Ameren Illinois - Electric
Docket No. 11-____
Section 285.7005(b)(2), Schedule G-1
Future Test Year 2012
RZ-I (CIPS)

Attached Section 285.7005b.2: Work-paper for company budget instructions and guidelines.

The information on this schedule is identical for each AIC rate zone and on a total company basis. This schedule is provided in compliance with the instructions of the Deficiency Letter requesting "separate and distinct" schedules for each AIC rate zone.

DATE: June 8, 2010

TO: Ameren Segment Controllers

2011-2015 AMEREN CORPORATION BUDGET INSTRUCTIONS

In order to facilitate the budgeting and forecasting process at Ameren, this instructions memo is being provided to Ameren's Segment Controllers. You should communicate these instructions to your budgeters and budget coordinators, along with specific deadlines for internal reviews, and any supplemental instructions specific to your segment.

If you need any assistance during the budget process, Corporate Budget team members remain available by phone or to visit your work site in order to resolve any issues or enhance your use of the budget tool. We strongly encourage not waiting until the last week to access the system, and given the accelerated schedule this year, please communicate with your budgeters early and often.

New items this year:

October Budget Approval – We expect to seek budget approval at the Ameren Board meeting in early October, which is much earlier than recent practice. Some key dates and deadlines:

- May 28 – UE rate order
- July 2 – ELT confirms and communicates key targets for each segment
- **July/August (__) – CBS deadlines for internal reviews within segments**; specific dates to be communicated by your Segment Controller
- August 16 – Normal Day 10 feed
- August 23 – Corporate Planning locks down CBS
- September 2 & 16 – ELT reviews model results and prepares Board materials
- September 24 – Board mailing
- October 7-8 – Board meeting, budget approval

In the past we have had numerous iterations of the budget that stretched out over several months, but with this compressed timeline, we do not have that luxury. Please do all you can to "get it right the first time" and have entries in CBS that hit the targets by the internal review deadlines provided by the Segment Controllers.

Corporate Legal Entity Re-Organization– Activities are underway to merge the three Illinois utilities into one company and transfer AERG into the AER legal entity family. Budgeters should continue to budget dollars in their existing corporations as status quo. After the budget lockdown, Corporate Budgeting and IT will be converting the CBS data into the selected consolidated companies. We will allow selected individuals within the impacted Segments to review the data when converted.

Escalation Rates – The general default escalation factor in CBS remains at 3.0%*, pending final review and confirmation by economists in Corporate Planning, reflecting current and expected economic conditions for our industry over the forecast time period. Labor rate escalation assumptions are currently under review by Human Resources and will be loaded into CBS by July 1. Strategic Sourcing has prepared expected price escalation factors to aid budgeters in developing project cost estimates, as follows:

	2011	2012	2013-2015
• Meters	1.5%	2.5%	2.5% annual

• Transformers	2.6%	3.7%	3.5% annual
• PE Pipe	2.0%	3.0%	5.0% annual
• Distribution Equip**	4.8%	3.5%	3.3% annual

** Aluminum conductor / cable, copper conductor / cable, poles, and other ED equipment
* The general default escalation factor was changed to 2.0% in CBS in July 2010.

Project dates – While you are adjusting your budgets, **please review the start date, in-service date and end date on your projects.** These dates are used by several areas to provide data for regulatory data requests, tax treatment and other items. It is important that these dates reflect your best estimate of when these projects will start, be placed in-service and be completed.

Project attributes – Please review other project attributes in CBS, particularly **environmental, multi-pollutant, smart grid designations and AFUDC suspension status/dates**. These attributes are used by several areas to provide data for regulatory data requests and respond to questions from the ELT and Board of Directors. Previous spot checks of these attributes have shown several projects designated incorrectly. Please make best efforts to provide correct project attributes. If you need assistance in correcting the attributes please call the Corporate Budget department (Maureen- 43441, Thelma - 46147 or Kurt – 43849).

