PUBLIC

REBUTTAL TESTIMONY

of

Rochelle M. Phipps

Finance Department

Financial Analysis Division

Illinois Commerce Commission

Ameren Illinois Company

Rate MAP-P Modernization Action Plan –

Pricing Annual Update Filing

Docket No. 13-0301

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SCHEDULES and ATTACHMENTS

Witness Identification

Q. Please state your name and business address.

A. My name is Rochelle Phipps. My business address is 527 East Capitol Avenue, Springfield, Illinois 62701.

Q. Are you the same Rochelle M. Phipps that previously submitted direct testimony in this proceeding?

A. Yes, I am.

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

A. I will respond to the Rebuttal Testimony of Ameren Illinois Company ("AIC" or "Company") witnesses Mr. Ronald D. Stafford (Ameren Ex. 9.0), Mr. Ryan J. Martin (Ameren Ex. 12.0) and Mr. John E. Perkins (Ameren Ex. 13.0).

Response to Mr. Stafford

Q. Has AIC reversed the net income-related purchase accounting adjustments for ratemaking purposes?

A. No. As a condition of approval in Docket No. 04-0294, the Commission required the Company to reverse the effects of purchase accounting for ratemaking purposes and reflect in Account 114, the impacts of all push down accounting, for all Illinois regulatory purposes. *Illinois Power Company and Ameren Corporation*, Order, Docket No. 04-0294, Appendix A, 3 (Sept. 22, 2004). However, AIC admits that it never reversed the net income-related purchase accounting adjustments for ratemaking purposes, nor did Illinois Power. (AIC Resp. to Staff

DR RMP 4.01 in Docket No. 12-0001, provided herein as Attachment A.) Furthermore, the Company's Account 114 balance does not include $105.5 million of net income-related purchase accounting adjustments, which flowed through retained earnings. (AIC Resp. to Staff DR RMP 1.03, provided herein as Attachment B.) The Company asserts that the income statement purchase accounting adjustments were "initially retained within retained earnings related to common equity, but have since been paid in cash through dividend payments." (AIC Resp. to Staff DR RMP 4.01.) To the contrary, income statement purchase accounting adjustments will be included in retained earnings until the Company reverses them for ratemaking purposes. That is:

$$RE_{2012} = REbeginning + REtransfer - DIV.$$

Where:	RE_{2012}	≡	Balance of retained earnings as of December 31, 2012;
	REbeginning	≡	Balance of retained earnings as of September 30, 2004;
	REtransfer	≡	Transfers to retained earnings, which equals PA + NI + OTH;
	PA	≡	Net income-related purchase accounting from October 1, 2004 through December 31, 2012;
	NI	≡	Non-purchase accounting net income, from October 1, 2004 through December 31, 2012;
	OTH	≡	plus other adjustments from October 1, 2004 through December 31, 2012; and
	DIV	≡	Total dividends paid from October 1, 2004 through December 31, 2012.

Note that the end of period balance of retained earnings will always reflect net income-related purchase accounting, regardless of any other increments (e.g., non-purchase accounting-related net income) or other decrements (e.g., dividends). In other words, dividends do not cancel out net income-related purchase accounting adjustments.

Embedded Cost of Long-Term Debt

Q. Does the Company present any compelling arguments against your adjustment to remove a portion of the cost of redeeming the 9.75% bonds?

A. No. First, Mr. Martin argues, "The premiums paid should not be viewed as a loss, but rather as the prudent cost to execute an economically favorable transaction that lowered the cost and extended the tenor of the Company's long-term debt portfolio." (Ameren Ex. 12.0, 2-3:41-43.) Yet, the Company's 2012 Form 21 ILCC annual report identifies the redemption cost as a loss.[1] Second, Mr. Martin errs when he argues that a disallowance of $50 million of 9.75% bonds in prior cases does not automatically warrant an adjustment in this case. (Ameren Ex. 12.0, 3:43-45.) Mr. Martin argues that the facts in this case are not the same as they were in 2009 because AmerenIP, AmerenCILCO and AmerenCIPS have merged to become AIC. (Ameren Ex. 12.0, 4:73-80.) The October 2010 merger of the Ameren Illinois utilities has no bearing on the disallowance in question because the disallowance is based on the facts and circumstances at the time of the transaction in question and the consequences of the disallowed costs; not on subsequent events. In a prior case, the Commission

[1] Ameren Illinois Company 2012 Form 21 ILCC annual report, p. 27.1, which states, "The unamortized debt expense and discount related to the tender offer was transferred to Account 189, Unamortized Loss on Reacquired Debt, and will be amortized over the term of the newly issued $400,000,000, 2.7% senior secured notes due 2022."

disallowed $50 million of the $400 million, 9.75% bond issuance. *Ameren Illinois Co*., Order, Docket No. 11-0282, 64-65, 75-76 (Jan. 10, 2012). In this case, AIC proposes to recover the losses it incurred in redeeming the $50 million 9.75% bonds that the Commission previously disallowed. Thus, the Company's proposal is akin to a utility asking to recover the cost of demolishing plant that the Commission previously disallowed from rate base because such plant was not required for providing utility service. In summary, the Company's proposal would contravene the Commission's prior determination that AIC originally issued $50 million more of long-term debt than it required for its utility operations.

Section 9-230 Adjustments

Q. Please respond to Mr. Martin's claim that AIC's credit facility fee should be based on its credit rating in effect on December 31, 2012. (Ameren Ex. 12.0, 6:119-121.)

A. Mr. Martin opposes my calculation of AIC's cost of short-term debt, which recognizes that AIC's senior unsecured credit rating from Standard & Poor's ("S&P"), absent AIC's affiliation with merchant generation operations, would be at least one notch higher, or BBB+. Mr. Martin objects to my reliance upon the guidance provided in the March 14, 2013 rating report regarding the likelihood that S&P will upgrade AIC and its affiliates following divestiture of Ameren Corp.'s merchant generation assets. (Ameren Ex. 12.0, 10:202-204.) According to S&P, AIC's affiliation with Ameren Corp. subsidiaries has caused the Company to be rated lower than it would have been absent the effects of Ameren Corp.'s merchant generating business. (Staff Ex. 4.0, Attachment A.) The credit facility fee that AIC pays is directly based on the ratings assigned by Moody's Investors Service ("Moody's") and S&P. Therefore, AIC's argument that "an upgrade from S&P resulting specifically from Ameren's divestiture of its merchant generation segment is unlikely to have any significant impact on AIC's cost of debt" contradicts the facts and is unfounded. (Ameren Ex. 12.0, 11:222-224.)

Q. Mr. Martin argues, "There is simply no evidence supporting Ms. Phipps' allegation that AIC manipulated its capital structure to support affiliates of AIC." (Ameren Ex. 12.0, 7:144-145.) Has AIC or Ameren Corp. management manipulated AIC's capital structure in the past?

A. Yes. Contrary to the testimony of Messrs. Martin and Perkins (Ameren Ex. 12.0, 6:124-127; Ameren Ex. 13.0, 6:120-123), such manipulation is not the basis for my Section 9-230 adjustment to AIC's capital structure. (Ameren Ex. 12.1.) Nevertheless, examples of such manipulation exist. (Ameren Ex. 12.2.)

On December 30, 2009, Ameren Corp. infused $36 million into AmerenIP, and one day later, on December 31, 2009, AmerenIP made a $31 million dividend payment to Ameren Corp. Absent manipulation, the financial rationale for the next day return of $31 million of the $36 million equity infusion is unclear, particularly in light of AmerenIP's cash balance of approximately $190 million at the same time, when $50 million cash had been sufficient on December 31, 2008. In fact, during 2009, Ameren Corp. infused $155 million in common equity into Illinois Power Company ("AmerenIP") despite the fact that AmerenIP's cash balance averaged [**begin confidential**] $xxxxx [**end confidential**] million.[2] Moreover, Mr. Martin claims the Illinois rate freeze-related credit concerns in 2007 and the financial crisis in 2008 contributed to the need for additional equity capital in 2009 to strengthen the credit profiles of the Ameren Illinois utilities.[3] (Ameren Ex. 12.0, 8:161-166.) Yet, Moody's did not upgrade the Ameren Illinois utilities in August 2009 due to equity infusions. Rather, Moody's stated, "The upgrade of Ameren's Illinois utilities is prompted by the recent execution of new bank credit facilities and the improved political and regulatory environment for utilities in Illinois." (Moody's Investors Service, "Moody's Upgrades Ameren Illinois Utilities to Investment Grade," Aug. 13, 2009, provided herein as Attachment C.)

[2] From March 29, 2009, through December 31, 2009, AmerenIP's cash balance ranged from [**begin confidential**] $xxxx [**end confidential**] million to [**begin confidential**] $xxxxx [**end confidential**] million, with a cash balance that was [**begin confidential**] $xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx xxxxx [**end confidential**]. AIC Resp. to Staff DRs RP 1.04, RP 5.08, RP 11.04, RMP 14.04 (Docket Nos. 09-0306 et al.) and RMP 1.09 (Docket No. 11-0282). Ameren Corp. made the following equity infusions into AmerenIP during 2009: $58 million on March 30th (when its cash balance was [**begin confidential**] $xxxxx [**end confidential**] million on March 29th); $61 million on September 28th (when its cash balance was [*begin confidential*] $xxxx [**end confidential**] million on September 27th); and $36 million on December 30th(when its cash balance was [*begin confidential*] $xxxxx [**end confidential**] million on December 29th). AIC Resp. to Staff DRs RP 1.04, RP 5.08, RP 11.04, RMP 14.04 (Docket Nos. 09-0306 et al.) and RMP 1.09 (Docket No. 11-0282) and AIC Resp. to Staff DR RMP 5.02.

[3] From March 29, 2009, through December 31, 2009, the Ameren Illinois utilities ("AIU") cash balance ranged from [**begin confidential**] $xxxxx [**end confidential**] million to [**begin confidential**] $xxxxx [**end confidential**] million, with an average balance of [**begin confidential**] $xxxxx [**end confidential**] million. AIC Resp. to Staff DRs RP 1.04, RP 5.08, RP 11.04, RMP 14.04 (Docket Nos. 09-0306 et al.) and RMP 1.09 (Docket No. 11-0282). Ameren Corp. made the following equity infusions into the AIU during 2009: $69 million on March 30th (when the AIU cash balance was [**begin confidential**] $xxxx [**end confidential**] million on March 29th); $99 million on September 28th (when the AIU cash balance was [**begin confidential**] $xxxxx [**end confidential**] million on September 27th); and $104 million on December 30th (when the AIU cash balance was [**begin confidential**] $xxxxx [**end confidential**] million on December 29th). AIC Resp. to Staff DRs RP 1.04, RP 5.08, RP 11.04, RMP 14.04 (Docket Nos. 09-0306 et al.) and RMP 1.09 (Docket No. 11-0282) and AIC Resp. to Staff DR RMP 5.02.

Q. Please respond to the Company's argument that it is unreasonable to use Ameren Corp.'s capital structure for AIC ratemaking purposes due to the former's capital lease obligations. (Ameren Ex. 12.0, 12-13:258-263.)

A. Foremost, I do not recommend using Ameren Corp.'s debt costs or capital leases in AIC's ratemaking capital structure; rather, the basis for my adjustment is that given a 51% common equity ratio is sufficient for Ameren Corp., then it is more than sufficient for AIC given the lower business risk of the latter. Specifically, S&P assigned AIC a business risk profile of "Excellent" while it assigned Ameren Corp. a business risk profile of "Strong."[4] (Standard & Poor's, "Summary: Ameren Corp.," October 24, 2012, 2, provided herein as Attachment D.)

Nevertheless, putting aside the basis for my adjustment, it is not necessary to remove capital lease obligations from Ameren Corp.'s capital structure given capital lease obligations of Ameren Corp. represent leverage, which affects Ameren Corp.'s and its subsidiaries' (including AIC's) ability to issue conventional debt obligations in order for Ameren Corp. to maintain access to external capital on reasonable terms. That is, given Ameren Corp.'s operating risks, there is only so much financial leverage it can incur and still maintain investment grade creditworthiness. The financial leverage at the Ameren Corp. level crowds out financial leverage at the subsidiary level. This is particularly true where there is no effective structural separation of cash flows between the parent company and its subsidiaries, as S&P concluded to be the case for Ameren Corp. and its

[4] S&P Business Risk Profiles are, in order of declining risk: Excellent, Strong, Satisfactory, Fair, Weak and Vulnerable. (Standard & Poor's, "Methodology: Business Risk / Financial Risk Matrix Expanded," Sept 18, 2012.)

subsidiaries. Thus, contrary to Mr. Martin's claim, there is a link between the combined capital structure of Ameren Corp. and the capital structure designed and maintained for AIC. (Ameren Ex. 12.0, 12:250-252.)

Q. Mr. Perkins alleges that AIC's unsecured debt ratings show the "actual ratings for debt issued, or to be issued, by AIC" in comparison to Ameren Corp. (Ameren Ex. 13.0, 8:170-171.) Is his comparison valid?

A. No. A creditworthiness evaluation of an issuer requires comparing issuer ratings. Nevertheless, Mr. Perkins asserts further that his comparison of Ameren Corp.'s and AIC's unsecured ratings "understates the difference, as AIC is able to issue secured debt (at an even higher credit rating)." (Ameren Ex. 13.0, 8:171-172.) Mr. Perkins argument ignores that AIC's senior secured debt ratings are "notched" from its issuer rating, based on the recoverability of principal and interest in the event of default. That is, the number of ratings notches between the secured debt rating and the issuer rating relates to the characteristics of specific debt issuances. As S&P explains:

> We use the [Regulated Capital Value, or RCV] as an estimate of the value of the collateral available to [a secured utility bond, or "SUB"] holders to satisfy claims in a bankruptcy proceeding. In most cases, we define RCV as net property plant and equipment… We estimate recovery by dividing the RCV by the current outstanding amount of SUBs. We then map the recovery to the utility-specific recovery rating change to determine the issuer and recovery ratings.

