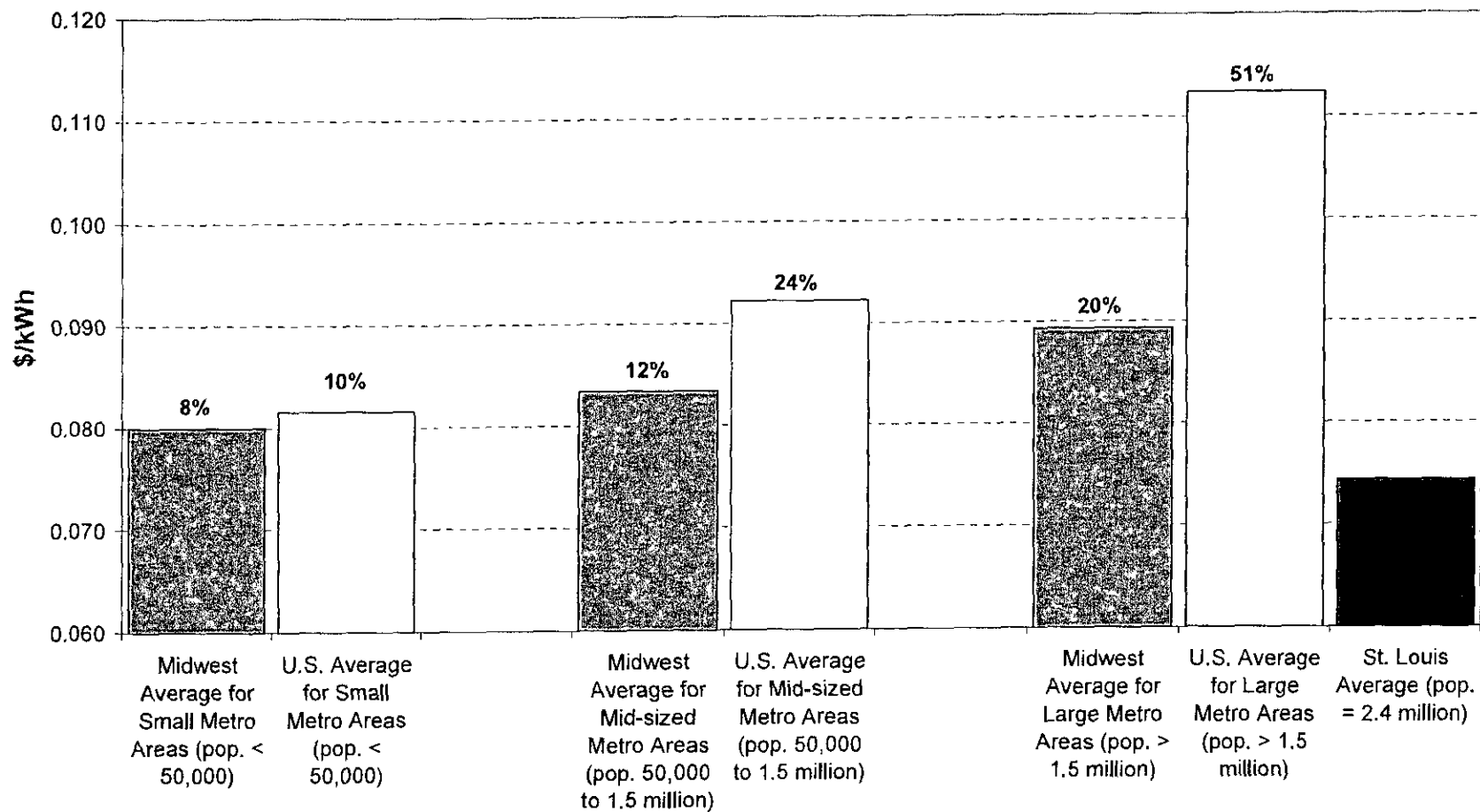
BLS data based on monthly surveys of 10 residential electricity bills per metropolitan area.

Rates do not include seasonal discounts.

Source: www.bls.gov/data.

Percentages indicate extent to which each city's rates are higher than rates in St. Louis.

Consumer Electricity Prices by Size of Metro Area – U.S. and Midwest Data for 2005
 (Based on Monthly Consumer Price Surveys Reported by the Bureau of Labor Statistics)



Sources and Notes:

BLS data based on monthly surveys of 10 residential electricity bills per metropolitan area.

Rates do not include seasonal discounts.

Source: www.bls.gov/data.

Percentages indicate extent to which each region's rates are higher than rates in St. Louis.

