Docket No. 12-0001
ICC Staff Exhibit 7.0

DIRECT TESTIMONY

of

ROCHELLE PHIPPS

Finance Department

Financial Analysis Division

Illinois Commerce Commission

Ameren Illinois Company

Tariffs and charges submitted pursuant to

Section 16-108.5 of the Public Utilities Act

Docket No. 12-0001

April 12, 2012

TABLE OF CONTENTS

SCHEDULES

Witness Identification

Q1. Please state your name and business address.

A1. My name is Rochelle Phipps. My business address is 527 East Capitol Avenue, Springfield, IL 62701.

Q2. What is your current position with the Illinois Commerce Commission (“Commission”)?

A2. I am a Senior Financial Analyst in the Finance Department of the Financial Analysis Division.

Q3. Please describe your qualifications and background.

A3. I received a Bachelor of Arts degree in Finance from Illinois College, Jacksonville, Illinois. I received a Master of Business Administration degree from the University of Illinois at Springfield. I have been employed by the Commission since June 2000.

Q4. What is the purpose of your testimony in this proceeding?

A4. I will present the fair rate of return on rate base for Ameren Illinois Company’s (“AIC” or the “Company”) electric delivery services, pursuant to the provisions of Section 16-108.5 of the Public Utilities Act (the “Act”).

Capital Structure

Q5. What capital structure does the Company propose for setting rates?

A5. The Company proposes using a December 31, 2010 capital structure comprising 54.28% common equity, 44.18% long-term debt, 1.54% preferred stock and 0.00% short-term debt, as shown on Schedule 7.01.[1]

Q6. What capital structure do you propose for setting rates?

A6. I propose using an average 2010 capital structure comprising 51.89% common equity, 45.68% long-term debt, 2.43% preferred stock and 0.00% short-term debt, as shown on Schedule 7.01.

Q7. Please explain why you propose an average 2010 capital structure instead of a December 31, 2010 capital structure for setting rates.

A7. Average capital structures are less sensitive to manipulation than capital structures measured on a single date. For example, delaying a common dividend payment from the end of a year until the beginning of the next year could significantly increase a utility's end of year common equity ratio, which would reduce its earned rate of return for the purpose of reconciliation as set forth in Section 16-108.5(d) of the Act. Further, an average capital structure would produce a more accurate measure of a company's earned rate of return on common equity for a calendar year, which is required for the purpose of determining customer surcharges or refunds under Section 16-108.5(c)(5).

Q8. How should the net short-term debt balance be calculated?

A8. Although the Company did not have any short-term debt outstanding during 2010, in this case the Commission will establish a capital structure methodology

[1] Ameren Ex. 3.0 (Rev.), lines 44-52.

for future formula rate proceedings. Therefore, I recommend that the average balance of net short-term debt outstanding be calculated in accordance with 83 Illinois Administrative Code 285.4020, as shown on Schedule 7.02, page 1.

Q9. How should the average balance of long-term debt be calculated?

A9. I recommend that the average balance of long-term debt be calculated in accordance with 83 Illinois Administrative Code 285.4000(b):

> … average balances for each source of capital included in the capital structure, excepting individual security issuances and retirements, shall be calculated from 12 months of average monthly balances. Individual security issuances and retirements shall be time-weighted. Each monthly average shall equal the simple average of the beginning and ending monthly balances. However, monthly data need not be presented for debt and preferred stock issues that do not change during the capital structure measurement period or that change by equal monthly amounts.

For example, for the Series 97-2 bonds that AmerenCIPS reacquired in September 2010, I multiplied each of the amortization of expenses and face amount outstanding values by the fraction of 2010 those bonds were outstanding (*i.e.*, 258 days outstanding ÷ 365 days).[2] Similarly, the weighted average unamortized debt discount, premium and expense balances are based on twelve months of average monthly balances that equal the simple average of the beginning and ending monthly balances (similar to the average short-term debt calculation).[3] In contrast, for debt issues such as the Series AA bonds, whose face amount outstanding did not change during 2010, the unamortized debt

---

[2] *See* ICC Staff Ex. 7.0, Schedule 7.04, page 1 of 4, line 1, columns (E), (I) and (K).

[3] *See* ICC Staff Ex. 7.0, Schedule 7.04, page 1, column (G).

discount (premium) and unamortized debt expense are simple averages of the December 31, 2009 and December 31, 2010 balances.

Q10. Did you make any adjustments to the Company's proposed balance and embedded cost of long-term debt?

A10. Yes. In addition to calculating the average embedded cost of long-term debt for AIC, I applied straight-line amortization to the unamortized balances of debt discount, premium and expense and removed the portion of long-term debt that is reflected in the Allowance for Funds used During Construction ("AFUDC") rate. Additionally, for AmerenCIPS' Series CC bonds, I removed any incremental cost increase due to AmerenCIPS' decision to refinance a $67 million, 5-year intercompany promissory note bearing an interest rate of 4.7% with $61.5 million in 30-year bonds bearing an interest rate of 6.7%. The Commission adopted this adjustment in prior rate cases.[4]

Q11. Why should the average balance of long-term debt be adjusted to remove the portion of long-term debt that is reflected in the AFUDC rate?

Q11. The Commission's formula for calculating AFUDC assumes short-term debt is the first source of funds financing construction work in progress ("CWIP"); however, it is not necessarily the only source. That formula also assumes that any CWIP not funded by short-term debt is funded proportionately by the remaining sources of capital (*i.e.*, preferred stock, long-term debt and common

[4] Order, Docket Nos. 09-0306 through 09-0311 (Cons.), April 29, 2010, pp. 137-138; Order, Docket Nos. 07-0585 through 07-0590 (Cons.), September 24, 2008, pp. 173-178. This adjustment will not be necessary in future formula ratemaking proceedings given the 4.7% intercompany note's original maturity date was May 2, 2010.

equity). Thus, to avoid double counting the portions of long-term debt and common equity that the AFUDC formula assumes is financing CWIP, I subtracted $1,151,352 from the preferred stock balance, $21,643,528 from the long-term debt balance and $24,585,872 from the common equity balance.