(Standard & Poor's, "Collateral Coverage and Issue Notching Rules for '1+' and '1' Recovery Ratings On Senior Bonds Secured by Utility Real Property," Feb 14, 2013.)

Assuming the proper comparisons were based on the bonds that AIC and Ameren Corp. would actually issue, as Mr. Perkins asserts, then AIC's ability to issue secured debt at a lower rate would enhance its capacity to issue debt, thereby reducing the proportion of common equity it needs to maintain a reasonable capital structure relative to its capacity to issue unsecured debt.

Reasonableness of AIC's Capital Structure

Q. Have you evaluated whether reducing the Company's common equity ratio to 51% would likely result in a credit rating downgrade for AIC?

A. Yes. In response to Mr. Perkins claim that, "Ms. Phipps fails to consider that her proposed equity ratio . . . would negatively affect the cash flow and debt-coverage metrics relied upon by credit rating agencies" (Ameren Ex. 13.0, 10:215-217), I performed a quantitative analysis, which shows that a 51% common equity ratio would not cause a credit rating downgrade for AIC.

First, I determined the Company could achieve a 51% common equity ratio by replacing $55 million common equity with long-term debt. Then, I evaluated the effect of AIC replacing $55 million common equity with $55 million, 5.95%, 30-year BBB-rated utility bonds on the financial risk benchmarks published by S&P and Moody's.[5] (Citi Research, "Bond Market Roundup," January 7, 2011, 16.)

[5] 5.95% was the yield on long-term BBB-rated utility bonds on January 7, 2011. By assuming AIC replaced $55 million common equity with long-term debt at the beginning of 2011, I was able to calculate two years of pro forma financial risk benchmarks for the Company. My analysis is conservative given the current yields on long-term A-rated and Baa-rated utility bonds are 4.73% and 5.30%, respectively. (Moody's Analytics, "Daily Bond Yields and Key Indicators," Aug 13, 2013.)

Specifically, I calculated adjusted[6] ratios for S&P's financial risk benchmarks: (1) funds from operations ("FFO") to debt; (2) debt to earnings before interest, taxes, depreciation and amortization ("EBITDA"); and (3) debt to capital. I also calculated adjusted ratios for Moody's financial risk benchmarks: (1) cash flow from operations ("CFO Pre-W/C") to debt; (2) CFO Pre-W/C, less dividends, to debt; (3) CFO Pre-W/C, plus interest, to interest expense; and (4) debt to capital.[7]

Finally, I compared those adjusted ratios to the ranges that S&P and Moody's publish for each of those financial risk benchmark ratios, which vary according the strength of the financial risk benchmark. The adjusted ratios, which assume the Company replaces $55 million common equity with $55 million long-term debt, are very close to the unadjusted ratios. In summary, my analysis showed that replacing $55 million common equity with long-term debt would not result in lower implied credit ratings for any of AIC's financial risk benchmarks, as is shown on Schedules 9.01 and 9.02, respectively. Thus, I conclude that a 51% common equity ratio for the Company would not result in a credit rating downgrade.

Q. Mr. Perkins dismisses your discussion of the relationship between formula rates and capital structure on the basis that "The relationship between risk

[6] In this context, "adjusted" refers to financial ratios that reflect a $55 million exchange of debt for common equity.

[7] The ratios, calculated in accordance with the S&P and Moody's methodologies, were provided by the Company in response to ICC Staff DRs RMP 1.01 and RMP 1.01S.

and required return obeys financial laws, not regulatory policy." (Ameren Ex. 13.0, 6-7:143-145.) Please respond.

A. Mr. Perkins argues, "An inappropriate current capital structure will raise the cost of capital and reduce financing flexibility in the future." (Ameren Ex. 13.0, 7:149-150.) Yet, he ignores the fact that those market forces he describes, in which a higher common equity ratio would result in a lower investor-required rate of return on equity, do not affect the authorized rate of return on equity under a formula rate plan. That is, under the formula rate plan, a higher common equity ratio results in a higher cost of capital. Thus, absent rigorous Commission oversight of the capital structure, Section 16-108.5 provides an incentive to utilities to increase their respective common equity ratios.

Q. Mr. Perkins argues that an equity ratio that minimizes the cost of capital would not be the optimal capital structure because one must balance short-term cost with the need to provide access to capital under all conditions. (Ameren Ex. 13.0, 4:83-88.) Please respond.

A. Foremost, Mr. Perkins does not explain how the cost of a capital structure could be minimized if a company does not have sufficient access to capital. To the contrary, restricted access to capital raises both debt and equity costs, which in turn, raises the cost of capital. Thus, an optimal capital structure would minimize the cost of capital and maintain a utility's financial integrity. Consequently, one should determine whether the capital structure is consistent with the financial strength necessary to access the capital markets under most economic conditions and, if so, whether the cost of that financial strength is reasonable.

More importantly, if increasing the proportion of debt in a capital structure enables a company to raise necessary capital at a lower overall cost of capital, then it follows that a less levered capital structure is unreasonable.

Q. Please respond to Mr. Martin's contention that the 2.70% coupon rate for the Company's 2012 debt issue "is clear evidence of the benefits of the Company's healthy capital structure." (Ameren Ex. 12.0, 9:186-187.)

A. Mr. Martin implies that the coupon rate alone is sufficient to justify the Company's capital structure. If that were the case, since the interest rate on AIC debt would fall as its proportion in the capital structure falls, then the Company should maintain a capital structure that approaches 100% common equity. Of course, the interest rate on a single debt issue is insufficient for establishing that the entire capital structure is reasonable since a higher common equity ratio increases the weight that the higher cost capital component contributes to the overall rate of return on rate base.

Q. According to Mr. Martin, "The credit rating agencies have expressed considerable concern about the supportiveness of the regulatory environment in Illinois." (Ameren Ex. 12.0, 16:332-334.) Do you agree?

A. To the contrary, the credit rating agencies have recently noted positive developments in the Illinois regulatory environment. When Moody's upgraded AIC during June 2012, it stated, "The upgrade of the ratings of Ameren Illinois reflects strong, stable cash flow coverage metrics and improved clarity on cost recovery following the passage of formula rate plan legislation in Illinois. Although the utility's regulatory framework remains challenging, legislative support for the recovery of prudently incurred investments is a step in the right direction towards better overall cost recovery prospects." (Moody's Investors Service, "Rating Action: Moody's Upgrades Ameren Illinois," June 12, 2012, provided herein as Attachment E.) That is, from a credit rating perspective, Moody's viewed the formula rate plan as an overwhelmingly positive development in the Illinois regulatory environment. Similarly, S&P notes that the passage of SB 9 and the natural gas infrastructure rider for certain infrastructure investments support credit quality. (Standard & Poor's, "Summary: Ameren Illinois Co.," June 21, 2013, 4, provided herein as Attachment F.)

Nevertheless, Mr. Martin cites Moody's June 13, 2013 AIC credit report, in which Moody's cautions that "'the ICC has a history of authorizing punitive rates of return and disallowances that led to contentious relationships with utilities. The poor regulatory treatment has been a key negative credit factor for utilities operating in Illinois.'" (Ameren Ex. 12.0, 16:334-337.) This statement, on its face, is not indicative of a balanced and unbiased assessment. For example, the same Moody's report cites the passage of EIMA and SB 9 as positive developments from a credit ratings standpoint. Nonetheless, the report also contradictorily states that the Company's Cash Flow to Operations pre-Working Capital/Debt ratio declined in 2012, which "decline in 2012 can be partly attributed to the 8.8% allowed return on equity (ROE) calculated under EIMA's formula rate in 2012, which is substantially lower than the ICC's 2010 electric rate order, which had established the allowed ROE at 10.2%." (Moody's Investors Service, "Credit Opinion: Ameren Illinois Company," June 13, 2013, provided herein as Attachment G.) In other words, the so-called "punitive" Commission-established rate of return, 10.2%, is higher than that currently permitted under the recent EIMA. Also, the reference to "punitive… disallowances" makes no reference to the responsibility of Illinois utilities for proving the prudence and reasonableness of their actions.

Finally, the latest Moody's credit opinion for Commonwealth Edison Company ("ComEd") makes no reference to any ICC "history of authorizing punitive rates of return and disallowances," despite the fact that Moody's assigns ComEd and AIC the same "Ba" rating for "Regulatory Framework" and "Baa" rating for "Ability to Recover Costs and Earn Returns" and the same overall rating of "Baa2." (Moody's Investors Service, "Credit Opinion: Commonwealth Edison Company," March 5, 2013, provided herein as Attachment H.) ComEd is also authorized the same ROE as AIC, which was applied to a 42.55% common equity ratio in its last rate order. (*Commonwealth Edison Company*, Order, Docket No. 12-0321, Dec. 19, 2012, 79.) In its current rate case, Docket No. 13-0318, ComEd proposed capital structure comprises 45.28% common equity. (ComEd Ex. 4.0 REV, 3:55-58 (Docket No. 13-0318).)

Finally, the primary regulatory concern Fitch Ratings identifies in its credit rating report relates to an issue resolved by the recent passage of SB 9 – i.e., the average rather than year-end rate base. Fitch Ratings notes further that AIC's forecasted credit metrics "alone would likely warrant a one-notch upgrade." (Fitch Ratings, "Fitch Downgrades Ameren Genco to 'CC'; Revises Ameren Illinois' Outlook to Stable," Jan 28, 2013, provided herein as Attachment I.)

In summary, in the Company's last two formula rate cases, the Commission authorized common equity ratios of 51.49% and 51.00%, respectively. *Ameren Illinois Co*., Order, Docket No. 12-0001, 128 (Sept. 19, 2012); *Ameren Illinois Co*., Order, Docket No. 12-0293, 106-108 (Dec. 5, 2012). For nearly one year, AIC has been authorized rates of return under the formula rate plan that reflect common equity ratios of approximately 51% and has not even been placed on credit watch negative, let alone had any credit rating downgrades. Further, ComEd has been operating under the same regulatory regime with a common equity ratio that has been at least five percentage points lower. Thus, a common equity ratio of 51% has been sufficient to maintain its existing credit rating, despite any concerns noted by the credit rating agencies regarding the Illinois regulatory environment.

Q. Why does Ameren Ex. 5.3 fail to demonstrate that AIC's capital structure is reasonable?

A. Mr. Perkins states, "Ms. Phipps, who also uses general industry data, does not demonstrate that Ameren Ex. 5.3 is invalid based on a particular instance." (Ameren Ex. 13.0, 22:505-506.) To the contrary, Mr. Perkins fails to demonstrate that he measured equity ratios on a consistent basis, as noted by the WEPCO example. (Staff Ex. 4.0, 18:331-338; Ameren Ex. 13.0, 22:506-511.) In contrast, the data from the Compustat Utility Data base, which I relied upon to evaluate my proposed capital structure for AIC for reasonableness, measures equity ratios consistently.

Conclusion

Q. Does this conclude your prepared rebuttal testimony?

A. Yes, it does.

Standard & Poor's Financial Risk Benchmarks

	2011 Unadjusted	Adjustment	2011 Adjusted	2012 Unadjusted	Adjustment	2012 Adjusted	Implied Level of Financial Risk for Financial Risk Indicative Ratios: Intermediate	Significant	Aggressive
FFO	$ 416.2	$ (1.9)	$ 414.3	$ 492.7	$ (1.9)	$ 490.8			
Debt	$ 1,665.5	$ 55.0	$ 1,720.5	$ 1,758.5	$ 55.0	$ 1,813.5			
FFO/Debt	**25.0%**		**24.1%**	**28.0%**		**27.1%**	30 - 45%	**20 - 30%**	12 - 20%
Debt	$ 1,665.5	$ 55.0	$ 1,720.5	$ 1,758.5	$ 55.0	$ 1,813.5			
EBITDA	$ 673.3		$ 673.3	$ 598.3		$ 598.3			
Debt/EBITDA	**2.47**		**2.56**	**2.94**		**3.03**	**2 - 3X**	3 - 4X	4 - 5X
Debt	$ 1,665.5	$ 55.0	$ 1,720.5	$ 1,758.5	$ 55.0	$ 1,813.5			
Capital	$ 4,117.5	$ -	$ 4,117.5	$ 4,159.5	$ -	$ 4,159.5			
Debt/Capital	**40.4%**		**41.8%**	**42.3%**		**43.6%**	**35 - 45%**	45 - 50%	50 - 60%
Debt	$ 1,665.5	$ 55.0	$ 1,720.5	$ 1,758.5	$ 55.0	$ 1,813.5			
Common Equity	$ 2,452.0	$ (55.0)	$ 2,397.0	$ 2,401.0	$ (55.0)	$ 2,346.0			
Total Capital	$ 4,117.5		$ 4,117.5	$ 4,159.5		$ 4,159.5			

Assumptions for New Long-Term Debt:

Interest Rate =	5.95%
Interest Expense =	$ 3.3
Tax Savings from Int Exp (41% tax rate) =	$ 1.3

S&P Business Risk / Financial Risk Matrix Expanded

Business Risk Profile	Finaincial Risk Profile: Minimal	Modest	Intermediate	Significant	Aggressive	Highly Leveraged
Excellent*	AAA	AA	A	A-	BBB	--
Strong	AA	A	A-	BBB	BB	BB-
Satisfactory	A	BBB+	BBB	BB+	BB-	B+
Fair	--	BBB-	BB+	BB	BB-	B
Weak	--	--	BB	BB-	B+	B-
Vulnerable	--	--	--	B+	B	CCC+

*Current Business Risk Profile for Ameren Illinois Company and Ameren Corp.