2002-2005 Changes in Electric Rates & Consumer Prices

Consumer Prices in St. Louis, MO-IL:

All Consumer Products

10%

Single Family Homes

23%

Medical Care

15%

Consumer Energy Products in Midwest Urban Areas:

Gasoline

60%

Fuel Oil

95%

Natural Gas

71%

Electricity Rates (Residential):

AmerenUE-MO

-6%

Midwest States

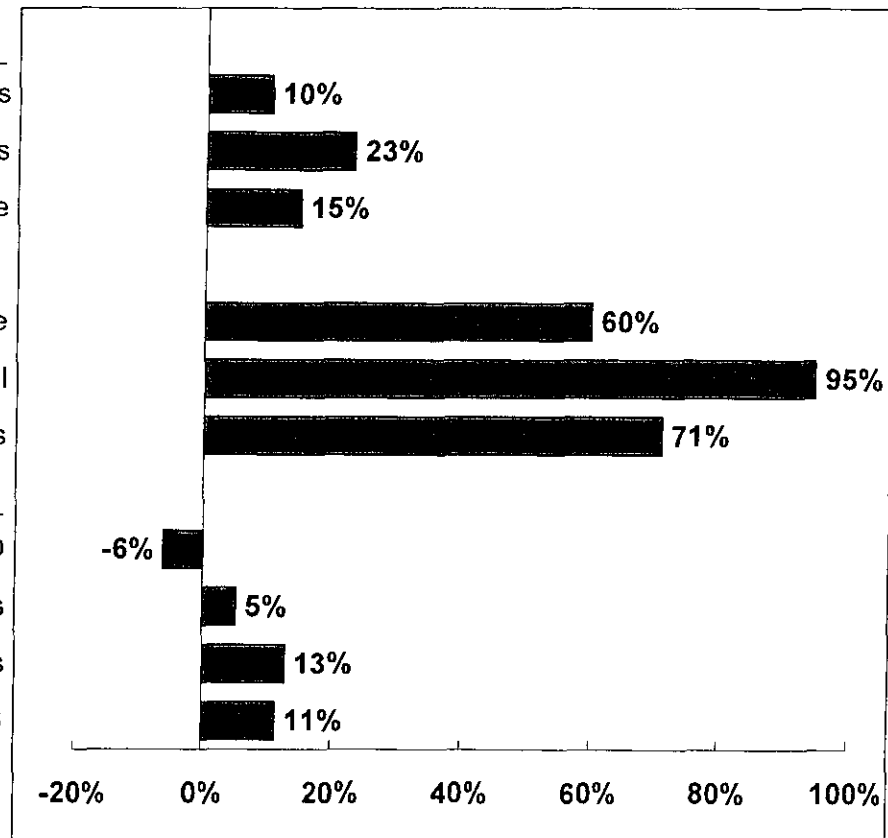
5%

Non-Restructured States

13%

US

11%



Sources and Notes:

Consumer prices based on Bureau of Labor Statistics (BLS) St. Louis CPI indices and Office of Federal Housing Enterprise Oversight data.

Consumer energy prices based on BLS Midwest Urban average prices.

2002 rate data from EIA Form 861. 2005 rate data from DOE/EIA Form 826.

Midwest states based on Census Region definitions.

Non-restructured states are those states that have not deregulated the generation of electricity, similar to Missouri.

1990-2005 Changes in Electric Rates & Consumer Prices

Consumer Prices in St. Louis, MO-IL:

All Consumer Products

Single Family Homes

Medical Care

Consumer Energy Products in Midwest Urban Areas:

Gasoline

Fuel Oil

Natural Gas

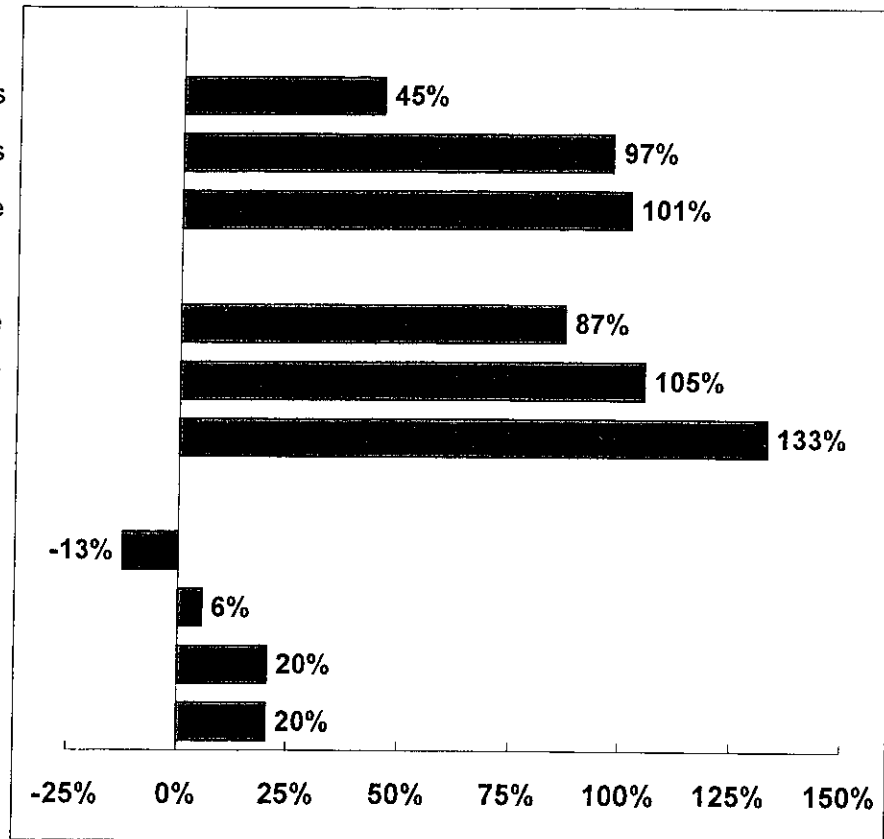
Electricity Rates (Residential):

