Applicants' Exhibit 9.0

ILLINOIS COMMERCE COMMISSION

DOCKET NO. 02-0428

SUPPLEMENTAL DIRECT TESTIMONY

OF

MARTIN J. LYONS, JR.

Submitted On Behalf

Of

AMEREN CORPORATION

September 18, 2002

ILLINOIS COMMERCE COMMISSION

DOCKET NO. 02-0428

SUPPLEMENTAL DIRECT TESTIMONY

OF

MARTIN J. LYONS, JR.

I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Martin J. Lyons. My business address is One Ameren Plaza, 1901 Chouteau Avenue, St. Louis, Missouri, 63103.

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

A. In October 2001, I was named Controller of Ameren Corporation (Ameren). At that time I was also named Controller of Union Electric Company (AmerenUE), Central Illinois Public Service Company (AmerenCIPS) and AmerenEnergy Generating Company (AEG).

Q. Please describe your educational background.

A. In 1988, I received a Bachelor's of Science degree in Business Administration, with an Accountancy major, from Saint Louis University. In 1997, I received a Masters of Business Administration degree from Washington University.

Q. Do you have any professional designations?

A. I am a certified public accountant licensed to practice in Missouri. I am a member of the American Institute of Certified Public Accountants and the Missouri Society of Certified Public Accountants.

Q. Please describe your professional work experience.

A. In 1988, I joined Price Waterhouse (now PricewaterhouseCoopers LLP) and was admitted to the partnership in 1999. During my tenure as a partner at PricewaterhouseCoopers, I devoted approximately seventy-five percent of my time to supervising audits of, and consulting on accounting issues for PricewaterhouseCoopers' utility clients. I routinely assisted utility clients with, among other things, accounting and financial reporting matters, utility rate filings, debt and equity offerings, merger and acquisition due diligence procedures and accounting issues raised by deregulation. I have also assisted utility clients with defending accounting principles before the Securities and Exchange Commission (SEC), the Federal Energy Regulatory Commission (FERC) and various state regulatory agencies.

Q. Please describe the duties and responsibilities of your current position.

A. As Controller, I manage the accounting, financial reporting and investor relations functions for Ameren, AmerenUE, AmerenCIPS and AEG. I am responsible for assuring that transactions are accounted for in accordance with generally accepted accounting principles and, when applicable, specific regulatory reporting requirements. Additionally, I am responsible for SEC, FERC, Missouri Public Service Commission (MoPSC) and Illinois Commerce Commission (ICC) regulatory reporting requirements.

Q. What is the purpose of your supplemental direct testimony?

A. The purpose of my supplemental direct testimony is to provide updating and clarifying information regarding the application of purchase accounting by

Ameren to our proposed acquisition of CILCORP, Inc. and its subsidiaries, which is the subject of this proceeding. Specifically, this testimony supplements the direct testimony provided by Warner L. Baxter with regard to the application of purchase accounting. In that regard, I intend to present a summary of the generally accepted accounting principles related to purchase accounting as well as related rules and interpretations of the SEC. I will also discuss how the purchase accounting will or will not impact the stand-alone accounts of CILCORP Inc., Central Illinois Light Company (CILCO) and its subsidiary, Central Illinois Generation Inc. (CIGI).

Further, I will sponsor a corrected version of the proposed services agreement between Ameren Services Company (Ameren Services) and CILCO (CILCO Services Agreement) and recommend that it be approved in this proceeding because it is consistent with, and identical in all material respects to, the agreement involving Ameren's existing utility subsidiaries which the Commission has previously approved. In the event that the Commission Staff (Staff) or any party has any concerns about the CILCO Services Agreement, we propose that such concerns be addressed in a proceeding to commence after the closing of the acquisition. As explained below, based on discussions with the Staff, Ameren has agreed to initiate a proceeding after the closing of the acquisition to consolidate the CILCO Services Agreement with the General Services Agreement (GSA) involving Ameren Services, AmerenUE and AmerenCIPS which the Commission approved in Docket No. 95-0551 concerning the merger of Union Electric and CIPSCO, Inc.

Finally, I will address other accounting issues related to the acquisition which we have discussed with the Staff.

II. IMPACT OF PURCHASE ACCCOUNTING

Q. Please review Mr. Baxter's direct testimony on this issue.

A. In his testimony, Mr. Baxter indicated that the acquisition of CILCORP by Ameren would have no effect on CILCO's capital structure. However, he added that the effect of the acquisition for financial reporting purposes had not been finally determined (at p. 6). He explained that generally accepted accounting principles might require some or all of any resulting "goodwill" to be booked at CIGI.

As discussed below, we have now finally determined the effect of the acquisition for financial reporting purposes, including the impact of goodwill. In particular, we have concluded that we are not required to record goodwill at any level below that of CILCORP. Further, we are committing that we will not do so under any circumstances. Therefore, the acquisition will not result in the recording of goodwill either at CILCO or at CIGI. Further, Mr. Baxter's statement that the acquisition would have no impact on CILCO's capital structure remains true.

Q. Please describe the concept of purchase accounting under generally accepted accounting principles.

A. Statement of Financial Accounting Standard No. 141 (SFAS 141) provides the rules and framework for the application of purchase accounting in a business combination. In the application of purchase accounting by the acquirer in a

business combination, the cost of an acquired company is assigned to the tangible and identifiable intangible assets acquired and liabilities assumed on the basis of their fair values at the date of acquisition. Any excess of cost over the fair value of net assets acquired is recorded as goodwill.

Q. How are the fair values of acquired assets and liabilities determined for purchase accounting application purposes?

A. SFAS 141 sets forth rather detailed guidelines for determining the fair values of individual tangible and intangible assets acquired and liabilities assumed. Generally, fair values are determined by management evaluation or independent appraisers.

