

Ameren Illinois Co  
Form 10-K  
February 28, 2012  
Table of Contents

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, 2011**  
OR  
( ) Transition report pursuant to Section 13 or 15(d) of the Securities  
Exchange Act of 1934 for the transition period from to

Exact name of registrant as specified in its charter;

Commission	State of Incorporation;	IRS Employer
File Number	Address and Telephone Number	Identification No.
1-14756	<b>Ameren Corporation</b> (Missouri Corporation) 1901 Chouteau Avenue St. Louis, Missouri 63103 (314) 621-3222	43-1723446
1-2967	<b>Union Electric Company</b> (Missouri Corporation) 1901 Chouteau Avenue St. Louis, Missouri 63103 (314) 621-3222	43-0559760
1-3672	<b>Ameren Illinois Company</b> (Illinois Corporation) 300 Liberty Street Peoria, Illinois 61602 (309) 677-5271	37-0211380
333-56594	<b>Ameren Energy Generating Company</b> (Illinois Corporation) 1500 Eastport Plaza Drive Collinsville, Illinois 62234 (618) 343-7700	37-1395586

**Securities Registered Pursuant to Section 12(b) of the Act:**

## Edgar Filing: Ameren Illinois Co - Form 10-K

The following security is registered pursuant to Section 12(b) of the Securities Exchange Act of 1934 and is listed on the New York Stock Exchange:

**Registrant**

Ameren Corporation

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

**Title of each class**

Common Stock, \$0.01 par value per share

**Registrant**

Union Electric Company

Ameren Illinois Company

**Title of each class**

Preferred Stock, cumulative, no par value, stated value \$100 per share

Preferred Stock, cumulative, \$100 par value per share Depository Shares, each representing one-fourth of a share of 6.625% Preferred Stock, cumulative, \$100 par value per share

**Table of Contents**

Ameren Energy Generating Company does not have securities registered under either Section 12(b) or 12(g) of the Securities Exchange Act of 1934.

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

Ameren Corporation	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Union Electric Company	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Ameren Illinois Company	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Ameren Energy Generating Company	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>

Indicate by checkmark if each registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Ameren Corporation	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Union Electric Company	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Ameren Illinois Company	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Ameren Energy Generating Company	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>

Indicate by checkmark 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.

Ameren Corporation	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Union Electric Company	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Ameren Illinois Company	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Ameren Energy Generating Company (1)	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>

(1) As indicated above, Ameren Energy Generating Company is not required to file reports under the Securities Exchange Act of 1934.

However, Ameren Energy Generating Company has filed all Exchange Act reports for the preceding 12 months.

Indicate by checkmark whether each registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Ameren Corporation	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Union Electric Company	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Ameren Illinois Company	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Ameren Energy Generating Company	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>

Indicate by checkmark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) 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	<input checked="" type="checkbox"/>
Union Electric Company	<input type="checkbox"/>
Ameren Illinois Company	<input checked="" type="checkbox"/>
Ameren Energy Generating Company	<input checked="" type="checkbox"/>

## Edgar Filing: Ameren Illinois Co - Form 10-K

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

	Large Accelerated Filer	Accelerated Filer	Non-accelerated Filer	Smaller Reporting Company
Ameren Corporation	(X)	( )	( )	( )
Union Electric Company	( )	( )	(X)	( )
Ameren Illinois Company	( )	( )	(X)	( )
Ameren Energy Generating Company	( )	( )	(X)	( )

Indicate by checkmark whether each registrant is a shell company (as defined in Rule 12b-2 of the Act).

Ameren Corporation	Yes	( )	No	(X)
Union Electric Company	Yes	( )	No	(X)
Ameren Illinois Company	Yes	( )	No	(X)
Ameren Energy Generating Company	Yes	( )	No	(X)

---

**Table of Contents**

As of June 30, 2011, Ameren Corporation had 241,586,534 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 the common stock on the New York Stock Exchange on that date) held by nonaffiliates was \$6,967,355,641. The shares of common stock of the other registrants were held by affiliates as of June 30, 2011.

