

AMEREN CORP
Form 10-K
February 29, 2008

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-K

- (X) Annual report pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934
for the fiscal year ended December 31, 2007
OR
() Transition report pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934
for the transition period from ___ to ___.

Commission File Number	Exact name of registrant as specified in its charter; State of Incorporation; Address and Telephone Number	IRS Employer Identification No.
1-14756	Ameren Corporation (Missouri Corporation) 1901 Chouteau Avenue St. Louis, Missouri 63103 (314) 621-3222	43-1723446
1-2967	Union Electric Company (Missouri Corporation) 1901 Chouteau Avenue St. Louis, Missouri 63103 (314) 621-3222	43-0559760
1-3672	Central Illinois Public Service Company (Illinois Corporation) 607 East Adams Street Springfield, Illinois 62739 (888) 789-2477	37-0211380
333-56594	Ameren Energy Generating Company (Illinois Corporation) 1901 Chouteau Avenue St. Louis, Missouri 63103 (314) 621-3222	37-1395586
2-95569	CILCORP Inc. (Illinois Corporation) 300 Liberty Street Peoria, Illinois 61602	37-1169387

(309) 677-5271

1-2732

Central Illinois Light Company

37-0211050

(Illinois Corporation)
300 Liberty Street
Peoria, Illinois 61602
(309) 677-5271

1-3004

Illinois Power Company

37-0344645

(Illinois Corporation)
370 South Main Street
Decatur, Illinois 62523
(217) 424-6600

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Each of the following classes or series of securities is registered pursuant to Section 12(b) of the Securities Exchange Act of 1934 and is listed on the New York Stock Exchange:

Registrant	Title of each class
Ameren Corporation	Common Stock, \$0.01 par value per share and Preferred Share Purchase Rights

Securities Registered Pursuant to Section 12(g) of the Securities Exchange Act of 1934:

Registrant	Title of each class
Union Electric Company	Preferred Stock, cumulative, no par value, Stated value \$100 per share \$4.56 Series \$4.50 Series \$4.00 Series \$3.50 Series
Central Illinois Public Service Company	Preferred Stock, cumulative, \$100 par value per share 6.625% Series 4.90% Series 5.16% Series 4.25% Series 4.92% Series 4.00% Series Depository Shares, each representing one-fourth of a share of 6.625% Preferred Stock, cumulative, \$100 par value per share
Central Illinois Light Company	Preferred Stock, cumulative, \$100 par value per share 4.50% Series

Ameren Energy Generating Company, CILCORP Inc., and Illinois Power Company do not have securities registered under either Section 12(b) or 12(g) of the Securities Exchange Act of 1934.

Indicate by check mark if each registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act of 1933.

Ameren Corporation	Yes	(X)	No	()
Union Electric Company	Yes	(X)	No	()
Central Illinois Public Service Company	Yes	()	No	(X)
Ameren Energy Generating Company	Yes	()	No	(X)
CILCORP Inc.	Yes	()	No	(X)
Central Illinois Light Company	Yes	()	No	(X)
Illinois Power Company	Yes	()	No	(X)

Indicate by check mark if each registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934.

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Ameren Corporation	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Union Electric Company	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Central Illinois Public Service Company	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Ameren Energy Generating Company	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
CILCORP Inc.	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Central Illinois Light Company	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Illinois Power Company	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>

Indicate by check mark whether the registrants: (1) have filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) have been subject to such filing requirements for the past 90 days. Yes (X) No

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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of each registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Ameren Corporation	(X)
Union Electric Company	(X)
Central Illinois Public Service Company	(X)
Ameren Energy Generating Company	(X)
CILCORP Inc.	(X)
Central Illinois Light Company	(X)
Illinois Power Company	(X)

Indicate by check mark whether each registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "accelerated filer", "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Securities Exchange Act of 1934.

	Large Accelerated Filer	Accelerated Filer	Non-Accelerated Filer	Smaller Reporting Company
Ameren Corporation	(X)	()	()	()
Union Electric Company	()	()	(X)	()
Central Illinois Public Service Company	()	()	(X)	()
Ameren Energy Generating Company	()	()	(X)	()
CILCORP Inc.	()	()	(X)	()
Central Illinois Light Company	()	()	(X)	()
Illinois Power Company	()	()	(X)	()

Indicate by check mark whether each registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934).

Ameren Corporation	Yes	()	No	(X)
Union Electric Company	Yes	()	No	(X)
Central Illinois Public Service Company	Yes	()	No	(X)
Ameren Energy Generating Company	Yes	()	No	(X)
CILCORP Inc.	Yes	()	No	(X)
Central Illinois Light Company	Yes	()	No	(X)
Illinois Power Company	Yes	()	No	(X)

As of June 29, 2007, Ameren Corporation had 207,510,090 shares of its \$0.01 par value common stock outstanding. The aggregate market value of these shares of common stock (based upon the closing price of these shares on the New York Stock Exchange on that date) held by nonaffiliates was \$10,170,069,511. The shares of common stock of the other registrants were held by affiliates as of June 29, 2007.

The number of shares outstanding of each registrant's classes of common stock as of January 31, 2008, was as follows:

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Ameren Corporation	Common stock, \$0.01 par value per share: 208,728,929
Union Electric Company	Common stock, \$5 par value per share, held by Ameren Corporation (parent company of the registrant): 102,123,834
Central Illinois Public Service Company	Common stock, no par value, held by Ameren Corporation (parent company of the registrant): 25,452,373
Ameren Energy Generating Company	Common stock, no par value, held by Ameren Energy Development Company (parent company of the registrant and indirect subsidiary of Ameren Corporation): 2,000
CILCORP Inc,	Common stock, no par value, held by Ameren Corporation (parent company of the registrant): 1,000
Central Illinois Light Company	Common stock, no par value, held by CILCORP Inc. (parent company of the registrant and subsidiary of Ameren Corporation): 13,563,871
Illinois Power Company	Common stock, no par value, held by Ameren Corporation (parent company of the registrant): 23,000,000

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DOCUMENTS INCORPORATED BY REFERENCE

Portions of the definitive proxy statement of Ameren Corporation and portions of the definitive information statements of Union Electric Company, Central Illinois Public Service Company, and Central Illinois Light Company for the 2008 annual meetings of shareholders are incorporated by reference into Part III of this Form 10-K.

OMISSION OF CERTAIN INFORMATION

Ameren Energy Generating Company and CILCORP Inc. meet the conditions set forth in General Instruction I(1)(a) and (b) of Form 10-K and are therefore filing this form with the reduced disclosure format allowed under that General Instruction.

This combined Form 10-K is separately filed by Ameren Corporation, Union Electric Company, Central Illinois Public Service Company, Ameren Energy Generating Company, CILCORP Inc., Central Illinois Light Company, and Illinois Power Company. Each registrant hereto is filing on its own behalf all of the information contained in this annual report that relates to such registrant. Each registrant hereto is not filing any information that does not relate to such registrant, and therefore makes no representation as to any such information.

