Ameren Exhibit 2.0

ILLINOIS COMMERCE COMMISSION

DOCKET NO. 11-0756

DIRECT TESTIMONY

OF

CYNTHIA A. FOERSTEL

Submitted on Behalf

Of

AMEREN ILLINOIS COMPANY
d/b/a Ameren Illinois

April 12, 2012

PUBLIC VERSION

*****Denotes C&P Information*****

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Ameren Illinois

Q. Please state your name and business address.

A. My name is Cynthia A. Foerstel. My business address is 1901 Chouteau Avenue, St. Louis, Missouri 63103.

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

A. I am currently the Lead Gas Supply Executive in the Gas Supply division of Ameren Illinois Company d/b/a Ameren Illinois ("Ameren Illinois").

Q. Please describe your educational background and relevant work experience.

A. See my Statement of Qualifications, attached as an Appendix to this testimony.

Q. Are you familiar with the subject matter of this proceeding?

A. Yes, I am. This docket is the Illinois Commerce Commission's ("Commission") annual reconciliation proceeding relating to the Uniform Purchased Gas Adjustment Clause ("PGA"). It was established for the purpose of reviewing the Company's gas

procurement activities under its PGA for the 12-month period ending December 31, 2011 (the "Reconciliation Period").

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

A. The purpose of my testimony is to provide a description of the gas procurement activities performed by the Company, with respect to Rate Zone II, during the Reconciliation Period.

Q. Are you sponsoring any exhibits with your direct testimony?

A. Yes, I am sponsoring **CONFIDENTIAL and PROPRIETARY** Ameren Exhibit 2.1 which shows that the Company met the hedging limits prescribed by Ameren's Risk Management Policy.

Q. Please describe the gas system located in the Company's service territory.

A. The Company's gas systems aggregate approximately 3,800 miles of gas transmission and distribution mains in a service territory covering approximately 4,500 square miles in central and east central Illinois. The Company provides gas service to approximately 210,000 customers in 129 communities in Illinois, including Peoria, Pekin, Lincoln, Springfield and Tuscola. In the Rate Zone II service territory, Ameren Illinois owns and operates two underground gas storage facilities; one located about ten miles southwest of Peoria near Glasford, Illinois, and the other located near Lincoln, Illinois. The Company's customer load requirements are highly weather sensitive, with sharp variations in demand occurring during the peak winter season. The Company's gas service territory includes areas served by six interstate pipelines. The largest market area for Rate Zone II is served by Panhandle Eastern Pipe Line Company ("Panhandle"),

Natural Gas Pipeline Company of America ("NGPL"), ANR ("ANR") and Northern Border Pipeline Company ("NB"). The service territories in Rate Zone II near Tuscola, Illinois are served by Trunkline Gas Company ("Trunkline"), Midwestern Gas Transmission Company ("MGT") and NGPL.

Q. Please describe Ameren Illinois' general purchasing policy for acquiring natural gas supply and transportation and storage capacity for the Company

A. Ameren Illinois' natural gas acquisition policy is essentially a product of its utility obligation to serve. As a regulated public utility, the Company is obligated to provide natural gas service to all present and future customers in its service area; it is required to meet changes in its customers' demand for gas, without regard to the cause; and it is responsible for providing reliable services at a reasonable cost. Each gas purchasing decision made on behalf of the Company is directed at satisfying this obligation to serve within the parameters of the Ameren Illinois' Risk Management Policy described herein and with due consideration to reliability and diversity of supply.

Q. Would you please explain the general gas supply portfolio strategies utilized by the Company to provide reliable service to its customers at a reasonable cost?

A. The Company continually examines strategies to diversify its pipeline capacity and supply sources to meet its customers' requirement for natural gas at the lowest reasonable cost. With regard to pipeline capacity, the Company spreads its capacity contracts across the interstate pipelines, when operationally feasible, to attempt to geographically diversify its sources of supply. Ameren Illinois negotiates rates and flexible operating terms and conditions with the interstate pipelines where possible, thereby leveraging the integrated nature of its system. The Company also attempts to

stagger the expiration dates of its firm transportation contracts, to prevent the simultaneous expiration of contracts covering large segments of capacity.