The number of shares outstanding of each registrant's classes of common stock as of January 31, 2012, was as follows:

Ameren Corporation	Common stock, \$0.01 par value per share: 242,634,742
Union Electric Company	Common stock, \$5 par value per share, held by Ameren Corporation (parent company of the registrant): 102,123,834
Ameren Illinois 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 Resources Company, LLC (parent company of the registrant and subsidiary of Ameren Corporation): 2,000

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the definitive proxy statement of Ameren Corporation and portions of the definitive information statements of Union Electric Company and Ameren Illinois Company for the 2012 annual meetings of shareholders are incorporated by reference into Part III of this Form 10-K.

**OMISSION OF CERTAIN INFORMATION**

Ameren Energy Generating Company meets the conditions set forth in General Instruction I(1)(a) and (b) of Form 10-K and is 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, Ameren Illinois Company and Ameren Energy Generating 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.

**Table of Contents****TABLE OF CONTENTS**

	<b>Page</b>
<b><u>GLOSSARY OF TERMS AND ABBREVIATIONS</u></b>	<b>1</b>
<u>Forward-looking Statements</u>	4
<b>PART I</b>	
Item 1. <u>Business</u>	5
<u>General</u>	5
<u>Business Segments</u>	6
<u>Rates and Regulation</u>	6
<u>Transmission and Supply of Electric Power</u>	10
<u>Power Generation</u>	11
<u>Natural Gas Supply for Distribution</u>	14
<u>Industry Issues</u>	14
<u>Operating Statistics</u>	15
<u>Available Information</u>	17
Item 1A. <u>Risk Factors</u>	17
Item 1B. <u>Unresolved Staff Comments</u>	24
Item 2. <u>Properties</u>	24
Item 3. <u>Legal Proceedings</u>	26
Item 4. <u>Mine Safety Disclosures</u>	27
<u>Executive Officers of the Registrants (Item 401(b) of Regulation S-K)</u>	27
<b>PART II</b>	
Item 5. <u>Market for Registrants' Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u>	29
Item 6. <u>Selected Financial Data</u>	31
Item 7. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	32
<u>Overview</u>	32
<u>Results of Operations</u>	34
<u>Liquidity and Capital Resources</u>	51
<u>Outlook</u>	66
<u>Regulatory Matters</u>	70
<u>Accounting Matters</u>	70
<u>Effects of Inflation and Changing Prices</u>	72
Item 7A. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	73
Item 8. <u>Financial Statements and Supplementary Data</u>	79
<u>Selected Quarterly Information</u>	168
Item 9. <u>Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</u>	169
Item 9A. <u>Controls and Procedures</u>	169
Item 9B. <u>Other Information</u>	170
<b>PART III</b>	
Item 10. <u>Directors, Executive Officers and Corporate Governance</u>	170
Item 11. <u>Executive Compensation</u>	171
Item 12. <u>Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	171
Item 13. <u>Certain Relationships and Related Transactions and Director Independence</u>	172
Item 14. <u>Principal Accounting Fees and Services</u>	172
<b>PART IV</b>	
Item 15. <u>Exhibits and Financial Statement Schedules</u>	172
<b><u>SIGNATURES</u></b>	<b>177</b>
<b><u>EXHIBIT INDEX</u></b>	<b>181</b>

This report 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 pages 4 and 5 of this report 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.

**Table of Contents**

**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.

**2007 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 settlement, which became effective in 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 addressed the issue of power procurement, and it included a comprehensive rate relief and customer assistance program.

**2010 Credit Agreements** The 2010 Genco Credit Agreement, the 2010 Illinois Credit Agreement, and the 2010 Missouri Credit Agreement, collectively.

**2010 Genco Credit Agreement** Ameren's and Genco's \$500 million multiyear senior unsecured revolving credit facility, which expires on September 10, 2013.

**2010 Illinois Credit Agreement** Ameren's and Ameren Illinois' \$800 million multiyear senior unsecured credit agreement, which expires on September 10, 2013.

**2010 Missouri Credit Agreement** Ameren's and Ameren Missouri's \$800 million multiyear senior unsecured revolving credit facility, which expires on September 10, 2013.