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This Form 10-K contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements should be read with the cautionary statements and important factors included on page 3 of this Form 10-K under the heading Forward-looking Statements. Forward-looking statements are all statements other than statements of historical fact, including those statements that are identified by the use of the words anticipates, estimates, expects, intends, plans, predicts, projects, and similar expressions.

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GLOSSARY OF TERMS AND ABBREVIATIONS

We use the words our, we or us with respect to certain information that relates to all Ameren Companies, as defined below. When appropriate, subsidiaries of Ameren are named specifically as we discuss their various business activities.

AERG AmerenEnergy Resources Generating Company, a CILCO subsidiary that operates a non-rate-regulated electric generation business in Illinois.

AFS Ameren Energy Fuels and Services Company, a Resources Company subsidiary that procures fuel and natural gas and manages the related risks for the Ameren Companies.

Ameren Ameren Corporation and its subsidiaries on a consolidated basis. In references to financing activities, acquisition activities, or liquidity arrangements, Ameren is defined as Ameren Corporation, the parent.

Ameren Companies The individual registrants within the Ameren consolidated group.

Ameren Illinois Utilities CIPS, IP and the rate-regulated electric and gas utility operations of CILCO.

Ameren Services Ameren Services Company, an Ameren Corporation subsidiary that provides support services to Ameren and its subsidiaries.

AMIL The balancing authority area operated by Ameren, which includes the load of the Ameren Illinois Utilities and the generating assets of AERG and Genco.

AMMO The balancing authority area operated by Ameren, which includes the load and generating assets of UE.

AMT Alternative minimum tax.

APB Accounting Principles Board.

ARB Accounting Research Bulletin.

ARO Asset retirement obligations.

Baseload The minimum amount of electric power delivered or required over a given period of time at a steady rate.

Btu British thermal unit, a standard unit for measuring the quantity of heat energy required to raise the temperature of one pound of water by one degree Fahrenheit.

Capacity factor A percentage measure that indicates how much of an electric power generating unit's capacity was used during a specific period.

CILCO Central Illinois Light Company, a CILCORP subsidiary that operates a rate-regulated electric transmission and distribution business, a non-rate-regulated electric generation business through AERG, and a rate-regulated natural gas transmission and distribution business, all in Illinois, as AmerenCILCO. CILCO owns all of the common stock of AERG.

CILCORP CILCORP Inc., an Ameren Corporation subsidiary that operates as a holding company for CILCO and various non-rate-regulated subsidiaries.

CIPS Central Illinois Public Service Company, an Ameren Corporation subsidiary that operates a rate-regulated electric and natural gas transmission and distribution business in Illinois as AmerenCIPS.

CIPSCO CIPSCO Inc., the former parent of CIPS.

CO₂ Carbon dioxide.

Cooling degree-days The summation of positive differences between the mean daily temperature and a 65-degree Fahrenheit base. This statistic is useful for estimating electricity demand by residential and commercial customers for summer cooling.

CT Combustion turbine electric generation equipment used primarily for peaking capacity.

CUB Citizens Utility Board.

Development Company Ameren Energy Development Company was an Ameren Energy Resources Company subsidiary and parent of Genco, Marketing Company, AFS, and Medina Valley. It was eliminated in an internal reorganization in February 2008.

DOE Department of Energy, a U.S. government agency.

DRPlus Ameren Corporation's dividend reinvestment and direct stock purchase plan.

Dth (dekatherm) one million BTUs of natural gas.

Dynegy Dynegy Inc.

EEL Electric Energy, Inc., an 80%-owned Ameren Corporation subsidiary (40% owned by UE and 40% owned by Development Company) that operates non-rate-regulated electric generation facilities and FERC-regulated transmission facilities in Illinois. In February 2008, UE's 40% ownership interest and Development Company's 40% ownership interest were transferred to Resources Company. The remaining 20% is owned by Kentucky Utilities Company.

EITF Emerging Issues Task Force, an organization designed to assist the FASB in improving financial reporting through the identification, discussion and resolution of financial issues in keeping with existing authoritative literature.

ELPC Environmental Law and Policy Center.

EPA Environmental Protection Agency, a U.S. government agency.

Equivalent availability factor A measure that indicates the percentage of time an electric power generating unit was available for service during a period.

ERISA Employee Retirement Income Security Act of 1974, as amended.

Exchange Act Securities Exchange Act of 1934, as amended.

FASB Financial Accounting Standards Board, a rulemaking organization that establishes financial accounting and reporting standards in the United States.

FERC The Federal Energy Regulatory Commission, a U.S. government agency.

FIN FASB Interpretation. An explanation intended to clarify accounting pronouncements previously issued by the FASB.

Fitch Fitch Ratings, a credit rating agency.

FSP FASB Staff Position. A publication that provides application guidance on FASB literature.

FTRs Financial transmission rights, financial instruments that entitle the holder to pay or receive compensation for certain congestion-related transmission charges between two designated points.

Fuelco Fuelco LLC, a limited-liability company that provides nuclear fuel management and services to its members. The members are UE, Texas Generation Company LP, and Pacific Energy Fuels Company.

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- GAAP** Generally accepted accounting principles in the United States.
- Genco** Ameren Energy Generating Company, a Resources Company subsidiary that operates a non-rate-regulated electric generation business in Illinois and Missouri.
- Gigawatthour** One thousand megawatthours.
- Heating degree-days** The summation of negative differences between the mean daily temperature and a 65- degree Fahrenheit base. This statistic is useful as an indicator of demand for electricity and natural gas for winter space heating for residential and commercial customers.
- IBEW** International Brotherhood of Electrical Workers, a labor union.
- ICC** Illinois Commerce Commission, a state agency that regulates the Illinois utility businesses and operations of CIPS, CILCO and IP.
- Illinois Customer Choice Law** Illinois Electric Service Customer Choice and Rate Relief Law of 1997, which provided for electric utility restructuring and introduced competition into the retail supply of electric energy in Illinois.
- Illinois electric settlement agreement** A comprehensive settlement of issues in Illinois arising out of the end of ten years of frozen electric rates, effective January 2, 2007. The Illinois electric settlement agreement, which became effective on August 28, 2007, was designed to avoid new rate rollback and freeze legislation and legislation that would impose a tax on electric generation in Illinois. The settlement addresses the issue of future power procurement, and it includes a comprehensive rate relief and customer assistance program.
- Illinois EPA** Illinois Environmental Protection Agency, a state government agency.
- Illinois Regulated** A financial reporting segment consisting of the regulated electric and gas transmission and distribution businesses of CIPS, CILCO and IP.
- IP** Illinois Power Company, an Ameren Corporation subsidiary. IP operates a rate-regulated electric and natural gas transmission and distribution business in Illinois as AmerenIP.
- IP LLC** Illinois Power Securitization Limited Liability Company, which is a special-purpose Delaware limited-liability company.
- IP SPT** Illinois Power Special Purpose Trust, which was created as a subsidiary of IP LLC to issue TFNs as allowed under the Illinois Customer Choice Law. Pursuant to FIN 46R, IP SPT is a variable-interest entity, as the equity investment is not sufficient to permit IP SPT to finance its activities without additional subordinated debt.
- IPA** Illinois Power Agency, a state government agency that has broad authority to assist in the procurement of electric power for residential and nonresidential customers beginning in June 2009.
- ISRS** Infrastructure system replacement surcharge. A cost recovery mechanism in Missouri that allows UE to recover gas infrastructure replacement costs from utility customers without a traditional rate case.
- IUOE** International Union of Operating Engineers, a labor union.
- JDA** The joint dispatch agreement among UE, CIPS, and Genco under which UE and Genco jointly dispatched electric generation prior to its termination on December 31, 2006.
- Kilowatthour** A measure of electricity consumption equivalent to the use of 1,000 watts of power over a period of one hour.
- Marketing Company** Ameren Energy Marketing Company, a Resources Company subsidiary that markets power for Genco, AERG and EEI.
- Medina Valley** Ameren Energy Medina Valley Cogen LLC, a Resources Company subsidiary, which owns a 40-megawatt gas-fired electric generation plant.
- Megawatthour** One thousand kilowatthours.
- MGP** Manufactured gas plant.
- MISO** Midwest Independent Transmission System Operator, Inc.
- MISO Day Two Energy Market** A market that began operating on April 1, 2005. It uses market-based pricing, which incorporates transmission congestion and line losses, to compensate market participants for power.
- Missouri Environmental Authority** Environmental Improvement and Energy Resources Authority of the state of Missouri, a governmental body authorized to finance environmental projects by issuing tax-exempt bonds and notes.
- Missouri Regulated** A financial reporting segment consisting of all the operations of UE's business, except for non-rate-regulated activities.