Q. Please describe the concept of "push-down" accounting with respect to the application of purchase accounting.

A. Push-down accounting refers to establishing a new basis of accounting after a purchase business combination in the separate stand-alone financial statements of an acquired company and the termination of that acquired company's old basis of accounting. In applying push-down accounting, the parent company's investment (i.e. the acquisition cost) is recorded at the subsidiary level (i.e. pushed down) and the subsidiary's tangible and identifiable intangible assets and liabilities would be adjusted to their fair values in that entity's stand-alone financial statements with a corresponding credit to equity.

Q. When is "push-down" accounting required?

A. Staff Accounting Bulletin (SAB) Topic 5-J expresses the SEC staff's views regarding the application of push-down accounting. The SEC staff believes that purchase transactions that result in the acquired entity becoming substantially wholly owned establishes a new basis of accounting for the purchased assets and liabilities that should be reflected in the acquired company's separate financial statements. In general, push-down accounting is required for SEC registrants if more than 95% of the voting securities are acquired in a purchase transaction. In circumstances where outside interests in the form of minority stockholders or holders of public debt or preferred stock remain, the SEC staff encourages but generally does not insist on the application of push-down accounting. Push-down accounting is not required under generally accepted accounting principles and would not be applied for enterprises that are not SEC registrants. Further, it is my understanding that neither the FERC nor the ICC require push-down accounting for regulatory reporting purposes.

Q. Will you "push-down" the purchase accounting of Ameren's proposed acquisition of CILCORP to the stand-alone accounts of CILCORP for financial reporting purposes?

A. Yes. We will push-down the purchase accounting and establish a new basis of accounting in the stand-alone accounts of CILCORP for SEC financial reporting purposes. Based on our assessment of the SEC rules, we believe pushing down the purchase accounting to CILCORP is not required because of the existence of CILCORP's substantial publicly registered debt. However, the SEC rules do not

preclude us from applying push-down accounting if we believe the stand-alone financial statements of CILCORP would be more meaningful to the public debt holders if they reflected a new basis of accounting resulting from Ameren's application of purchase accounting. We believe the CILCORP stand-alone financial statements would be more meaningful if we push-down and establish a new basis of accounting because the current accounts of CILCORP include pushed down purchase accounting from AES's 1999 acquisition. We have consulted with our independent auditors, PricewaterhouseCoopers, regarding our intention to push-down the purchase accounting to CILCORP and they have concluded that our position is appropriate and in accordance with SEC rules.

Q. Will you "push-down" the purchase accounting of Ameren's proposed acquisition of CILCORP to the stand-alone accounts of CILCO or its subsidiaries for financial reporting purposes?

A. No. We will not push-down the purchase accounting to the stand-alone accounts of CILCO or its subsidiaries for financial reporting purposes to the SEC, for regulatory reporting to the FERC or ICC, or for any other purpose. Because of the voting interests held by holders of CILCO's preferred securities and CILCO's significant publicly registered debt, we have definitively concluded that push-down accounting is not required by the SEC. Further, in our view, CILCO's historical basis of accounting will continue to be the most meaningful presentation for the holders of these securities. I also note that AES did not push-down their purchase accounting to CILCO in 1999 when AES acquired CILCORP. We have consulted with PricewaterhouseCoopers with regard to our

conclusion not to push-down the purchase accounting to CILCO and they have concluded that our position is appropriate and in accordance with SEC and FERC accounting rules.

Q. Please present and describe the expected journal entries to record the "push-down" of purchase accounting on the stand-alone accounts of CILCORP.

A. The following is a summary of the journal entries we expect to record to reflect the push-down of purchase accounting to the stand-alone accounts of CILCORP. Note that these journal entries are based on the December 31, 2001 balance sheet of CILCORP.

AMEREN CORP

U	BD	MAJ	MIN	PR	ACCOUNT	DEBIT	CREDIT
1	10	131	001	01	CASH	$ 506,562,000	
1	10	214		01	Capital Stock Expense	$ 17,730,000	
1	10	201		01	COMMON STOCK (PAR VALUE .01)		$ 131,0
1	10	211		01	OTHER PAID-IN CAPITAL		524,160,9
					To record cash proceeds from equity offering to fund cash purchase price of CILCOR including underwriter fees.		
1	10	123	CCP	01	INVESTMENT IN CILCORP	506,562,000	
1	10	234	CCP	01	INTERCOMPANY PAYABLE TO CILCORP		506,562,0
					To record intercompany payable due to CILCORP to fund cash purchase price.		
1	10	234	CCP	01	INTERCOMPANY PAYABLE TO CILCORP	506,562,000	
1	10	131	001	01	CASH (PAYMENT TO CILCORP)		506,562,0
					To record cash infusion to CILCORP in settlement of cash intercompany payable.		

CILCORP

1	CC	146	010	01	INTERCOMPANY RECEIVABLE FROM AMEREN	506,562,000	
1	CC	211		01	OTHER PAID-IN CAPITAL		506,562,0
					To record intercompany receivable due from Ameren to fund cash purchase price.		
1	CC	131	001	01	CASH	506,562,000	

1	CC	146	010	01	INTERCOMPANY RECEIVABLE FROM AMEREN		506,562,0

To record cash infusion from Ameren in settlement of intercompany receivable.

1	CC	211		01	OTHER PAID-IN CAPITAL	506,562,000	
1	CC	131	001	01	CASH (PAYMENT TO AES)		506,562,0

To record cash purchase payment by CILCORP on behalf of Ameren to AES.