AmerenUE-MO

Midwest States

Non-Restructured States

US



Sources and Notes:

Consumer prices based on Bureau of Labor Statistics (BLS) St. Louis CPI indices and Office of Federal Housing Enterprise Oversight data.

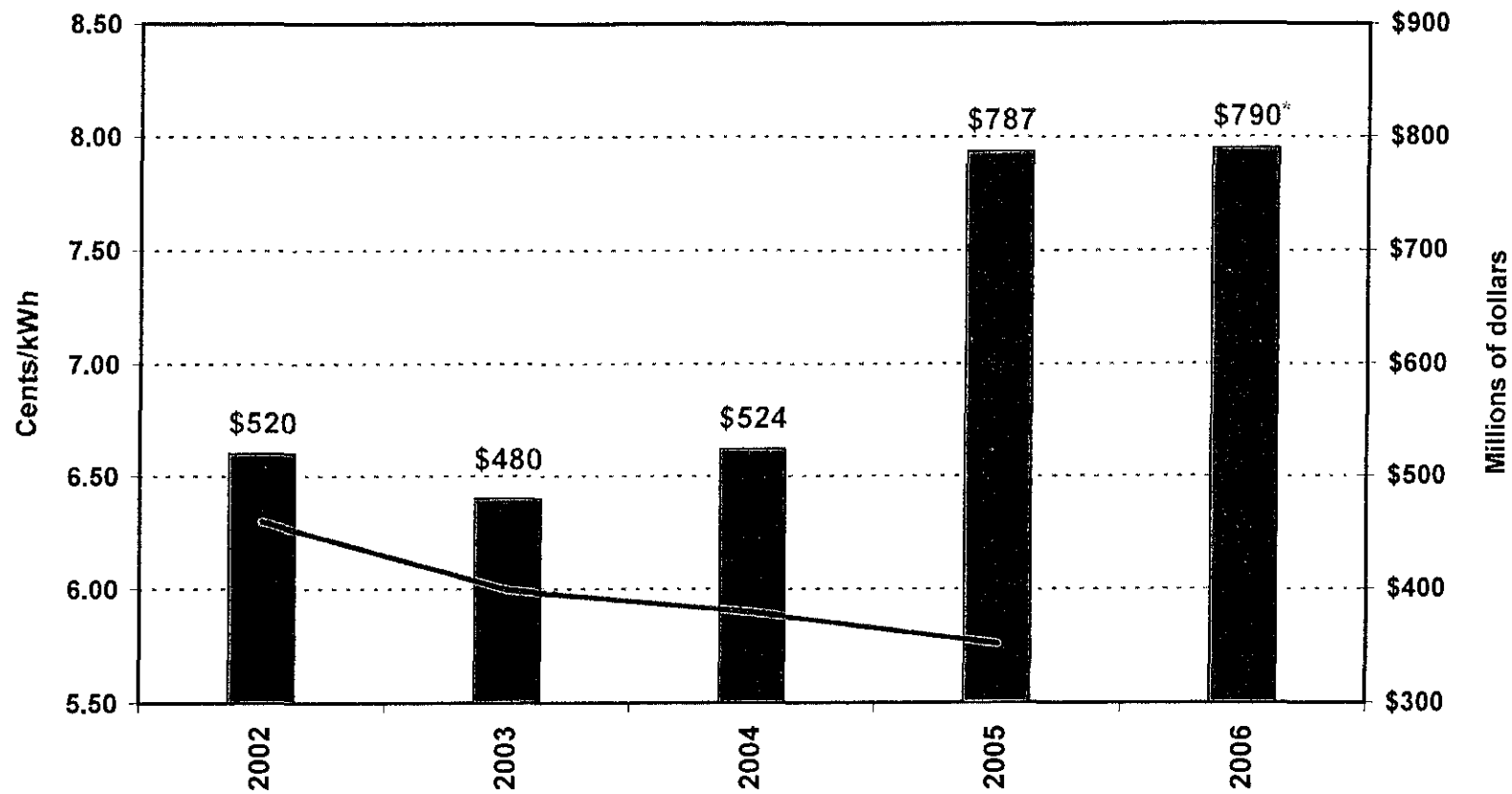
Consumer energy prices based on BLS Midwest Urban average prices.