**AER** Ameren Energy Resources Company, LLC, an Ameren Corporation subsidiary that consists of non-rate-regulated operations, including Genco, AERG, Marketing Company and Medina Valley. The Medina Valley energy center was sold in February 2012. On October 1, 2010, AERG stock was distributed to Ameren, which then contributed it to AER, thereby making AERG a subsidiary of AER.

**AERG** AmerenEnergy Resources Generating Company, a CILCO subsidiary until October 1, 2010, that operates a merchant electric generation business in Illinois. On October 1, 2010, AERG stock was distributed to Ameren and subsequently contributed by Ameren to AER, which resulted in AERG becoming a subsidiary of AER.

**AFS** Ameren Energy Fuels and Services Company, an AER subsidiary that procured fuel and natural gas and managed the related risks for the Ameren Companies prior to January 1, 2011. Effective January 1, 2011, the functions previously performed by AFS were assumed by the Ameren Missouri, Ameren Illinois and Merchant Generation business segments.

**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 or AIC** Ameren Illinois Company, an Ameren Corporation subsidiary that operates a rate-regulated electric and natural gas transmission and distribution business in Illinois, doing business as Ameren

Illinois. This business consists of the combined rate-regulated electric and natural gas transmission and distribution businesses operated by CIPS, CILCO and IP before the Ameren Illinois Merger. References to Ameren Illinois prior to the Ameren Illinois Merger refer collectively to the rate-regulated electric and natural gas transmission and distribution businesses of CIPS, CILCO and IP. Immediately after the Ameren Illinois Merger, Ameren Illinois distributed the common stock of AERG to Ameren Corporation. AERG's operating results and cash flows were presented as discontinued operations in Ameren Illinois' financial statements.

**Ameren Illinois Merger** On October 1, 2010, CILCO and IP merged with and into CIPS, with the surviving corporation renamed Ameren Illinois Company.

**Ameren Illinois Regulated Segment** A financial reporting segment consisting of Ameren Illinois' rate-regulated businesses.

## Edgar Filing: Ameren Illinois Co - Form 10-K

**Ameren Missouri or AMO** 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, doing business as Ameren Missouri. Ameren Missouri is also defined as a financial reporting segment consisting of Union Electric Company's rate-regulated businesses.

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

**AMIL** The MISO balancing authority area operated by Ameren, which includes the load of Ameren Illinois and the generating assets of Genco (excluding EEI and Genco's Elgin CT facility) and AERG.

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

**ARO** Asset retirement obligations.

**ATX** Ameren Transmission Company, an Ameren Corporation subsidiary dedicated to electric transmission infrastructure investment.

**ATXI** Ameren Transmission Company of Illinois, an Ameren Corporation subsidiary that is engaged in the construction and operation of electric transmission assets in Illinois.

**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.

**CAIR** Clean Air Interstate Rule.

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



**Table of Contents**

**CCR** Coal combustion residuals.

**CILCO** Central Illinois Light Company, a former Ameren Corporation subsidiary that operated a rate-regulated electric transmission and distribution business, a merchant electric generation business through AERG, and a rate-regulated natural gas transmission and distribution business, all in Illinois, before the Ameren Illinois Merger. CILCO owned all of the common stock of AERG and included AERG within its consolidated financial statements. Immediately after the Ameren Illinois Merger in 2010, Ameren Illinois distributed the common stock of AERG to Ameren Corporation. AERG was treated as a discontinued operation within Ameren Illinois' financial statements.

**CILCORP** CILCORP Inc., a former Ameren Corporation subsidiary that operated as a holding company for CILCO and its merchant generation subsidiary. On March 4, 2010, CILCORP merged with and into Ameren.

**CIPS** Central Illinois Public Service Company, an Ameren Corporation subsidiary, renamed Ameren Illinois Company at the effective date of the Ameren Illinois Merger, that operates a rate-regulated electric and natural gas transmission and distribution business, all in Illinois.

**CO<sub>2</sub>** Carbon dioxide.

**COLA** Combined nuclear plant construction and operating license application.

**Cole County Circuit Court** Circuit Court of Cole County, Missouri.

**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.

**CSAPR** Cross-State Air Pollution Rule.

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

**DOE** Department of Energy, a United States government agency.

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

**Dth (dekatherm)** One million Btus of natural gas.

**EEI** Electric Energy, Inc., an 80%-owned Genco subsidiary that operates merchant electric generation facilities and FERC-regulated transmission facilities in Illinois. Effective January 1, 2010, in an internal reorganization, AER contributed its 80% ownership interest in EEI to its subsidiary, Genco. The remaining 20% ownership interest is owned by Kentucky Utilities Company, a nonaffiliated entity.