Q12. How did you calculate those amounts?

A12. The Company had a higher balance of CWIP than short-term debt every month from December 2009 through December 2010. Therefore, the AFUDC formula assumes that CWIP is funded with the long-term sources of capital during those months. After removing the portion of short-term debt that is reflected in the AFUDC calculation,[5] any remaining amount of CWIP accruing AFUDC is allocated to long-term sources of capital based on their proportions to total long-term capital.

The average monthly balance of CWIP accruing AFUDC that the AFUDC formula assigns to long-term capital is $47,380,752, as presented in Schedule 7.02, page 1, Column (H). As shown on Schedule 7.03, preferred stock composes 2.43% of long-term capital. Thus, $1,151,352 of preferred stock financing construction work in progress (*i.e.*, 2.43% × $47,380,752) is subtracted from the $94,424,093 net proceeds of preferred stock[6] for an average 2010 preferred stock balance of $93,272,740.

[5] *See* Schedule 7.02, page 1: column (G) = column (D) – [column (B) – column (E)].

[6] *See* Schedule 7.05, column (G), line 15.

Long-term debt composes 45.68% of long-term capital. Thus, $21,643,528 of long-term debt financing CWIP (*i.e.*, 45.68% × $47,380,752) is subtracted from the $1,774,307,031 carrying value of outstanding long-term debt for an average 2010 long-term debt balance of $1,752,663,503.[7]

Similarly, Schedule 7.03 shows that common equity composes 51.89% of long-term capital; therefore, the AFUDC formula assumes that 51.89% of $47,380,752, or $24,585,872, of common equity is financing CWIP accruing AFUDC. Thus, $24,585,872 is subtracted from the $2,015,436,151 common equity balance, as discussed below, for an adjusted average 2010 common equity balance of $1,990,850,279.

Since the Company had no short-term debt during 2010, the 2010 AFUDC rate wholly comprises the costs of long-term debt, preferred stock, and common equity, weighted in the same proportions that they compose total capital. Consequently, the above adjustments do not affect the capital structure ratios that will be applied to rate base for 2010. Nevertheless, because the Commission will establish a capital structure methodology for future formula rate proceedings and given that the Company's usage of short-term debt during the period formula rates are effective could affect the remaining capital assigned to rate base, then that capital structure methodology should include the AFUDC-related adjustments to the long-term components to the capital structure that I described in the preceding paragraphs of this answer.

[7] *See* Schedule 7.04, page 4 of 4, column (H), lines 80-82.

Q13. Has the Company agreed to Staff's construction work in progress adjustment in other ratemaking proceedings?

A13. Yes. The Company agreed to the construction work in progress adjustment in Docket Nos. 11-0282.[8]

Q14. How should the average balance of preferred stock be calculated?

A14. I recommend that the average balance of preferred stock be calculated in accordance with 83 Illinois Administrative Code 285.4000(b):

> … average balances for each source of capital included in the capital structure, excepting individual security issuances and retirements, shall be calculated from 12 months of average monthly balances. Individual security issuances and retirements shall be time-weighted. Each monthly average shall equal the simple average of the beginning and ending monthly balances. However, monthly data need not be presented for debt and preferred stock issues that do not change during the capital structure measurement period or that change by equal monthly amounts.

For example, for CILCO's preferred stock, which was redeemed during July 2010, I multiplied the shares outstanding, premiums and dividends by the fraction of 2010 those bonds were outstanding (*i.e.*, 212 days outstanding ÷ 365 days).[9] In contrast, for those preferred stock issues whose shares outstanding did not change during 2010, the unamortized debt discount (premium) and unamortized debt expense are simple averages of the December 31, 2009 and December 31, 2010 balances.

---

[8] Order, Docket No. 11-0282, January 10, 2012, p. 47.

[9] *See* ICC Staff Ex. 7.0, Schedule 7.05, page 1, lines 1 and 2, columns (C), (E) and (H).

As shown on Schedule 7.03, preferred stock 2.43% of long-term capital; therefore, I subtracted $1,151,352 from the net proceeds of the Company's preferred stock, which results in an average 2010 preferred stock balance of $93,272,740, as presented on Schedule 7.05.

Q15. How should the average balance of common equity be calculated?

A15. I recommend that the average balance of common equity be calculated in accordance with 83 Illinois Administrative Code 285.4000(b):

> … average balances for each source of capital included in the capital structure… shall be calculated from 12 months of average monthly balances.…Each monthly average shall equal the simple average of the beginning and ending monthly balances.

The monthly balances of common equity would be reduced by the amount of each of the following items: (1) the balance of goodwill as specified in Section 16-108.5(c)(2) of the Act; (2) accumulated other comprehensive income; and (3) the portion of common equity the AFUDC formula assumes is financing CWIP, as noted above.

Additionally, I subtracted the amount of common equity invested in Ameren Energy Resources Generating Company ("AERG") in accordance with Section 9-230 of the Act in order to remove any incremental increase in cost of capital resulting from the Company's affiliation with non-utility companies. Notably, since Central Illinois Light Company d/b/a AmerenCILCO transferred AERG to a non-utility subsidiary of Ameren Corp. in 2010 in connection with the reorganization of the Ameren Illinois utilities into Ameren Illinois Company, this adjustment should not be necessary in future formula ratemaking proceedings.