Sources:
Company response to ICC Staff DRs RMP 1.01 and 1.01S
Citi Research, "Bond Market Roundup," January 7, 2011, p. 15
S&P, "Criteria Methodology: Business Risk / Financial Risk Matrix Expanded," May 27, 2009

Moody's Investors Service Financial Risk Benchmarks

	2011 Unadjusted	Adjustment	2011 Adjusted	2012 Unadjusted	Adjustment	2012 Adjusted
CFO Pre-W/C	$ 493.0	$ (1.9)	$ 491.1	$ 434.0	$ (1.9)	$ 432.1
Debt	$ 2,165.0	$ 55.0	$ 2,220.0	$ 2,258.0	$ 55.0	$ 2,313.0
(CFO Pre-W/C) / Debt	**22.8%**		**22.1%**	**19.2%**		**18.7%**
CFO Pre-W/C - Dividends	$ 163.0	$ (1.9)	$ 161.1	$ 242.0	$ (1.9)	$ 240.1
Debt	$ 2,165.0	$ 55.0	$ 2,220.0	$ 2,258.0	$ 55.0	$ 2,313.0
(CFO Pre-W/C - Dividends) / Debt	**7.5%**		**7.3%**	**10.7%**		**10.4%**
CFO Pre-W/C	$ 493.0	$ (1.9)	$ 491.1	$ 434.0	$ (1.9)	$ 432.1
Interest Expense	$ 157.0	$ 3.3	$ 160.3	$ 152.0	$ 3.3	$ 155.3
(CFO Pre-W/C + Interest) / Interest Expense	**4.1**		**4.1**	**3.9**		**3.8**
Debt	$ 2,165.0	$ 55.0	$ 2,220.0	$ 2,258.0	$ 55.0	$ 2,313.0
Capital	$ 5,512.0	$ -	$ 5,512.0	$ 5,684.0	$ -	$ 5,684.0
Debt/Capital	**39.3%**		**40.3%**	**39.7%**		**40.7%**
Debt	$ 2,165.0	$ 55.0	$ 2,220.0	$ 2,258.0	$ 55.0	$ 2,313.0
Deferred Income Taxes	$ 895.0		$ 895.0	$ 1,025.0		$ 724.0
Equity	$ 2,452.0	$ (55.0)	$ 2,397.0	$ 2,401.0	$ (55.0)	$ 2,346.0
Capital	$ 5,512.0		$ 5,512.0	$ 5,684.0		$ 5,383.0

Implied Rating for Various Ranges of Financial Risk Benchmarks

Benchmark	Aa	A	Baa	Ba
(CFO Pre-W/C) / Debt	30 - 40%	**22 - 30%**	**13 - 22%**	5 - 13%
(CFO Pre-W/C - Dividends) / Debt	25 - 35%	17 - 25%	**9 - 17%**	**0 - 9%**
(CFO Pre-W/C + Interest) / Interest Expense	6.0 - 8.0X	4.5 - 6.0X	**2.7 - 4.5X**	1.5 - 2.7X
Debt/Capital	25 - 35%	**35 - 45%**	45 - 55%	55 - 65%

Assumptions for New Long-Term Debt:

Interest Rate =	5.95%
Interest Expense =	$ 3.3
Tax Savings from Int Exp (41% Tax Rate) =	$ 1.3

Sources:
Company response to ICC Staff DRs RMP 1.01 and 1.01S
Citi Research, "Bond Market Roundup," January 7, 2011, p. 15
Moody's Global Infrastructure Finance, "Regulated Electric and Gas Utilities," August 2009, p. 17

Ameren Illinois Company
Response to ICC Staff Data Requests
Docket Nos. 12-0001
Petition for approval of Rate MAP-P Modernization Action Plan - Pricing
Data Request Response Date: 2/22/2012

RMP 4.01

The Ameren Corporation 2005 Form 10-K, p. 35, presents a table summarizing the acquisition accounting impact on net income, which totals $26 million in 2004 and $39 million in 2005 for IP. AmerenIP Ex. 8.6, submitted in Docket Nos. 07-0585 through 07-0590 Cons. (attached and available on the Commission's E-Docket system), presented a reduction to retained earnings for ratemaking purposes following the acquisition of Illinois Power Company by Ameren Corp. totaling $63,670,590, with a footnote (2) that states:

> According to Lyons' testimony on 5/3/04, Exhibit 15.4, the income statement would be adjusted for ratemaking purposes. This entry adjust retained earnings for purchase accounting.

A) Has Ameren subsequently reversed or written-off the $63.7 million for financial reporting purposes in any financial reports, including but not limited to the ILCC Form 21 and FERC Form 1?
B) If the response to subpart (A) is anything other than an unqualified, no, then please identify each financial report that discusses the reversal or write-off of the adjustment to retained earnings that is identified above and provide the associated journal entries.

RESPONSE

Prepared By: Ronald D. Stafford
Title: Manager, Regulatory Accounting
Phone Number: 314-206-0584

A). No. Neither Ameren Illinois nor Illinois Power ever "reversed" or "wrote-off" the sum identified in the question above. Ameren Illinois issued dividends that reduced the retained earnings that resulted from purchase accounting and recorded the same in accordance with applicable accounting rules. A dividend results in credit to cash and a corresponding reduction to retained earnings, which is reported as a component of stockholder equity. Therefore, an issuance of a dividend results in an accounting entry that is not the same as what Mr. Stafford would consider a "reversal" or "write-off;" as such terms that would typically be associated with the correction of an errant accounting entry or the recordation of uncollectible receivables or other losses.

B) See (A). As explained above, the "no" is "unqualified." Nonetheless, recognizing the explanation inherently elicited by the question, the following explanation is provided to assist Staff in addressing this matter:

The retained earnings adjustment was effectively eliminated through the payment of common dividends ($61M in 2007 and $60M in 2008) out of net income available to common shareholders. The elimination is reflected in information contained in financial reports. Various public documents such as ILCC Form 21 and FERC Form 1, show AmerenIP's 2007 and 2008 common dividend payments totaling $121M and the associated reduction in retained earnings resulting from such payments. This change from $63,670,590 to $0 was first documented in AmerenIP Exhibit 13.5 submitted in Docket Nos. 09-0306 through 09-0311 Cons., which is provided as RMP 4.01 Attach 1. As noted at line 11 of the attachment, $0 was the adjustment to retained earnings with a reference to footnote (2), which stated:

> This entry adjusts retained earnings for purchase accounting income statement items.

As background for the calculation and to further explain the reversal, in both Docket Nos. 07-0585 through 07-0590 Cons. and Docket Nos. 09-0306 through 09-0311 Cons., the Company calculated a ratemaking adjustment to retained earnings that calculated the change in retained earnings between sources (net income) and uses (common dividends) of such funds. The source for retained earnings (net income) was segregated between IP Purchase Accounting ("PA") generated net income and IP non-PA generated net income. The use of, or reduction to, retained earnings (common dividends) was assigned directly or allocated between retained earnings generated by PA or non-PA sources. Utilizing this methodology of segregating total IP retained earnings into PA and non-PA sources and uses generated the ratemaking adjustment to retained earnings in both the 07 and 09 Dockets, and also allowed for reconciliation to remaining PA and non-PA retained earnings reported on AmerenIP Ex. 8.6 for the 07 Dockets and AmerenIP Exhibit 13.5 for the 09 Dockets.

RMP 4.01 Attach 2 presents the calculation of the ratemaking retained earnings adjustment in Docket Nos. 07-0585 through 07-0590 Cons. The calculation of PA related net income available to common shareholders from the time of the reorganization in 2004 through calendar year end 2006 was $176,729,591 with PA contributing $103,943,598 to total net income. After deducting 2004-2006 common dividends of $76,000,000, allocated to PA and non-PA, the resulting ratemaking adjustment to retained earnings was $63,670,590. As shown on AmerenIP Ex. 8.6 line 11, the adjustment had the effect of reducing total retained earnings from $100,729,591 to $37,059,091 after elimination of PA related retained earnings.

RMP 4.01 Attach 3 presents the calculation of the ratemaking retained earnings adjustment in 09-0306 through 09-0311 Cons. The calculation of PA related net income available to common shareholders from the time of the reorganization in 2004 extended through calendar year end 2008 was $202,884,233 with PA contributing $108,371,389 to total net income. After deducting 2004-2008 common dividends of $$197,000,000, allocated to PA and non-PA, the resulting ratemaking adjustment to retained earnings was $0. As shown on AmerenIP Exhibit 13.5, the remaining $5,884,233 of retained earnings was assigned to non-PA given the vast disparity, at the end of 2008, between PA and non-PA contributed net income.

If the same calculation was extended from year end 2008 to year end 2010, it would produce either a $0 or negative adjustment to retained earnings due to the fact that IP PA has generated negative net income in both 2009, in the amount of negative $4,942,378, and 2010, in the amount of negative $2,504,103.

Please note, the Company is willing to discuss this response with Staff at a mutually convenient time.

AmerenIP Exhibit 13.5
Sponsored By: M. G. O'Bryan
Docket Number:

		2008 Form 1 Balance sheet	Form 21 PA Adjustments	2008 Form 21 Balance sheet	Rate Making Adjustment	
1	**PROPRIETARY CAPITAL**					
2	Common stock issued (201)	-		-		
3	Preferred stock issued (204)	45,633,750		45,633,750		
4	Capital stock subscribed (202,205)	-		-		
5	Stock liability for conversion (203,206)	-		-		
6	Premium on capital stock (207)	234,700		234,700		
7	Other paid in capital (208-211)	1,194,290,953		1,194,290,953	(160,816,595)	(1)
8	Installments received on capital stock (212)	-		-		
9	(less) discount on capital stock (213)	81,505		81,505		
10	(less) capital stock expense (214)	-		-		
11	Retained earnings (215,215.1,216)	5,884,233		5,884,233	0	(2)
12	Unappropriated Undistributed Subsidiary earnings (216.1)	17,235		17,235		
13	(less) required capital stock (217)	-		-		
14	Noncorporate Proprietorship (Non-major only) (218)	-		-		
15	Accumulated Other comprehensive income (loss) (219)	3,840,231	(3,840,231)	(0)		(3)
16	**TOTAL Proprietary Capital (Lines 2 through 15)**	1,249,819,597	(3,840,231)	1,245,979,366		
17	**LONG TERM DEBT**					
18	Bonds (221)	1,409,975,610	(9,905,610)	1,400,070,000		
19	(Less) reaquired bonds (222)	-		-		
20	Advance from associated companies (223)	-		-		
21	Other long-term debt (224)	6,436,007		6,436,007		
22	Unamortized premium on LTD (225)	-		-		
23	(Less) unamortized discount on LTD (226)	10,662,944		10,662,944		
24	**TOTAL LONG TERM DEBT (lines 18 though 24)**	1,405,748,673	(9,905,610)	1,395,843,063		
25	**OTHER NONCURRENT LIABILITITES**					
26	Obligations under Capital Leases - Noncurrent (227)	-		-		
27	Accumulated provision for property insurance (228.1)	-		-		
28	Accumulated provision for injuries and damages (228.2)	15,799,112		15,799,112		
29	Accumulated provision for Pension and benefits (228.3)	-		-		
30	Accumulated Miscelleneous operating provisions (228.4)	-		-		
31	Accumulated provision for Rate refunds (229)	22,649,093		22,649,093		
32	Long-Term Portion of Derivative Instrument Liabilities	-		-		
33	Long-Term Portion of Derivative Instrument Liabilities-Hedges	78,163,363		78,163,363		
32	Asset retirement obligations (230)	2,371,182		2,371,182		
33	**TOTAL OTHER Noncurrent liabilities (lines 27 through 35)**	118,982,750	-	118,982,750		
34	**CURRENT AND ACCRUED LIABILITIES**					
35	Current Portion of Long-Term Debt					
36	Notes payable (231)	-		-		
37	Accounts payable (232)	86,121,450		86,121,450		
38	Notes Payable to Associated companies (233)	-		-		
39	Accounts Payable to Associated companies (234)	105,355,681		105,355,681		
40	Customer deposits (235)	15,544,393		15,544,393		
41	Taxes accrued (236)	7,705,645		7,705,645		
42	Interest accrued (237)	21,469,705		21,469,705		
43	Dividends declared (238)	573,533		573,533		
44	Matured Long-Term Debt (239)	-		-		
45	Matured Interest (240)	-		-		
46	Tax collections payable (241)	2,702,720		2,702,720		
47	Miscelleneous Current and Accrued Liabilities (242)	11,299,400		11,299,400		
48	Obligations under Capital Leases - current (243)	-		-		
49	Derivative instrument liabilities (244)	-		-		
50	(Less) Long-Term Portion of Derivative Instrument Liabilities	-		-		
51	Derivative instrument liabilities Hedges (245)	134,414,683		134,414,683		
52	(Less) Long-Term Portion of Derivative Instrument Liabilities-Hedges	78,163,363		78,163,363		
53	**TOTAL Current & Accrued Liabilities**	307,023,847	-	307,023,847		
54	**DEFERRED CREDITS**					
55	Customer Advances for construction (252)	34,532,966		34,532,966		
56	Accumulated Deferred Investment Tax credits (255)	-		-		
57	Deferred gains from disposition of Utility plant (256)	-		-		
58	Other deferred credits (253)	396,890,411	0	396,890,411		
59	Other regulatory liabilities (254)	(49,403,581)	(219,297)	(49,622,878)		
60	Unamortized gain on reacquired debt (257)	-	219,186	219,186		
61	Accumulated deferred income taxes- Accel. Amort (281)	-		-		
62	Accumulated deferred income taxes- Other Property (282)	198,396,842		198,396,842		
63	Accumulated deferred income taxes-Other (283)	(38,447,906)	23,312,469	(15,135,437)		
64	**TOTAL deferred Credits**	541,968,732	23,312,358	565,281,090		
65	TOTAL liabilities and Other credits	$ 3,623,543,599	9,566,517	3,633,110,116		

(1) Transfer balance in Account 114 (represents net effect of goodwill adjustments) to Common Equity.
(2) This entry adjusts retained earnings for purchase accounting income statement items.
(3) OCI charge should not be included for rate making.