Money pool Borrowing agreements among Ameren and its subsidiaries to coordinate and provide for certain short-term cash and working capital requirements. Separate money pools maintained for rate-regulated and non-rate-regulated businesses are referred to as the utility money pool and the non-state-regulated subsidiary money pool, respectively.

Moody's Moody's Investors Service Inc., a credit rating agency.

MoPSC Missouri Public Service Commission, a state agency that regulates the Missouri utility business and operations of UE.

NCF&O National Congress of Firemen and Oilers, a labor union.

NERC North American Electric Reliability Corporation.

Non-rate-regulated Generation A financial reporting segment consisting of the operations or activities of Genco, CILCORP holding company, AERG, EEI, and Marketing Company.

NOx Nitrogen oxide.

Noranda Noranda Aluminum, Inc.

NRC Nuclear Regulatory Commission, a U.S. government agency.

NYMEX New York Mercantile Exchange.

NYSE New York Stock Exchange, Inc.

OATT Open Access Transmission Tariff.

OCI Other comprehensive income (loss) as defined by GAAP.

Off-system revenues Revenues from nonnative load sales.

OTC Over-the-counter.

PGA Purchased Gas Adjustment tariffs, which allow the passing through of the actual cost of natural gas to utility customers.

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PJM PJM Interconnection LLC.

PUHCA 1935 The Public Utility Holding Company Act of 1935. It was repealed effective February 8, 2006, by the Energy Policy Act of 2005 that was enacted on August 8, 2005.

PUHCA 2005 The Public Utility Holding Company Act of 2005, enacted as part of the Energy Policy Act of 2005, effective February 8, 2006.

Regulatory lag Adjustments to retail electric and natural gas rates are based on historic cost levels and rate increase requests can take up to 11 months to be granted by the MOPSC and the ICC. As a result, revenue increases authorized by regulators will lag behind changing costs.

Resources Company Ameren Energy Resources Company, LLC, an Ameren Corporation subsidiary that consists of non-rate-regulated operations, including Genco, Marketing Company, EEI, AFS, and Medina Valley. It is the successor to Ameren Energy Resources Company, which was eliminated in an internal reorganization in February 2008.

RTO Regional Transmission Organization.

S&P Standard & Poor's Ratings Services, a credit rating agency that is a division of The McGraw-Hill Companies, Inc.

SEC Securities and Exchange Commission, a U.S. government agency.

SERC SERC Reliability Corporation, one of the regional electric reliability councils organized for coordinating the planning and operation of the nation's bulk power supply.

SFAS Statement of Financial Accounting Standards, the accounting and financial reporting rules issued by the FASB.

SO₂ Sulfur dioxide.

TFN Transitional Funding Trust Notes issued by IP SPT as allowed under the Illinois Customer Choice Law. IP must designate a portion of cash received from customer billings to pay the TFNs. The proceeds received by IP are remitted to IP SPT. The proceeds are restricted for the sole purpose of making payments of principal and interest on, and paying other fees and expenses related to, the TFNs. Under the application of FIN 46R, IP does not consolidate IP SPT. Therefore, the obligation to IP SPT appears on IP's balance sheet.

TVA Tennessee Valley Authority, a public power authority.

UE Union Electric Company, an Ameren Corporation subsidiary that operates a rate-regulated electric generation, transmission and distribution business, and a rate-regulated natural gas transmission and distribution business in Missouri as AmerenUE.

FORWARD-LOOKING STATEMENTS

Statements in this report not based on historical facts are considered forward-looking and, accordingly, involve risks and uncertainties that could cause actual results to differ materially from those discussed. Although such forward-looking statements have been made in good faith and are based on reasonable assumptions, there is no assurance that the expected results will be achieved. These statements include (without limitation) statements as to future expectations, beliefs, plans, strategies, objectives, events, conditions, and financial performance. In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, we are providing this cautionary statement to identify important factors that could cause actual results to differ materially from those anticipated. The following factors, in addition to those discussed under Risk Factors and elsewhere in this report and in our other filings with the SEC, could cause actual results to differ materially from management expectations suggested in such forward-looking statements:

regulatory or legislative actions, including changes in regulatory policies and ratemaking determinations, such as the outcome of pending CIPS, CILCO and IP rate proceedings or future legislative actions that seek to limit or reverse rate increases;

uncertainty as to the effect of implementation of the Illinois electric settlement agreement on Ameren, the Ameren Illinois Utilities, Genco and AERG, including implementation of the new power procurement process in Illinois

beginning in 2008;
changes in laws and other governmental actions, including monetary and fiscal policies;
changes in laws or regulations that adversely affect the ability of electric distribution companies and other purchasers of wholesale electricity to pay their suppliers, including UE and Marketing Company;
enactment of legislation taxing electric generators, in Illinois or elsewhere;
the effects of increased competition in the future due to, among other things, deregulation of certain aspects of our business at both the state and federal levels, and the implementation of deregulation, such as occurred when the electric rate freeze and power supply contracts expired in Illinois at the end of 2006;
the effects of participation in the MISO;
the availability of fuel such as coal, natural gas, and enriched uranium used to produce electricity; the availability of purchased power and natural gas for distribution; and the level and volatility of future market prices for such commodities, including the ability to recover the costs for such commodities;
the effectiveness of risk management strategies and the use of financial and derivative instruments;
prices for power in the Midwest, including forward prices;
business and economic conditions, including their impact on interest rates;
disruptions of the capital markets or other events that make the Ameren Companies' access to necessary capital more difficult or costly;
the impact of the adoption of new accounting standards and the application of appropriate technical accounting rules and guidance;
actions of credit rating agencies and the effects of such actions;
weather conditions and other natural phenomena;
the impact of system outages caused by severe weather conditions or other events;
generation plant construction, installation and performance, including costs associated with UE's Taum Sauk pumped-storage hydroelectric plant incident and the plant's future operation;