CPOC Program-project attribute - In order to assist the CPOC reporting process, a new project attribute has been implemented in CBS. The "CPOC Program" field has been populated with programs identified by the CPOG to track initiatives that have planned spend of $25 million or greater. In some cases, a CPOC Program may consist of only one project. In many cases, the program will consist of multiple projects that are all part of a larger program. All projects associated with current CPOC programs have been pre-populated with their correct corresponding Program code. Reports may be created in CBS utilizing this attribute to summarize/group spend accordingly.

Ongoing instructions:

1. As new Projects are created in CBS, select the appropriate CPOC Program from the dropdown tree. This will automatically associate the project with the program.
2. If this is a completely new CPOC Program, please contact Liz Lahm or Ryan Ellen. Upon approval, the new Program will be added to the tree for selection.

Labor Budgeting – We ask that users budget labor hours and dollars in either of two ways:

- **Budget to combos that have sub-resource *.*.** By selecting *.* as the sub-resource, CBS will calculate the labor dollars at the weighted average pooled rate (by Resource Type) for all payroll departments listed in your RMC's Resource Pool. Actuals, from the General Ledger, flow into CBS at *.* for sub-resource and not at a more detailed level. (Sub-resource = payroll department).

-OR-

- **Budget to combos at each individual specific sub-resource.** By budgeting to the individual sub-resource the user can more easily identify over/under utilization on the Labor Resource Utilization report. (Sub-resource = payroll department).

Project Type Codes – Below are concise definitions for the current project type codes utilized in CBS and Power Plant. These project type codes are referenced throughout Ameren's Work Order Policy (AMS-08-03) & Procedures (AMN-ADM-4003). These definitions provide guidance and clarity on new & existing project type codes.

CBS Project Type Code Definitions:

- **S – Specific projects** – A project established to account for all Capital, Removal and Expense Costs; original cost of Retired Property; and Salvage associated with Capital Projects costing $100,000 or more. The $100,000 threshold is determined by the greater of the total of Capital, Removal and Expense Costs; or the original cost of Retired Property.
- **C – Specific** – (Reimbursable projects) A project established to account for all Capital, Removal and Expense Costs; original cost of Retired Property; and Salvage associated with Reimburseable Projects if the net Capital, Removal, and Expense costs payable by Ameren is $100,000 or more; or the original cost of the associated retired property is $100,000 or more. Certain types of cost recovery relating to Contributions In Aid of Construction (CAIC) are government relocations, interconnection customer agreements, large generator interconnection agreements (LGIA), etc. Reimburseable Projects resulting from Government Relocations require a specific WO irrespective of total net cost payable by Ameren.
- **B – Blanket project** (Standing work orders)- A project established to account for Captial, Removal, and Expense costs; original costs of Retired Property; and Salvage associated with multiple Capital Projects and purchases costing less than $100,000 each. Covers a period of one calendar year. The $100,000 threshold is determined by the greater of the total of Capital, Removal and Expense Costs; or the original cost of Retired Property.
- **E – Expense project** – A project established to account for all Expense Costs associated with an Expense Project costing $100,000 or more.
- **Z – Zeroed annually-** A project established to account for all expenses (mostly non capital dollars, but a few Service Requests (SR) have capital dollars in the base rows) where the accumulated year to date (YTD) charges are zeroed out at the end of the year. Expense projects defined as "routines", "blanket", or "generic" are categorized with this project type code. Type Z projects represent both general SR projects (apply to AMS only) and Non-SR projects. Allocation factors for SR projects can be single corp or multi-corp.
- **P – SR project related project** – A project established to account for all AMS labor and expenses associated with an Expense Project costing $100,000 or more. This is a SR project valid for AMS only to be used when the expenses incurred by AMS are not billable to a single non-AMS corp. Allocation factors are multi-corp.
- **Type W cloned work orders** – A project established to act as a SR for AMS employees to charge their time to projects owned by a single non-AMS company. Type W cloned work orders are associated with Project Type codes B, S, C & E. Allocation factors may be single corp or multicorp.

For additional information on these types of projects please refer to the Work Order Policy on Scholar.