1	CC	303		01	NET PLANT IN SERVICE (WRITE-UP TO FV)	209,491,000	
1	CC	303		01	GOODWILL		52,436,0
1	CC	186		01	INTANGIBLE ASSET - EMISSION CREDITS (CILCO)	47,000,000	
1	CC	114		01	INTANGIBLE ASSET - TRADE NAME	15,000,000	
1	CC	114		01	INTANGIBLE ASSET - CUSTOMERS (CILCO)	15,000,000	
1	CC	201		01	COMMON STOCK	12,271,000	
1	CC	216		01	RETAINED EARNINGS/ACCUMULATED OCI		3,721,0
1	CC	224		01	OTHER LONG-TERM DEBT		66,000,0
1	CC	282		01	DEFERRED TAX/ITC/REGULATED LIABILITIES		83,105,0
1	CC	253		01	DEFERRED COAL CONTRACTS (CILCO)		13,500,0
1	CC	253		01	PENSION LIABILITIES (CILCO)		80,000,0

To adjust CILCORP's assets and liabilities to fair value and adjust CILCORP's capital accounts to reflect new basis of accounting

Q. Please present CILCORP's balance sheet at December 31, 2001 adjusted to record the effects of the journal entries described above.

A. The following is CILCORP's December 31, 2001 balance sheet adjusted to record the effects of Ameren's purchase accounting:

	CILCORP As Recorded December 31, 2001	Purchase Accounting Adjustments	CILCORP As Adjusted December 31, 2001
Gross Plant In Service	$ 1,139,278	$ 82,989	$ 1,222,267
Less Accumulated Depreciation	(126,502)	126,502	-
Net Plant In Service	1,012,776	209,491	1,222,267
Goodwill (Non-Amortizing)	579,211	(52,436)	526,775
Intangible Asset - Emission Credits (CILCO)	-	47,000	47,000
Intangible Asset - Trade Name (CILCO)	-	15,000	15,000
Intangible Asset - Customers (CILCO)	-	15,000	15,000
Other	38,998	-	38,998

Total Other Assets	618,209	24,564	642,773
Current Assets	18,312	-	18,312
Cash and Temporary Cash Investments	87,875	-	87,875
Accounts Receivable	74,526	-	74,526
Total Current Assets	180,713	-	180,713
Total Assets	**$ 1,811,698**	**$ 234,055**	**$ 2,045,753**
Common Stock	$ -	$ -	$ -
Additional Paid-in Capital	518,833	(12,271)	506,562
Retained Earnings	(3,721)	3,721	-
Total Common Stockholder's Equity	515,112	(8,550)	506,562
Preferred Stock	41,120	-	41,120
CILCORP Long Term Debt	717,730	-	717,730
FMV Adjustment to CILCORP LT Debt 8.7% 2009	-	20,000	20,000
FMV Adjustment to CILCORP LT Debt 9.375% 2029	-	46,000	46,000
Total Capitalization	1,273,962	57,450	1,331,412
Accounts Payable	75,644	-	75,644
Current Debt & Commercial Paper	1,400	-	1,400
Other	114,552	-	114,552
Total Current Liabilities	191,596	-	191,596
Deferred Tax/ITC/Regulated Liabilities/Other	346,140	83,105	429,245
Coal Contracts CILCO	-	13,500	13,500
Pension Liabilities CILCO	-	80,000	80,000
Other Deferred Credits and Liabilities	-	-	-
Total Other Liabilities	346,140	176,605	522,745
Total Capital and Liabilities	**$ 1,811,698**	**$ 234,055**	**$ 2,045,753**

Q. Will any journal entries be required to record any effects of purchase accounting on the stand-alone accounts of CILCO?

A. No. As mentioned above, we will not push-down the purchase accounting to the stand-alone accounts of CILCO or its subsidiaries for financial reporting purposes to the SEC, for regulatory reporting to the FERC or ICC, or for any other purpose.

Accordingly, no journal entries will be recorded to the stand-alone accounts of CILCO as a result of Ameren's proposed acquisition of CILCORP.

Q. Will any regulatory assets or regulatory liabilities be created at the CILCO level, or will any changes to the capital structure of CILCO occur, as a result of the accounting for Ameren's proposed acquisition of CILCORP?

A. No. Our application of purchase accounting for this acquisition will not result in the establishment of regulatory assets or regulatory liabilities for CILCO. Further, it will not have any impact on the capital structure of CILCO and it will not have any impact on CILCO's rate base for rate making purposes.

III. CORRECTED CILCO SERVICES AGREEMENT AND RELATED ISSUES

Q. What is the purpose of this section of your testimony?

A. I am sponsoring a corrected version of the CILCO Services Agreement and will discuss timing issues concerning the ICC's review of this agreement. I also discuss related issues regarding the review of this agreement and the CILCO Fuel Services Agreement.

Q. Please discuss the corrections that you have made to the CILCO Services Agreement.

A. We have made a few minor corrections to include references to CILCO where appropriate, as an addition to the references to Ameren's existing utility subsidiaries, AmerenCIPS and AmerenUE. We have also included a more current description of the services being provided to AmerenCIPS and AmerenUE, together with a more current list of allocation factors that are being

applied to them. We expect that we will apply the same services and same allocation factors to CILCO after the closing. The corrected CILCO Services Agreement is attached to my testimony and marked as Applicants' Exhibit 9.1. The corrections and changes are noted in redline format.