For physical gas supply, Ameren Illinois has a six-year planning horizon for gas supply purchases and hedging. Gas supply purchases and price hedges for each of the forward seasons are phased in based upon the proximity to the current season, the current futures prices, the availability of supply, and market conditions. The phasing-in process layers in future gas supply transactions over time to build a forward portfolio and to dollar-cost-average gas supply prices. The objective is to create a portfolio that mitigates price volatility for the sales customers, reduces natural gas supply acquisition risk, enhances system reliability while maintaining flexibility to manage load variations, and separates physical delivery and financial exposure. The portfolio strategy also seeks to diversify credit risk among counterparties which includes purchasing financial price hedging instruments from financial counterparties and the New York Mercantile Exchange ("NYMEX") futures market. Economic forecasts in addition to the requirements of major customers are reviewed throughout the year to anticipate changes in supply obligations. Other strategies include utilizing the Company's two storage fields and leased storage options to the fullest extent possible to minimize gas purchase costs and operating costs. This strategy is consistent with Ameren Illinois's past practices.

Q. During 2011, what, if any changes were made in the Company's pipeline capacity and storage service contracts?

A. The Company acquired short-haul firm transportation capacity from NGPL of 20,000 MMBtu/d for the term of November 2010 through March 2011. The NGPL short-haul capacity allowed the Company to utilize some of its recently acquired long-haul

Northern Border capacity prior to the pipeline lateral between Northern Border and the Company being completed. While the Company has quite favorable terms under the current agreements, we evaluate, on an ongoing basis, alternative pipeline suppliers, and will opt to renegotiate contracts when market conditions warrant and contract terms allow.

Q. What steps have been taken to minimize pipeline capacity costs during the Reconciliation Period?

A. The Company purchases only the level of firm capacity necessary to meet the needs of its system supply customers and end user transportation customer bank requirements. The Company also actively marketed pipeline capacity available for release during 2011. All credits received through this activity were returned to Ameren Illinois' sales customers through the PGA mechanism. Additionally, daily citygate purchases are used to supplement the Company's firm pipeline capacity when preserving company-owned storage inventory for peak periods is necessary. Ameren Illinois also constantly monitors and tests Company-owned storage to determine if pipeline capacity can be replaced with storage withdrawals.

The Federal Energy Regulatory Commission ("FERC") regulates the maximum and minimum rates the interstate pipelines are allowed to charge their transportation and storage customers such as Ameren Illinois. Ameren Illinois purchases its gas supply from major gas producers, independent gas producers, gatherers, and marketers, and transports the gas through the six interstate pipelines. In addition, Ameren Illinois utilizes leased storage capacity from Panhandle pipeline.

Q. How did the Company optimize the Northern Border firm transport capacity in 2011?

A. The Company entered into an Asset Management Agreement ("AMA") for the term of November 1, 2010 through August 31, 2011. This Agreement provides for management of a portion of the Company's Northern Border and NGPL firm transportation capacity. The agreement is structured in accordance with FERC's 712 Final Order on Capacity Releases. RZ II received gas from NB starting November 1, 2011.

Q. How was the AMA structured?

A. The winning party of the AMA Request for Proposal is paying the Company a fixed payment amount plus a revenue sharing component for the Northern Border and NGPL capacity. These payments are netted monthly with the charge for the commodity gas costs delivered in accordance with the AMA.

Q. With respect to the Company's territory, why does Ameren Illinois hold firm capacity to provide for End User Banks for Transportation Customers?

A. The Final Order of the 2007 Rate Case (Docket Nos. 07-0585, 07-0590) allows End User Transportation Customers to withdraw from their banks every day including a Critical Day, therefore, requiring Ameren Illinois to hold firm capacity to provide for this service. For the Winter 2010/2011 and 2011/2012, these bank limits were estimated by summing 20% of the MDQ of daily balanced customers (excluding special contracts) and 50% of the MDQ of monthly balanced customers (excluding special contracts). This

includes sales customers moving to transportation services effective 8/1/2010 and 8/1/2011, respectively, and previous transport customers.