General Budgeting Instructions:

Please review the monthly distribution of non-labor expenditures for reasonableness. Expenditures should be budgeted in the month they are expected to be paid, or based on Ameren's accrual policy, the month to be accrued.

Budget Period – The O&M and Construction budgets will include a **five-year period (2011-15).** Monthly detail is required for 2011 & 2012 while annual detail is required for 2013-2015. Individual segments may require monthly detail beyond the corporate requirement.

The construction budget will be evaluated as the sum of all budgeted CWIP (construction work in progress), capitalized removal costs (regulated businesses) net of salvage.

The final submitted 2011-2015 O&M and Construction plans should reflect the targets as communicated by the ELT. All budgets must reflect the five-year business plan with enough detail, even in the last two years, to not require negative plugs to agree to the targets.

AFUDC Suspension – As of April 2009, CBS has the capability to suspend AFUDC in the tool. This enhancement allows CBS to keep in synch with Power Plant. **To suspend AFUDC, please complete the Form 230 and send to Ryan Litteken or Bruce Lenox in Plant Accounting.** Once the form receives their approval, Ryan/Bruce will communicate the suspension to the Corporate Budgeting department and to the Financial System Support department. CBS will then be changed according to the information provided on the Form 230. The Form 230 is available on Scholar under Forms. The budgeter is also responsible for updating the new in-service date in CBS and Power Plant for the suspended projects.

PC replacements in 2011-2015 - Departments are responsible for budgeting for PCs that need to be replaced or upgraded based on the department's operating requirements.

IT recommends that PCs be replaced on a 4-year cycle. The Desktop Systems Management group can produce reports showing which PCs should be replaced. For more information on the reports and on budgeting for PCs, please click on this link.
https://sunp9.ameren.com:80/idc/groups/public/@public018all/documents/reference_material/gob039716.pdf

AMS- For all Ameren Services departments, in addition to budgeting Activity and Resource Type, all labor expenditures will be budgeted to the approved service requests for the various areas. All service requests should be reviewed for use of the appropriate allocation factor. Please review the existing target accounting of these SR's in CBS to insure accuracy. If you are creating new SR's or reviewing existing SR's and have any questions, please contact Katie Hickey (x44443).

Joint Planning – Business & Corporate Services areas should continue to prepare their budgets in line with their Joint Planning discussions with the Segments. Please work with Jessica Nagar and Bob Porter regarding your Products & Services and your Joint Planning discussions.

Capitalized Property Taxes – MO Regulated budgeters should include capitalized property taxes in their project estimates for major capital projects. Please contact Dana Brehm if you have questions.

Transportation Rates – New rates by vehicle class have been input in CBS. For budget purposes, assume the rates to be constant throughout the budget period when calculating Resource Type 39 and make any needed adjustments to the rate in the vehicle component pool screen.

ALT Labor – Segment controllers are responsible for ALT labor budgets. Corporate Budgeting can provide you with a list of your ALT members by RMC upon request.

Labor Pooling – Wages will be calculated by Resource Management Center and all available hours for variable and fixed distribution departments will be budgeted to the various cost categories and activities defined in the system. The Resource Utilization report should be used to insure all available hours have been budgeted and reconciled. **All available hours must be fully utilized, by month, for years 2011 and 2012 and annually for 2013-15 before an RMC can be considered for approval**.

Labor Budget – Wages have been loaded into the current forecast to reflect average rates by payroll department as of May of this year. ST rates and Incentive compensation amounts have been pre-loaded; do not revise these without contacting Corporate Budgeting as these amounts tie to the Peoplesoft-HR system and encompass multiple earnings codes calculations. Other factors such as quantity (FTE's), non-productive hours, and overtime hours should be adjusted to reflect your department's forecasted labor.

Management departments that do not have employees eligible for Continuous Operation Pay (COP), should budget for all overtime to be worked with an OT factor of zero (0). These have already been adjusted for known departments. Incentive compensation rates have been increased for these departments to capture the accrual of compensation eligible for payment under the Exceptional Performance Bonus plan (EPB). For those areas that have COP eligible employees, please refer to the excel attachment included in the instructions for proper calculation of overtime factors to use.