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recoverability through insurance of costs associated with UE’s Taum Sauk pumped-storage hydroelectric plant incident;
 operation of UE’s nuclear power facility, including planned and unplanned outages, and decommissioning costs;
 the effects of strategic initiatives, including acquisitions and divestitures;
 the impact of current environmental regulations on utilities and power generating companies and the expectation that more stringent requirements, including those related to greenhouse gases, will be introduced over time, which could have a negative financial effect;
 labor disputes, future wage and employee benefits costs, including changes in returns on benefit plan assets;
 the inability of our counterparties and affiliates to meet their obligations with respect to contracts and financial instruments;
 the cost and availability of transmission capacity for the energy generated by the Ameren Companies’ facilities or required to satisfy energy sales made by the Ameren Companies;
 legal and administrative proceedings; and
 acts of sabotage, war, terrorism or intentionally disruptive acts.

Given these uncertainties, undue reliance should not be placed on these forward-looking statements. Except to the extent required by the federal securities laws, we undertake no obligation to update or revise publicly any forward-looking statements to reflect new information or future events.

PART I

ITEM 1. BUSINESS.

GENERAL

Ameren, headquartered in St. Louis, Missouri, is a public utility holding company under PUHCA 2005 administered by FERC. Ameren was formed in 1997 by the merger of UE and CIPSCO. Ameren acquired CILCORP in 2003 and IP in 2004. Ameren’s primary assets are the common stock of its subsidiaries, including UE, CIPS, Genco, CILCORP and IP. Ameren’s subsidiaries, which are separate, independent legal entities, operate rate-regulated electric generation, transmission and distribution businesses, rate-regulated natural gas transmission and distribution businesses, and non-rate-regulated electric generation businesses in Missouri and Illinois. Dividends on Ameren’s common stock depend upon distributions made to it by its subsidiaries.

To streamline its organizational structure, during late 2007, Ameren dissolved, merged or consolidated various of its subsidiaries that were inactive or had minimal or ancillary business operations. Among the subsidiaries eliminated was Ameren Energy, Inc., which previously served as a power marketing and risk management agent for UE. UE now performs such functions for itself. To further streamline its organizational structure, in February 2008, Development Company was eliminated through merger and Ameren Energy Resources Company was merged into the newly created Resources Company. As a part of this internal reorganization, on February 29, 2008, UE’s 40% ownership interest and Development Company’s 40% ownership interest in EEI were transferred to this newly created Resources Company.

The following table presents our total employees at December 31, 2007:

Ameren ^(a)	9,069
UE	3,665
CIPS	664

Genco	561
CILCORP/CILCO	598
IP	1,165

(a) Total for Ameren includes Ameren registrant and nonregistrant subsidiaries.

The IBEW, the IUOE, the NCF&O and the Laborers and Gas Fitters labor unions collectively represent about 61% of Ameren's total employees. They represent 72% of the employees at UE, 81% at CIPS, 72% at Genco, 70% at CILCORP, 70% at CILCO, and 90% at IP. All collective bargaining agreements that expired in 2007 have been renegotiated and ratified, with the exception of the benefits provisions contained in the agreements between IP and IBEW locals 51, 309, 702, and 1306. Bargaining over these benefits provisions continues at this time, with existing provisions remaining in effect. The majority of the renegotiated agreements have four- or five-year terms, and expire in 2011 and 2012. Four collective bargaining agreements between IP and the Laborers and Gas Fitters labor unions, covering approximately 127 employees, expire June 30, 2008.

For additional information about the development of our businesses, our business operations, and factors affecting our operations and financial position, see Management's Discussion and Analysis of Financial Condition and Results of Operations under Part II, Item 7, of this report and Note 1 – Summary of Significant Accounting Policies to our financial statements under Part II, Item 8, of this report.

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BUSINESS SEGMENTS

Ameren has three reportable segments: Missouri Regulated, Illinois Regulated, and Non-rate-regulated Generation. CILCORP and CILCO have two reportable segments: Illinois Regulated and Non-rate-regulated Generation. See Note 16 Segment Information to our financial statements under Part II, Item 8, of this report for additional information on reporting segments.

RATES AND REGULATION

Rates

Rates that UE, CIPS, CILCO and IP are allowed to charge for their utility services are the single most important influence upon their and Ameren's consolidated results of operations, financial position, and liquidity. The utility rates charged to UE, CIPS, CILCO and IP customers are determined by governmental entities. Decisions by these entities are influenced by many factors, including the cost of providing service, the quality of service, regulatory staff knowledge and experience, economic conditions, public policy, and social and political views. Decisions made by these governmental entities regarding rates could have a material impact on the results of operations, financial position, or liquidity of UE, CIPS, CILCORP, CILCO, IP and Ameren.

The ICC regulates rates and other matters for CIPS, CILCO and IP. The MoPSC regulates UE. FERC regulates UE, CIPS, Genco, CILCO, IP and EEI as to their ability to charge market-based rates for the sale and transmission of energy in interstate commerce and various other matters discussed below under General Regulatory Matters.

About 37% of Ameren's electric and 13% of its gas operating revenues were subject to regulation by the MoPSC in the year ended December 31, 2007. About 41% of Ameren's electric and 87% of its gas operating revenues were subject to regulation by the ICC in the year ended December 31, 2007. Wholesale revenues for UE, Genco and AERG are subject to FERC regulation, but not subject to direct MoPSC or ICC regulation.

Missouri Regulated

About 83% of UE's electric and 100% of its gas operating revenues were subject to regulation by the MoPSC in the year ended December 31, 2007.

If certain criteria are met, UE's gas rates may be adjusted without a traditional rate proceeding. PGA clauses permit prudently incurred natural gas costs to be passed directly to the consumer. The ISRS permits prudently incurred gas infrastructure replacement costs to be passed directly to the consumer.

A Missouri law enacted in July 2005 enables the MoPSC to put in place fuel and purchased power and environmental cost recovery mechanisms for Missouri's electric utilities. The law also includes rate case filing requirements, a 2.5% annual rate increase cap for the environmental cost recovery mechanism, and prudency reviews, among other things. Rules for the fuel and purchased power cost recovery mechanism were approved by the MoPSC in September 2006 and became effective that year. Rules for the environmental cost recovery mechanism were approved by the MoPSC in February 2008 and will be effective once published in the Missouri Register. UE will not be able to utilize the cost recovery mechanisms until the MoPSC authorizes them as part of a rate case proceeding. UE was denied use of a fuel and purchased power cost recovery mechanism in its last electric rate order, in May 2007. UE plans to request use of a fuel and purchased power cost recovery mechanism and, potentially an environmental cost recovery mechanism, in its next electric rate case filing, expected in the second quarter of 2008.