**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.

**FAC** A fuel and purchased power cost recovery mechanism that allows Ameren Missouri to recover,

through customer rates, 95% of changes in fuel (coal, coal transportation, natural gas for generation, and nuclear), emission allowances and purchased power costs, net of off-system revenues, including MISO costs and revenues, greater or less than the amount set in base rates, without a traditional rate proceeding.

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

## Edgar Filing: Ameren Illinois Co - Form 10-K

**FERC** The Federal Energy Regulatory Commission, a United States government agency.

**Fitch** Fitch Ratings, a credit rating agency.

**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 Ameren Missouri, Luminant, and Pacific Gas and Electric Company.

**GAAP** Generally accepted accounting principles in the United States of America.

**Genco** Ameren Energy Generating Company, an AER subsidiary that operates a merchant electric generation business in Illinois and holds an 80% ownership interest in EEI.

**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 by residential and commercial customers.

**IBEW** International Brotherhood of Electrical Workers, a labor union.

**ICC** Illinois Commerce Commission, a state agency that regulates Illinois utility businesses, including ATXI and Ameren Illinois.

**IEIMA** Illinois Energy Infrastructure Modernization Act, an Illinois law that established a performance-based formula process for determining electric delivery service rates. Ameren Illinois elected to participate in this regulatory framework in 2012, which will require it to make incremental capital expenditures to modernize its electric distribution system over a ten-year period beginning in 2012, to meet performance standards, and to create jobs in Illinois, among other things.

**Illinois Customer Choice Law** Illinois Electric Service Customer Choice and Rate Relief Law of 1997, which was designed to introduce competition into the retail supply of electric energy in Illinois.

**Illinois EPA** Illinois Environmental Protection Agency, a state government agency.

**IP** Illinois Power Company, a former Ameren Corporation subsidiary that operated a rate-regulated electric and natural gas transmission and distribution business, all in Illinois, before the Ameren Illinois Merger.

**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.

**Table of Contents**

**ISRS** Infrastructure system replacement surcharge, which is a cost recovery mechanism that allows Ameren Missouri to recover gas infrastructure replacement costs from utility customers without a traditional rate proceeding.

**IUOE** International Union of Operating Engineers, a labor union.

**Kilowatthour** A measure of electricity consumption equivalent to the use of 1,000 watts of power over one hour.

**LIUNA** Laborers International Union of North America, a labor union.

**Marketing Company** Ameren Energy Marketing Company, an AER subsidiary that markets power for Genco, AERG, EEI and Medina Valley.

**MATS** Mercury and Air Toxics Standards, issued by the EPA on December 21, 2011, which limit mercury, acid gases and other toxic pollution from power plants.

**Medina Valley** AmerenEnergy Medina Valley Cogen LLC, an AER subsidiary, which owns a 40-megawatt natural gas-fired electric energy center. This energy center was sold in February 2012.

**MEEIA** Missouri Energy Efficiency Investment Act, a Missouri law that allows electric utilities to recover costs related to MoPSC-approved energy efficiency programs.

**Megawatthour** One thousand kilowatthours.

**Merchant Generation** A financial reporting segment consisting primarily of the operations or activities of AER, including Genco, AERG, Medina Valley and Marketing Company.

**MGP** Manufactured gas plant.

**MIEC** Missouri Industrial Energy Consumers.

**MISO** Midwest Independent Transmission System Operator, Inc., an RTO.

**MISO Energy and Operating Reserves Market** A market that uses market-based pricing, which takes into account transmission congestion and line losses, to compensate market participants for power and ancillary services.

**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.

**Mmbtu** One million Btus.

**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.

**MoOPC** Missouri Office of Public Counsel.

**MoPSC** Missouri Public Service Commission, a state agency that regulates Missouri utility businesses including Ameren Missouri.