-
45,633,750
-
-
234,700
1,033,474,358
-
81,505
-
5,884,233
17,235
-
-
(0)
1,085,162,771
1,400,070,000
-
-
6,436,007
-
10,662,944
1,395,843,063
-
-
15,799,112
-
-
22,649,093
-
78,163,363
2,371,182
118,982,750
-
86,121,450
-
105,355,681
15,544,393
7,705,645
21,469,705
573,533
-
-
2,702,720
11,299,400
-
-
-
134,414,683
78,163,363
307,023,847
34,532,966
-
-
396,890,411
(49,622,878)
219,186
-
198,396,842
(15,135,437)
565,281,090
3,472,293,521

Ratemaking Retained Earnings Adjustment

	Net to Com (1)	Dividends (1)	Net
2004	$ 27,628,201	$ -	$ 27,628,201
2005	$ 94,744,484	$ 76,000,000	$ 18,744,484
2006	$ 54,356,906	$ -	$ 54,356,906
LTD	$ 176,729,591	$ 76,000,000	$ 100,729,591

	Net to Com	Pur Actg (2)	Non-PA
2004	$ 27,628,201	$ 26,551,151	$ 1,077,050
2005	$ 94,744,484	$ 34,299,208	$ 60,445,276
2006	$ 54,356,906	$ 43,093,239	$ 11,263,667
LTD	$ 176,729,591	$ 103,943,598	$ 72,785,993

	Div Adjtd PA (3)	Div Adj Non-PA (3)	Total
2004	$ 6,551,151	$ 1,077,050	$ 7,628,201
2005	$ 14,026,200	$ 24,718,284	$ 38,744,484
2006	$ 43,093,239	$ 11,263,667	$ 54,356,906
LTD	$ 63,670,590	$ 37,059,001	$ 100,729,591

$ 63,670,590 Ratemaking Adj to Retained Earnings

(1) Form 1, Page 118
(2) All P/A for 2004 - adds back portion previously estimated to have occurred on IPC's books if not eliminated in purchase accounting
(3) 1st Quarter 2005 dividends assigned 100% to 4th Quarter 2004 P/A Income
Remaining 2005 dividends allocated between 2005 P/A and non-P/A

Ratemaking Retained Earnings Adjustment

		Net Inc to Com (1)	Dividends (1)	Net
2004		$ 27,628,201	$ -	$ 27,628,201
2005		$ 94,744,484	$ 76,000,000	$ 18,744,484
2006		$ 54,356,906	$ -	$ 54,356,906
2007		$ 23,485,453	$ 61,000,000	$ (37,514,547)
2008		$ 2,669,189	$ 60,000,000	$ (57,330,811)
LTD		$ 202,884,233	$ 197,000,000	$ 5,884,233

		Net to Com	Pur Actg (2)	Non-PA
2004		$ 27,628,201	$ 26,551,151	$ 1,077,050
2005		$ 94,744,484	$ 34,299,208	$ 60,445,276
2006		$ 54,356,906	$ 43,093,239	$ 11,263,667
2007		$ 23,485,453	$ 678,269	$ 22,807,184
2008		$ 2,669,189	$ 3,749,522	$ (1,080,333)
LTD		$ 202,884,233	$ 108,371,389	$ 94,512,844

		Div Adjtd PA (3)	Div Adj Non-PA (3)	Total
2004		$ 6,551,151	$ 1,077,050	$ 7,628,201
2005		$ 14,026,200	$ 24,718,284	$ 38,744,484
2006		$ 43,093,239	$ 11,263,667	$ 54,356,906
2007	(4)	$ (60,321,731)	$ 22,807,184	$ (37,514,547)
2008	(4)	$ (3,348,859)	$ (53,981,952)	$ (57,330,811)
LTD		$ 0	$ 5,884,233	$ 5,884,233

$ 0 Ratemaking Adj to Retained Earnings

(1) Form 1, Pages 117 and 118
(2) All P/A for 2004 - adds back portion previously estimated to have occurred
on IPC's books if not eliminated in purchase accounting
(3) 1st Quarter 2005 dividends assigned 100% to 4th Quarter 2004 P/A Income
Remaining 2005 dividends allocated between 2005 P/A and non-P/A
(4) 2007 & 2008 dividends assigned first to PA accumulated post dividend earnings

Ameren Illinois Company's
Response to ICC Staff Data Requests
Docket No. 13-0301
Rate MAP-P Modernization Action Plan - Pricing Annual Update Filing.

Data Request Response Date: 6/4/2013

RMP 1.03

Please provide the Company's calculation of the "Ratemaking Retained Earnings Adjustment" for years 2004 through 2012, in the same format as the Company provided the responses to ICC Staff DRs RMP 4.01 in Docket No. 12-0001 and RMP 3.01 in Docket No. 12-0293.

RESPONSE

Prepared By: Ronald D. Stafford
Title: Director, Regulatory Accounting
Phone Number: 314-206-0584

Please see RMP 1.03 Attach for the calculation requested.

Ratemaking Retained Earnings Adjustment

		Net Inc to Com (1)	Dividends (1)	Net
2004		$ 27,628,201	$ -	$ 27,628,201
2005		$ 94,744,484	$ 76,000,000	$ 18,744,484
2006		$ 54,356,906	$ -	$ 54,356,906
2007		$ 23,485,453	$ 61,000,000	$ (37,514,547)
2008		$ 2,669,189	$ 60,000,000	$ (57,330,811)
2009		$ 77,225,609	$ 31,000,000	$ 46,225,609
2010	(5)	$ 248,880,546	$ 133,000,000	$ 115,880,546
2011	(5)	$ 192,708,187	$ 326,000,000	$ (133,291,813)
2012	(5)	$ 140,602,373	$ 189,000,000	$ (48,397,627)
LTD		$ 862,300,948	$ 876,000,000	$ (13,699,052)

		Net to Com	Pur Actg (2)	Non-PA
2004		$ 27,628,201	$ 26,551,151	$ 1,077,050
2005		$ 94,744,484	$ 34,299,208	$ 60,445,276
2006		$ 54,356,906	$ 43,093,239	$ 11,263,667
2007		$ 23,485,453	$ 678,269	$ 22,807,184
2008		$ 2,669,189	$ 3,749,522	$ (1,080,333)
2009		$ 77,225,609	$ (4,924,378)	$ 82,149,987
2010	(5)	$ 248,880,546	$ (1,757,893)	$ 250,638,439
2011	(5)	$ 192,708,187	$ 1,076,422	$ 191,631,765
2012	(5)	$ 140,602,373	$ 2,771,059	$ 137,831,314
LTD		$ 862,300,948	$ 105,536,599	$ 756,764,349

		Div Adjtd PA (3)	Div Adj Non-PA (3)	Total
2004		$ 6,551,151	$ 1,077,050	$ 7,628,201
2005		$ 14,026,200	$ 24,718,284	$ 38,744,484
2006		$ 43,093,239	$ 11,263,667	$ 54,356,906
2007	(4)	$ (60,321,731)	$ 22,807,184	$ (37,514,547)
2008	(4)	$ (3,348,859)	$ (53,981,952)	$ (57,330,811)
2009		$ (4,924,378)	$ 51,149,987	$ 46,225,609
2010	(5)	$ (1,757,893)	$ 117,638,439	$ 115,880,546
2011	(5)	$ 1,076,422	$ (134,368,235)	$ (133,291,813)
2012	(5)	$ 2,771,059	$ (51,168,686)	$ (48,397,627)
LTD		$ (2,834,790)	$ (10,864,262)	$ (13,699,052)

$ (2,834,790) Ratemaking Adj to Retained Earnings

(1) Form 1, Pages 117 and 118
(2) All P/A for 2004 - adds back portion previously estimated to have occurred on IPC's books if not eliminated in purchase accounting
(3) 1st Quarter 2005 dividends assigned 100% to 4th Quarter 2004 P/A Income Remaining 2005 dividends allocated between 2005 P/A and non-P/A
(4) 2007 & 2008 dividends assigned first to PA accumulated post dividend earnings
(5) Beginning 2010, financial data includes AIC and post merger CIL PA.

Docket No. 13-0301
ICC Staff Exhibit 9.0
Attachment C

Moody's Investors Service

Global Credit Research
Rating Action
13 AUG 2009

Rating Action: Central Illinois Light Company

Moody's Upgrades Ameren Illinois Utilities to Investment Grade

Approximately $2.5 billion of Debt Securities Upgraded

New York, August 13, 2009 -- Moody's Investors Service upgraded the ratings of Central Illinois Public Service Company (AmerenCIPS; Issuer Rating to Baa3 from Ba1); Central Illinois Light Company (AmerenCILCO, Issuer Rating to Baa3 from Ba1); Illinois Power Company (AmerenIP, Issuer Rating to Baa3 from Ba1) and CILCORP Inc. (senior unsecured to Ba1 from Ba2). The Corporate Family Rating, Probability of Default rating and all loss given default ratings of the CILCORP have been withdrawn. Moody's affirmed the ratings of Ameren Corporation (Ameren, Baa3 senior unsecured), Union Electric Company (AmerenUE, Baa2 Issuer Rating), and AmerenEnergy Generating Company (Genco, Baa3 senior unsecured). The rating outlook of Ameren and all of its subsidiaries is stable.

"The upgrade of Ameren's Illinois utilities is prompted by the recent execution of new bank credit facilities and the improved political and regulatory environment for utilities in Illinois," said Michael G. Haggarty, Vice President and Senior Credit Officer. The new two year bank facility provides $800 million of credit and liquidity support for Ameren, AmerenCIPS, AmerenCILCO, and AmerenIP. Although it replaces $1 billion of credit facilities with a longer tenor, bank and credit market conditions have made it more difficult and expensive for utilities to enter into facilities at previous amounts and with longer maturities. Moody's believes this new facility provides adequate liquidity support considering lower usage of the facility in 2009 and going forward, Ameren's anticipated continued ability to access the capital markets for long-term debt financings. Moody's notes that CILCORP is not a borrower under the new facility and will rely on Ameren's money pool or other arrangements to maintain adequate liquidity.

Moreover, the upgrade also reflects positive developments in Illinois since rate freeze legislation was passed by the Illinois House of Representatives in 2007. Following a comprehensive settlement agreement on electric rates and power procurement issues reached in the state in August 2007, Ameren's Illinois utilities received a reasonably supportive delivery service rate case outcome in September 2008 in their first rate proceeding after the settlement. The newly created Illinois Power Agency's first power procurement RFP process during the first half of 2009 was executed successfully and resulted in somewhat lower electric rates for residential customers. In addition, legislation was recently passed providing Illinois utilities with a bad debt rider. Although the southern Illinois economy continues to face recessionary conditions, which could make future regulatory proceedings more challenging, Moody's believes the utilities should be able to obtain sufficient regulatory relief to maintain their investment grade credit quality.

Ratings upgraded and assigned a stable outlook include:

Central Illinois Public Service Company's senior secured debt to Baa1 from Baa2, Issuer Rating to Baa3 from Ba1, and preferred stock to Ba2 from Ba3;

CILCORP Inc.'s senior unsecured debt to Ba1 from Ba2;

Central Illinois Light Company's senior secured debt to Baa1 from Baa2; and Issuer Rating to Baa3 from Ba1;

Illinois Power Company's senior secured debt to Baa1 from Baa2, Issuer Rating to Baa3 from Ba1, and preferred stock to Ba2 from Ba3.

Ratings affirmed with a stable outlook include:

Ameren's Baa3 Issuer Rating and Prime-3 short-term rating for commercial paper;

Union Electric Company's A3 senior secured, Baa2 Issuer Rating, Baa3 subordinated, Ba1 preferred stock, and Prime-3 short-term rating for commercial paper;

Ameren Energy Generating Company's Baa3 senior unsecured debt.

Ratings withdrawn:

CILCORP's Corporate Family Rating and Probability of Default Rating.

The last rating action on Central Illinois Public Service Company, Illinois Power Company and Union Electric Company was on August 3, 2009, when their senior secured debt ratings were upgraded one notch. The last rating action on CILCORP was on January 29, 2009, when its rating was affirmed and its rating outlook was changed to stable from positive, as was also the case for Central Illinois Public Service Company, Central Illinois Light Company, and Illinois Power Company. The last rating action on Ameren was on February 16, 2009 when its rating was affirmed. The last rating action on Ameren Energy Generating Company was on August 13, 2008, when its rating was downgraded. The principal methodology used in rating these issuers was Regulated Electric and Gas Utilities, which can be found at www.moodys.com in the Credit Policy & Methodologies directory, in the Ratings Methodologies subdirectory. Other methodologies and factors that have been considered in the process of rating these issuers can also be found in the Credit Policy & Methodologies directory.

Ameren Corporation is a public utility holding company headquartered in St. Louis, Missouri. It is the parent company of Union Electric Company (AmerenUE), Central Illinois Public Service Company (AmerenCIPS), CILCORP Inc., Central Illinois Light Company (AmerenCILCO); Illinois Power Company (AmerenIP), and AmerenEnergy Generating Company.