1990 rate data from EIA Form 861. 2005 rate data from DOE/EIA Form 826.

Midwest states based on Census Region definitions.

Non-restructured states are those states that have not deregulated the generation of electricity, similar to Missouri.

AmerenUE Average Retail Rates vs. AmerenUE Capital Expenditures



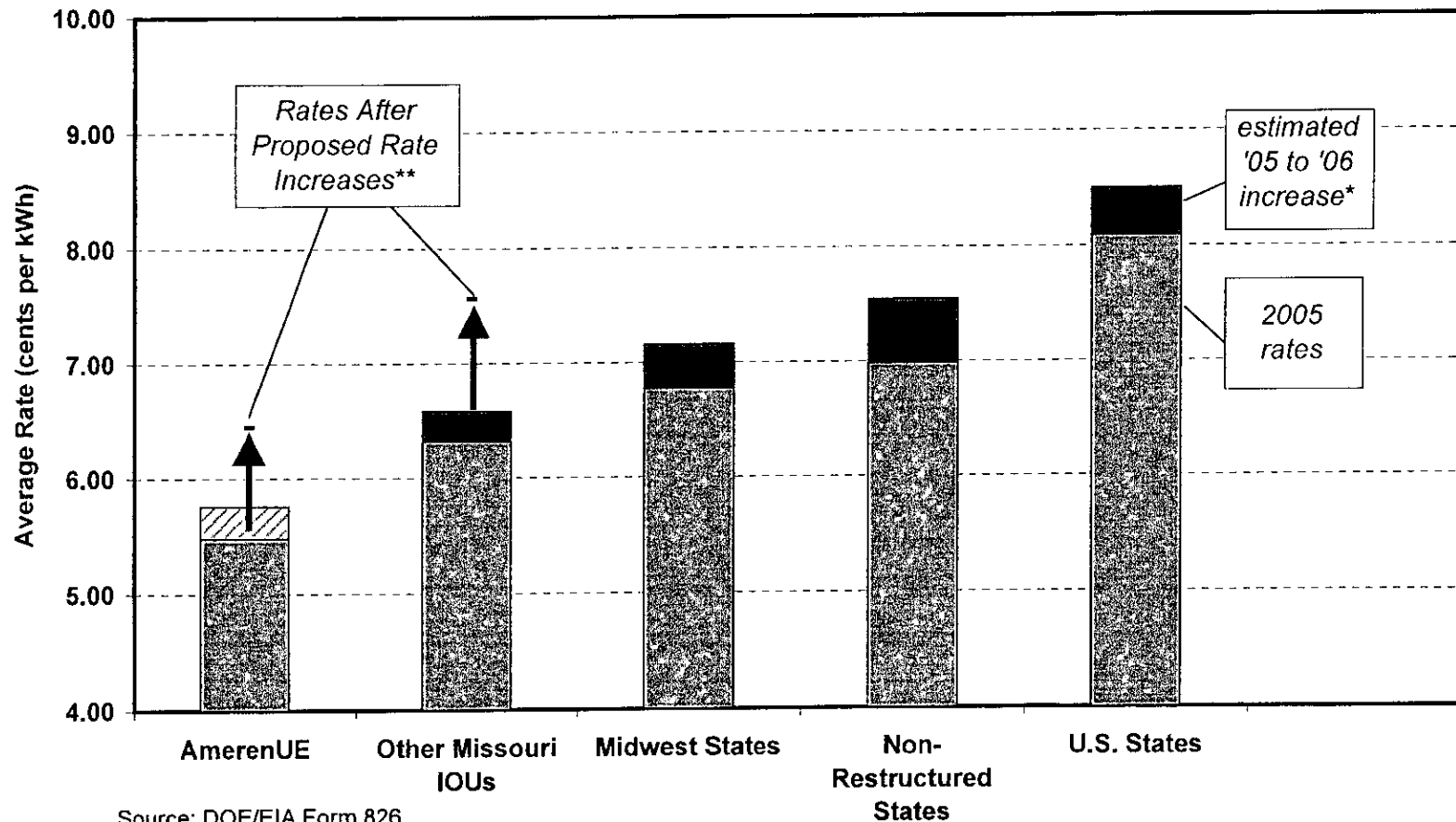
Source: DOE/EIA.

Retail customers include residential, commercial, and industrial customers.

* 2006 capital expenditures based on forecast.