**MPS** Multi-Pollutant Standard, an agreement, as amended, reached in 2006 among Genco, AERG, EEI and the Illinois EPA, which was codified in Illinois environmental regulations.

**MTM** Mark-to-market.

## Edgar Filing: Ameren Illinois Co - Form 10-K

**MW** Megawatt.

**Native load** End-use retail customers whom we are obligated to serve by statute, franchise, contract, or other regulatory requirement.

**NERC** North American Electric Reliability Corporation.

**NO<sub>2</sub>** Nitrogen dioxide.

**NO<sub>x</sub>** Nitrogen oxide.

**Noranda** Noranda Aluminum, Inc.

**NPNS** Normal purchases and normal sales.

**NRC** Nuclear Regulatory Commission, a United States government agency.

**NSPS** New Source Performance Standards, a provision under the Clean Air Act.

**NSR** New Source Review provisions of the Clean Air Act, which include Nonattainment New Source Review and Prevention of Significant Deterioration regulations.

**NWPA** Nuclear Waste Policy Act of 1982, as amended.

**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 other than native load sales, including wholesale sales beginning with the effective date of the MoPSC's 2011 electric rate order.

**OTC** Over-the-counter.

**PGA** Purchased Gas Adjustment tariffs, which permit prudently incurred natural gas costs to be recovered directly from utility customers without a traditional rate proceeding.

**PJM** PJM Interconnection LLC.

**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** The effect of adjustments to retail electric and natural gas rates being based on historic cost and revenue levels. Rate increase requests can take up to 11 months to be acted upon by the MoPSC and the ICC. As a result, revenue increases authorized by regulators will lag behind changing costs and revenues when based on historical periods.

**RFP** Request for proposal.

**RTO** Regional Transmission Organization.

**S&P** Standard & Poor's Ratings Services, a credit rating agency.

**SEC** Securities and Exchange Commission, a United States government agency.



---

**Table of Contents**

**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.

**SO<sub>2</sub>** Sulfur dioxide.

**UA** United Association of Plumbers and Pipefitters, a labor union.

**UGSOA** United Government Security Officers of America, a labor union.

**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, judicial, or legislative actions, including changes in regulatory policies and ratemaking determinations, such as the outcome of Ameren Missouri's and Ameren Illinois' electric rate cases filed in 2012; the Ameren Illinois' natural gas rate order issued in 2012; the court appeals related to Ameren Missouri's 2010 and 2011 electric rate orders; Ameren Illinois' 2010 electric and natural gas rate order; Ameren Missouri's FAC prudence review; and future regulatory, judicial, or legislative actions that seek to change regulatory recovery mechanisms, such as the recent passage of legislation providing for formula ratemaking in Illinois;

the effect of Ameren Illinois participating in a new performance-based formula ratemaking process under the IEIMA, the related financial commitments required by the IEIMA and the resulting uncertain impact on the financial condition, results of operations and liquidity of Ameren Illinois;

the effects of, or changes to, the Illinois power procurement process;

changes in laws and other governmental actions, including monetary, fiscal, and tax 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 Ameren Missouri and Marketing Company;

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 on demand for our services resulting from technological advances, including advances in energy efficiency and distributed generation sources, which generate electricity at the site of consumption;

increasing capital expenditure and operating expense requirements and our ability to recover these costs through our regulatory frameworks;

the cost and availability of fuel such as coal, natural gas, and enriched uranium used to produce electricity; the cost and 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 our risk management strategies and the use of financial and derivative instruments;

the level and volatility of future prices for power in the Midwest;

the development of a capacity market within MISO;

business and economic conditions, including their impact on interest rates, bad debt expense, and demand for our products;

disruptions of the capital markets or other events that make the Ameren Companies' access to necessary capital, including short-term credit and liquidity, impossible, more difficult, or more costly;

our assessment of our liquidity;

the impact of the adoption of new accounting guidance and the application of appropriate technical accounting rules and guidance;

## Edgar Filing: Ameren Illinois Co - Form 10-K

actions of credit rating agencies and the effects of such actions;  
the impact of weather conditions and other natural phenomena on us and our customers;  
the impact of system outages;  
generation, transmission, and distribution asset construction, installation, performance, and cost recovery;  
the effects of our increasing investment in electric transmission projects and uncertainty as to whether we will achieve our expected returns in a timely fashion, if at all;  
the extent to which Ameren Missouri prevails in its claims against insurers in connection with its Taum Sauk pumped-storage hydroelectric energy center incident;