Labor Resource Man-hours – should be budgeted to the nearest tenth of a thousand (e.g. 6,500 as 6.5) or in whole hours whichever is preferred by the RMC. Total overtime man-hours should be budgeted by Payroll Department within the Resource Types LM (Labor-Management) and LU (Labor-Union).

Loadings, Clearing & AFUDC – Corporate Budgeting has reviewed and updated the loadings (indirect overheads, pensions & benefits, etc) clearing and AFUDC rates in CBS. The budget system automatically applies the appropriate loading, clearing or AFUDC rates when the user hits save in the tool.

Full-time Equivalent Budgeting – Use of temporary/part-time help should be reflected in the monthly quantity field of the Labor Resource Component screen. This amount should represent "Full-time equivalent" in order to calculate the correct number of available man-hours for these employees. When saving resource data with FTE information, choose "NO" when asked if you want to recalculate statistics. For these RMC's, headcount should then be budgeted separately in the Budget Statistics screen. For those RMC's that do not budget for part-time labor, choosing "YES" when prompted to recalculate statistics will automatically set the quantity amount equal to official headcount amounts.

CONSTRUCTION BUDGET GENERAL GUIDELINES

Those projects that were included in last year's approved budget will appear in the new 2011-2015 Forecast version of CBS (Version-33).

- Each project should have only one corporation selected on the Project Attributes Screen. All cloned work orders can have AMS plus one additional corporation selected.
- Capital costs should be budgeted to Cost Categories "0", "4" and "5", CWIP Additions, Salvage values and Removal costs, respectively. Associated O&M should be budgeted to Cost Categories "OPEXP" & "MTCEXP", Operations & Maintenance expenses respectively.
- Any Retirements over $500,000 should be referred to Ryan Litteken or Bruce Lenox in Plant accounting for a retirement estimate and entry by Plant Accounting into CBS. Please communicate this via e-mail.

- Standing Work Orders (SWO) are generally used for PC purchases, capitalized tools costs and Miscellaneous Projects under $100,000. Existing SWO numbers are valid year over year. Please insure that the Start Date and In-Service Date are equal to avoid calculation of AFUDC. For RMCs that need a SWO assigned, please contact Bruce Lenox (x42945) in Plant Accounting.
- Budget group and Plant Guideline are required fields for projects. If you have questions regarding use of the Budget group field please contact your Segment leaders.

Again, we would like to thank everyone for the efforts surrounding the budget process. While this is one of many tools the company uses to guide and gauge its performance, it is an extremely necessary and important process. Also, we would like to stress the importance of not making this a one-time process. In order to accurately measure where our business is at any given time, it is extremely critical that we continually update the forecast for changes in circumstances. This will allow us to react more quickly and make adjustments in the business where needed.

We would like the budget process to be as efficient as possible. If there is anything we can do to assist you, or if you have any questions regarding the above instructions, please contact any of us listed below.

Corporate Budgeting
Maureen Shipley
Thelma Hagerty
Kurt Weber

Corporate Model
Jerry Grant
Brenda Weber
Dave Wertman
Ken Sockoch
Megan Oliverio

Treasury (Capital expenditure compliance)
Ryan Martin
Dan Deschler
Darrell Hughes

Ameren Illinois - Guidance

Based on our discussions and discussion with leadership, please see the direction below.

Headcount - No changes from the 5-17 forecast. 5-17 forecast numbers should be carried out through 2015.

OT- OT in 2011-2015 should be maintained at emergency OT only levels.

All other non-labor O&M- Escalate by 2% using the 6-14-10 forecast as your base. Transportation may be different. Eric is going to get us the numbers next week- Focus on that last.

Capital- SWO's- escalate Materials by the attached rates. These rates are identical to the rates noted in the corporate instructions you received earlier today. Labor will escalate on it's own based on HR assumptions. Transportation is same as above. All other non-labor 2%. Escalation is based off of 6-14 numbers.

We have set targets by budget group. Any budget group that increases greater than the above % will have to be explained, documented and justified.