— AmerenUE-MO Rates
 ■ AmerenUE Capital Expenditures

AmerenUE Average Retail Rates with Requested Increase Compared to Other Utilities



Source: DOE/EIA Form 826.

* U.S. based on DOE forecast; rest based on rates already in effect during the first quarter of 2006. AmerenUE rates for 2006 expected to decrease from 2005 as shown due to full-year inclusion of Noranda.

** Arrows based on requested percentage increases in company filings.

Non-restructured states are those states that have not deregulated the generation of electricity, similar to Missouri.

Midwest states based on Census Region definitions.

Other Missouri IOUs are Aquila, Empire District Electric, and Kansas City Power & Light.

Retail customers include residential, commercial, and industrial customers.



Ameren UE News Release

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CONFIDENTIAL DRAFT 7-5-06

For Immediate Release

To Cover Rising Costs and Energy Infrastructure Investments, Maintain System Reliability and Invest in Environmentally Friendly Generation Technologies, AmerenUE Seeks Electric Rate Increase

Would be First Increase in 20 Years For Rates That Are Approximately 30 Percent Below National Average

St. Louis, MO, July 7, 2006 -- AmerenUE, an operating company of Ameren Corporation (NYSE:AEE), today filed a request for an increase in base rates for electric service with the Missouri Public Service Commission (MoPSC). If approved, it would mark the first electric rate increase for AmerenUE in almost 20 years.

Overview of Electric Rate Filing

The company's filing includes a proposed average increase in electric rates of 17.7 percent or \$361 million. The company is also proposing to limit the increase on residential rates to 10 percent, allocating revenue amounts above that level to other customer classes. Under the application, a typical residential customer using 1,000 kilowatt-hours a month would see the base rate portion of the electric bill rise from approximately \$66 per month to \$72 per month. Even with this increase, a typical AmerenUE residential electric customer would be paying rates that would be below AmerenUE's 1991 levels.

In addition to the proposed limit on the residential rate increase, the company has committed to working with key stakeholders during the rate review process to develop low income energy assistance and energy conservation programs to help address customers' needs.

"For decades, our focus on our core energy business, cost control and operating efficiencies has resulted in our customers enjoying some of the lowest electric rates in the

nation,” said Gary L. Rainwater, chairman, president and chief executive officer, Ameren Corporation. “Our customers have come to expect AmerenUE to deliver a highly reliable, environmentally friendly supply of electricity at reasonable prices. We are committed to continuing to meet their expectations—now and in the future.”

He added, “We recognize that our customers are experiencing meaningful increases in many of their monthly costs, consistent with trends we are seeing across the nation. Because we are concerned about how these increases will impact each family’s budget, our proposal seeks to develop a program to assist our most vulnerable customers who need help paying their electric bills.”

He stressed that the company will continue to give to, and encourage others to contribute to, its Dollar More program, the region’s largest private energy assistance fund for customers in need. AmerenUE will also encourage customers to participate in Budget Billing, a company program that levels monthly bill amounts.

Through this filing, AmerenUE is proposing to develop at least 100 megawatts of wind power that will benefit all AmerenUE customers and to launch a voluntary program allowing customers to support additional development of wind power and other forms of renewable energy.

AmerenUE’s filing also includes proposed economic development incentive rates for nonresidential customers who move operations into targeted urban areas where the City of St. Louis is trying to spur re-development. Eligible projects would provide social and economic benefits in areas where jobs are needed and re-development is critical to area improvement.

Finally, Rainwater added that consistent with the company’s commitment to accept full responsibility for the effects of the Dec. 14 failure of its Taum Sauk Plant, AmerenUE has not included in the rate request filed today the related costs that the company has incurred. Those costs include the clean-up of Johnson’s Shut-Ins state park, reimbursement of state costs and resolution of individual claims.

The company’s proposal is subject to the customary rate review process, which includes review and approval by the MoPSC. A decision is expected no later than June 2007.

Perspectives on Electric Rate Increase Proposal

AmerenUE’s electric rates are among the lowest in the nation. Since 1987 (the last time the company’s base rates were increased), the company has lowered its electric rates by approximately 13 percent. In 2005, AmerenUE’s average electric rates were approximately 30 percent below the national average and 15 percent below the Midwest average and the lowest

of the investor-owned utilities in the state. In addition, St. Louis has the second lowest residential electric rates in the country compared to the rates of the major metropolitan areas surveyed by the Bureau of Labor Statistics (BLS).

However, while electric rates remained low, many electric bills grew as a result of higher electricity usage. The average electricity usage by residential customers has risen 30 percent since the late 1980s as residents have added computers, second refrigerators, home entertainment systems, multiple television sets, cell phone chargers and other electrical devices to their homes.