**Table of Contents**

the extent to which Ameren Missouri is permitted by its regulators to recover in rates the investments it made in connection with a proposed second unit at its Callaway energy center;  
 impairments of long-lived assets, intangible assets, or goodwill;  
 operation of Ameren Missouri's Callaway energy center, including planned and unplanned outages, decommissioning, costs and potential increased costs as a result of nuclear-related developments in Japan in 2011;  
 the effects of strategic initiatives, including mergers, acquisitions and divestitures;  
 the impact of current environmental regulations on utilities and power generating companies and new, more stringent or changing requirements, including those related to greenhouse gases, other emissions, cooling water intake structures, CCR, and energy efficiency, that are enacted over time and that could limit or terminate  
 the operation of certain of our generating units, increase our costs, result in an impairment of our assets, reduce our customers' demand for electricity or natural gas, or otherwise have a negative financial effect;  
 the impact of complying with renewable energy portfolio requirements in Missouri;  
 labor disputes, workforce reductions, future wage and employee benefits costs, including changes in discount rates and returns on benefit plan assets;  
 the inability of our counterparties and affiliates to meet their obligations with respect to contracts, credit facilities, and financial instruments;  
 the cost and availability of transmission capacity for the energy generated by the Ameren Companies' energy centers or required to satisfy energy sales made by the Ameren Companies;  
 legal and administrative proceedings; and  
 acts of sabotage, war, terrorism, cybersecurity attacks 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 Ameren Missouri and CIPSCO Inc. Ameren acquired CILCORP in 2003 and IP in 2004. Ameren's primary assets are the common stock of its subsidiaries, including Ameren Missouri, Ameren Illinois and AER. Ameren's subsidiaries are separate, independent legal entities with separate businesses, assets, and liabilities. These subsidiaries operate, as the case may be, rate-regulated electric generation, transmission, and distribution businesses, rate-regulated natural gas transmission and distribution businesses, and merchant generation businesses in Missouri and Illinois. Dividends on Ameren's common stock and the payment of other expenses by Ameren depend on distributions made to it by its subsidiaries. Below is a summary description of Ameren Missouri, Ameren Illinois and AER. A more detailed description can be found in Note 1 – Summary of Significant Accounting Policies under Part II, Item 8, of this report.

Ameren Missouri operates a rate-regulated electric generation, transmission and distribution business, and a rate-regulated natural gas transmission and distribution business in Missouri.

Ameren Illinois operates a rate-regulated electric and natural gas transmission and distribution business in Illinois.

AER consists of non-rate-regulated operations, including Genco, AERG, Marketing Company and Medina Valley (through February 2012).

Genco operates a merchant electric generation business in Illinois and holds an 80% ownership interest in EEI.

The following table presents our total employees at December 31, 2011:



## Edgar Filing: Ameren Illinois Co - Form 10-K

Ameren <sup>(a)</sup>	9,323
Ameren Missouri	4,333
Ameren Illinois	2,793
Genco	618

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

As of January 1, 2012, the IBEW, the IUOE, the LIUNA, and the UA labor unions collectively represented about 58% of Ameren's total employees. They represented 63% of the employees at Ameren Missouri, 65% at Ameren Illinois, and 67% at Genco. The collective bargaining agreements have three- to five-year terms, and expire between 2012 and 2016. Several collective bargaining agreements between Ameren subsidiaries and the IBEW, covering approximately 3,500 employees, expire during 2012. Additionally, employees providing security at the Callaway energy center elected to organize under the UGSOA in August 2011.

---

## **Table of Contents**

Negotiations for a collective bargaining agreement with these employees began in December 2011 and are ongoing.

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 under Part II, Item 8, of this report.

## **BUSINESS SEGMENTS**

Ameren has three reportable segments: Ameren Missouri, Ameren Illinois, and Merchant Generation. See Note 18 – Segment Information under Part II, Item 8, of this report for additional information on reporting segments.