As shown on Schedule 7.03, common equity composes 51.89% of long-term capital; therefore, I subtracted $24,585,872 from the common equity balance. These adjustments result in an average 2010 common equity balance of $1,990,850,279, as presented on Schedule 7.06.

Q16. Please explain why you subtracted the goodwill balance from common equity instead of purchase accounting adjustments, which are less than the goodwill balance.

A16. Section 16-108.5(c)(2) of the Act states the performance-based formula rate approved by the Commission shall "[r]eflect the utility's actual capital structure for the applicable calendar year, excluding goodwill, subject to a determination of prudence and reasonableness consistent with Commission practice and law."[10] I have been advised that the Section of the Act does not permit substituting all purchase accounting adjustments for the goodwill balance.

However, should the Commission disagree with Staff's interpretation of Section 16-108.5(c)(2) of the Act, and permit AIC to subtract all purchase accounting adjustments from the common equity balance instead of goodwill only, then I recommend the Commission require the Company to subtract:

[10] 220 ILCS 5/16-108.5(c)(2).

(1) $350,833,352 of balance sheet purchase accounting adjustments that are collapsed into ICC Account 114, as identified on page 13 of the Company's 2010 Form 21; and

(2) $108,371,389 of income statement purchase accounting adjustments, which flowed through to retained earnings.[11]

The basis for this recommendation is that these purchase accounting adjustments did not result in a single dollar expenditure on utility plant or service. Rather, they represent a revaluation of utility assets and liabilities that were already in place. Such increments to common equity have no place in a rate setting procedure that is based on original cost rather than fair value.

Cost of Short-Term Debt

Q17. What is AIC's cost of short-term debt?

A17. I agree with the Company that the cost of short-term debt is zero because AIC did not have any short-term borrowings during 2010. However, for future formula ratemaking proceedings, I recommend the Company's cost of short-term debt should equal the weighted cost of short-term borrowings, as provided in the Company's Form 10-K, because FERC Form 1 does not separately present short-term debt costs from total debt costs.

Q18. What is the cost of the Company's credit facilities?

[11] Company response to ICC Staff DR RMP 4.01, Attach 3.

A18. I determined annual credit facility commitment fees of $5,490,382 for AIC, after adjusting the fees associated with credit facilities that were jointly arranged for AIC and its non-utility affiliates, in accordance with Section 9-230 of the Act. Specifically, to calculate the Company's credit facility cost, I prorated the costs associated with the June 30, 2009 credit facility[12] that the Commission authorized in Docket Nos. 09-0306 through 09-0311 (Cons.) and the costs of the September 10, 2010 credit facility that the Commission authorized Docket No. 11-0282. In each of those cases, the Commission adjusted the amount of AIC's bank facility fees pursuant to Section 9-230 of the Act.[13] I used the same proration that the Company employed (*i.e.*, 252 days for the credit facility costs the Commission examined in the 2009 rate case and 113 days for the credit facility costs the Commission examined in the 2011 rate case). To calculate the weighted cost of credit facility fees that should be added to the Company's cost of capital, I divided the Company's total bank commitment fees by total capitalization, as shown on Schedule 7.02, page 2. Thus, I added 14 basis points to the Company's overall cost of capital, as shown on Schedule 7.01.

Cost of Long-Term Debt

Q19. What is the Company's embedded cost of long-term debt?

A19. AIC's embedded cost of long-term debt equals 7.44%, as shown on Schedule 7.04. That embedded cost reflects time-weighted cost calculations for carrying

[12] The June 30, 2009 credit facility was replaced on September 30, 2010.

[13] Orders, Docket No. 11-0282, January 10, 2012, p. 63, Docket Nos. 09-0306 through 09-0311 (Cons.), April 29, 2010, pp. 157-158.

value, annual amortization expense and interest payments as described in 83 Illinois Administrative Code 285.4000(b).

Cost of Preferred Stock

Q20. What is the Company's embedded cost of preferred stock?

A20. AIC's average embedded cost of preferred stock equals 5.00%, as shown on Schedule 7.05.

Rate of Return on Common Equity

Q21. What is the Company's rate of return on common equity?

A21. AIC's rate of return on common equity is 10.05%, which equals the monthly average 4.25% 30-year U.S. Treasury bond yield, plus 580 basis points, as set forth in Section 16-108.5(c)(3) of the Act.

Rate of Return on Rate Base

Q22. What is the Company's rate of return on rate base?

A22. I recommend an 8.87% rate of return on rate base for AIC's electric delivery services.

Rate MAP-P Spreadsheets and Tariffs

Q23. What changes do you recommend to the Company's proposed Rate MAP-P spreadsheets, provided in Ameren Exhibit 2.1?

A23. The changes I recommend to sources and descriptions provided in the Company's Sch FR D-1, App 12 and App 13, and included in the Rate MAP-P spreadsheets and tariffs, are summarized in Schedule 7.07 and presented along with other Staff recommendations in ICC Staff Ex. 1.0, Attachment A.

Conclusion

Q24. Does this conclude your prepared direct testimony?

A24. Yes, it does.