Q. Should the Commission approve the corrected CILCO Services Agreement?

A. Yes. As discussed in the Application filed on June 19, the CILCO Services Agreement is identical in all material respects to the GSA involving Ameren Services, AmerenCIPS, and AmerenUE. As previously mentioned, the ICC approved the GSA in Docket No. 95-0551 concerning the merger of Union Electric and CIPSCO, Inc. As referenced above, the GSA and the CILCO Services Agreement involve the same set of administrative and technical services that Ameren Services will perform at cost for AmerenCIPS, AmerenUE, and CILCO. Further, the GSA and CILCO Services Agreement utilize the same set of allocation factors to allocate the costs of these services to the appropriate utility affiliates. As a result, the Application pointed out that all allocations within the Ameren system will be made pursuant to the same set of methodologies. (pp. 15-16)

Based on the foregoing, we believe that the Commission can and should approve the corrected CILCO Services Agreement in this proceeding on an interim basis since it is consistent with, and identical in all material respects to, the approved GSA. In the event that the Commission Staff or any party has concerns about this, we request that any inquiry occur in a proceeding to commence after the closing of the CILCORP acquisition. As explained in the

Application, we have requested that the ICC approve the acquisition on an expedited basis in order to minimize the existing period of uncertainty for CILCO, its customers and its employees. (p. 1) Any detailed review of the CILCO Services Agreement prior to closing could unnecessarily prolong the instant proceeding, and could thereby delay the closing. In this regard, I note that a post-closing investigation of the services agreement would not pose any risk to CILCO's customers. Ameren has not made its commitment to close the transaction contingent on a specific determination regarding the services agreement, and the Commission may fashion services agreement provisions in a subsequent proceeding that differ from those in the services agreement proposed in this proceeding. Further, the Commission has typically taken the position that it is not strictly bound by the accounting for any particular item in a rate proceeding, and in the Application Ameren waived its right to challenge a Commission rate order on the basis of federal preemption if the SEC has approved accounting for an item that differs from the Commission's treatment for the same item. Accordingly, approving the services agreement in this proceeding will not bind the Commission in any future rate proceeding.

Q. Will Ameren file the corrected CILCO Services Agreement with the SEC?

A. Yes, we will.

Q. What about the CILCO Fuel Services Agreement discussed in the Application and in Mr. Baxter's direct testimony?

A. We are proposing the same treatment as discussed above for the CILCO Services Agreement. In particular, Ameren proposes that the Commission approve the

CILCO Fuel Services Agreement in this proceeding on an interim basis. As discussed in Mr. Baxter's testimony, the CILCO Fuel Services Agreement is virtually identical to the Fuel Services Agreement involving Ameren Energy Fuels and Services Company (AFS) and AmerenCIPS and AmerenUE which the ICC approved in Docket No. 00-0757. As with the CILCO Services Agreement, Ameren prefers that any detailed review of the CILCO Fuel Services Agreement occur post closing for the same reasons discussed above concerning the CILCO Services Agreement.

Q. Have you been involved in discussions concerning these two proposed agreements with the Staff?

A. Yes, I have. Based on those discussions, it is Ameren's understanding that the Staff does not object to our request to approve both the CILCO Services Agreement and the CILCO Fuel Services Agreement in this proceeding on an interim basis subject to certain conditions to which Ameren has agreed. Those conditions are as follows:

1. Within 90 days after the closing of the acquisition, Ameren will have AmerenCILCO, AmerenCIPS, and AmerenUE initiate a proceeding with the Commission to seek approval to consolidate a) the GSA approved in Docket No. 95-0551 with the CILCO Services Agreement to be approved in this proceeding, and also b) the Ameren Fuel Services Agreement approved in Docket No. 00-0757 with the CILCO Fuel Services Agreement to be approved in this proceeding.

2. Ameren commits that it will use its best efforts to adopt and adhere to a schedule that will lead to the issuance of a final order by the Commission as to the two consolidated agreements within 6 months after the start of such new proceeding.

IV. OTHER ACCOUNTING ISSUES DISCUSSED WITH STAFF

Q. Have you been in discussions with the Staff on any other accounting related issues?

A. Yes. The Staff has requested that Ameren provide it with copies of any "60 day letters" which Ameren sends to the SEC under the Public Utility Holding Company Act (PUHCA). Ameren is required to give written notice to the SEC at least 60 days prior to implementing any change in the type and character of the Ameren companies receiving services, the methods of allocating costs to associate companies, or the scope or character of services to be rendered. Ameren is willing to provide such letters to the Manager of the Accounting Department at the Commission on a going forward basis.[1]

Also, Staff has requested that Ameren not seek to recover in rates any transition or transaction expenses related to the acquisition. Ameren is agreeable to this request for all such transition and transaction expenses, except for those which are capitalized and for the related depreciation or amortization of these capitalized amounts. Ameren believes that it is appropriate to seek recovery after the rate stabilization period, as described in the Application initiating this proceeding, of capitalized costs, such as investments in information systems,

[1] We will also provide copies of the reports described in Section 1.12 of Ameren's SEC Application filed August 2, 2002.

because such costs will result in long term benefits for Illinois customers of AmerenCILCO.

Finally, at Staff's request, I am providing information which I received from AES about an existing agreement involving AES, CILCO, and CIGI concerning a) the services that CILCO is currently providing to CIGI and b) the services that Ameren intends for CILCO to provide to CIGI after the closing. Regarding the first issue, it is my understanding that CILCO has not yet performed any services for CIGI because CIGI is not yet operational, and because the AES-CILCO-CIGI agreement has not been executed. CILCO is awaiting FERC approval of the Power Supply Agreement and the completion of some pre-closing activities before it implements the reorganization, including execution of the AES-CILCO-CIGI agreement. In addition to the types of service that CILCO currently provides to its affiliates, such as accounting, tax and cash management, I am advised that CILCO will provide CIGI with benefit administration (pension, medical, etc.), dispatch and sales of excess capacity services.

After the closing, Ameren intends that CILCO will provide some services to CIGI on an interim basis, and a few services on a permanent basis. On a permanent basis after closing, Ameren intends that CILCO will provide to CIGI certain services involving the operation and maintenance of the equipment connecting CIGI's generation facilities with CILCO's transmission facilities, on the assumption that CILCO will retain the employees who currently perform this function. On an interim basis, CILCO will provide to CIGI certain corporate support services (which CILCO is currently supplying to its affiliates) such as

accounting, tax, cash management and billing and sales. Ameren intends that CILCO will provide such services to CIGI for a brief interim period after closing until Ameren Services is able to do so under the CILCO Services Agreement, to be consolidated with the GSA. This interim period will be needed to implement the conversion of applicable computer systems and new processes for AmerenCILCO.