New York
Michael G. Haggarty
VP - Senior Credit Officer
Infrastructure Finance Group
Moody's Investors Service
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

New York
William L. Hess
Managing Director
Infrastructure Finance Group
Moody's Investors Service
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

Docket No. 13-0301
ICC Staff Exhibit 9.0
Attachment C

STANDARD
& POOR'S
RATINGS SERVICES

RatingsDirect®

Summary:

Ameren Corp.

Primary Credit Analyst:
Gabe Grosberg, New York (1) 212-438-6043; gabe_grosberg@standardandpoors.com

Secondary Contact:
Gerrit W Jepsen, CFA, New York (1) 212-438-2529; gerrit_jepsen@standardandpoors.com

Table Of Contents

Summary:

Ameren Corp.

Credit Rating: BBB-/Stable/A-3

Rationale

Standard & Poor's Ratings Services' ratings on Ameren Corp. are based on the company's consolidated credit profile. The ratings also reflect Ameren's "strong" business risk profile and "significant" financial risk profile. Ameren's subsidiaries include rate-regulated utilities Ameren Illinois Co. and Ameren Missouri and competitive merchant energy company AmerenEnergy Generating Co. (GenCo). Based on the combination of future earnings, cash flow, capital expenditures, and credit risk exposure, we view Ameren as about 80% regulated and 20% merchant generation.

The consolidated strong business risk profile reflects the combination of the excellent business risk profiles of Ameren's regulated electric and gas utility businesses offset by the fair business risk profile of Ameren's competitive merchant energy businesses.

The utilities' excellent business risk profiles reflect their lower-risk, monopolistic, rate-regulated utility businesses that provide an essential service.

Ameren Illinois took the initiative in engaging state legislators and regulators to effect reform in the utility regulatory process. As a result, at the end of 2011, Illinois' governor signed into law House Bill 3036 that allowed for a formula process for determining rates, including the recovery of actual costs and a formula for calculating return on equity. However, since the new law took effect, the company received its first commission order, which reduced rates by $48 million. The company originally filed for an approximate $19 million rate decrease. We view the commission's order as reflective of the continuous challenges that Ameren must meet in order to successfully manage regulatory risk.

The competitive energy businesses' fair business risk profile reflects their ultimate dependence on the market price of electricity, which has remained weak. While we view the Illinois Pollution Control Board's recent decision to allow the company until 2020, instead of 2015, to comply with the Illinois sulfur dioxide limit, as providing some flexibility for the company's remaining environmental capital spending, weak market pressures continue to materially weigh on the company's fair business risk profile.

Ameren's significant financial risk profile is based on our expectation that the company will mostly sustain its improved financial measures, which have been maintained since 2009. Cash flow measure sustainability is the result of management's proactive decisions, including a dividend reduction, equity issuance, operation and maintenance cost reductions, and effective management of capital spending. For the 12 months ended June 30, 2012, adjusted funds from operations (FFO) to total debt decreased to 19.9% from 21% at the end of 2011, adjusted debt to EBITDA improved to 3.7 from 3.8x, and adjusted debt to total capital weakened to 51.8% from 51% at year-end 2011. Although Ameren's financial measures should remain at these improved levels for the shorter term, we expect that they will weaken somewhat over the next three years, reflecting the termination of bonus depreciation and continued weak market electricity prices.

We expect Ameren's historical positive discretionary cash flow to turn negative as consolidated capital expenditures increase and decreasing margins at the competitive businesses pressure FFO. We expect that Ameren will continue to meet its cash needs in a credit-neutral manner.

Liquidity

Our short-term rating on Ameren is 'A-3'. The company has adequate liquidity and can more than cover its needs for the next year, even if cash flow decreases.

We base our liquidity assessment on the following factors and assumptions:

- We expect the company's consolidated liquidity sources (including cash, FFO, and credit facility availability) to exceed its uses by about 1.8x over the next 12 months.
- Consolidated long-term debt maturities are manageable, with $355 million and $585 million maturing in 2013 and 2014, respectively.
- Even if consolidated EBITDA decreases by 15%, we believe net sources will be well in excess of liquidity requirements.
- The company has good relationships with its banks, in our assessment, and has a good standing in the credit markets, having access to the capital markets during the 2009 credit crisis.

In our analysis, we assumed consolidated liquidity of about $3.7 billion over the next 12 months, primarily consisting of cash, FFO, and availability under the credit facilities. We estimate the company will use about $2 billion over the same period for capital spending, debt maturities, working capital needs, and shareholder dividends.

Ameren's credit agreement includes a financial covenant requiring a consolidated ratio of total debt to total capital of no more than 65%. As of June 30, 2012, the debt to capital ratio, as defined in the credit agreement, was 48%, demonstrating sufficient cushion with respect to the facility's financial covenant.

Outlook

The stable outlook assumes continued weakness at the nonrate-regulated business and Ameren's willingness to provide cash to shore up its liquidity. We expect that parent Ameren will continue to support the merchant business on a limited basis even over the longer term. Our ratings on Ameren also reflect Standard & Poor's baseline forecast that consolidated FFO to debt will, over the intermediate term, approximate 18% to 21%. Fundamental to our forecast is the outcome of the company's rate-case filings and market electricity prices. We could raise the ratings if Ameren decides to stop supporting its merchant business while minimally maintaining FFO to debt of 17%. Although significantly less likely, we could downgrade Ameren if consolidated FFO to debt is consistently less than 15%.

Related Criteria And Research

- Criteria Methodology: Business Risk/Financial Risk Matrix Expanded, May 27, 2009
- Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Sept. 28, 2011

- 2008 Corporate Ratings Criteria: Analytical Methodology, April 15, 2008

MOODY'S
INVESTORS SERVICE

Rating Action: Moody's upgrades Ameren Illinois

Global Credit Research - 12 Jun 2012

Approximately $1.7 billion of debt securities upgraded

New York, June 12, 2012 -- Moody's Investors Service upgraded the ratings of Ameren Illinois Company, including its senior secured debt to A3 from Baa1, senior unsecured debt and Issuer Rating to Baa2 from Baa3, and preferred stock to Ba1 from Ba2 . This rating action concludes the review of the ratings of Ameren Illinois initiated on February 29, 2012. Moody's affirmed Ameren Illinois's Prime-3 short-term rating for commercial paper and confirmed its Baa3 senior unsecured bank credit facility rating as it shares a common bank credit facility with the parent company, Ameren Corporation (Baa3 unsenior secured, Prime-3 short-term rating for commercial paper). The rating outlooks for Ameren Illinois and Ameren Corporation are stable.

RATINGS RATIONALE

"The upgrade of the ratings of Ameren Illinois reflects strong, stable cash flow coverage metrics and improved clarity on cost recovery following the passage of formula rate plan legislation in Illinois," said Michael G. Haggarty, Senior Vice President. "Although the utility's regulatory framework remains challenging, legislative support for the recovery of prudently incurred investments is a step in the right direction towards better overall cost recovery prospects", added Haggarty.

On December 30, 2011, the Illinois legislature passed the Energy and Infrastructure Modernization Act (EIMA), which requires that Ameren Illinois invest at least $265 million over ten years in electric system improvements and at least $360 million over ten years in its transmission and distribution system and in smart-grid system upgrades. The legislation should lead to a higher level of investment in its utility infrastructure, increase rate base, mitigate regulatory lag, and result in a more transparent and less politically charged rate setting process for the company.

The EIMA allows Ameren Illinois to participate in a performance-based formula ratemaking process for its electric rates (gas rates were not included in the legislation). The formula ratemaking process provides for the recovery of costs for electric delivery service, reflects the company's actual regulated capital structure, and is applied based on a spread over an average of the 30-year U.S. treasury bond. The legislation provides additional clarity and certainty for the recovery of costs which should help to maintain financial metrics at levels commensurate with our mid-Baa rating ranges, in accordance with Moody's Regulated Electric and Gas Utilities Rating Methodology.

Despite the improved cost recovery prospects, the regulatory and political environment remains highly unpredictable with adverse regulatory decisions still a distinct possibility. All actions pursuant to the legislation are subject to the review of the Illinois Commerce Commission (ICC), as are the "prudence and reasonableness" of the company's expenditures and capital structure. The ICC must also approve all of the company's formula rate filings.

On May 29, 2012, the ICC rejected the smart grid investment plan filed by the company under provisions of the legislation, citing a lack of details and specificity regarding the plan. The company's January 2012 gas rate order authorized a 9.06% return on equity, an unusually low return compared to most other gas utilities. Neighboring utility Commonwealth Edison Company recently received an adverse rate order in its first formula rate filing under the EIMA, with the ICC approving a significantly larger rate reduction than Commonwealth Edison had proposed and at the same time disallowing pension assets in rate base. Because of this ongoing regulatory uncertainty and unpredictability in Illinois, Moody's continues to score the Illinois regulatory framework at a below investment grade "Ba" level.

Despite this challenging regulatory framework, Ameren Illinois has and should continue to generate cash flow coverage metrics that are supportive of a mid-Baa rating. Over the last three years, Ameren Illinois has generated cash flow pre-working capital to debt in the 25% range and cash flow pre-working capital interest coverage in the 4.5x range. Although these metrics were positively affected by bonus depreciation, Moody's anticipates that the company will exhibit ratios of cash flow pre-working capital to debt of at least 20% and cash flow pre-working capital interest coverage of at least 4.0x going forward. These ratios are supportive of a mid-Baa rating assuming the utility's regulatory environment and cost recovery prospects do not deteriorate.

The stable outlook reflects Moody's expectation that recently passed EIMA legislation will provide a sufficient level of cost recovery on the electric portion of the business, that the Illinois regulatory framework will be more predictable than it has been historically, and that financial metrics will remain commensurate with its current rating.

Given the relatively recent passage of the EIMA legislation, the ICC rejection of its smart grid plan, and its two pending formula rate plan filings, a further upgrade is unlikely over the near term. An upgrade could be considered, however, if there is a material improvement in the supportiveness of the regulatory framework in Illinois and if the company continues to maintain strong financial metrics, including CFO pre-working capital above 20% and CFO pre-working capital interest coverage above 5.0x on a sustained basis.

The rating could be downgraded if the EIMA legislation and formula rate making rate procedures are not implemented as intended, if there are unsupportive rate case or other regulatory decisions, if there is unfavorable or adverse political intervention in the regulatory process, or if financial metrics deteriorate such that CFO pre-working capital to debt falls below 16% or CFO pre-working capital to interest expense falls below 4.0x for an extended period.

Ratings upgraded include:

Ameren Illinois Company's senior secured debt to A3 from Baa1;

Ameren Illinois Company's senior unsecured debt and Issuer Rating to Baa2 from Baa3;

Ameren Illinois Company's preferred stock to Ba1 from Ba2.

Ratings confirmed include:

Ameren Illinois Company's senior unsecured bank credit facility at Baa3.

Ratings affirmed include:

Ameren Illinois Company's Prime-3 short-term rating for commercial paper.

Ameren Illinois Company is a regulated transmission and distribution utility headquartered in Peoria, Illinois and a subsidiary of Ameren Corporation.

The principal methodology used in this rating was Regulated Electric and Gas Utilities published in August 2009. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

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Michael G. Haggarty
Senior Vice President
Infrastructure Finance Group
Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
U.S.A.
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

William L. Hess
MD - Utilities
InfrastructureFinance Group
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

Releasing Office:
Moody's Investors Service, Inc.
250 Greenwich Street
New York, NY 10007
U.S.A.
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

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STANDARD & POOR'S
RATINGS SERVICES

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Summary:

Ameren Illinois Co.

Primary Credit Analyst:
Gabe Grosberg, New York (1) 212-438-6043; gabe.grosberg@standardandpoors.com

Secondary Contact:
Gerrit W Jepsen, CFA, New York (1) 212-438-2529; gerrit.jepsen@standardandpoors.com

Table Of Contents

Summary:

Ameren Illinois Co.

Corporate Credit Rating	BBB/Watch Pos/A-2

Profile Assessments

BUSINESS RISK	EXCELLENT	Vulnerable — Excellent
FINANCIAL RISK	SIGNIFICANT	Highly leveraged — Minimal

Rationale

Business Risk: Excellent

- Rate-regulated, monopolistic, and essential service provider
- Lower-risk transmission and distribution operations
- Slow economic and sales growth within its service territory
- Business operations within a "less credit supportive" regulatory jurisdiction

Financial Risk: Significant

- Consistent consolidated historical financial measures that we expect the company will maintain (debt to EBITDA of about 4x)
- Consolidated high annual capital spending of about $1.5 billion or greater
- Consolidated dividend minimally maintained at existing level
- Historical consolidated positive discretionary cash flow that we expect will revert to negative, primarily reflecting higher capital spending

CreditWatch: Watch Pos

The ratings on Ameren are on CreditWatch with positive implications, reflecting the high probability of another upgrade following the completion of the merchant sale to Dynegy Inc. The CreditWatch status also reflects our base-case forecast following the transaction's completion, and includes funds from operations (FFO) to debt of about 20% and debt to EBITDA of about 4x. These financial measures are consistent with the "significant" financial risk profile category and, when viewed together with Ameren Corp.'s "excellent" business risk profile, could support a modestly higher rating. Key risks to our forecast include the outcomes of future rate cases and our expectation for continued weak economic growth within the company's regulated service territories. We could upgrade Ameren and its regulated subsidiaries if the company closes the transaction in a timely manner while meeting our expected financial measures.