Ameren Illinois Company
Cost of Capital Summary

Staff Proposal
Average 2010

	Capital Component	Balance	Weight	Cost	Weighted Cost
1	Short-Term Debt	$ -	0.00%	0.00%	0.00%
2	Long-Term Debt	1,752,663,503	45.68%	7.44%	3.40%
3	Preferred Stock	93,272,740	2.43%	5.00%	0.12%
4	Common Equity	1,990,850,279	51.89%	10.05%	5.21%
5	Credit Facility Fees				0.14%
6	Total	$ 3,836,786,522	100.00%		8.87%

Company Proposal
December 31, 2010

	Capital Component	Balance	Weight	Cost	Weighted Cost
7	Short-Term Debt	$ -	0.00%	0.00%	0.00%
8	Long-Term Debt	1,744,329,780	44.18%	7.48%	3.30%
9	Preferred Stock	60,718,696	1.54%	4.98%	0.08%
10	Common Equity	2,142,898,006	54.28%	10.05%	5.46%
11	Credit Facility Fees				0.18%
12	Total	$ 3,947,946,482	100.00%		9.02%

Ameren Illinois Company

Short-Term Debt Balance

Average 2010

End of Month Balances

	Date (A)	Gross Short-Term Debt Outstanding (B)	CWIP (C)	CWIP Accruing AFUDC (D)	Net Short-Term Debt Outstanding (E)	Monthly Average (F)	Remaining CWIP Accruing AFUDC (G)	Monthly Average (H)
1	Dec-09	$ -	$ 62,487,994	$ 67,898,907	$ -		$ 67,898,907	
2	Jan-10	-	56,302,860	55,719,525	-	$ -	55,719,525	$ 61,809,216
3	Feb-10	-	52,660,398	47,361,610	-	-	47,361,610	51,540,568
4	Mar-10	-	51,847,459	49,324,267	-	-	49,324,267	48,342,939
5	Apr-10	-	54,480,536	48,226,572	-	-	48,226,572	48,775,420
6	May-10	-	53,231,527	47,191,583	-	-	47,191,583	47,709,078
7	Jun-10	-	49,093,079	47,101,608	-	-	47,101,608	47,146,596
8	Jul-10	-	50,884,939	46,220,892	-	-	46,220,892	46,661,250
9	Aug-10	-	48,791,201	39,708,628	-	-	39,708,628	42,964,760
10	Sep-10	-	54,213,309	42,717,653	-	-	42,717,653	41,213,141
11	Oct-10	-	58,089,369	44,079,378	-	-	44,079,378	43,398,516
12	Nov-10	-	56,416,931	45,031,938	-	-	45,031,938	44,555,658
13	Dec-10	-	42,842,436	43,871,843	-	-	43,871,843	44,451,891
14	Average					$ -		$ 47,380,752

15 Notes:

Column (E) = the greater of [Column (B) - Column (D)] or [Column (B) - Column (B) / Column (C) × Column (D)]

Column (G) - Column (D) - [Column (B) - Column (E)]

Staff recommends Schedule 7.02 serve as the template for Sch FR D-1 WP 12.

Ameren Illinois Company

Cost to Maintain Credit Facilities

	Description (A)		Total AIC Amount (B)
1	*Prior Credit Facility - in place 252 days of 2010*		
2	Annual amortization of upfront fees	$	2,978,476
3	Facility commitment fees and annual fees		1,640,278
4	Line of credit drawn fees		-
5	Subtotal	$	4,618,755
6	*New Credit Facility - in place 113 days of 2010*		
7	Annual amortization of upfront fees	$	170,214
8	Facility commitment fees		701,413
9	Line of credit drawn fees		-
10	Subtotal	$	871,627
11	Total	$	5,490,382
12	Total capital	$	3,836,786,522
13	Credit facility cost of capital (Line 11 / Line 12)		0.14%

14 Note:

Total Capital presented on ICC Staff Exhibit 7.0, Schedule 7.01.

Ameren Illinois Company

Remaining CWIP Accruing AFUDC Adjustment Calculation
Average 2010

Unadjusted Capital Structure

			Balance	Weight
1	Short-Term Debt	$	-	0.00%
2	Long-Term Debt		1,774,307,031	45.68%
3	Preferred Stock		94,424,093	2.43%
4	Common Equity		2,015,436,151	51.89%
5	Total	$	3,884,167,275	100.00%

Capital Structure without Short-Term Debt

			Balance	Weight
6	Long-Term Debt	$	1,774,307,031	45.68%
7	Preferred Stock		94,424,093	2.43%
8	Common Equity		2,015,436,151	51.89%
9	Total	$	3,884,167,275	100.00%

Remaining CWIP Accruing AFUDC Adjustment to Long-Term Capital Components

10	Remaining CWIP Accruing AFUDC : (per Schedule 7.02, p. 1, column (H))	$	47,380,752

		Weight		Reduction to Long-Term Capital Components
11	Long-Term Debt	45.68%	$	21,643,528
12	Preferred Stock	2.43%		1,151,352
13	Common Equity	51.89%		24,585,872
14	Total	100.00%	$	47,380,752