Q. Does this conclude your supplemental direct testimony?

A. Yes, it does.

SERVICES AGREEMENT

Between

AMEREN SERVICES COMPANY

And

CENTRAL ILLINOIS LIGHT COMPANY,
D/b/a AmerenCILCO

THIS AGREEMENT, made and entered into this _____ day of _____, _____ by and between AMEREN SERVICES COMPANY (hereinafter sometimes referred to as "Service Company"), a Missouri corporation and CENTRAL ILLINOIS LIGHT COMPANY, d/b/a AmerenCILCO ("AmerenCILCO"), an Illinois corporation, and its subsidiaries, both of which are hereinafter sometimes referred to collectively as "Parties", and singularly as "Party";

WITNESSETH:

WHEREAS, Ameren Corporation is registered under the terms of the Public Utility Holding Company Act of 1935 (the "Act"); and

WHEREAS, AmerenCILCO and its subsidiaries (hereinafter referred to as "Client Company") desire to enter into this Agreement providing for the performance by Service Company for the Client Company of certain services more particularly set forth herein; and

WHEREAS, Service Company is organized, staffed and equipped and is authorized by the Securities and Exchange Commission ("the SEC" or "the Commission") to be a subsidiary service company under Section 13 to render to Ameren Corporation, and other subsidiaries of Ameren Corporation, certain services as herein provided; and

WHEREAS, to maximize efficiency, and to achieve acquisition related savings, the Client Company desires to avail itself of the advisory, professional, technical and other services of persons employed or to be retained by Service Company, and to compensate Service Company appropriately for such services; and

NOW, THEREFORE, in consideration of the premises and of the mutual agreements herein, the Parties hereto agree as follows:

Section 1. Agreement to Furnish Services

Service Company agrees to furnish to Client Company upon the terms and conditions herein provided, the services hereinafter referred to and described in Section 2, at such times, for such period and in such manner as Client Company may from time to time request. Service Company will keep itself and its personnel available and competent to render to Client Company such services so long as it is authorized to do so by the appropriate federal and state regulatory agencies.

Section 2. Services to be Performed

The services to be provided by Service Company hereunder may, upon request, include the services as set out in Schedule 1, attached hereto and made a part hereof. Schedule 1 will be revised as necessary.

In addition to the Services set out in Schedule 1, Service Company shall render advice and assistance in connection with such other matters as Client Company may request and Service Company determines it is able to perform with respect to Client Company's business and operations.

Section 3. Compensation of Service Company

As compensation for such services rendered to it by Service Company, Client Company hereby agrees to pay to Service Company the cost of such services, computed in accordance with applicable rules and regulations (including, but not limited to, Rules 90 and 91) under the Act and appropriate accounting standards.

Compensation to be paid by Client Company shall include direct charges and Client Company's

fairly allocated pro rata share of certain of Service Company's costs, determined as set out on Schedule 2, attached hereto and made a part hereof.

Section 4. Securities and Exchange Commission Rules

It is the intent of the Parties that the determination of the costs as used in this Agreement shall be consistent with, and in compliance with the rules and regulations of the SEC, as they now read or hereafter may be modified by the Commission.

Section 5. Service Requests

Services will be performed in accordance with a Service Request system, consisting of work orders established to capture the various types of costs incurred by Service Company. Costs will be charged to the appropriate service requests, which will then be the basis for the billing of costs to Client Company.

Section 6. Payment

Payment shall be by making remittance of the amount billed or by making appropriate accounting entries on the books of the applicable companies.

Payment shall be accomplished on a monthly basis, and remittance or accounting entries shall be completed within 60 days of billing.

Section 7. Ameren Corporation

Except as authorized by rule, regulation, or order of the SEC, nothing in this Agreement shall be read to permit Ameren Corporation, or any person employed by or acting for Ameren Corporation, to provide services for other Parties, or any companies associated with said Parties.

Section 8. Effective Date and Termination

This Agreement is subject to the consent and approval of all applicable regulatory agencies, and shall become effective after all such consents and approvals have been obtained. This Agreement shall remain in effect from said date unless terminated by mutual agreement or by any Party giving at least

sixty days' written notice to the other Party prior to the beginning of any calendar year, each Party fully reserving the right to so terminate the Agreement.

This Agreement may also be terminated to the extent that performance may conflict with any rule, regulation or order of the SEC adopted before or after the making of this Agreement.

Section 9. Assignment

This Agreement and the rights hereunder may not be assigned without the mutual written consent of all Parties hereto.

Section 10. Appointment of Service Company as Agent

Client Company hereby appoints Service Company as Agent to represent the Client Company in performing the services described in Section 2 above. Client Company also authorizes Service Company to purchase (i.e. take title to) various commodities and goods, and to resell (i.e. convey title to) such commodities and goods to Client Company in the course of performing the services described in Section 2. Any resale of such commodities and goods by Service Company to the Client Company shall be at the costs incurred by Service Company for its purchase of such items. Service Company shall be accountable for all funds advanced or collected on behalf of a Client Company in connection with any transaction in respect of which Service Company provides services. The provision of services by Service Company pursuant to this Agreement shall in all cases and notwithstanding anything herein contained to the contrary be subject to any limitations contained in authorizations, rules or regulations of those governmental agencies, if any, having jurisdiction over Service Company or such provision of services.