Since the company's last rate case (2002), AmerenUE's average residential electric rates have decreased 6 percent, while electric rates across the United States and Midwest rose 11 percent and 5 percent, respectively, through the end of 2005. From 2002 through 2005, regional prices for consumer products rose 10 percent, medical costs increased by 15 percent and housing costs rose 23 percent, according to BLS.

The trend in rising electric rates is continuing: Recent U.S. Department of Energy (DOE) data reflects that U.S. average electric rates in the first quarter of 2006 are already 12 percent above where they were a year ago. In addition, should the company's proposal be approved by the MoPSC in 2007, AmerenUE average electric rates will still be more than 20 percent below the U.S. average electric rates projected by the U.S. DOE.

In addition to keeping rates low, AmerenUE remains committed to providing superior customer service—ranking among the top utility companies in customer satisfaction surveys. The company has invested in state-of-the-art technology to meet its customers' needs. In fact, the respected global marketing information firm known for surveys of customer satisfaction, J.D. Power and Associates, recently ranked AmerenUE better than its industry peers in the Midwest in number of brief power outages, the number of lengthy outages and the average length of the longest outages. In addition, J.D. Power certified AmerenUE's customer contact center, along with three other Ameren contact centers, for providing "An Outstanding Customer Service Experience." AmerenUE is among a select few electric or gas utility companies in the nation to receive this certification.

Factors Contributing to Need for Electric Rate Increase

Under Missouri regulation, AmerenUE is permitted to recover from its customers its prudently incurred investments, including an appropriate return on those investments, as well as its prudently incurred costs of operating its electric operations. Since its 2002 electric rate

case, AmerenUE has made significant investments in critical energy infrastructure, as well as incurred significantly higher operating expenses. For example:

- While AmerenUE's electric rates have decreased approximately 6 percent since the last rate case, its annual investments in energy infrastructure have risen approximately 50 percent since that time. In particular, AmerenUE has invested over \$2.6 billion in its electric operations. Those investments included more than \$700 million for 2,200 megawatts of new generation to meet growing customer demands. The company has also invested in nuclear steam generators and turbines, rail cars, transformers, major substation replacements and upgrades and the addition of 80 miles of new transmission line. In addition, the company has installed controls and employed technology to reduce emissions at its generating plants, as well as made investments in its customer service systems.
- Costs for AmerenUE's primary generation source—coal—have risen significantly. The cost of a ton of coal delivered to an AmerenUE plant in 2007 will be 42 percent higher than the delivered cost of a ton of coal in the 2002 electric rate case.
- The cost of materials used in the company's delivery system has also risen meaningfully: Aluminum overhead wire costs have grown 95 percent; copper underground cable has risen 145 percent, and the costs of poles and transformers have jumped 35 percent and 60 percent, respectively.
- AmerenUE has increased its tree-trimming budget by more than 20 percent to enhance the reliability of its distribution system.
- Employee and retiree pension and medical costs have risen 56 percent.

Looking ahead, AmerenUE expects many of these costs to continue to rise. In addition, AmerenUE intends to continue to make significant investments in its energy infrastructure, including investments in renewable generation, environmental upgrades and reliability enhancements. Without appropriate rate relief, among other things, AmerenUE would have difficulty making critical energy infrastructure investments in a timely fashion, inhibiting the company's ability to provide reliable service on a continuous basis and increasing its borrowing costs.

"In our proposal, we are seeking recovery of investments we have made in our business since the last rate case, an appropriate return on those investments, as well as recovery of the costs of operating our business," said Rainwater. "The ability to make timely investments in energy infrastructure is critical to meeting existing and future customer demands, which ultimately drives the economy of the state. For AmerenUE to continue to

meet growing customer demand in a prudent and reliable fashion, to meet environmental standards that will require AmerenUE to invest \$1.2 to \$1.6 billion in environmental controls over the next 10 years, invest in environmentally friendly renewable generation and to begin preparation for its next baseload plant addition, it is essential that we receive a constructive regulatory decision that permits us to recover the investments and costs we are incurring."

Included with this news release are supplemental charts and graphs related to AmerenUE's electric rates.