Target Dates:
6-14-10- All 2010 forecast updates must be done. Complete as much out year SWO reforecasting as possible.
6-28-10-All Capital SWO forecasts (2011-2015) must be updated for the assumptions above rather than previously discussed. I will be taking snapshots that morning.
7-15-10- All O&M must be updated including O&M associated with SWOs.
8-2-10 All specifics must be updated in the forecast. I will be taking a snapshot that morning.

** Specifics will be made available as soon as possible.

Based on previous discussion, the only $$ budgeted to XA in your forecast should be credits associated with your damage claims.

I will be updating the templates this morning for all assumptions listed above. Templates will have to be populated for variances exceeding the above directives.

Changes to 2012 – 2015 will be likely. However add backs will be dependent upon VP and regulatory guidance given after we review the July 15th forecast. Add backs will be associated with specific categories that have been reduced in 2010.

Material Escalators by Budget Group

Budget Group	2011	2012	2013-2015
E10	4.8% greater than 2010 forecast	3.5% greater than 2011 forecast unless demand can be documented and submitted for approval	3.30%

E21	2.6% greater than 2010 forecast	3.7% greater than 2011 forecast unless demand can be documented and submitted for approval	3.50%
E30/G30	1.5% greater than 2010 forecast	2.5% greater than 2011 forecast unless demand can be documented and submitted for approval	2.50%
E42	4.8% greater than 2010 forecast	3.5% greater than 2011 forecast unless demand can be documented and submitted for approval	3.30%
E46	3% greater than 2010 forecast	3% greater than 2011 forecast	3.00%
E50	4.8% greater than 2010 forecast	3.5% greater than 2011 forecast unless demand can be documented and submitted for approval	3.30%
E63	4.8% greater than 2010 forecast	3.5% greater than 2011 forecast unless demand can be documented and submitted for approval	3.30%
E81/G81	3% greater than 2010 forecast	3% greater than 2011 forecast	3.00%
E82/G82	3% greater than 2010 forecast	3% greater than 2011 forecast	3.00%
E83/G83	3% greater than 2010 forecast	3% greater than 2011 forecast	3.00%
G10	2% greater than 2010 forecast	3% greater than 2011 forecast unless demand can be documented and submitted for approval	5.00%
G50	2% greater than 2010 forecast	3% greater than 2011 forecast unless demand can be documented and submitted for approval	5.00%

Steps to calculate OT Factor to use for Management Payroll Depts in CBS.

1. If all overtime hours to be worked are reported as OTE or ONP, input the total OT hours by month along with an OT factor of 0(zero). See January below.

2. If all OT hours to be worked are eligible for payment under the COP (Continuous Operation Pay) plan, budget for all OT hours with along with an OT factor of 1.5. See February below.

3. If your payroll dept. reports a combination of paid and unpaid overtime, follow these steps: (see Mar-Dec below)
   a. Budget for the total hours of OT to be worked per month (This should include ALL OT hours)
   b. Push the Labor Resource pool data into an excel workbook
   c. Copy and paste the ST Rate and OT Hours data into lines 1 and 2 respectively
   d. Enter the portion of Total OT hours that would be paid as "COP hours" per month into the "COP hours" line 3.
   e. Enter the OT factor by month in the resource pool indicated on line 3 for this Sub Resource.
   f. This process may need to be repeated if budgeted OT hours differ each year.

	Amount Type	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals
1	ST Rate	37.08	38.76	42.64	38.76	38.76	40.61	38.76	37.07	40.61	38.76	38.76	40.61	
2	OT Hours	200	100	150	150	250	250	100	50	250	250	200	200	**2,150**
3	**COP Hours**	**0**	**100**	**50**	**100**	**100**	**100**	**10**	**10**	**100**	**100**	**100**	**100**	**870**

4	OT Factor	0	1.5	0.5	1	0.6	0.6	0.15	0.3	0.6	0.6	0.75	0.75	
	OT Dollars	-	5,814	3,198	5,814	5,814	6,092	581	556	6,092	5,814	5,814	6,092	51,680