Standard & Poor's Base-Case Scenario

Assumptions

- The company completes the sale of its merchant assets to Dynegy by the fourth quarter of 2013
- Continued weak economic growth that supports our expectation for flat regulatory sales growth
- Operating measures for safety and generation reliability continue to gradually improve
- No material improvement assumed to the company's management of regulatory risk

Key Metrics

	2012A	2013E	2014E
Debt/EBITDA (x)	3.7	3.7-4.2	3.7-4.2
FFO/debt (%)	20.5	18-21	18-21
EBITDA interest coverage (x)	4.3	4.2-4.7	4.2-4.7

Standard & Poor's adjusted consolidated financial ratios for Ameren include debt adjustments for operating leases ($190 million) and pension-related items ($760 million). EBITDA adjustments include operating leases ($13 million), pension-related items ($28 million), and asset-retirement obligations ($24 million). FFO adjustments include operating leases ($22 million) and pension-related items ($80 million). A--Actual. E--Estimate.

Business Risk: Excellent

Our assessment of Ameren Illinois' (AI) business risk profile as excellent takes into account its lower-risk, monopolistic, rate-regulated utility pure transmission and distribution (T&D) businesses that provide an essential service. The company serves about 1.2 million electric customers and about 800,000 gas customers in central and southern Illinois, regulated by the Illinois Commerce Commission. In addition, the Federal Energy Regulatory Commission regulates the company's electric transmission lines, which constitute about 13% of the company's total rate base and provide some added diversification. Overall, we view the T&D businesses as lower risk than the generation businesses that are included in many fully integrated electric utilities.

We also recognize AI's continuing efforts to manage regulatory risk in Illinois. AI took the initiative in engaging state legislators and regulators to effect reform in the utility regulatory process. As a result, at the end of 2011, the Illinois' governor signed House Bill No. 3036 into law, which allows for a formula process for determining rates, including the recovery of actual costs and a formula for calculating return on equity. However, since the new law took effect, the company received its first commission order, which reduced annual rates by $48 million and a subsequent rate-case order that reduced annual rates by about $5 million. The company currently has pending electric and gas-rate cases before the commission, requesting a rate decrease of about $31 million in the electric rate case and about a $50 million rate increase in the gas rate case.

Important to the company's credit rating is its ability to demonstrate improved effective management of regulatory risk within Illinois, which we assess as less credit supportive. Recently, the company worked with legislators to pass a senate bill that allows the Illinois electric utilities to use a year-end rate base and capital structures as well as the weighted cost of capital for reconciliations. We view this change as supportive of credit quality. In addition, the company continues to work with legislators to allow for a natural gas infrastructure rider for certain infrastructure investments. We believe this rider could potentially reduce the regulatory lag and support credit quality.

Reflected in the business risk profile is our assessment of the company's management and governance as "satisfactory". This partially reflects our expectation that management will successfully execute its strategic disciplined plan of continuing to build its regulated businesses.

Financial Risk: Significant

We consider Ameren's financial risk profile as significant, reflecting our expectation that after the merchant sale transaction closes, FFO to debt will equal about 20% and debt to EBITDA will be about 4x over the intermediate term. The company's historical financial measures have demonstrated a high degree of consistency since 2009. This is the direct result of management's proactive decisions, including a dividend reduction, equity issuance, operation and maintenance cost reductions, and effective management of capital spending. For the 12 months ended March 2013, FFO to debt rose to 22.7% compared with 20.5% at year-end 2012 and debt to EBITDA also improved to 3.4x compared with 3.7x at year-end 2012. Both of these results are consistent with the significant financial risk profile category (20% to 30% and 3x to 4x, respectively). We expect that Ameren will generally maintain its historical financial measures, reflecting the sale of its merchant business despite the eventual expiration of bonus depreciation and increased capital spending on its regulated businesses.

We expect that the company will have consolidated negative discretionary cash flow reflecting high capital spending at more than $1.5 billion annually. We also expect net cash flow (FFO less dividends) to capital spending to approximate 70%, indicating the need for external funding. Overall, we expect the company to finance its investments in a manner that preserves its credit quality.

Liquidity: Adequate

We view Ameren's consolidated liquidity as "adequate" and we believe the company could more than cover its needs during the next 12 to 18 months, even if EBITDA decreased by 15%. We expect that the company's liquidity sources for the next 12 to 18 months will exceed its uses by 1.4x. We do not expect that Ameren would require access to the capital markets for the period to meet its liquidity needs.

Principal Liquidity Sources	Principal Liquidity Uses
• Consolidated FFO of about $1.6 billion annually • Assumed consolidated credit facility availability of about $1.6 billion • Assumed working capital of about $40 million	• Consolidated capital spending of more than $1.5 billion • Consolidated long-term debt maturities of more than $500 million in 2014 • Consolidated dividends of less than $400 million

Recovery Analysis

- We assign recovery ratings to first-mortgage bonds (FMBs) issued by U.S. utilities, which can result in issue ratings being notched above a utility's corporate credit rating (CCR) depending on the rating category and the extent of the collateral coverage. The FMBs issued by U.S. utilities are a form of "secured utility bond" (SUB) that qualify for a recovery rating as defined in our criteria (see "Collateral Coverage and Issue Notching Rules for '1+' and '1' Recovery Ratings on Senior Bonds Secured by Utility Real Property," published Feb. 14, 2013).
- The recovery methodology is supported by the ample historical record of 100% recovery for secured bondholders in utility bankruptcies in the U.S. and our view that the factors that enhanced those recoveries (limited size of the creditor class and the durable value of utility rate-based assets during and after a reorganization given the essential service provided and the high replacement cost) will persist in the future.
- Under our SUB criteria, we calculate a ratio of our estimate of the value of the collateral pledged to bondholders relative to the amount of FMBs outstanding. FMB ratings can exceed a utility's CCR by up to one notch in the 'A' category, two notches in the 'BBB' category, and three notches in speculative-grade categories depending on the calculated ratio.
- AI's FMBs benefit from a first-priority lien on substantially all of the utility's real property owned or subsequently acquired. Collateral coverage of about 3x supports a recovery rating of '1+' and an issue rating two notches above the CCR.

Related Criteria And Research

- Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- Business Risk/Financial Risk Matrix Expanded, Sept. 18, 2012
- Liquidity Descriptors For Global Corporate Issuers, Sept. 28, 2011
- 2008 Corporate Ratings Criteria: Ratios And Adjustments, April 15, 2008
- 2008 Corporate Criteria: Analytical Methodology, April 15, 2008

Business And Financial Risk Matrix

	Financial Risk					
Business Risk	Minimal	Modest	Intermediate	Significant	Aggressive	Highly Leveraged
Excellent	AAA/AA+	AA	A	A-	BBB	--
Strong	AA	A	A-	BBB	BB	BB-
Satisfactory	A-	BBB+	BBB	BB+	BB-	B+
Fair	--	BBB-	BB+	BB	BB-	B
Weak	--	--	BB	BB-	B+	B-
Vulnerable	--	--	--	B+	B	B- or below

Note: These rating outcomes are shown for guidance purposes only. The ratings indicated in each cell of the matrix are the midpoints of the likely rating possibilities. There can be small positives and negatives that would lead to an outcome of one notch higher or lower than the typical matrix outcome. Moreover, there will be exceptions that go beyond a one-notch divergence. For example, the matrix does not address the lowest rungs of the credit spectrum (i.e., the 'CCC' category and lower). Other rating outcomes that are more than one notch off the matrix may occur for companies that have liquidity that we judge as "less than adequate" or "weak" under our criteria, or companies with "satisfactory" or better business risk profiles that have extreme debt burdens due to leveraged buyouts or other reasons. For government-related entities (GREs), the indicated rating would apply to the standalone credit profile, before giving any credit for potential government support.

MOODY'S
INVESTORS SERVICE

Credit Opinion: Ameren Illinois Company

Global Credit Research - 13 Jun 2013

Peoria, Illinois, United States

Ratings

Category	Moody's Rating
Outlook	Stable
Issuer Rating	Baa2
First Mortgage Bonds	A3
Senior Secured	A3
Bkd Sr Unsec Bank Credit Facility	Baa3
Senior Unsecured Shelf	(P)Baa2
Pref. Stock	Ba1
Commercial Paper	P-3
Parent: Ameren Corporation	
Outlook	Stable
Issuer Rating	Baa3
Senior Unsecured	Baa3
Subordinate Shelf	(P)Ba1
Pref. Shelf	(P)Ba2
Commercial Paper	P-3

Contacts

Analyst	Phone
Toby Shea/New York City	212.553.1779
William L. Hess/New York City	212.553.3837

Key Indicators

[1]**Ameren Illinois Company**

	LTM 03/31/2013	2012	2011	2010
(CFO Pre-W/C + Interest) / Interest Expense	4.1x	3.9x	4.1x	4.8x
(CFO Pre-W/C) / Debt	20.9%	19.2%	22.8%	26.2%
(CFO Pre-W/C - Dividends) / Debt	13.3%	10.7%	7.5%	20.0%
Debt / Book Capitalization	39.2%	39.7%	39.3%	40.2%

[1] All ratios calculated in accordance with the Global Regulated Electric Utilities Rating Methodology using Moody's standard adjustments.

Note: For definitions of Moody's most common ratio terms please see the accompanying User's Guide.

Opinion

Rating Drivers

- Supportive legislation improves rate certainty

- Regulatory environment remains challenging

- Financial metrics consistent with current ratings

- High capital expenditures over the next several years

Corporate Profile

Ameren Illinois Company (Ameren Illinois, Baa2 senior unsecured, stable) is a regulated electric and natural gas transmission and distribution utility with a service territory in central and southern Illinois. Ameren Illinois is a wholly-owned subsidiary of Ameren Corporation (Ameren, Baa3 Issuer Rating, stable). It was formed in 2010 by the merger of Ameren's three Illinois utility subsidiaries: the former Central Illinois Light Company (AmerenCILCO), Central Illinois Public Service Company (AmerenCIPS) and Illinois Power Company (AmerenIP).

SUMMARY RATING RATIONALE

The rating of Ameren Illinois reflects a below average regulatory environment in Illinois offset by improved cost recovery prospects following the passage of the state's Energy Infrastructure Modernization Act (EIMA) in 2011 and subsequent supportive clarifications provided in the recently passed Senate Bill 9 (SB 9). The rating also reflects financial metrics that are appropriate for its rating, an adequate liquidity position, and its relatively low risk transmission and distribution business risk profile.

DETAILED RATING CONSIDERATIONS

– EIMA and SB 9 promise more certainty in ratemaking process

Illinois has historically been a challenging regulatory environment for utilities, but the situation is slowly improving with passage of EIMA in late 2011 and SB 9 in 2013. Depending on how it is implemented, the EIMA could significantly reduce ratemaking uncertainty. Execution risk remains a concern given Illinois' history of contentious relationship between the Illinois Commerce Commission (ICC) and the state's investor-owned utilities, as most recently evidenced by the dispute between the ICC and investor-owned utilities over the application of EIMA in recent rate cases.

The ICC has a history of authorizing punitive rates of return and disallowances that led to contentious relationships with the utilities. The poor regulatory treatment has been a key negative credit factor for utilities operating in Illinois. The EIMA has the potential to reduce much of the uncertainty because it provides a formulaic ratemaking paradigm. Return on equity is calculated with a formula based on the 30-year treasury yield with adjustments for quantitative performance measures. In contrast, the traditional rate case paradigm gives the utility commission much wider discretion over the ratemaking process and outcome.

There are concerns regarding implementation of the EIMA because it was opposed by both Governor Quinn and the utility commissioners. Governor Quinn unsuccessfully vetoed both the EIMA and SB 9, and the ICC opposed the initial passage of EIMA and used unfavorable parameters, such as average instead of year-end rate base, during Ameren Illinois' initial filing (for 2012 rates) and the first updated filing (for 2013 rates) under the formula rate plan. As a result, the more supportive legislature had to pass follow-up SB 9 bill in May 2013 to clarify the parameters to be used, which are favorable to the company.

The passage of SB 9 should alleviate the disagreement between ICC and the company over the implementation of EIMA in the near term, thus bringing EIMA one step closer to achieving its potential of encouraging more investment in utility infrastructure, mitigating regulatory lag, and creating a more transparent and less politically charged rate setting process for the company. The outcome of the current formula rate filing (for 2014 rates), expected in December 2013, will go a long way in demonstrating the effectiveness of EIM.

– Financial and cash flow metrics are commensurate with Baa rating

Ameren Illinois' cash flow to debt metrics are consistent with its outstanding ratings. The company recorded a CFO pre-WC/debt ratio of 26% and 23% in 2010 and 2011, respectively, though this credit measure declined to 19% in 2012. The decline in 2012 can be partly attributed to the 8.8% allowed return on equity (ROE) calculated under EIMA's formula rate in 2012, which is substantially lower than the ICC's 2010 electric rate order, which had established the allowed ROE at 10.2%. However, because EIMA uses the 30-year treasury rate as the base when calculating allowed ROE, a rise in the treasury rate will directly translate into a higher allowed ROE for Ameren Illinois.

- High capital expenditures over the next five years

Ameren Illinois has a substantial capital expenditure program with the company forecasting capital expenditures of $695 million in 2013 and between $2.4 billion and $3.25 billion over the 2014-2017 time period. The large capital expenditure program reflects the commitment to spend an incremental $625 million between 2012 and 2021 pursuant to EIMA as well as spending on FERC-regulated transmission projects, which is expected to account for $1 billion over the next five years (2013-2017). Currently, FERC-regulated revenue only accounts for 1% of Ameren Illinois' total operating revenue but this share will grow with the planned investments.