15 Note:
Staff recommends Schedule 7.03 serve as the template for Sch FR D-1 WP 13.

Ameren Illinois Company
Embedded Cost of Long-Term Debt
Average 2010

	Debt Issue Type, Coupon Rate (A)		Date Issued (B)	Maturity Date (C)	Principal Amount (D)	Face Amount Outstanding (E)	Unamortized Debt Discount or (Premium) (F)	Unamortized Debt Expense (G)	Carrying Value (H)	Coupon Interest Expense (I)	Amortization of Debt Discount or (Premium) (J)	Amortization of Debt Expense (K)	Annual Interest Expense (L)
	First Mortgage Bonds												
	CIPS												
1	7.610%	Series 97-2	06/10/97	06/01/17	$ 40,000,000	$ 28,273,973	$ -	$ 107,110	$ 28,166,863	$ 2,151,649	$ -	13,604	$ 2,165,253
2	6.125%	Series AA	12/15/98	12/15/28	60,000,000	60,000,000	242,558	344,914	59,412,528	3,675,000	13,498	19,194	3,707,692
3	6.625%	Series BB	06/13/01	06/15/11	150,000,000	150,000,000	59,996	19,616	149,920,388	9,937,500	131,920	43,132	10,112,552
4	6.700%	Series CC	06/14/06	06/15/36	61,500,000	44,907,308	214,603	389,752	44,302,953	3,008,790	8,631	15,560	3,032,981
5	4.700%	Interco. Note	05/02/05	05/02/10	66,695,406	16,592,692	-	-	16,592,692	779,857	-	-	779,857
	CILCO												
6	6.200%	Sen. Sec. Note	06/14/06	06/15/16	54,000,000	54,000,000	104,691	322,972	53,572,337	3,348,000	19,173	59,150	3,426,323
7	6.700%	Sen. Sec. Note	06/14/06	06/15/36	42,000,000	42,000,000	196,444	492,029	41,311,527	2,814,000	7,712	19,315	2,841,027
8	6.760%	Series CC	12/09/08	12/15/13	150,000,000	150,000,000	2,691	772,685	149,224,624	10,140,000	909	261,139	10,402,048
	IP												
9	6.250%	Sen. Sec. Note	06/14/06	06/15/16	75,000,000	75,000,000	78,650	577,316	74,344,034	4,687,500	14,404	105,730	4,807,634
10	6.125%	Sen. Sec. Note	11/20/07	11/15/17	250,000,000	250,000,000	190,023	1,726,797	248,083,180	15,312,500	27,622	251,008	15,591,130
11	6.250%	Sen. Sec. Note	04/08/08	04/01/18	337,000,000	337,000,000	569,200	1,781,033	334,649,768	21,062,500	78,458	245,497	21,386,456
12	9.750%	Sen. Sec. Note	10/23/08	11/15/18	350,000,000	350,000,000	4,336,080	2,721,235	342,942,685	34,125,000	550,302	345,358	35,020,661
13	7.440%	Sen. Sec. Note	10/23/08	11/15/18	50,000,000	50,000,000	-	-	50,000,000	3,720,000	-	-	3,720,000
	Pollution Control Bonds												
	CIPS												
14	5.500%	Series 2000A	03/09/00	03/01/14	51,100,000	51,100,000	-	222,080	50,877,920	2,810,500	-	70,120	2,880,620
15	5.950%	Series C1	08/15/93	08/15/26	35,000,000	35,000,000	-	490,221	34,509,779	2,082,500	-	31,358	2,113,858
16	5.700%	Series C2	08/15/93	08/15/26	25,000,000	7,500,000	-	45,114	7,454,886	427,500	-	2,886	430,386
	CILCO											-	
17	6.200%	PCB Series G	08/01/92	11/01/12	1,000,000	1,000,000	529	7,135	992,337	62,000	287	3,881	66,169
18	5.900%	PCB Series H	08/01/93	08/01/23	32,000,000	32,000,000	-	168,071	31,831,929	1,888,000	-	13,348	1,901,348
	IP											-	
19	5.700%	PCB Series 1994 A	02/01/94	02/01/24	35,615,000	35,615,000	2,910,664	798,242	31,906,093	2,030,055	222,258	60,954	2,313,266
20	5.400%	PCB Series 1998 A	03/06/98	03/01/28	18,700,000	18,700,000	-	334,762	18,365,238	1,009,800	-	19,488	1,029,288
21	5.400%	PCB Series 1998 B	03/06/98	03/01/28	33,755,000	33,755,000	-	338,264	33,416,736	1,822,770	-	19,692	1,842,462
22		Total Mortgage and Pollution Control Bonds			$ 1,918,365,406	$ 1,822,443,973	$ 8,906,129	$ 11,659,349	$ 1,801,878,495	$ 126,895,420	$ 1,075,175	$ 1,600,413	$ 129,571,009