Q. With respect to the Company's territory, what steps does Ameren Illinois take to determine the appropriate level of capacity resources required to meet the needs of its firm customers?

A. To properly design the natural gas supply resources Ameren Illinois requires, the Company conducts a demand study to determine the load profiles for the Company's service areas. This demand study utilizes statistical tools to analyze the relationship between historical temperatures and metered volume data to develop a regression model to forecast daily demands. The demand study is routinely updated to capture changes in demand caused by customer growth, customer loss, conversions to transportation service, increases in appliance efficiency, and other factors that impact the demand profile of the system over time. Each year the regression models are updated with the prior winter's actual system performance.

Q. With respect to the Company's territory, how does Ameren Illinois determine the proper amount of leased storage for its supply portfolio?

A. In addition to evaluating reliability and variability as previously mentioned, the costs of leased storage and provisions of various applicable tariffs are carefully analyzed. The Company strives to have approximately 50% of its normal winter requirements met by storage withdrawals to provide a balance between storage withdrawals and purchased gas supply during the winter season. Ameren Illinois considers the cost to transport gas into and out of storage, factoring in any negotiated discounts, and the cost of carrying gas in storage as well as any applicable shrinkage factors. The Company examines the

opportunity to hedge gas prices by injecting typically lower-priced summer gas that is subsequently withdrawn during higher priced winter periods. In terms of alternatives to storage, Ameren Illinois considers the premium that reliability and variability, both of which are extremely important to the Company, carries in physical gas supply contracts.

Q. Why is leased storage important to providing high reliability?

A. Storage is one of the most reliable sources of firm deliverability and gas supply during critical winter operations. Gas injected into storage during off-peak periods is available during peak periods with fewer weather-related concerns that impact flowing supply, such as well freeze-ups. The amount of gas that can be withdrawn from leased storage is a function of known contract provisions. Ameren Illinois can respond to changing firm sales customer requirements by varying leased storage activity, and thus, minimizing pipeline balancing penalties. To summarize, leased storage enables daily and hourly operational balancing of system loads, minimizing pipeline balancing penalties, hedging against market price variability, and is a reliable source of gas supply.

Q. With respect to the Company's territory, please describe how Ameren Illinois balances its system.

A. Ameren Illinois balances the load and supply on its system with its on-system storage fields and leased Panhandle No-Notice storage service, as well as, operational balancing agreements ("OBA"), point operator agreements ("POA"), and delivery variance service agreements ("DVS") provided by the interstate pipelines.

Q. Please explain how OBA, POA, DVS, and No-Notice Storage Services assist the Company in balancing its system.

A. The OBA, POA and DVS agreements are a balancing service for point operators based upon a "payback-in-kind" service that may have tolerances or maximums at the citygate stations. These contracts offered by interstate pipelines allow the Company the ability to balance actual pipeline takes with nominated and confirmed volumes above the daily scheduling tolerances provided by the pipelines' tariff. The No-Notice Storage service from Panhandle allows for more flexibility on the Company's system. For an LDC system on any given day, it is nearly impossible to take the exact amount of gas nominated and scheduled to the citygate station. Any differences between scheduled volumes and actual deliveries are allocated to the POA or OBA up to their limits. Any volumes exceeding these limits are unauthorized over-runs.

Q. Does the Company use OBAs, POAs or DVS services for all interstate pipelines interconnected to its system?

A. Yes. Agreements are in place for the six pipelines interconnected to the Company's system.

Q. What is the Company's strategy to minimize interstate pipeline over-run and scheduling charges?

A. Numerous strategies have been put in place to minimize pipeline imbalance charges. They include: the addition of telemetry at the Company's pipeline delivery points; obtaining more frequent weather updates to better forecast changing demand requirements; monitoring the nominations of transportation customers; adjusting storage field injections and withdrawals; and holding those causing imbalances accountable.