With the expiration of multiyear electric and gas rate moratoriums, effective July 1, 2006, UE filed requests with the MoPSC in July 2006 for an electric rate increase and for a natural gas delivery rate increase. In March 2007, a stipulation and agreement approved by the MoPSC authorized an increase in annual natural gas delivery revenues of \$6 million effective April 1, 2007. As part of this stipulation and agreement, UE agreed not to file a natural gas delivery rate case before March 15, 2010. This agreement did not prevent UE from filing to recover gas infrastructure replacement costs through an ISRS during this three-year rate moratorium. In February 2008, the MoPSC approved UE's petition requesting the establishment of an ISRS to recover annual revenues of \$4 million effective March 29, 2008.

In May 2007, the MoPSC issued an order, which, as clarified, granted UE an increase in base rates for electric service, effective June 4, 2007. For further information on Missouri rate matters, including the Missouri law enabling fuel and purchased power and environmental cost recovery mechanisms, see Results of Operations and Outlook in Management's Discussion and Analysis of Financial Condition and Results of Operations under Part II, Item 7, Quantitative and Qualitative Disclosures About Market Risk under Part II, Item 7A, and Note 2 Rate and Regulatory Matters, and Note 13 Commitments and Contingencies to our financial statements under Part II, Item 8, of this report.

Illinois Regulated

The following table presents the approximate percentage of electric and gas operating revenues subject to regulation by the ICC for each of the Illinois Regulated companies for the year ended December 31, 2007:

	Electric	Gas
CIPS	100%	100%
CILCORP/CILCO ^(a)	58	100
IP	100	100

(a) AERG's revenues are not subject to ICC regulation.

If certain criteria are met, CIPS, CILCO's and IP's gas rates may be adjusted without a traditional rate proceeding. PGA clauses permit prudently incurred natural gas costs to be passed directly to the consumer.

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Environmental adjustment rate riders authorized by the ICC permit the recovery of prudently incurred MGP remediation and litigation costs from CIPS, CILCO and IP's Illinois electric and natural gas utility customers. As a part of the order approving Ameren's acquisition of IP, the ICC also approved a tariff rider that allows IP to recover the costs of asbestos-related litigation claims, subject to the following terms. Beginning in 2007, 90% of cash expenditures in excess of the amount included in base electric rates is recoverable by IP from a trust fund established by IP and financed with contributions of \$10 million each by Ameren and Dynegy. At December 31, 2007, the trust fund balance was \$22 million, including accumulated interest. If cash expenditures are less than the amount in base rates, IP will contribute 90% of the difference to the fund. Once the trust fund is depleted, 90% of allowed cash expenditures in excess of base rates will be recoverable through charges assessed to customers under the tariff rider.

New electric rates for CIPS, CILCO and IP went into effect on January 2, 2007, reflecting delivery service tariffs approved by the ICC in November 2006 and full cost recovery of power purchased on behalf of Ameren Illinois Utilities' customers in the September 2006 power procurement auction in accordance with a January 2006 ICC order. See Results of Operations and Outlook in Management's Discussion and Analysis of Financial Condition and Results of Operations under Part II, Item 7, Quantitative and Qualitative Disclosures About Market Risk under Part II, Item 7A, and Note 2 Rate and Regulatory Matters, and Note 13 Commitments and Contingencies to our financial statements under Part II, Item 8, of this report for further information on rate matters. This material summarizes actions taken by certain Illinois legislators, the Illinois governor, the Illinois attorney general, and others regarding the expiration of the rate freeze at the beginning of 2007, opposition to the 2006 power procurement auction, and the Illinois electric settlement agreement and establishment of the IPA, as well as electric and gas delivery service rate cases filed by CIPS, CILCO and IP in November 2007.

General Regulatory Matters

UE, CIPS, CILCO and IP must receive FERC approval to issue short-term debt securities and to conduct certain acquisitions, mergers and consolidations involving electric utility holding companies having a value in excess of \$10 million. In addition, these Ameren utilities must receive authorization from the applicable state public utility regulatory agency to issue stock and long-term debt securities (with maturities of more than 12 months) and to conduct mergers, affiliate transactions, and various other activities. Genco, AERG and EEI are subject to FERC's jurisdiction when they issue any securities.

Under PUHCA 2005, FERC and any state public utility regulatory agencies may access books and records of Ameren and its subsidiaries that are determined to be relevant to costs incurred by Ameren's rate-regulated subsidiaries with respect to jurisdictional rates. PUHCA 2005 also permits Ameren, the ICC, or the MoPSC to request that FERC review cost allocations by Ameren Services to other Ameren companies.

Operation of UE's Callaway nuclear plant is subject to regulation by the NRC. Its facility operating license expires on June 11, 2024. UE intends to submit a license extension application with the NRC to extend its Callaway nuclear plant's operating license to 2044. UE's Osage hydroelectric plant and UE's Taum Sauk pumped-storage hydroelectric plant, as licensed projects under the Federal Power Act, are subject to FERC regulations affecting, among other things, the general operation and maintenance of the projects. On March 30, 2007, FERC granted a new 40-year license for UE's Osage hydroelectric plant and approved a settlement agreement among UE, the U.S. Department of the Interior, and various state agencies that was submitted in May 2005 in support of the license renewal. The license for UE's Taum Sauk plant expires on June 30, 2010. UE intends to file with FERC an application for license renewal of the Taum Sauk facility no later than June 30, 2008. The Taum Sauk plant is currently out of service and being rebuilt due to a major breach of the upper reservoir in December 2005. UE's Keokuk plant and its dam, in the Mississippi River between Hamilton, Illinois, and Keokuk, Iowa, are operated under open-ended authority granted by an Act of Congress in 1905.

For additional information on regulatory matters, see Note 2 Rate and Regulatory Matters and Note 13 Commitments and Contingencies to our financial statements under Part II, Item 8, of this report, which include a discussion about the December 2005 breach of the upper reservoir at UE s Taum Sauk pumped-storage hydroelectric plant.

Environmental Matters

Certain of our operations are subject to federal, state, and local environmental statutes or regulations relating to the safety and health of personnel, the public, and the environment. These matters include identification, generation, storage, handling, transportation, disposal, record keeping, labeling, reporting, and emergency response in connection with hazardous and toxic materials, safety and health standards, and environmental protection requirements, including standards and limitations relating to the discharge of air and water pollutants. Failure to comply with those statutes or regulations could have material adverse effects on us. We could be subject to criminal or civil penalties by regulatory agencies. We could be ordered to make payment to private parties by the courts. Except as indicated in this report, we believe that we are in material compliance with existing statutes and regulations.

For additional discussion of environmental matters, including NO_x, SO₂, and mercury emission reduction requirements and the December 2005 breach of the upper reservoir at UE s Taum Sauk hydroelectric plant, see Liquidity and Capital Resources in Management s Discussion and Analysis of Financial Condition and Results of Operations under Part II, Item 7, and Note 13

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Commitments and Contingencies to our financial statements under Part II, Item 8, of this report.