Liquidity

Ameren Illinois maintains an adequate liquidity profile that is supported by a five-year $800 million unsecured bank credit agreement that expires in November 2017. The Illinois credit facility is shared with the parent company, whose maximum borrowing amount available is $300 million. Because the two entities share the same credit facility, Ameren Illinois maintains a short-term rating for commercial paper of Prime-3, the same short-term rating of the parent company. The credit facility includes covenants requiring that Ameren and Ameren Illinois maintain consolidated indebtedness of not more than 65% of consolidated capitalization. At March 31, 2013, the ratios for Ameren and Ameren Illinois were 52% and 42%, respectively. In addition, Ameren is required to maintain a ratio of consolidated funds from operations plus interest expense to consolidated interest expense of 2.0 to 1. At March 31, 2013, it was in compliance with this financial covenant with a ratio of 5.1x to 1.

In addition to the credit facility, Ameren Illinois participates in a utility money pool arrangement with the parent company, giving it access to additional funds if needed. At March 31, 2013, neither Ameren nor Ameren Illinois had any borrowings under the Illinois credit facility. Ameren Illinois had $93 million of cash as of March 31, 2013, an increase from December 31, 2012 when it had no cash on hand (due in part to the pay-down of a $150 million senior secured note with operating cash flow and cash). The company has no significant long-term debt due until December 2013, when $200 million of senior secured notes are due.

Rating Outlook

The stable outlook reflects our expectation that EIMA and SB 9 will provide sufficient cost recovery on the electric portion of the business, that its regulatory framework will allow for more predictable outcomes than the past, and that financial metrics will remain supportive for its current rating.

What Could Change the Rating - Up

Should the formula rate plan prove to be effective over time in reducing Illinois's regulatory risk, Ameren Illinois' rating may be placed on positive outlook, provided that its financial metrics remain supportive of such an action.

What Could Change the Rating - Down

The rating could be downgraded if the implementation of EIMA suffers a setback and fails to establish a more transparent and predictable ratemaking framework for Ameren Illinois.

Rating Factors

Ameren Illinois Company

Regulated Electric and Gas Utilities Industry [1][2]	**LTM 03/31/2013**		**Moody's 12-18 month Forward View* As of June 2013**	
Factor 1: Regulatory Framework (25%)	Measure	Score	Measure	Score
a) Regulatory Framework		Ba		Ba
Factor 2: Ability To Recover Costs And Earn Returns (25%)				
a) Ability To Recover Costs And Earn Returns		Baa		Baa
Factor 3: Diversification (10%)				

a) Market Position (5%)		Ba		Ba
b) Generation and Fuel Diversity (5%)		-		-
Factor 4: Financial Strength, Liquidity And Key Financial Metrics (40%)				
a) Liquidity (10%)		Baa		Baa
b) CFO pre-WC + Interest/ Interest (3 Year Avg) (7.5%)	4.4x	Baa	4.0-4.4x	Baa
c) CFO pre-WC / Debt (3 Year Avg) (7.5%)	23.3%	A	19-22%	Baa
d) CFO pre-WC - Dividends / Debt (3 Year Avg) (7.5%)	13.6%	Baa	13-16%	Baa
e) Debt/Capitalization (3 Year Avg) (7.5%)	39.6%	A	39-42%	A
Rating:				
a) Indicated Rating from Grid		Baa2		Baa2
b) Actual Rating Assigned		Baa2		Baa2

* THIS REPRESENTS MOODY'S FORWARD VIEW; NOT THE VIEW OF THE ISSUER; AND UNLESS NOTED IN THE TEXT DOES NOT INCORPORATE SIGNIFICANT ACQUISITIONS OR DIVESTITURES

[1] All ratios are calculated using Moody's Standard Adjustments. [2] As of 03/31/2013(LTM); Source: Moody's Financial Metrics

MOODY'S
INVESTORS SERVICE

Credit Opinion: Commonwealth Edison Company

Global Credit Research - 05 Mar 2013

Chicago, Illinois, United States

Ratings

Category	Moody's Rating
Outlook	Stable
Issuer Rating	Baa2
First Mortgage Bonds	A3
Senior Unsecured	Baa2
Pref. Shelf	(P)Ba1
Commercial Paper	P-2
Parent: Exelon Corporation	
Outlook	Stable
Issuer Rating	Baa2
Senior Unsecured	Baa2
Subordinate Shelf	(P)Baa3
Pref. Shelf	(P)Ba1
Commercial Paper	P-2
ComEd Financing III	
Outlook	Stable
BACKED Pref. Stock	Baa3

Contacts

Analyst	Phone
A.J. Sabatelle/New York City	212.553.4136
William L. Hess/New York City	212.553.3837

Key Indicators

[1]**Commonwealth Edison Company**

	2012	2011	2010	2009
(CFO Pre-W/C + Interest) / Interest Expense	4.7x	5.2x	3.9x	4.0x
(CFO Pre-W/C) / Debt	19%	25%	20%	20%
(CFO Pre-W/C - Dividends) / Debt	17%	21%	15%	16%
Debt / Book Capitalization	37%	38%	39%	40%

[1] All ratios calculated in accordance with the Global Regulated Electric Utilities Rating Methodology using Moody's standard adjustments.

Note: For definitions of Moody's most common ratio terms please see the accompanying User's Guide.

Opinion

Rating Drivers

Regulatory environment remains unpredictable despite credit supportive legislation

Sizeable capital program

Strong credit metrics for rating category

Parent's dividend reduction enhances ComEd's internal cash flow

Dispute with IRS remains an overhang credit issue

Corporate Profile

Commonwealth Edison Company (ComEd) is a regulated electric transmission and distribution company and a subsidiary of Exelon Corporation (Exelon: Baa2 stable). ComEd provides energy delivery services to retail and wholesale customers in northern Illinois, including the city of Chicago. ComEd is regulated by the Illinois Commerce Commission (ICC) and the Federal Energy Regulatory Commission (FERC). At December 31, 2012, ComEd had total assets of $22.91 billion.

SUMMARY RATING RATIONALE

ComEd's Baa2 senior unsecured rating primarily reflects an improving but still unpredictable state regulatory environment in which the company operates. The 2011 passage of EIMA improved the cost recovery framework; however, implementation of the law has been a challenge for Illinois electric utilities. The rating factors in continuing strong credit metrics for its rating category, good liquidity management, a sizeable capital spending program, and a diverse regional economy which helps mitigate the financial impact from the still weak economic recovery. The rating further recognizes the expected enhancement to ComEd's internal cash flow following Exelon's decision to reduce its common dividend by 40%. A longer-term credit overhang remains owing to ComEd's ongoing exposure to litigation with the IRS.

DETAILED RATING CONSIDERATIONS

Regulatory environment remains unpredictable despite credit supportive legislation

ComEd's rating recognizes an improving, but still challenging regulatory environment for utilities in Illinois. Continuing complications with the implementation of the formula-rate-plan (FRP) has reinforced previous concerns over the predictability of the regulatory environment.

On 30 December 2011, the Energy Infrastructure Modernization Act (EIMA) became law. The EIMA established a new distribution, performance based FRP ratemaking paradigm for the state's largest electric utilities with an intention to spur utility infrastructure investment. The legislation required ComEd to invest $1.3 billion over a five-year period in electric system upgrades, modernization projects, and training facilities, and at least $1.3 billion over a 10-year period in transmission & distribution assets and smart-grid system upgrades. While EIMA has the potential to create a concrete, dependable regulatory framework, the ICC's interpretation of certain aspects of EIMA has resulted in lower than expected financial results for the utilities, including ComEd, leading to litigation, lower investment by the utilities, and the prospect of additional legislation.

On 29 May 2012, the ICC issued an order in its initial FRP filing that reduced ComEd's annual revenue requirement by $168 million, approximately $110 million more than proposed by the company. The reduction included $50 million that the ICC determined could be recovered through alternative rate proceedings, $35 million for the disallowance of a return on pension assets, $10 million for incentive compensation related adjustments, and $15 million for various adjustments on other technical items. The ICC agreed to rehear some of the issuer's appeal and on 3 October 2012, the ICC issued its final order in that rehearing, adopting ComEd's position on the return on its pension asset, resulting in an increase in ComEd's annual revenue requirement. However, in two other areas, the ICC ruled against ComEd by reaffirming use of an average rather than year-end rate base in ComEd's reconciliation revenue requirement; and amending its prior order to provide a short-term debt rate as the appropriate interest rate to apply to under/over recoveries of incurred costs. ComEd filed an appeal with the courts on 4 October 2012. New rates reflecting the impacts of the rehearing order went into effect in November 2012.

In December 2012, ICC issued the second FRP for ComEd authorizing the utility an $72.6 million rate increase. While the outcome was only $2 million less than the company's ask, ComEd's position reflected the rate impact of the ICC decision in the initial FRP proceeding, including the methodology used to calculate rate base and capital structure, both of which remain under appeal in the Illinois courts. As such, ComEd's position does not reflect the full revenue requirement expected had the FRP been implemented in a manner consistent with the company's interpretation of the legislation.

In light of these developments, the Illinois legislature has introduced Senate Bill 9 (SB 9), to further clarify the perceived ambiguity around EIMA by the ICC, specifically the FRP process. The new bill includes language indicating that the ICC should use year-end rate base values and year-end capital structures in all rate reconciliations. Additionally, SB 9 specifies that any reconciliation-related amounts should accrue interest calculated using the weighted average cost of capital. If passed, the bill will supersede the ICC's previous orders to the extent that the orders are inconsistent with the bill, allowing companies to retroactively recover any amounts not previously authorized for recovery. On 13 February 2013, the Illinois Senate Executive Committee voted unanimously to pass SB 9, and the bill will now be considered by the full Senate. We understand that there is broad bipartisan support for SB 9 in both the Senate and the House and that such a vote, when taken, will likely pass with a veto-proof majority. The 2013 legislative session is expected to conclude on May 31st.

Material Capital Investment

ComEd's capital expenditure program has increased in each of the last two years primarily to maintain and strengthen the transmission and distribution network in and around its service territory, and for infrastructure spending related to smart grid deployment. In 2011 and 2012, capital expenditures increased to $1.0 billion and $1.2 billion, respectively, as compared to the three year average of $923 million over the 2008-2010 period. Following the outcome of the above-referenced ICC rehearing in October 2012, ComEd deferred $65 million of planned spend in 2012 and plans to defer an additional $335 million of smart meter and other infrastructure spend from the 2013-2014 period to 2015 and beyond. We anticipate that capital spending will approximate $1.4 billion during 2013.

Strong Credit Metrics for the Current Rating

For the past three years, ComEd has produced very strong credit metrics for the Baa rating category. Cash flow (CFO pre W/C) to debt has averaged around 21.2%, cash flow coverage of interest expense has averaged 4.6x while retained cash flow to debt has averaged 17.6% for the past three years, all of which are reflective of a higher Baa rating. Some of this financial performance can be attributed to the receipt of bonus depreciation, which is not a sustainable source of cash flow. During 2011, Exelon's utilized the incremental cash sourced by bonus depreciation to voluntarily make a sizable contribution to ComEd's pension plan, an action we viewed as credit positive. Prospectively, and factoring in the loss of bonus depreciation in the near-term financial results, we believe that ComEd will produce credit metrics that will strongly position the company within the Baa2 rating category.

Parent's dividend reduction enhances ComEd's internal cash flow

On 7 February 2013, Exelon announced that it would reduce its common dividend by 40% which will enhance retained cash flow and free cash flow across the company by $740 million. We view this action as being supportive of credit quality and highlights management's strong commitment to maintain an investment grade rating at all legal registrants. Exelon's revised dividend policy contemplates that the utilities, including ComEd, pay out an average of 65-70% of their respective earnings.

IRS dispute remains an overhang credit issue

Exelon, through ComEd, is involved in a tax dispute with the IRS relating to a portion of the tax gain associated with the 1999 sale of ComEd's fossil generating assets. Specifically, about $1.2 billion of the gain was deferred by reinvesting the proceeds from the sale in qualifying replacement property under the like-kind exchange provisions. The like-kind exchange replacement property purchased by Exelon included interests in three municipal-owned electric generation facilities which were leased back to the municipalities.

Exelon has been unable to reach agreement with the IRS regarding the dispute over the like kind exchange position. The IRS has asserted that the Exelon purchase and leaseback transaction is substantially similar to a leasing transaction, known as a SILO, which the IRS does not respect as the acquisition of an ownership interest in property.Exelon disagrees with the IRS and continues to believe that its like-kind exchange transaction is not the same as or substantially similar to a SILO. Exelon expects to initiate litigation in 2013 to contest the IRS's disallowance of the like-kind exchange position.

On 9 January 2013, the U.S. Court of Appeals for the Federal Circuit reversed the U.S. Court of Federal Claims and reached a decision for the government disallowing Consolidated Edison's deductions stemming from its participation in a LILO transaction that the IRS also has characterized as a tax shelter.

In light of the Consolidated Edison decision and Exelon's current determination that a settlement is unlikely, Exelon has concluded that it will record a non-cash charge to earnings of approximately $270 million in the first quarter of

2013, which represents the full amount of interest expense (after-tax) and incremental state tax expense in the event that Exelon is unsuccessful in litigation. Of this amount, approximately $185 million will be recorded at ComEd and the balance at Exelon. Exelon intends to hold ComEd harmless from any unfavorable impacts of the after-tax interest amounts on ComEd's equity.

At 31 March 2013, in the event of a fully successful IRS challenge to Exelon's like-kind exchange position, the potential tax and after-tax interest, exclusive of penalties, that could become currently payable may be as much as $860 million, of which approximately $320 million would be attributable to ComEd after consideration of Exelon's agreement to hold ComEd harmless with the balance at Exelon.

Liquidity

ComEd's Prime-2 short-term rating for commercial paper reflects our view that the company will maintain adequate liquidity for the next 4 quarters.