Section 11. Third Party Reliance on Agency Agreement

The Client Company has duly and properly appointed Service Company as its Agent. Service

Company has the full power and authority to transact business on behalf of the Client Company, and, in particular, to transact for the purchase and sale of the commodities and services discussed above on behalf of the Client Company. In furtherance of the authority referred to above, Service Company has the right and power, whether or not under seal, to execute and deliver on behalf of the Client Company such documents and agreements as may be required in such business transactions without delivering proof to any person of its authority to do so. The Client Company will be legally bound by the terms of any agreement or contract entered into by Service Company and will be responsible for satisfying any obligations of Service Company under any such agreement or contract. The Client Company shall be bound by the terms of any contract or agreement entered into by Service Company; and the obligations under such contract or agreement, including any payment or financial obligations, will be the obligations of the Client Company, and enforceable against it.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed and attested by their authorized officers as of the day and year first written above.

AMEREN SERVICES COMPANY

By _____

Title _____

ATTEST:

By _____

Title _____

CENTRAL ILLINOIS LIGHT COMPANY

By _____

Title _____

ATTEST:

By _____

Title _____

DESCRIPTION OF EXPECTED SERVICES TO BE PROVIDED BY AMEREN SERVICES COMPANY AND EXPECTED DIRECT COST ALLOCATION FACTORS, As Amended ~~As Of June 6, 2001~~

Description of Expected Services to be Provided

A description of the expected services to be provided by Service Company is detailed below. Identifiable costs for all of the functional organizations listed below will be directly charged to Client Company, whenever possible.

For costs that cannot be directly assigned or distributed, the expected direct cost allocation factors are reflected below for each Service Company department.

a) Building Service

Description - Provide facility management services for owned and leased facilities, excluding power plants. To the extent that leasing arrangements are established between Service Company and/or Client Company lease costs will include rent for space occupied and applicable services, such as operation and maintenance of structures, capital improvements, interior space planning, security and janitorial. As appropriate, lease costs will be allocated based on square feet occupied and the allocation factors listed below.

Expected Allocation Factors - 1) number of employees; 2) operations and maintenance labor; 3) total capitalization; and 4) total assets

b) Controller's

Description - Perform all accounting services necessary to properly maintain and report on the books and records of Client Company. Provide investor relations services.

Expected Allocation Factors - 1) composite*; 2) total capitalization; and 3) total assets; 4) gross plant-in-service 5) number of general ledger transactions; 6) number of accounts payable vouchers; and 7) number of active and closed projects.~~;~~

c) Corporate Communications

Description - Develop strategies for advertising and marketing efforts, develop employee communication programs, coordinate community relations efforts and develop policies and procedures for media relations.

Expected Allocation Factors - 1) composite*; 2) total capitalization; and 3) total assets

d) Corporate Planning

Description - Provide rate engineering, regulatory, resource planning and business analysis services.

Expected Allocation Factors - 1) composite*; 2) kwh sales; 3) peak load [electric]; 4) total capitalization; and 5) total assets

e) Customer Services/Division Support

Description - Answer customer inquiries pertaining to electric/gas service usage and perform credit activities. Provide technical support relating to planning, engineering, constructing and operating the distribution and transmission systems. Provide technical support and maintenance of protective relay schemes, station meter work, system testing and data acquisition systems.

Expected Allocation Factors - 1) number of customers; 2) number of employees; ~~and~~ 3) operations and maintenance labor; 4) sales (kwh and dekatherm).; and 5) revenues.

f) Economic Development

Description - Provide community and business development services, as well as natural gas development services. Analyze community and business development opportunities.

Expected Allocation Factors - 1) number of customers; 2) sales [kwh and dekatherm]; 3) total capitalization; and 4) total assets

g) Energy Supply

Coordinate the use of the generating, transmission and interconnection facilities to provide economical and reliable energy.

Expected Allocation Factors - 1) kwh sales

h) Engineering and Construction

Description - Provide professional services related to engineering studies, design, procurement, planning, building and management of projects. Study technology that may reduce costs of producing, delivering and using electricity. Also provide transmission and substation maintenance and System Planning (T&D) services.

Expected Allocation Factors - 1) peak load [electric]; 2) generating capacity; and 3) construction expenditures

i) Environmental Services & Safety

Description - Perform analysis and advocacy of regulatory and legislative issues in the areas of environment, health and safety. Communicate final regulatory requirements to operating groups. Provide assistance and support and compliance review in meeting those requirements. Oversee hazardous substance site investigation and remediation activities.

Expected Allocation Factors - 1) number of employees; 2) generating capacity; 3) operations and maintenance labor; and 4) construction expenditures

j) Executive

Description - Provide executive management duties for all applicable activities at the department, function and officer levels.

Expected Allocation Factors - 1) total capitalization; 2) total assets; and 3) sales [kwh and dekatherm]

k) General Counsel

Description - Provide general legal advice related to all applicable activities and legal services in regards to litigation, legislative activities, regulatory agencies and security matters. Make regulatory filings, maintain minutes of the board of directors, conduct stockholder meetings and procure property and casualty insurance bonds.

Expected Allocation Factors - 1) composite*; 2) total capitalization; and 3) total assets

l) Human Resources

Description - Administer and negotiate employee benefits including pensions, major medical, long-term disability, life insurance, defined contribution plans, executive benefit and flexible spending plans. Provide employment services, including required regulatory reporting and maintenance of personnel records. Provide employee training and communications services. ~~Also provide executive payroll and pension disbursement services.~~

Expected Allocation Factors - 1) number of employees; 2) total capitalization; 3) total assets; and 4) operation and maintenance labor

m) Industrial Relations

Description - Negotiate, represent and administer provisions of labor agreements applicable to unions representing union employees.

Expected Allocation Factors - 1) number of employees; and 2) operation and maintenance labor

n) Information Services

Description - Provide for the development and operation of computer software, telecommunications and other equipment used to conduct business and engineering activities. Maintain all billing records and process customer meter readings.