SUPPLY FOR ELECTRIC POWER

Ameren operates an integrated transmission system that comprises the transmission assets of UE, CILCO, CIPS, and IP. Ameren also operates two balancing authority areas, AMMO (which includes UE) and AMIL (which includes CILCO, CIPS, IP, AERG and Genco). During 2007, the peak demand in AMMO was 8,606 MW and in AMIL was 9,386 MW. Factors that could cause us to purchase power include, among other things, absence of sufficient owned generation, plant outages, the failure of suppliers to meet their power supply obligations, extreme weather conditions, and the availability of power at a cost lower than the cost of generating it. The Ameren transmission system directly connects with 17 other balancing authority areas for the exchange of electric energy.

UE, CIPS, CILCO and IP are transmission-owning members of MISO, and they have transferred functional control of their systems to MISO. Transmission service on the UE, CIPS, CILCO and IP transmission systems is provided pursuant to the terms of the MISO OATT on file with FERC. See Note 2 Rate and Regulatory Matters to our financial statements under Part II, Item 8, of this report for further information. EEI operates its own balancing authority area and its own transmission facilities in southern Illinois. The EEI transmission system is directly connected to MISO and TVA. EEI's generating units are dispatched separately from those of UE, Genco and AERG.

The Ameren Companies and EEI are members of SERC, a regional electric reliability organization with NERC-delegated authority for proposing and enforcing reliability standards. SERC is responsible for the bulk electric power supply system in much of the southeastern United States, including all or portions of Missouri, Illinois, Arkansas, Kentucky, Tennessee, North Carolina, South Carolina, Georgia, Mississippi, Alabama, Louisiana, Virginia, Florida, Oklahoma, Iowa, and Texas. The Ameren membership covers UE, CIPS, CILCO and IP.

Missouri Regulated

Factors that could cause UE to purchase power include, among other things, absence of sufficient owned generation, plant outages, the failure of suppliers to meet their power supply obligations, extreme weather conditions, and the availability of power at a cost lower than the cost of generating it.

UE's electric supply is obtained primarily from its own generation. In March 2006, UE completed the purchase of three CT facilities, totaling 1,490 megawatts of capacity at a price of \$292 million. These purchases were designed to help meet UE's increased generating capacity needs and to provide UE with additional flexibility in determining when to add future baseload generating capacity. UE expects these CT facilities to satisfy demand growth until 2018 to 2020. However, due to the significant time required to plan, acquire permits for, and build a baseload power plant, UE is actively studying future plant alternatives, including those that would use coal or nuclear fuel. See Outlook in Management's Discussion and Analysis of Financial Condition and Results of Operations under Part II, Item 7 and Note 13 Commitments and Contingencies to our financial statements under Part II, Item 8, of this report. UE filed in February 2008 an integrated resource plan with the MoPSC. The plan includes proposals to pursue energy efficiency programs, expand the role of renewable energy sources in UE's overall generation mix, increase operational efficiency at existing power plants, and possibly retire some generating units that are older and less efficient.

Illinois Regulated

As of January 1, 2007, CIPS, CILCO and IP were required to obtain all electric supply requirements for customers who did not purchase electric supply from third-party suppliers through the Illinois reverse power procurement auction held in September 2006. CIPS, CILCO and IP entered into power supply contracts with the winning bidders, including their affiliate, Marketing Company. Under these contracts, the electric suppliers are responsible for

providing to CIPS, CILCO and IP energy, capacity, certain transmission, volumetric risk management, and other services necessary for the Ameren Illinois Utilities to serve their customers at an all-inclusive fixed price with one-third of the supply contracts expiring in each of May 2008, 2009 and 2010. New electric rates for CIPS, CILCO and IP went into effect on January 2, 2007. The new rates reflected delivery service tariffs approved by the ICC in November 2006 and full cost recovery of power purchased on behalf of Ameren Illinois Utilities customers in the September 2006 reverse power procurement auction.

A portion of the electric power supply required for the Ameren Illinois Utilities to satisfy their distribution customers requirements is purchased from Marketing Company on behalf of Genco, AERG and EEI. As part of the Illinois electric settlement agreement reached in 2007, the reverse power procurement auction in Illinois was discontinued and will be replaced with a new process led by the IPA, beginning in 2009. In 2008, utilities will contract for necessary power and energy requirements not already supplied through the September 2006 auction contracts, primarily through a request-for-proposal process, subject to ICC review and approval. Existing supply contracts from the September 2006 reverse power procurement auction remain in place. Also as part of the Illinois electric settlement agreement, the Ameren Illinois Utilities entered into financial contracts with Marketing Company (for the benefit of Genco and AERG), to lock in energy prices for 400 to 1,000 megawatts annually of their around-the-clock power requirements during the period June 1, 2008, to December 31, 2012, at relevant market prices. These financial contracts do not include capacity, are not load-following products, and do not involve the physical delivery of energy. See Note 2 Rate and Regulatory Matters and Note 12 Related Party Transactions to our financial

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statements under Part II, Item 8, of this report for a discussion of the ICC-approved power procurement auction.

Non-rate-regulated Generation

Factors that could cause Marketing Company to purchase power for the Non-rate-regulated Generation business segment include, among other things, absence of sufficient owned generation, plant outages, the failure of suppliers to meet their power supply obligations, and extreme weather conditions.

In December 2006, Genco and Marketing Company, and AERG and Marketing Company, entered into new power supply agreements whereby Genco and AERG sell and Marketing Company purchases all the capacity available from Genco's and AERG's generation fleets and such amount of associated energy commencing on January 1, 2007. All of Genco's and AERG's generating capacity now competes for the sale of energy and capacity in the competitive energy markets through Marketing Company. See Note 12 Related Party Transactions to our financial statements under Part II, Item 8, of this report for additional information.

On December 31, 2005, EEI's power supply contract with its affiliates, including UE, CIPS and IP, expired. EEI entered into a power supply agreement with Marketing Company whereby EEI sells 100% of its capacity and energy to Marketing Company at market-based prices. All of EEI's generating capacity now competes for the sale of energy and capacity in the competitive energy markets through Marketing Company. See Note 12 Related Party Transactions to our financial statements under Part II, Item 8, of this report for additional information.

The following table presents the source of electric generation by fuel type, excluding purchased power, for the years ended December 31, 2007, 2006 and 2005:

	Coal	Nuclear	Natural Gas	Hydroelectric	Oil
Ameren:^(a)					
2007	84%	12%	2%	2%	(b)%
2006	85	13	1	1	(b)
2005	86	10	1	2	1
Missouri Regulated:					
UE:					
2007	76%	19%	2%	3%	(b)%
2006	77	20	1	2	(b)
2005	80	16	1	3	(b)
Non-rate-regulated Generation:					
Genco:					
2007	96%	-%	4%	-%	(b)%
2006	97	-	2	-	1
2005	96	-	3	-	1
CILCO (AERG):					
2007	99%	-%	1%	-%	(b)%
2006	99	-	1	-	(b)
2005	99	-	1	-	(b)
EEI:					
2007	100%	-%	-%	-%	-%
2006	100	-	(b)	-	-

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2005	100	-	(b)	-	-
Total Non-rate-regulated Generation:					
2007	98%	-%	2%	-%	(b) %
2006	99	-	1	-	(b)
2005	98	-	2	-	(b)

(a) Includes amounts for Ameren registrant and nonregistrant subsidiaries and intercompany eliminations.