On 28 March 2012, ComEd entered into a new five year unsecured revolving credit agreement for $1 billion, expiring in 2017. This credit facility is used primarily to provide liquidity support and for the issuance of letters of credit. As of 31 December 2012, there were no borrowings or letters of credit outstanding under the facility. While the credit agreement does not contain any rating triggers that would affect borrowing access to the commitment and does not require any material adverse change (MAC) representation for borrowings, there is a requirement to maintain a ratio of net cash flow from operations to net interest expense at a minimum level of at least 2.0 times. At 31 December 2012, ComEd's ratio of net cash flow from operations to net interest expense was 6.14x. Cash on hand at 31 December 2012 was $144 million.

In light of the ample capital investment program anticipated at the utility, we expect ComEd being free cash flow negative for the next few years. That said, in light of the higher capital spending at ComEd, we do not believe that the utility's dividend will reach the higher end of the above-referenced targeted 70% payout level. In that vein, we note that ComEd paid $105 million of dividends during 2012 representing 28% of ComEd 2012 earnings. ComEd has approximately $252 million of debt maturing in 2013 and $600 million in 2014. We anticipate the company seeking to access the capital markets to refinance a substantial portion of this debt given the capital requirements of the utility.

As of 31 December 2012, if ComEd lost its investment grade credit rating, it could be required to provide $218 million of incremental collateral.

Rating Outlook

ComEd's rating outlook is stable reflecting an expectation that financial results will remain strong for the rating category, particularly with the passage of EIMA. Although the regulatory environment remains challenging and unpredictable, we believe that the latest credit supportive legislation will improve cost recovery under the FRP. ComEd's stable outlook further incorporates our belief the company's dividend policy will continue to remain sensible in light of the utility's increased capital spending requirements.

What Could Change the Rating - Up

In light of our March 2012 one notch upgrade of ComEd's ratings, the challenges that have occurred in implementing ratemaking under EIMA, and the increased capital spending anticipated at ComEd, limited prospects exist for the utility's ratings to be upgraded in the near-term. However, upward rating pressure can surface if the new regulatory framework is seamlessly implemented and accepted as a workable model by key constituents in the state, resulting in more predictable financial results for the state's utilities. Specifically, consideration of a higher rating could emerge if ComEd's the ratio of cash flow to debt exceeds 20% and its cash flow interest coverage exceeds 5.0x on a sustainable basis.

What Could Change the Rating - Down

The rating could be downgraded if EIMA ratemaking implementation is altered dramatically or terminated, if the company's cash flow to debt declines to below 16.0% or cash flow to interest expense falls below 3.5x for an extended period. Also, negative rating pressure could materialize if the outcome of a continuing IRS challenge concerning certain sale/leaseback transactions affecting Exelon and ComEd leads to substantial payments for the utility.

Other Considerations

As depicted below, ComEd's implied rating under the grid on a historical and projected basis is Baa2 on par with the current senior unsecured rating.

Rating Factors

Commonwealth Edison Company

Regulated Electric and Gas Utilities Industry [1][2]	**Current 12/31/2012**		**Moody's 12-18 month Forward View* As of March 2013**	
Factor 1: Regulatory Framework (25%)	Measure	Score	Measure	Score
a) Regulatory Framework				
Factor 2: Ability To Recover Costs And Earn Returns (25%)		Ba		Ba
a) Ability To Recover Costs And Earn Returns		Baa		Baa
Factor 3: Diversification (10%)				
a) Market Position (10%)		Baa		Baa
b) Generation and Fuel Diversity (na)		na		na
Factor 4: Financial Strength, Liquidity And Key Financial Metrics (40%)				
a) Liquidity (10%)		Baa		Baa
b) CFO pre-WC + Interest/ Interest (3 Year Avg) (7.5%)	4.6x	A	4.5x - 4.8x	A
c) CFO pre-WC / Debt (3 Year Avg) (7.5%)	21.2%	Baa	18 - 22%	Baa
d) CFO pre-WC - Dividends / Debt (3 Year Avg) (7.5%)	17.6%	A	15 - 18%	A/Baa
e) Debt/Capitalization (3 Year Avg) (7.5%)	38.1%	A	35 - 38%	A
Rating:				
a) Indicated Rating from Grid		Baa2		Baa2
b) Actual Rating Assigned		Baa2		Baa2

* THIS REPRESENTS MOODY'S FORWARD VIEW; NOT THE VIEW OF THE ISSUER; AND UNLESS NOTED IN THE TEXT DOES NOT INCORPORATE SIGNIFICANT ACQUISITIONS OR DIVESTITURES

[1] All ratios are calculated using Moody's Standard Adjustments. [2] As of 12/31/2012(L); Source: Moody's Financial Metrics

Moody's
INVESTORS SERVICE

Docket No. 13-0301
ICC Staff Exhibit 9.0
Attachment I

Fitch Downgrades Ameren Genco to 'CC'; Revises Ameren Illinois' Outlook to Stable

Ratings Endorsement Policy
28 Jan 2013 1:12 PM (EST)

Fitch Ratings-New York-28 January 2013: Fitch Ratings has downgraded the Issuer Default Rating (IDR) of Ameren Energy Generating Company (Genco) to 'CC' from 'B-' and removed the Negative Rating Outlook. According to Fitch's ratings definitions, a 'CC' rating implies a very high level of credit risk such that default of some kind appears probable.

Fitch has also downgraded Genco's senior unsecured debt ratings to 'CCC-/RR3' from 'B+/RR2', based on an updated recovery valuation. Fitch has affirmed the 'BBB' IDR of Ameren Corp. (AEE), 'BBB+' IDR of Union Electric Company (UE), and the 'BBB-' IDR of Ameren Illinois Company (AIC). Fitch revised AIC's Outlook to Stable from Positive. The Rating Outlook for both AEE and UE remains Stable. A full list of rating actions follows at the end of this release.

The downgrade to Genco's IDR reflects Fitch's belief that, absent parental support or access to external borrowings, the merchant's business model, in the long-run,, is not sustainable.

The ratings recognize that Genco's parent holding company, AEE, no longer intends to provide financial support to Genco, including funding for the 2018 debt maturity of $300 million, and the significant capital spending required at the Newton coal-fired plant to be compliant with Illinois environmental regulations.

Genco has the ability to exercise a put option that permits the company to sell three gas-fired plants to an affiliate for the greater of $100 million or fair market value. While the cash inflow from monetizing the plants would provide financial flexibility, the core fundamentals of the business remain weak, driven by sustained depressed power markets, prolonged low natural gas prices, and anemic customer demand.

Fitch considers the exit from the merchant business to be credit positive to AEE as it lowers the company's business risk and allows it to focus on growing its more stable and predictable regulated utility businesses.

The revision of AIC's Outlook reflects the unfavorable rate decisions decided in late 2012 in the company's first two formula rate plan (FRP) proceedings, suggesting Illinois continues to be a challenging regulatory environment, in Fitch's view. The first two rate decisions resulted in an aggregate $53 million electric distribution rate reduction.

In light of the ICC's rate decisions, particularly reliance on an average rather than year-end rate base, Fitch expects regulatory lag to persist. The methodology to calculate rate base and capital structure are on appeal.

Under the FRP framework, AIC is required to invest more than $600 million over 10 years, above historical levels, in its transmission and distribution systems, with recovery of these investments to occur in the context of annual FRP proceedings, subject to ICC approval. AIC announced it is likely to defer approximately $30 million of infrastructure capex in 2013, until more clarity is provided in future FRP proceedings.

Fitch expects AIC's credit protection measures to be strong for the current rating category in the forecast period. Fitch expects FFO-to-interest to average 4.5x and FFO-to-debt 21% over 2013-2015. Those credit metrics alone would likely warrant a one-notch upgrade, but Fitch remains concerned about future rate proceedings. Fitch will closely monitor the next FRP proceeding to be filed in May 2013. A more constructive outcome could lead to a one-notch upgrade.

Fitch expects UE's credit protection measures to remain adequate for the current rating category and in line with utility peers with a similar risk profile. Fitch forecasts FFO-to-interest to average 5.1x and EBITDA-to-interest 5.2x over 2013-2015. FFO-to-debt is projected to average 23.1% and Debt-to-EBITDA 3.4x over the same time frame. UE's financial profile is bolstered by the recent balanced outcomes of its last four rate cases.

On Dec. 12, 2012, the Missouri Public Service Commission (PSC) authorized UE an electric rate increase of $259.6 million, approximately 80% of the company's updated request. The tariff increase is based on a 9.8% ROE, and a 52.3%

common equity ratio. The PSC permitted UE to continue to use its fuel adjustment clause, subject to existing sharing provisions, and its vegetation management/infrastructure inspection tracker. The PSC also allowed UE to implement a storm cost tracker. Regulatory lag remains an issue in Missouri. The PSC relies on an historical test year with limited post-test year adjustments, and is prohibited from allowing construction work in progress (CWIP) in rate base.

UE plans on spending approximately $3.2 billion in capital investments over 2012-2016, including $2.8 billion in utility infrastructure and energy efficiency, and $400 million in pollution control equipment at its coal-fired plants. Fitch considers capex to be manageable.

Fitch forecasts AEE's consolidated credit protection measures to be in line with Fitch's target ratios for the current rating category. Fitch expects EBITDA-to-interest to average 4.4x and FFO-to-interest 4.3x over 2013-2015. Debt-to-EBITDA is projected to average 3.8x and FFO-to-debt 19.9% over the same time frame. Importantly, these ratios incorporate the negative effect of Genco's financial results. It is likely that, on a deconsolidated basis, AEE's credit metrics would be stronger than currently forecasted, which Fitch would take into consideration in its next credit review. AEE's credit protection measures are supported by current and projected utility tariff increases, and relatively low leverage at the parent level and utilities.

Fitch considers AEE's liquidity to be strong. The funding needs of AEE's regulated subsidiaries are supported through the use of available cash, short-term intercompany borrowings, drawings under the bank credit facility, and inter-company money pools. In November 2012, AEE renewed a $2.1 billion credit facility that matures in November 2017. Under the 2012 Missouri bank credit agreement, $1 billion is available for borrowing, and under the 2012 Illinois credit agreement, total available for borrowing equates to $1.1 billion. As of Sept. 30, 2012, AEE had approximately $2.38 billion of available total liquidity, including $298 million of cash and cash equivalents and $2.08 of unused credit facility borrowing.

Consolidated debt maturities are considered to be manageable with $355 million due in 2013, $534 million due in 2014, and $120 million due in 2015.

Genco Recovery Analysis:
The unsecured debt ratings are notched above or below the IDR, as a result of the relative recovery prospects in a hypothetical default scenario. Fitch values the power generation assets that support the entity level debt using a net present value analysis. The generation asset net present values vary significantly based on future gas price assumptions and other variables, such as the discount rate and heat rate forecasts.

For the net present valuation of generation assets used in Fitch's recovery valuation case, Fitch uses the plant valuation provided by its third-party power market consultant, Wood Mackenzie, as an input as well as Fitch's own gas price deck and other assumptions.

The 'RR3' senior unsecured debt Recovery Rating indicates Fitch estimates recovery of 51%-70%.

SENSITIVITY/RATING DRIVERS

Positive Rating Actions:

AEE: Stronger credit metrics from the exit of the merchant business could result in a positive rating action.
UE: No positive rating action is contemplated at this time.
AIC: A constructive rate order in AIC's next FRP proceeding that indicates less regulatory uncertainty could lead to a one-notch upgrade.
Genco: A significant turnaround in power prices and a successful execution of the sale of power plants at prices higher than estimated by Fitch.

Negative Rating Actions:

AEE: Adverse rate orders at the utilities could pressure the ratings.
UE: Deterioration of the regulatory environment in Missouri could lead to a rating action. The inability to earn a return of and on capital investments or to recover capital costs on a timely basis.
AIC: Unfavorable rate outcomes in future annual FRP proceedings and the inability to recover operating costs and capital investments on a timely basis would have a negative effect on credit protection measures.
Genco: Further weakness in power prices would likely trigger additional ratings downgrade

Fitch has downgraded the following ratings:

Ameren Energy Generating Company
--IDR to 'CC' from 'B-';
--Senior unsecured debt to 'CCC-/RR3' from 'B+/RR2'.

Fitch has affirmed the following ratings:

Ameren Corporation
--IDR at 'BBB'.
--Senior unsecured at 'BBB'.
--Commercial paper at 'F2';
--Short-term IDR at 'F2'.

Union Electric Company
--Long-term IDR at 'BBB+'
--Secured debt at 'A'
--Senior unsecured debt at 'A-'
--Preferred stock at 'BBB'
--Short-term IDR at 'F2'
--Commercial paper at 'F2'

Ameren Illinois Company
--Long-term IDR at 'BBB-'
--Secured debt at 'BBB+'

--Senior unsecured debt at 'BBB'

--Preferred stock at 'BB+'
--Short-term IDR at 'F3'
--Commercial Paper at 'F3'
--Senior secured pollution control revenue refunding bonds series 1998B issued by the Illinois Development Finance Authority at 'BBB+'
--Senior unsecured pollution control revenue refunding bonds series 1993C-1 issued by the Illinois Development Finance Authority at 'BBB'

The Outlook is revised to Stable from Positive

Contact:

Primary Analyst
Philippe Beard
Director
+1-212-908-0242
Fitch, Inc.
One State Street Plaza
New York, NY 10004

Secondary Analyst
Robert Hornick
Senior Director
+1-212-908-0523

Committee Chairperson
Glen Grabelsky
Managing Director
+1-212-908-0577

Media Relations: Brian Bertsch, New York, Tel: +1 212-908-0549, Email: brian.bertsch@fitchratings.com.

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Applicable Criteria and Related Research:
--'Corporate Rating Methodology' (Aug. 8, 2012);
--'Recovery Ratings and Notching Criteria for Utilities' (May 3, 2012);
--'Rating North American Utilities, Power, Gas, and Water Companies' (May 16, 2012).

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