Q. What other measures has the Company implemented to help reduce the potential of incurring unauthorized use charges?

A. The Company has a contractual parking service with both NGPL and PEPL. The service can be used on a best efforts basis if an over-run situation occurs. It should be noted that to effectively utilize the service the Company would need to know when over-runs were occurring before or while they are happening and the pipeline has to grant permission to use the parking service. The Company has also changed operational procedures to address this issue. The Gas Control Department now has the ability to verify confirmed nominations on each of the pipeline bulletin boards. If there is a significant change in confirmed volumes, Gas Control notifies Gas Supply to determine what needs to be done to accommodate the change. If the change is minimal, Gas Control will make the appropriate adjustments to pipeline delivery targets.

Q. You previously testified that the Company utilized its own on-system storage fields to supply gas to its distribution system in 2011. Please describe those facilities and explain how they are used.

A. The Company has underground gas storage fields near Lincoln and Glasford. The Glasford storage field is located approximately three miles northeast of Glasford, Illinois, and was put into operation in 1966. The Lincoln storage field is located three miles southwest of Lincoln, Illinois, and was put into operation in 1974. Lincoln has a capacity of approximately 4.2 BCF of available working gas and Glasford approximately 4.0 BCF. Glasford has an expected peak day deliverability of 120,000 MMBtu while Lincoln has an expected peak day deliverability of 70,000 MMBtu. The Company owned storage facilities are directly connected to the Company's distribution systems and require no

transportation capacity on interstate pipelines for peak season deliverability. In addition, the fields enable intra-day withdrawal or injection changes since they are directly controlled by the Company, allowing the Company to balance gas deliveries with demand load at any hour during the gas day. The firm deliverability of the on-system storage enables the Company to reduce the amount of interstate pipeline capacity required to meet peak day demand. An additional benefit of on-system storage is that it permits greater utilization of interstate transportation capacity during the off-peak season to transport purchased gas supply to the citygate to inject into the reservoirs.

Q. What efforts does the Company pursue to ensure optimal use of its owned storage facilities?

A. Gas Supply, Gas Storage, and Gas Control personnel frequently discuss storage plans and operations to ensure the optimal use of the Company owned storage. Injection and withdrawal schedules are developed to operate the storage facilities in a way to provide adequate reliability while minimizing the overall cost of gas and to protect the integrity of the reservoir. In setting these schedules, the Company relies on operational experience, historical performance data, and its models to ensure that maximum productivity is achieved from its storage fields.

Q. Did the Company make any inventory adjustments to on-system storage during the Reconciliation Period?

A. No, there were no inventory adjustments to on-system storage during the Reconciliation Period.

Q. Please briefly describe the Company's general price hedging strategy.

A. As previously mentioned, the Company utilizes a six-year gas supply purchasing and hedging horizon. For the peak winter season, the Company will have all of its gas supply requirements contracted under firm supply agreements. The Company will hedge approximately 75% (including available storage) of its normal winter demand requirements against market volatility. Storage contributes significantly to the Company's price hedging plan as approximately half of the normal winter requirements are hedged using storage withdrawals. Another 25% of normal winter requirements are price hedged by purchasing an embedded price hedge along with the physical gas supply or by purchasing a separate financial contract. Embedded hedges include physical supplies purchased using a NYMEX price structure that can be fixed, physical supplies purchased with a costless price collar, and physical supplies purchased with fixed prices or price caps. Financial contracts include over-the-counter financial swaps and NYMEX futures contracts. The remaining 25% of normal winter requirements are generally met through firm swing supply contracts which are not price hedged and are subject to market price fluctuations.

Summer requirements are not completely contracted on a firm basis. Since the majority of the load in the summer is determined by the storage injection requirement, Rate Zone II seeks some flexibility in determining the timing of its storage injections. Generally, 70% of summer requirements will be purchased under firm supply contracts with the remaining requirements purchased in the daily market. With regard to price hedging, generally about 50% of the summer requirements will be price hedged. These strategies are consistent with past practices.