Expected Allocation Factors - 1) composite*; 2) number of customers; 3) number of employees; ~~and~~ 4) ~~CPU cycles; and 5)~~ operation and maintenance labor; 5) generating capacity (excluding CTGs); 6) number of active and closed projects; and 7) number of managed PCs.

o) Internal Audit

Description - Audit company operations, perform operational and productivity reviews, review justifications for capital projects and perform quality assurance reviews.

Expected Allocation Factors - 1) composite*; 2) number of customers; 3) number of employees; and 4) operation and maintenance labor

p) Marketing

Description - Provide marketing services including account management, program development, market research and customer energy services.

Expected Allocation Factors - 1) sales [kwh and dekatherm]; and 2) total assets

q) Acquisition Coordination

Description - Monitor programs to achieve savings, Acquisition costs and position reductions as they relate to the implementation plans.

Expected Allocation Factors - 1) composite*; 2) total capitalization; and 3) total assets

r) Motor Transportation

Description - Provide engineering, support, and mechanical servicing of vehicles, procurement of vehicles and safety and training programs.

Expected Allocation Factors - 1) number of vehicles

s) Purchasing

Description - Provide procurement of goods and services other than fuel. Provide materials inventory management services.

Expected Allocation Factors - 1) composite*; 2) total assets; and 3) construction expenditures

t) Real Estate

Description - Acquire necessary land rights and permits including coordination of site selection. Maintain existing land rights while permitting licenses and leases to minimize investment or costs of holding property.

Expected Allocation Factors - 1) composite*; 2) number of customers; ~~and~~ 3) total assets; and 4) gross plant-in-service plus CWIP.

u) Stores

Description - Provide clerical, stenographic, administrative and Electronic Data systems support. Provide engineering support and manage and direct stores operations.

Expected Allocation Factors - 1) composite*

v) Tax

Description - Research and consult on tax issues in connection with federal, state and local tax compliance and planning matters, including the preparation and filing of returns.

Expected Allocation Factors - 1) composite*; 2) ~~current~~ tax expense; 3) total capitalization; and 4) total assets

w) Treasurer's

Description - Provide treasury operation, mailing, financial planning, and investment services.

Expected Allocation Factors - 1) composite*; 2) number of customers; 3) number of employees; 4) total capitalization; and 5) total assets

*Composite consists of the following three factors (equal weight to each factor):
Sales (kwh and dekatherm)
Number of customers
Number of employees

Allocation Factors

The following allocation factors will be utilized as outlined above.

Number of Customers - Based on the number of customers (electric and/or gas) at the end of the most recent calendar year. The numerator of which is for an Operating Company (either CILCO, CIPS or UE) and the denominator of which is for all Operating Companies. This ratio will be determined annually, and/or at such time as may be required due to a significant change in circumstances.

Sales - Based on the sales volume (kwh and/or dekatherms) for the most recent calendar year. The numerator of which is for an Operating Company and the denominator of which is for all Operating Companies. This ratio will be determined annually, and/or at such time as may be required due to a significant change in circumstances.

Number of Employees - Based on the number of employees (contract and/or non-contract, or electric operating and/or gas operating) at the end of the most recent calendar year. The numerator of which is for an Operating Company or an affected affiliate company. The denominator of which is for all Operating Companies and affected affiliate companies. This ratio will be determined annually, and/or at such time as may be required due to a significant change in circumstances.

Composite - Based on an equal weighting Sales (kwh & dekatherm), Number of Customers (total), and Number of Employees (total) allocation factors. The numerator of which is the simple average of the above three factors for an Operating Company and the denominator of which is for all Operating Companies. This ratio will be determined annually and/or at such time as may be required due to a significant change in circumstances.

Operations & Maintenance Labor - Based on the Operations & Maintenance Labor (electric and/or gas) for the most recent calendar year. The numerator of which is for an Operating Company or an affected affiliate and the denominator of which is for all Operating Companies and affected affiliate companies. This ratio will be determined annually, and/or at such time as may be required due to a significant change in circumstances.

Revenues - Based on revenues (electric and/or gas) for the most recent calendar year. The numerator of which is for an Operating Company or an affected affiliate company. The denominator of which is for all Operating Companies and/or affected affiliate companies. This ratio will be determined annually, or at such time as may be required due to a significant change in circumstances.

Total Capitalization - Based on total capitalization (total common stockholder's equity, preferred stock, and long term debt) at the end of the most recent calendar year. The numerator of which is for an Operating Company or an affected affiliate company. The denominator of which is for all Operating Companies and affected affiliate companies. This ratio will be determined annually, and/or at such time as may be required due to a significant change in circumstances.

Total Assets - Based on total assets at the end of the most recent calendar year. The numerator of which is for an Operating Company or an affected affiliate company. The denominator of which is for all Operating Companies and affected affiliate companies. This ratio will be determined annually, and/or at such time as may be required due to a significant change in circumstances.

Construction Expenditures - Based on construction expenditures for the most recent calendar year. The numerator of which is for an Operating Company or an affected affiliate company. The denominator of which is for all Operating Companies and affected affiliate companies. This ratio will be determined annually, and/or at such time as may be required due to a significant change in circumstances.

Peak Load (electric) - Based on the highest monthly maximum megawatt load (60-minute integration) for the most recent calendar year. The numerator of which is for an Operating Company and the denominator of which is for all Operating Companies. This ratio will be determined annually, and/or at such time as may be required due to a significant change in circumstances.

Peak Load (gas) - Based on the highest daily send out in therms (excluding transportation) for the most recent calendar year. The numerator of which is for an Operating Company and the denominator of which is for all Operating Companies. This ratio will be determined annually, and/or at such time as may be required due to a significant change in circumstances.