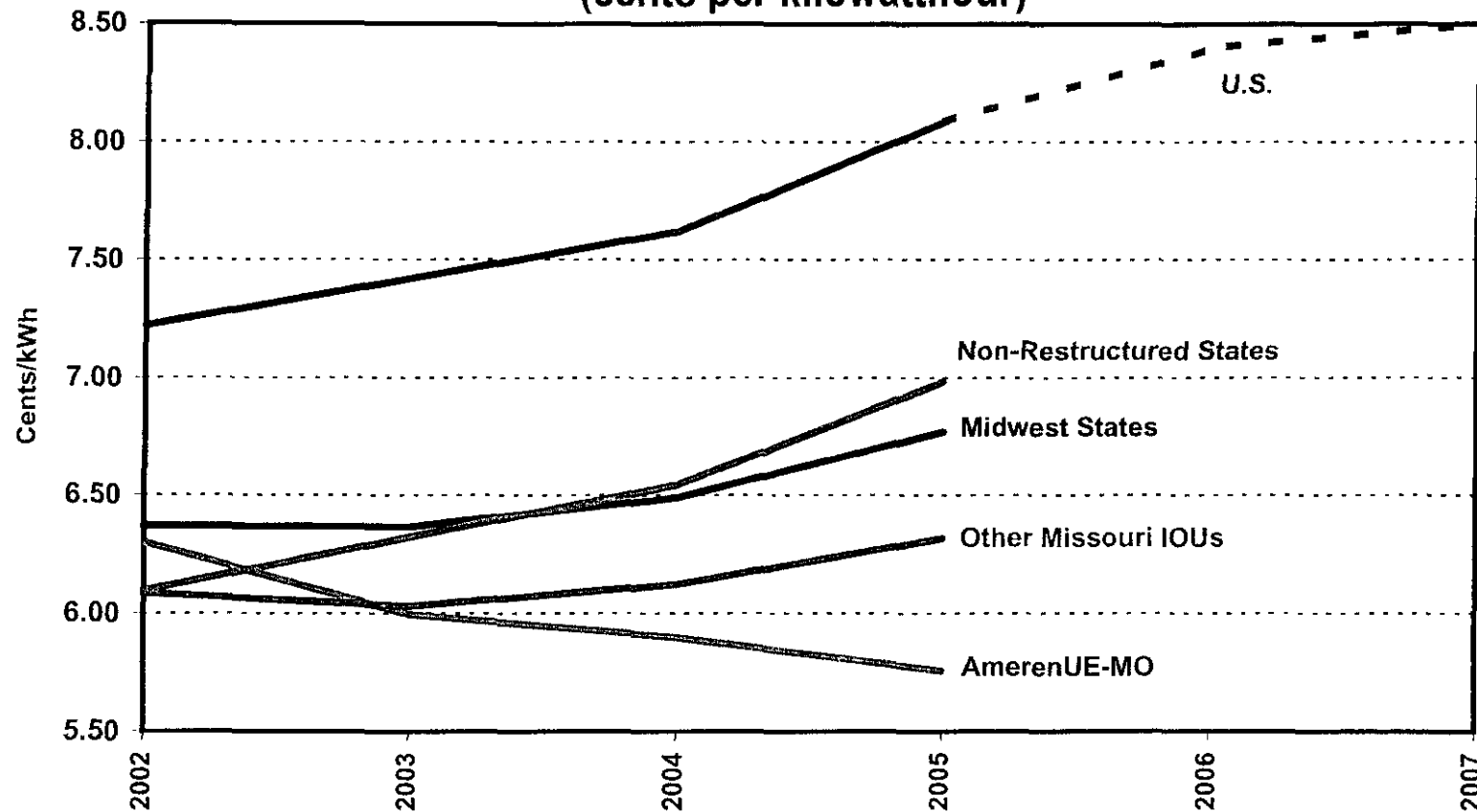
AmerenUE is a subsidiary of St. Louis-based Ameren Corporation. The Ameren companies serve 2.4 million electric customers and nearly one million natural gas customers in a 64,000-square-mile area of Missouri and Illinois.

#

Forward-Looking Statements

Statements made in this release, which are not based on historical facts, are "forward-looking" and accordingly, involve risks and uncertainties that could cause actual results to differ materially from those discussed. Although such "forward-looking" statements have been made in good faith and are based on reasonable assumptions, there is no assurance that the expected results will be achieved. These statements include (without limitation) statements as to future expectations, beliefs, plans, strategies, objectives, events, conditions and financial performance. In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, the company is providing this cautionary statement to identify important factors that could cause actual results to differ materially from those anticipated. The factors discussed elsewhere in this release and the company's past and subsequent filings with the Securities and Exchange Commission could cause actual results to differ materially from management expectations suggested in such forward-looking statements.

Comparison of AmerenUE-Missouri Average Retail Rates (cents per kilowatthour)



Source: DOE/EIA. 2006-2007 rates based on DOE forecast.

Non-restructured states are those states that have not deregulated the generation of electricity, similar to Missouri.

Midwest states based on Census Region definitions.

Other Missouri IOUs are Aquila, Empire District Electric, and Kansas City Power & Light.

Retail customers include residential, commercial, and industrial customers.

2002-2005 Changes in Electric Rates & Consumer Prices

Consumer Prices in St. Louis, MO-IL:

All Consumer Products

10%

Single Family Homes

23%

Medical Care

15%

Consumer Energy Products in Midwest Urban Areas:

Gasoline

60%

Fuel Oil

95%

Natural Gas

71%

Electricity Rates (Residential):

AmerenUE-MO

-6%

Midwest States

5%

Non-Restructured States

13%

US

11%

-20% 0% 20% 40% 60% 80% 100%

Sources and Notes:

Consumer prices based on Bureau of Labor Statistics (BLS) St. Louis CPI indices and Office of Federal Housing Enterprise Oversight data.