Q. What is the purpose of implementing a price hedging strategy?

A. The primary purpose of hedging is to reduce exposure to the volatility and uncertainty of natural gas market prices in a future period. When a hedge is put in place, the Company is establishing a future position in the gas market. This position may end up below or above the market price of gas that ultimately occurs during that future period. The purpose of the position is to reduce or eliminate exposure to future market conditions that are unknown and uncertain when the hedge is originally put in place. Thus, hedges are used to reduce price volatility and are not intended to "beat the market" or create low gas prices.

Q. Ms. Foerstel, is the gas supply activity for the Company subject to a corporate risk management policy?

A. Yes. Ameren Illinois has instituted risk management policies to monitor and govern energy commodities trading within the corporation. All natural gas transactions for the three Ameren Illinois Rate Zones are subject to the Ameren Illinois Commodity Risk Management Policy.

Q. Would you please elaborate on how the Ameren Illinois Commodity Risk Management Policy affects natural gas supply procurement?

A. The purpose of the policy is to provide the structure, processes, and systems to monitor all natural gas transactions as they are completed and to provide guidelines and limits to the scope and type of allowable natural gas transactions. The policy for the Ameren Illinois gas utility parallels the strategies that I have outlined thus far in my testimony, but creates upper and lower limits that bound these strategies. The gas utility supply portfolio strategy is intended to manage natural gas purchase price, volumetric, and counter-party risks for the gas supplies required for the Ameren Illinois gas utility.

Because the utility is naturally short supply, this strategy helps to reduce the impact of volatile gas prices on the utility customers by levelizing the PGA from season to season. It should also be noted that the utility's goal of exchanging price certainty for price variability is not intended to reduce gas costs to the utility's customers. "Beating the market" is not the object of a successful hedging strategy for a utility. Managing price volatility (or dampening price swings) is the primary goal of the gas supply strategy which has also been incorporated into the Ameren Illinois Commodity Risk Management Policy.

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Energy Group, all of which are outside energy consulting firms. ********** ********** ********** **********.

Q. Did the Company meet its volumetric and price hedging limits during the Reconciliation Period?

A. Yes. Ameren Exhibit 2.1 reflects the Company's compliance with the Ameren Illinois Commodity Risk Management Policy volumetric and price hedge limits as of April 1, 2011 and November 1, 2011, respectively.

Q. Can you please describe the process the Company utilizes to purchase reliable natural gas supply at a reasonable cost?

A. The Company purchases the majority of its firm gas supply from independent and major producers that own natural gas reserves, operate physical gas production facilities, and have proper contracts and credit. The Company is concerned that some marketing companies that have no production and only provide brokering services may not be as reliable as companies that own and control gas production or companies that have contracted access to gas production. The Company also seeks to attain geographic diversity in its purchased gas supply sources so that supplies are purchased from multiple producing areas such as the Texas and Oklahoma Panhandles, the Colorado Rocky Mountains, Canada, the Gulf Coast, and South Texas and Louisiana.

To determine an optimal group of firm suppliers, the Company requests bids on gas supply packages from a proven group of suppliers with acceptable credit resources that have been approved by Ameren Corporation's Risk Management Department. Bids

for supply packages are usually priced using either published indices such as Inside FERC Gas Market Report or NYMEX. Selection of bid packages from suppliers is not based solely on the lowest cost but also on the level of flexibility provided by the supplier and the supplier's strength in a certain geographic area. The Company also makes an effort to balance supply packages among its suppliers to ensure that its portfolio is not too heavily weighted with supplies provided by one supplier. The firm physical supply transactions are contracted under a North America Energy Standards Board ("NAESB") agreement or an International Swaps and Derivatives Association Inc. Master Agreement Gas Annex ("ISDA").

Q. Does the Company purchase gas supplies on the spot market?

A. Yes. Spot purchases usually occur in the summer to fill in storage injection requirements or are made to meet unanticipated daily needs or to take advantage of a daily price drop for storage injections. Price quotes are obtained for spot purchases using Intercontinental Exchange ("ICE"), an electronic trading platform, and soliciting quotes by telephone or online from suppliers. Daily indices are also tracked in industry publications such as Platt's Gas Daily.