Ameren Illinois Company
Embedded Cost of Long-Term Debt
Average 2010

	Debt Issue Type, Coupon Rate (A)		Date Issued (B)	Maturity Date (C)	Principal Amount (D)	Face Amount Outstanding (E)	Unamortized Debt Discount or (Premium) (F)	Unamortized Debt Expense (G)	Carrying Value (H)	Coupon Interest Expense (I)	Amortization of Debt Discount or (Premium) (J)	Amortization of Debt Expense (K)	Annual Interest Expense (L)
	Net (Gain)/Loss on Reacquired Debt												
	Central Illinois Public Service Company Legacy Reacquired Debt:												
23	Variable	2004 Series	4/17/08	7/1/25	$ -	$ -	$ -	$ 781,641	$ (781,641)	$ -	$ -	$ 53,871	$ 53,871
24	13.625%	FMB Series U	3/31/86	1/1/16	-	-	-	291,506	(291,506)	-	-	58,237	58,237
25	9.000%	FMB Series D	3/31/90	2/1/14	-	-	-	65,277	(65,277)	-	-	21,123	21,123
26	Variable	FMB Series A	3/31/90	4/1/13	-	-	-	17,340	(17,340)	-	-	7,700	7,700
27	9.125%	FMB Series T	5/31/92	5/1/22	-	-	-	709,820	(709,820)	-	-	62,596	62,596
28	8.500%	FMB Series W	12/15/98	4/1/21	-	-	-	1,071,529	(1,071,529)	-	-	104,463	104,463
29	6.375%	PCB Series B	1/1/93	5/1/28	-	-	-	220,655	(220,655)	-	-	12,721	12,721
30	6.750%	PCB Series C	6/1/93	6/1/28	-	-	-	97,209	(97,209)	-	-	5,577	5,577
31	5.850%	PCB Series A	8/1/93	8/1/26	-	-	-	76,871	(76,871)	-	-	4,929	4,929
32	6.375%	PCB Series 1993A	12/22/04	6/1/25	-	-	-	334,493	(334,493)	-	-	23,185	23,185
33	5.900%	PCB Series B-2	12/20/04	5/1/28	-	-	-	306,325	(306,325)	-	-	17,661	17,661
34	5.700%	PCB Series C-2	12/20/04	8/1/26	-	-	-	231,928	(231,928)	-	-	14,872	14,872
35	7.610%	Series 97-2	10/15/10	6/1/17	-	-	-	211,306	(211,306)	-	-	32,355	32,355
	Central Illinois Light Company Legacy Reacquired Debt:												
36	Variable	PCB Series 2004	4/17/08	10/1/39	-	-	-	340,178	(340,178)	-	-	11,824	11,824
37	Variable	PCB Series 2004	4/17/08	10/1/26	-	-	-	100,930	(100,930)	-	-	6,404	6,404
38	7.730%	FMB	7/17/06	6/1/16	-	-	-	283,436	(283,436)	-	-	52,276	52,276
39	7.730%	FMB	7/17/06	6/1/36	-	-	-	339,628	(339,628)	-	-	13,352	13,352
40	9.625%	FMB	2/20/92	1/1/22	-	-	-	296,629	(296,629)	-	-	26,939	26,939
41	9.250%	FMB	3/2/92	1/1/22	-	-	-	286,992	(286,992)	-	-	26,064	26,064
42	9.250%	FMB	2/20/92	1/1/22	-	-	-	193,924	(193,924)	-	-	17,612	17,612
43	11.375%	PCB Series C	9/1/92	2/1/18	-	-	-	141,804	(141,804)	-	-	19,992	19,992
44	10.800%	PCB Series D	11/2/92	11/1/12	-	-	-	4,823	(4,823)	-	-	2,623	2,623
45	6.125%	PCB Series B	9/12/93	8/1/23	-	-	-	49,983	(49,983)	-	-	3,970	3,970
46	6.200%	PCB Series A	10/1/93	8/1/23	-	-	-	43,188	(43,188)	-	-	3,430	3,430
47	8.200%	FMB	4/30/03	1/1/22	-	-	-	1,536,245	(1,536,245)	-	-	139,520	139,520
48	7.800%	FMB	4/30/03	2/1/23	-	-	-	282,239	(282,239)	-	-	23,333	23,333
49	6.500%	PCB Series E	12/22/04	10/1/39	-	-	-	242,886	(242,886)	-	-	8,442	8,442
50	6.500%	PCB Series F	12/22/04	10/1/26	-	-	-	26,839	(26,839)	-	-	1,703	1,703

Ameren Illinois Company
Embedded Cost of Long-Term Debt
Average 2010

Line	Debt Issue Type, Coupon Rate (A)		Date Issued (B)	Maturity Date (C)	Principal Amount (D)	Face Amount Outstanding (E)	Unamortized Debt: Discount or (Premium) (F)	Unamortized Debt: Expense (G)	Carrying Value (H)	Coupon Interest Expense (I)	Amortization of Debt: Discount or (Premium) (J)	Amortization of Debt: Expense (K)	Annual Interest Expense (L)
	Illinois Power Company Legacy Reacquired Debt:												
51	Refunded by 6.25% Senior Secured Notes												
52		Series 1997 A,B,C	5/28/08	3/1/18		-	-	2,125,575	(2,125,575)	-	-	296,460	296,460
53		Series 2001 Non-AMT	5/20/08	3/1/18		-	-	2,047,207	(2,047,207)	-	-	285,530	285,530
54		Series 2001 AMT	5/20/08	3/1/18		-	-	829,465	(829,465)	-	-	115,688	115,688
	Refunded by 5.4% PCB Series A												
55	6.000%	PCB B due 5/2007	3/6/98	3/1/28		-	-	109,427	(109,427)	-	-	6,370	6,370
	Refunded by 5.4% PCB Series B												
56	8.300%	PCB I due 4/2017	3/6/98	3/1/28		-	-	197,524	(197,524)	-	-	11,499	11,499
	Refunded by variable rate Series P,Q & R PCB due 4/2032												
57	7.625%	PCB F,G & H due 201	6/2/97	4/1/32		-	-	1,470,889	(1,470,889)	-	-	69,167	69,167
	Refunded by 9.875% MB due 7/1/2016												
58	9.875%	MB due 2004	7/1/86	7/1/16		-	-	74	(74)	-	-	13	13
59	12.625%	MB due 2010	8/4/86	7/1/16		-	-	32,216	(32,216)	-	-	5,853	5,853
60	9.875%	MB due 2016	11/25/90	7/1/16		-	-	572	(572)	-	-	104	104
61	9.875%	MB due 2016	11/26/90	7/1/16		-	-	3,641	(3,641)	-	-	661	661
	Refunded by 9.375% Series MB due 9/1/2016												
62	14.500%	IPF Deb due 1989	9/8/86	9/1/16		-	-	46,684	(46,684)	-	-	8,228	8,228
63	12.000%	MB due 2012	9/12/86	9/1/16		-	-	733,235	(733,235)	-	-	129,228	129,228
64	14.500%	MB due 1990	9/12/86	9/1/16		-	-	407,269	(407,269)	-	-	71,778	71,778
	Refunded by Series I PCB due 4/1/2017												
65	8.300%	PCB E due 3/1/2015	7/29/87	4/1/17		-	-	499,253	(499,253)	-	-	79,819	79,819
66	12.000%	MB due 11/15/2012	1/4/88	11/15/12		-	-	18,495	(18,495)	-	-	9,855	9,855
	Refunded by $200 million 7.5% NMB due 7/15/2025												
67	8.250%	MB due 2007	8/16/93	7/1/25		-	-	294,776	(294,776)	-	-	20,316	20,316
68	10.000%	MB due 1998	8/16/93	7/1/25		-	-	118,964	(118,964)	-	-	8,199	8,199
69	7.500%	MB due 2025	4/1/96	7/1/25		-	-	(192,626)	192,626	-	-	(13,276)	(13,276)
	Refunded by $111,770,000 Variable PCB Series A,B & C due 11/1/2028												
70	10.750%	PCB C due 2013	12/15/93	11/1/28		-	-	1,321,085	(1,321,085)	-	-	74,013	74,013