Generating Capacity (nameplate) - Based on installed capacity nameplate ratings at the end of the most recent calendar year. The numerator of which is for an Operating Company and the denominator of which is for all Operating Companies. This ratio will be determined annually, and/or at such time as may be required due to a significant change in circumstances

Gas Throughput - Based on gas throughput in dekatherms (sales and transportation) for the most recent calendar year. The numerator of which is for an Operating Company. The denominator of which is for all Operating Companies. This ratio will be determined annually, and/or at such time as may be required due to a significant change in circumstances.

CPU Cycles - Based on cpu cycles (by application) for the most recent calendar year. The numerator of which is for an Operating Company or an affected affiliate company. The denominator of which is for all Operating Companies and affected affiliate companies. This ratio will be determined annually, and/or at such time as may be required due to a significant change in circumstances.

Current Tax Expense - Based on taxes charged (income and other) for the most recent calendar year. The numerator of which is for an Operating Company or an affected affiliate company. The denominator of which is for all Operating Companies and affected affiliate companies. This ratio will be determined annually, and/or at such time as may be required due to a significant change in circumstances.

Number of Vehicles - Based on number of vehicles at the end of the most recent calendar year. The numerator of which is for an Operating Company and the denominator of which is for all Operating Companies. This ratio will be determined annually, and/or at such time as may be required due to a significant change in circumstances.

In addition to the allocation factors listed above, appropriate direct allocations will be made for costs benefiting a single affiliate. Indirect allocations will also be made to all affiliates, including non-regulated companies and Ameren Corporation (AMC).

It may be necessary to allocate a percentage of total costs allocated to non-regulated companies or AMC (see below). This will be done as a sub-factor of existing allocation factors. For example, allocating a percentage of customer service costs to non-regulated companies and allocating remaining costs based on number of customers. Also, allocating a percentage of video presentation costs to AMC and allocating remaining costs based on capitalization.

Non-Regulated - Based on a percentage of total costs allocated to non-regulated companies when existing allocation methods do not adequately reflect the level of services or benefits received. After allocating this percentage of total costs to non-regulatory companies, the remaining costs will be allocated to AMC and/or its subsidiaries, as appropriate, based upon one of the factors above.

Corporate - Based on a percentage of total costs allocated to AMC when existing allocation methods do not adequately reflect the level of services or benefits received. After allocating this percentage of total costs to AMC, the remaining costs will be allocated based upon one of the factors above.

Financial System Transactions – Based on the number of financial system transactions at the end of the most recent calendar year, the numerator of which is for an Operating Company and the denominator of which is for all Operating Companies. This ratio will be determined annually, and/or at such time as may be required due to a significant change in circumstances.

AMEREN SERVICES
EXPECTED ALLOCATED DIRECT COST FACTORS

ALLOCATION NUMBER	DESCRIPTION
001A	Composite*
001B	Composite (w/ % to CIC and UDC)*
001C	Composite (w/ % to UDC)*
001D	Composite (Dekatherm & Customers-IL)**
001E	Composite (Dekatherm & Customers)**
001F	Composite (KWH & Customers-IL)**
001G	Composite (UE/CIPS)*
001H	Composite (UE/CIPS w/ % to CIC and UDC)*
001I	Composite (UE/CIPS w/ % to UDC)*
002A	Number of customers
002B	Number of gas transportation customers
002C	Number of electric customers
002D	Number of gas customers
002E	Number of customers (w/ % to UDC)
002F	Number of customers (IL non-residential electric)
002G	Number of customers (IL non-residential gas)
002H	Number of customers (IL non-residential)
002I	Number of customers (IL)
002J	# Electric Customers Non-Residential (MO/IL) with % to GMC
002K	# Electric Distribution Customers (MO/IL)
002L	# Electric/Gas Distribution Customers (MO/IL)
002M	# Electric/Gas Distribution Customers (IL)
003A	Sales (kwh and dekatherm)
003B	Kwh sales
003C	Dekatherm sales
004A	Number of employees
004B	Number of contract employees
004C	Number of non-contract employees
004D	Number of AMS & UE employees
004E	Number of AMS & CIPS employees
004F	Number of UE & CIPS employees
004G	Number of UE & CIPS non-contract employees
004H	# AFS, AME, GEN, GMC, UEC Employees
004I	# AFS, GEN, CIP, UEC Management & Contract Employees
004J	# AFS, GEN, CIP, UEC Management Employees
004K	# AFS, AME, CIP, GEN, GMC, UEC Management and UEC Contract Employees
004L	# CIP, GEN contract employees
004M	# AFS, UEC Local 1455 Employees
004N	# AFS, AME, CIP, GEN, GMC and UEC employees
004O	Number of Employees (Excluding AME)
004P	Number of Energy Delivery Employees
005A	O&M labor
005B	O&M labor (Electric)
005C	O&M labor (Gas)
006A	Total revenues
006B	Electric revenues
006C	Gas revenues
007A	Total capitalization
007B	% to Ameren Corporation/total capitalization
008A	Total assets
008B	Total assets (UE & CIPS)
008C	Gross Plant-In-Service plus CWIP (Absolute Value)

009A	Construction expenditures
010A	Peak load (electric)
010B	Peak load (gas)
011A	Generating capacity (Nameplate)
011B	Generating capacity (Coal)
011C	Generating Capacity Excluding CTGs Except Grand Tower
012A	Gas throughput (includes transportation)
012B	Total electric net output
012C	Gas Throughput with % to GEN
012D	Electric Net Generation
013A	CPU cycles - mainframe
013B	CPU cycles - UNIX
015A	Current tax expense
016A	Number of vehicles
017A	# of General Ledger Transactions
017B	# of Accounts Payable Vouchers
017C	# of Projects (Active and Closed) All Projects
018A	# of Managed PCs

*Composite consists of the following three factors (equal weight to each factor):

Sales (kwh and dekatherm)
Number of customers
Number of employees

**Composite consists of the following two factors (equal weight to each factor):

Sales
Number of customers