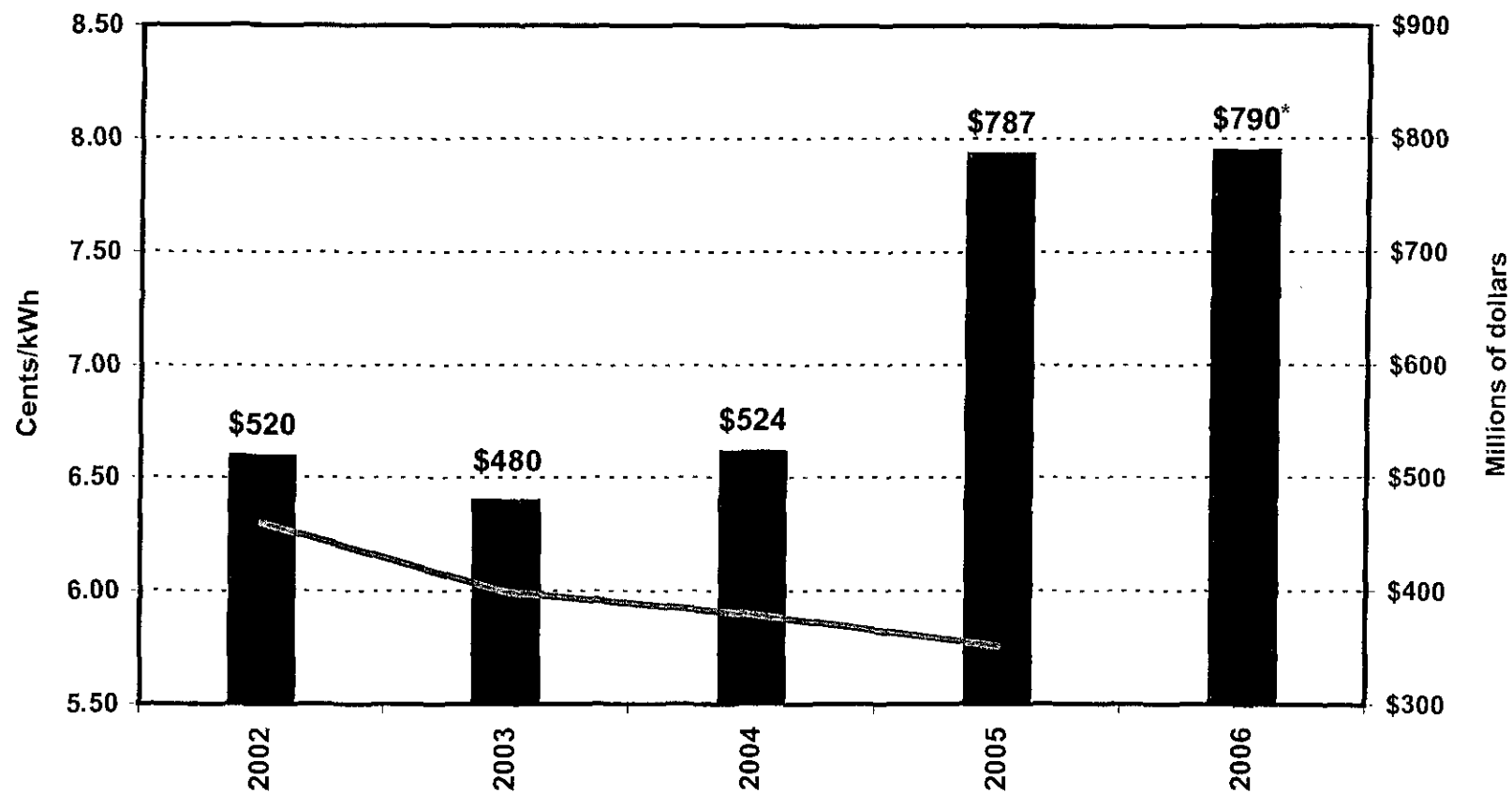
Consumer energy prices based on BLS Midwest Urban average prices.

2002 rate data from EIA Form 861. 2005 rate data from DOE/EIA Form 826.

Midwest states based on Census Region definitions.

Non-restructured states are those states that have not deregulated the generation of electricity, similar to Missouri.

AmerenUE Average Retail Rates vs. AmerenUE Capital Expenditures



Source: DOE/EIA.

Retail customers include residential, commercial, and industrial customers.

* 2006 capital expenditures based on forecast.

— AmerenUE-MO Rates
■ AmerenUE Capital Expenditures