Ameren Illinois Company
Embedded Cost of Long-Term Debt
Average 2010

	Debt Issue Type, Coupon Rate (A)		Date Issued (B)	Maturity Date (C)	Principal Amount (D)	Face Amount Outstanding (E)	Unamortized Debt Discount or (Premium) (F)	Unamortized Debt Expense (G)	Carrying Value (H)	Coupon Interest Expense (I)	Amortization of Debt Discount or (Premium) (J)	Amortization of Debt Expense (K)	Annual Interest Expense (L)
	Refunded by $235 million 8% NMB due 2/15/2023												
71	9.375%	MB due 2016	3/22/93	2/1/23		-	-	1,624,696	(1,624,696)	-	-	134,318	134,318
72	8.875%	MB due 2008	3/22/93	2/1/23		-	-	819,134	(819,134)	-	-	67,720	67,720
	Refunded by $35,615,000 5.7% FMB due 2/1/2024												
73	11.625%	FMB due 2014	5/1/94	2/1/24		-	-	331,607	(331,607)	-	-	25,321	25,321
	Refunded by $84,150,000 7.4% FMB due 12/1/2024												
74	10.750%	FMB due 2015	3/1/95	12/1/24		-	-	560,986	(560,986)	-	-	40,275	40,275
	Refunded by $111,770,000 Variable PCB Series Non-AMT 2001 due 11/1/2028												
75	Variable	FMB due 2028	5/1/01	11/1/28		-	-	913,609	(913,609)	-	-	51,185	51,185
	Refunded by $75 million Variable PCB Series due 3/1/2017												
76	Variable	PCB due 2017	5/1/01	3/1/17		-	-	213,357	(213,357)	-	-	34,581	34,581
77	IP Capital MIPS		5/30/00	12/1/43		-	-	2,169,385	(2,169,385)	-	-	65,859	65,859
78	IP Financing I TOPRS		9/30/01	1/1/45		-	-	2,289,341	(2,289,341)	-	-	67,279	67,279
79		Total Net (Gain)/Loss on Reacquired Debt			$ -	$ -	$ -	$ 27,571,464	$ (27,571,464)	$ -	$ -	$ 2,442,817	$ 2,442,817
80		Total Long-Term Debt			$ 1,918,365,406	$ 1,822,443,973	$ 8,906,129	$ 39,230,813	$ 1,774,307,031	$ 126,895,420	$ 1,075,175	$ 4,043,231	$ 132,013,826

81 Less: Remaining CWIP Accruing AFUDC (See Schedule 7.03, line 11) $ 21,643,528

82 **Average Adjusted Long-Term Debt Balance $ 1,752,663,503**

83 **Average Embedded Cost of Long-Term Debt = 7.44%**

84 Notes: Column (H) = Columns (E) + (F) + (G)
Column (L) = Columns (I) + (J) + (K)
Embedded Cost of Long-Term Debt = Column (L) ÷ (H)

85 Staff recommends Schedule 7.04 serve as the template for Sch FR D-1 WP 14.

Docket Nos. 12-0001
ICC Staff Exhibit 7.0
Schedule 7.05

Ameren Illinois Company

Embedded Cost of Preferred Stock

Average 2010

Line	Stock Issue Type, Dividend Rate (A)	Date Issued (B)	Shares Outstanding (C)	Amount Outstanding (D)	Premium or (Discount) (E)	Issue Expense (F)	Net Proceeds (G)	Annual Dividends (H)
1	$ 4.500 Series, Perpetual	1-Jul-36	64,625	$ 6,462,500	$ (51,994)	$ -	$ 6,410,506	$ 290,813
2	$ 4.640 Series, Perpetual	1-Aug-56	46,431	4,643,100	(79,340)	-	4,563,760	215,440
3	$ 5.160 Series, Perpetual	1-Nov-59	50,000	5,000,000	9,709	34,665	4,975,044	258,000
4	$ 4.920 Series, Perpetual	1-Oct-52	49,821	4,982,100	124,552	117,672	4,988,980	245,119
5	$ 4.900 Series, Perpetual	1-Nov-62	74,704	7,470,400			7,470,400	366,050
6	$ 4.250 Series, Perpetual	1-May-54	50,000	5,000,000			5,000,000	212,500
7	$ 4.000 Series, Perpetual	1-Nov-46	148,557	14,855,700		508,372	14,347,328	594,228
8	$ 6.625 Series, Perpetual	1-Oct-93	124,817	12,481,700		492,932	11,988,768	826,913
9	$ 4.080 Series, Perpetual	24-Apr-50	165,250	9,018,299	179,344		9,197,643	367,947
10	$ 4.260 Series, Perpetual	1-Nov-50	74,980	4,026,790	8,010		4,034,800	171,541
11	$ 4.700 Series, Perpetual	10-Mar-52	102,807	5,448,354			5,448,354	256,073
12	$ 4.420 Series, Perpetual	11-Feb-53	73,445	3,942,812			3,942,812	174,272
13	$ 4.200 Series, Perpetual	23-Sep-54	103,615	5,576,096			5,576,096	234,196
14	$ 7.750 Series, Perpetual	21-Jun-94	129,186	6,535,225	(55,624)		6,479,601	506,480
15			$ 1,258,238	$ 95,443,077	$ 134,657	$ 1,153,641	$ 94,424,093	$ 4,719,571
16	Less: Remaining CWIP Accruing AFUDC (See Schedule 7.03, line 12)						$ 1,151,352	
17	**Average Adjusted Preferred Stock Balance**						**$ 93,272,740**	
18	**Average Embedded Cost of Preferred Stock =**							**5.00%**

19 Notes:

Column (G) = Columns (D) + (E) - (F)
Embedded Cost of Preferred Stock = Column (H) / Column (G)
Staff recommends Schedule 7.05 serve as the template for Sch FR D-1 WP 15.