(b) Less than 1% of total fuel supply.

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The following table presents the cost of fuels for electric generation for the years ended December 31, 2007, 2006 and 2005.

Cost of Fuels (Dollars per million Btus)	2007	2006	2005
Ameren:			
Coal ^(a)	\$ 1.399	\$ 1.271	\$ 1.153
Nuclear	0.490	0.434	0.421
Natural gas ^(b)	7.872	8.917	9.044
Weighted average all fuels ^(c)	\$ 1.437	\$ 1.256	\$ 1.184
Missouri Regulated:			
UE:			
Coal ^(a)	\$ 1.284	\$ 1.084	\$ 0.994
Nuclear	0.490	0.434	0.421
Natural gas ^(b)	7.580	8.625	8.825
Weighted average all fuels ^(c)	\$ 1.271	\$ 1.035	\$ 0.993
Non-rate-regulated Generation:			
Genco:			
Coal ^(a)	\$ 1.717	\$ 1.691	\$ 1.589
Natural gas ^(b)	8.440	9.391	9.395
Weighted average all fuels ^(c)	\$ 1.939	\$ 1.865	\$ 1.808
CILCO (AERG):			
Coal ^(a)	\$ 1.309	\$ 1.419	\$ 1.317
Weighted average all fuels ^(c)	\$ 1.450	\$ 1.466	\$ 1.396
EEI:			
Coal ^(a)	\$ 1.329	\$ 1.266	\$ 1.053
Total Non-rate-regulated Generation:			
Coal ^(a)	\$ 1.545	\$ 1.513	\$ 1.378
Natural gas ^(b)	8.440	9.385	9.384
Weighted average all fuels ^(c)	\$ 1.698	\$ 1.613	\$ 1.508

- (a) The fuel cost for coal represents the cost of coal, costs for transportation, which includes diesel fuel adders, and cost of emission allowances.
- (b) The fuel cost for natural gas represents the actual cost of natural gas and variable costs for transportation, storage, balancing, and fuel losses for delivery to the plant. In addition, the fixed costs for firm transportation and firm storage capacity are included in the calculation of fuel cost for the generating facilities.
- (c) Represents all costs for fuels used in our electric generating facilities, to the extent applicable, including coal, nuclear, natural gas, oil, propane, tire chips, paint products, and handling. Oil, paint, propane, and tire chips are not individually listed in this table because their use is minimal.

Coal

UE, Genco, AERG and EEI have agreements in place to purchase a portion of their coal needs and to transport it to electric generating facilities through 2012. UE, Genco, AERG and EEI expect to enter into additional contracts to purchase coal. Coal supply agreements typically have an initial term of five years, with about 20% of the contracts

expiring annually. Ameren burned 40.6 million (UE 22.4 million, Genco 10.1 million, AERG 3.1 million, EEI 5.0 million) tons of coal in 2007. See Part II, Item 7A Quantitative and Qualitative Disclosures about Market Risk of this report for additional information about coal supply contracts.

About 94% of Ameren's coal (UE 97%, Genco 88%, AERG 92%, EEI 100%) is purchased from the Powder River Basin in Wyoming. The remaining coal is typically purchased from the Illinois Basin. UE, Genco, AERG and EEI have a policy to maintain coal inventory consistent with their projected usage. Inventory may be adjusted because of uncertainties of supply due to potential work stoppages, delays in coal deliveries, equipment breakdowns, and other factors. As of December 31, 2007, coal inventories for UE, Genco, AERG and EEI were adequate and in excess of historical levels, but below targeted levels. Disruptions in coal deliveries could cause UE, Genco, AERG and EEI to pursue a strategy that could include reducing sales of power during low-margin periods, buying higher-cost fuels to generate required electricity, and purchasing power from other sources.

Nuclear

Fuel assemblies for the 2008 fall refueling at UE's Callaway nuclear plant will begin manufacture during the second quarter of 2008. Enriched uranium for such assemblies is already at the facility. UE also has agreements or inventories to price-hedge 87% of Callaway's 2010 and 2011 refueling requirements. There is no refueling scheduled in 2009 or 2012. UE expects to enter into additional contracts to purchase nuclear fuel. UE is a member of Fuelco, which allows UE to join with other member

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companies to increase its purchasing power and opportunities for volume discounts. The Callaway nuclear plant normally requires refueling at 18-month intervals. The last refueling was completed in May 2007.

Natural Gas Supply for Power Generation

Ameren's portfolio of natural gas supply resources includes firm transportation capacity and firm no-notice storage capacity leased from interstate pipelines to maintain gas deliveries to our gas-fired generating units throughout the year, especially during the summer peak demand. UE, Genco and EEI primarily use the interstate pipeline systems of Panhandle Eastern Pipe Line Company, Trunkline Gas Company, Natural Gas Pipeline Company of America, and Mississippi River Transmission Corporation to transport natural gas to generating units. In addition to physical transactions, Ameren uses financial instruments, including some in the NYMEX futures market and some in the OTC financial markets, to hedge the price paid for natural gas.

UE, Genco and EEI's natural gas procurement strategy is designed to ensure reliable and immediate delivery of natural gas to their generating units. UE, Genco and EEI do this in two ways. They optimize transportation and storage options and minimize cost and price risk through various supply and price hedging agreements that allow them to maintain access to multiple gas pools, supply basins, and storage. As of December 31, 2007, UE had hedged about 25% of its required gas supply for generation in 2008 and Genco about 90%. As of December 31, 2007, EEI did not have any of its required gas supply for generation hedged for price risk.

NATURAL GAS SUPPLY FOR DISTRIBUTION

UE, CIPS, CILCO and IP are responsible for the purchase and delivery of natural gas to their gas utility customers. UE, CIPS, CILCO and IP develop and manage a portfolio of gas supply resources, including firm gas supply under term agreements with producers, interstate and intrastate firm transportation capacity, firm storage capacity leased from interstate pipelines, and on-system storage facilities to maintain gas deliveries to our customers throughout the year and especially during peak demand. UE, CIPS, CILCO and IP primarily use the Panhandle Eastern Pipe Line Company, the Trunkline Gas Company, the Natural Gas Pipeline Company of America, the Mississippi River Transmission Corporation, and the Texas Eastern Transmission Corporation interstate pipeline systems to transport natural gas to their systems. In addition to physical transactions, financial instruments, including those entered into in the NYMEX futures market and in the OTC financial markets, are used to hedge the price paid for natural gas. Prudently incurred natural gas purchase costs are passed on to customers of UE, CIPS, CILCO and IP in Illinois and Missouri under PGA clauses, subject to prudence review by the ICC and the MoPSC.