Q. What steps does the Company take on peak days when the daily demand level exceeds the supply available?

A. If daily demand exceeds scheduled gas supply, the on-system storage withdrawals and off-system storage withdrawals would be increased as required to cover unmet demand. If demand continued to be in excess of all flowing supplies and storage withdrawals, then the Company would nominate and schedule any unutilized and available firm swing gas supplies and pipeline capacity. At this point, all available firm

contracted interstate pipeline resources and on-system storage resources would be maximized. The Company would then investigate the availability of any additional capacity and/or supplies including bundled supply and capacity delivered to the citygate. Gas Control would utilize any available linepack as necessary and finally, the Company would call a “Critical Day” or "Operations Flow Order".

Q. What was the Company’s peak day in 2011?

A. The peak demand day occurred on February 9, 2011 with a total demand of 364,089 MMBtu, of which 114,552 MMBtu was end-user transportation deliveries and 249,537 MMBtu was system sales deliveries.

Q. What sources of supply were used to meet the sales demand on this peak day?

A. The peak day for sales customers was supplied with 86,600 MMBtu of purchased gas supply delivered from interstate pipeline capacity, storage withdrawals from leased storage of 26,826 MMBtu, and 132,914 MMBtu of storage withdrawals from on-system storage. Linepack from the system was 3,197 MMBtu.

Q. Was it necessary the Company declare a system Critical Day or Operational Flow Order in 2011?

A. No.

Q. Does the Company have procedures for monitoring the delivery of natural gas from its interstate pipeline suppliers?

A. Yes. There are 33 delivery points where the Company’s gas system is interconnected with Panhandle's pipeline system. Each delivery point is separately

metered by Panhandle. Nearly 100% of the gas received from Panhandle passes through meters where the Company has electronic flow measuring equipment that measures the flow on a continuous basis and is monitored by the Gas Control Center in Springfield, IL. This not only provides an accurate verification of the gas received, but also permits close monitoring and control over the amount of gas received from Panhandle on a real-time basis. This is vital to ensure that the Company does not over-run the maximum daily demand limits in the Panhandle contract.

Electronic metering is also used to monitor and control deliveries received into the Company's Peoria-Pekin market area at the Princeton interconnections with NGPL and ANR. This is important to ensure that the Company receives the appropriate volumes nominated for its system supply and transportation customers.

By observing real-time information, the Company can more closely administer the pipeline nomination process, and provide verification of proper billing by the interstate pipelines that serve the Company. Invoices for natural gas purchased from other gas suppliers and transported under the Company's transportation agreements are verified by confirming with the appropriate pipeline the actual deliveries made to the pipeline for the Company's account. Invoices from natural gas suppliers transporting volumes to the Company on the pipeline are confirmed by comparing them to the original nomination and the applicable pipeline's report of deliveries made to the Company. This information together with verification of the contract price ensures that the Company pays only for the gas and the transportation service that it actually nominates and receives.

Q. Were the Company's gas purchases during the year consistent with its procurement policies?

A. Yes, the Company utilized the most economical mix of gas sources available under the given conditions.

Q. Do you believe the Company's procurement of natural gas was prudent during 2011?

A. Yes, I do.

Q. Does this conclude your direct testimony?

A. Yes, it does.

APPENDIX

STATEMENT OF QUALIFICATIONS
CYNTHIA A FOERSTEL

I graduated from Maryville University with a Bachelor of Science Degree in Marketing in 1995 and graduated from Webster University with a MBA in May 2009. Since 1998, I have been employed by various entities within Ameren Corporation. I have held two positions in my employ with Ameren; Senior Account Executive and currently, Lead Gas Supply Executive. My primary responsibilities include managing the daily operations of gas supply, pipeline capacity, and storage capacity resources necessary to provide reliable natural gas service to Ameren Illinois' Rate Zone II distribution system; evaluating and negotiating firm, long-term gas supply contracts; managing the spot gas purchasing program; analyzing and negotiating contracts for pipeline capacity; and maintaining compliance with the Ameren Illinois Commodity Risk Management Policy.