Docket No. 12-0001
ICC Staff Exhibit 7.0
Schedule 7.06

Ameren Illinois Company

Common Equity Balance
Average 2010

End of Month Balances

	Date	Common Equity	Accumulated Other Comprehensive Income	Goodwill	Investment in Subsidiary Companies[1]	Adjusted Common Equity	Monthly Average
	(A)	(B)	(C)	(D)	(E)	(G)	(H)
1	Dec-09	$ 2,759,105,509	$ 3,361,106	$ 214,047,064	$ 550,993,189	$ 1,990,704,150	
2	Jan-10	2,780,059,507	3,294,755	214,047,064	554,224,198	2,008,493,490	$ 1,999,598,820
3	Feb-10	2,757,466,274	3,228,404	214,047,064	559,079,628	1,981,111,178	1,994,802,334
4	Mar-10	2,772,145,884	3,241,077	214,047,064	563,477,323	1,991,380,420	1,986,245,799
5	Apr-10	2,737,952,823	3,174,726	214,047,064	565,351,432	1,955,379,601	1,973,380,011
6	May-10	2,747,913,760	3,108,375	214,047,064	565,453,277	1,965,305,044	1,960,342,323
7	Jun-10	2,793,033,658	3,122,153	214,047,064	572,054,169	2,003,810,272	1,984,557,658
8	Jul-10	2,841,529,606	3,055,802	214,047,064	578,328,056	2,046,098,684	2,024,954,478
9	Aug-10	2,847,792,987	2,989,451	214,047,064	583,178,865	2,047,577,607	2,046,838,146
10	Sep-10	2,900,025,941	2,916,054	214,047,064	591,346,956	2,091,715,867	2,069,646,737
11	Oct-10	2,454,347,763	19,902,001	411,074,207	-	2,023,371,555	2,057,543,711
12	Nov-10	2,464,827,684	19,444,033	411,074,207	-	2,034,309,444	2,028,840,500
13	Dec-10	2,513,347,311	19,615,953	411,074,207	-	2,082,657,151	2,058,483,298
14						Average Common Equity Balance	$ 2,015,436,151
15				Less: Remaining CWIP Accruing AFUDC (See Schedule 7.03, line 13)			$ 24,585,872
16						**Average Adjusted Common Equity Balance**	**$ 1,990,850,279**

17 Note:
Staff recommends Schedule 7.06 serve as the template for Sch FR D-1 WP 16.

[1] Investment in Ameren Energy Resources Generating Company

Docket No. 12-0001
ICC Staff Exhibit 7.0
Schedule 7.07

Summary of Proposed Changes to Company SCH FR D-1 and Apps 12 and 13

Citation	Staff Recommendation
Lines 1 through 4, Columns (A) and (B)	Change description and source to “Not Used”
Line 5, Column (B)	Change source to “Sch FR D-1 WP16, Average Adjusted Common Equity Balance, divided by 1,000” to reflect average common equity balance, less goodwill and any adjustments for remaining CWIP accruing AFUDC
Line 6, Column (A)	Change description to “Adjusted Preferred Stock Balance ($ in 000s)”
Line 6, Column (B)	Change source to “Sch FR D-1 WP 15, Average Adjusted Preferred Stock Balance, divided by 1,000,” to reflect the average preferred stock balance, less the portion of long-term debt that is reflected in the AFUDC rate
Line 7, Column (A)	Change description to “Adjusted Long-Term Debt Balance ($ in 000s)”
Line 7, Column (B)	Change source to “Sch FR D-1 WP 14, Average Adjusted Long-Term Debt Balance, divided by 1,000” to reflect the average long-term debt balance, less the portion of long-term debt that is reflected in the AFUDC rate
Line 8, Column (B)	Change source to “Sch FR D-1 WP 12 Pg 1 Col (F) Ln 14”
Line 18, Column (B)	Change source to “Sch FR D-1 WP 15”
Line 19, Column (B)	Change source to “Sch FR D-1 WP 14”
Line 20, Column (B)	Change source to “Form 10-K”
Line 22, Column (B)	Change source to “Sch FR D-1 WP 12 Pg 2 Ln 11, divided by 1,000”
Company’s proposed App 12	Delete
NEW Sch FR D-1 WP 12	Calculate short-term debt balance and the cost to maintain credit facilities using work paper that is substantially similar to Schedule 7.02
Company’s proposed App 13	Delete
NEW Sch FR D-1 WP 13	Calculate adjustments to the long-term capital components that result from remaining CWIP accruing AFUDC using work paper that is substantially similar to Schedule 7.03
NEW Sch FR D-1 WP 14	Calculate the average long-term debt balance and embedded cost of long-term debt using work paper that is substantially similar to Schedule 7.04
NEW Sch FR D-1 WP 15	Calculate the average preferred stock balance and embedded cost of preferred stock using work paper that is substantially similar to Schedule 7.05.
NEW Sch FR D-1 WP 16	Calculate the average common equity balance, including adjustments to remove goodwill, accumulated OCI and non-utility and unregulated affiliates, using work paper that is substantially similar to Schedule 7.06