For additional information on our fuel and purchased power supply, see Results of Operations, Liquidity and Capital Resources and Effects of Inflation and Changing Prices in Management's Discussion and Analysis of Financial Condition and Results of Operations under Part II, Item 7, of this report. Also see Quantitative and Qualitative Disclosures About Market Risk under Part II, Item 7A, of this report, Note 1 Summary of Significant Accounting Policies, Note 7 Derivative Financial Instruments, Note 12 Related Party Transactions, Note 13 Commitments and Contingencies, and Note 14 Callaway Nuclear Plant to our financial statements under Part II, Item 8.

INDUSTRY ISSUES

We are facing issues common to the electric and gas utility industry and the non-rate-regulated electric generation industry. These issues include:

- political and regulatory resistance to higher rates;
- the potential for changes in laws, regulation, and policies at the state and federal level, including those resulting from election cycles;

the potential for more intense competition in generation and supply;
the potential for reregulation in some states, which could cause electric distribution companies to build generation facilities and to purchase less power from electric generating companies like Genco, AERG and EEI;
changes in the structure of the industry as a result of changes in federal and state laws, including the formation of non-rate-regulated generating entities and RTOs;
fluctuations in power prices due to the balance of supply and demand and fuel prices;
the availability of fuel and increases in prices;
the availability of labor and material and rising costs;
regulatory lag;
negative free cash flows due to rising investments and the regulatory framework;
continually developing and complex environmental laws, regulations and issues, including new air-quality standards, mercury regulations, and increasingly likely greenhouse gas limitations;
public concern about the siting of new facilities;
construction of power generation and transmission facilities;
proposals for programs to encourage or mandate energy efficiency and renewable sources of power;
public concerns about nuclear plant operation and decommissioning and the disposal of nuclear waste;
uncertainty in the credit markets; and
consolidation of electric and gas companies.

We are monitoring these issues. Except as otherwise noted in this report, we are unable to predict what impact, if any, these issues will have on our results of operations, financial position, or liquidity. For additional information, see Risk Factors under Part I, Item 1A, and Outlook and Regulatory Matters in Management's Discussion and Analysis of Financial Condition and Results of Operations under Part II, Item 7, and Note 2 Rate and Regulatory Matters, and Note 13 Commitments and Contingencies to our financial statements under Part II, Item 8, of this report.

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The following tables present key electric and natural gas operating statistics for Ameren for the past three years.

Electric Operating Statistics	Year Ended December 31,	2007	2006	2005
Electric Sales kilowatthours (in millions):				
Missouri Regulated:				
Residential		14,258	13,081	13,859
Commercial		14,766	14,075	14,539
Industrial		9,675	9,582	8,820
Other		759	739	781
Native		39,458	37,477	37,999
Non-affiliate interchange sales		10,984	3,132	3,549
Affiliate interchange sales		-	10,072	11,564
Subtotal		50,442	50,681	53,112
Illinois Regulated:				
Residential				
Generation and delivery service		11,857	11,476	11,711
Commercial				
Generation and delivery service		7,232	11,406	10,082
Delivery service only		5,178	269	204
Industrial				
Generation and delivery service		1,606	10,950	9,728
Delivery service only		11,199	2,349	3,275
Other		576	598	606
Affiliate interchange sales		-	-	2,055
Subtotal		37,648	37,048	37,661
Non-rate-regulated Generation:				
Non-affiliate energy sales		25,196	24,921	27,884
Affiliate energy sales		7,296	18,425	17,149
Subtotal		32,492	43,346	45,033
Eliminate affiliate sales		(7,296)	(28,036)	(30,768)
Eliminate Illinois Regulated/Non-rate-regulated Generation common customers		(5,800)	(2,024)	(8,979)
Ameren Total		107,486	101,015	96,059
Electric Operating Revenues (in millions):				
Missouri Regulated:				
Residential		\$ 980	\$ 899	\$ 937
Commercial		839	796	814
Industrial		390	392	363
Other		111	104	109
Native		2,320	2,191	2,223
Non-affiliate interchange sales		466	263	253
Affiliate interchange sales		-	196	230
Subtotal		\$ 2,786	\$ 2,650	\$ 2,706
Illinois Regulated:				

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Residential			
Generation and delivery service	\$ 1,055	\$ 852	\$ 868
Commercial			
Generation and delivery service	666	784	713
Delivery service only	54	3	-
Industrial			
Generation and delivery service	105	489	449
Delivery service only	24	2	-
Other	358	112	118
Affiliate interchange sales	-	-	36
Subtotal	\$ 2,262	\$ 2,242	\$ 2,184

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Electric Operating Statistics	Year Ended December 31,	2007	2006	2005
Non-rate-regulated Generation:				
Non-affiliate energy sales		\$ 1,266	\$ 1,032	\$ 1,041
Affiliate native energy sales		495	662	614
Affiliate other sales		37	19	18
Subtotal		\$ 1,798	\$ 1,713	\$ 1,673
Eliminate affiliate sales		(579)	(1,020)	(1,131)
Ameren Total		\$ 6,267	\$ 5,585	\$ 5,432
Electric Generation megawatthours (in millions):				
Missouri Regulated				
Non-rate-regulated Generation:		50.3	50.8	49.6
Genco		17.4	15.4	14.2
AERG		5.3	6.7	6.0
EEI		8.1	8.3	7.9
Medina Valley		0.2	0.2	0.2
Subtotal		31.0	30.6	28.3
Ameren Total		81.3	81.4	77.9
Price per ton of delivered coal (average)		\$ 25.20	\$ 22.74	\$ 21.31
Source of energy supply:				
Coal		68.7%	65.8%	66.0%
Gas		1.8	0.9	1.1
Oil		-	0.7	0.8
Nuclear		9.4	9.7	8.1
Hydroelectric		1.6	0.9	1.3
Purchased and interchanged, net		18.5	22.0	22.7
		100.0%	100.0%	100.0%

Gas Operating Statistics	Year Ended December 31,	2007	2006	2005
Gas Sales (millions of Dth)				
Missouri Regulated:				
Residential		7	7	8
Commercial		4	3	4
Industrial		1	1	1
Subtotal		12	11	13
Illinois Regulated:				
Residential		59	55	59
Commercial		25	23	24
Industrial		10	13	13
Subtotal		94	91	96
Other:				
Residential		-	-	-
Commercial		-	-	-
Industrial		2	7	5
Subtotal		2	7	5

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Ameren Total	108	109	114
Natural Gas Operating Revenues (in millions)			
Missouri Regulated:			
Residential	\$ 108	\$ 101	\$ 111
Commercial	47	46	47
Industrial	12	13	13
Other	7	(2)	11
Subtotal	\$ 174	\$ 158	\$ 182

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Gas Operating Statistics	Year Ended December 31,	2007	2006	2005
Illinois Regulated: Residential		\$ 687	\$ 690	