## **RATES AND REGULATION**

### **Rates**

The rates that Ameren Missouri and Ameren Illinois are allowed to charge for their utility services significantly influence the results of operations, financial position, and liquidity of these companies and Ameren. The electric and natural gas utility industry is highly regulated. The utility rates charged to Ameren Missouri and Ameren Illinois customers are determined, in large part, by governmental entities, including the MoPSC, the ICC, and FERC. Decisions by these entities are influenced by many factors, including the cost of providing service, the prudence of expenditures, 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 are largely outside of Ameren Missouri's and Ameren Illinois' control. These decisions, as well as the regulatory lag involved in filing and getting new rates approved, could have a material impact on the results of operations, financial position, and liquidity of Ameren, Ameren Missouri and Ameren Illinois. Rate orders are also subject to appeal, which creates additional uncertainty as to the rates Ameren Missouri and Ameren Illinois are ultimately allowed to charge for their services. Beginning in 2012, the effect of regulatory lag on Ameren Illinois' electric distribution business is expected to be mitigated through the use of the formula ratemaking regulatory framework established under the IEIMA.

The ICC regulates rates and other matters for Ameren Illinois and ATXI. The MoPSC regulates rates and other matters for Ameren Missouri. The FERC regulates Ameren Missouri, Ameren Illinois, Genco and ATXI 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 49% of Ameren's electric and 16% of its natural gas operating revenues were subject to regulation by the MoPSC in the year ended December 31, 2011. About 30% of Ameren's electric and 84% of its natural gas operating

revenues were subject to regulation by the ICC in the year ended December 31, 2011. Wholesale revenues for Ameren Missouri, Ameren Illinois, Genco and AERG are subject to FERC regulation, but not subject to direct MoPSC or ICC regulation.

### *Ameren Missouri*

#### **Electric**

About 99% of Ameren Missouri's electric operating revenues were subject to regulation by the MoPSC in the year ended December 31, 2011 with the remainder subject to FERC regulation.

In July 2011, the MoPSC issued an order approving an increase for Ameren Missouri in annual revenues for electric service of \$173 million, including \$52 million related to an increase in normalized net fuel costs above the net fuel costs included in base rates previously authorized by the MoPSC in its May 2010 electric rate order. The revenue increase was based on a 10.2% return on equity, a capital structure composed of 52.2% common equity, and a rate base of \$6.6 billion. The rate changes became effective on July 31, 2011. The MoPSC order approved the continued use of Ameren Missouri's vegetation management and infrastructure cost tracker, pension and postretirement benefit cost tracker, and FAC at the current 95% sharing level. The MoPSC order shortened the FAC recovery and refund period from 12 months to eight months. Additionally, the MoPSC order provided for a tracking mechanism for uncertain income tax positions.

## Edgar Filing: Ameren Illinois Co - Form 10-K

In February 2012, Ameren Missouri filed a request with the MoPSC to increase its annual revenues for electric service by \$376 million. Included in this requested increase was a \$103 million increase in normalized net fuel costs above the net fuel costs included in base rates previously authorized by the MoPSC in its July 2011 electric rate order. Absent initiation of this general rate proceeding, 95% of this amount would have been reflected in rate adjustments implemented under Ameren Missouri's FAC. The request also included recovery of the costs associated with energy efficiency programs under the MEEIA, including energy efficiency investments, a storm cost tracking mechanism, plant-in-service accounting treatment, and recovery of other costs incurred to provide systemwide reliability improvements for customers, among other items. The electric rate increase request was based on a 10.75% return on equity, a capital structure composed of 52% common equity, an aggregate electric rate base of \$6.8 billion, and a test year ended September 30, 2011, with certain pro forma adjustments expected through the anticipated true-up date of July 31, 2012. A decision by the MoPSC in this proceeding is expected in December 2012.

FERC regulates the rates charged and the terms and conditions for electric transmission services. Each RTO separately files a regional transmission tariff for approval by FERC. All transmission service within that RTO is then

---

**Table of Contents**

subjected to that tariff. As a member of MISO, Ameren Missouri's transmission rate is calculated in accordance with the MISO OATT. The transmission rate is updated in

June of each year; it is based on Ameren Missouri's filings with FERC. This rate is not directly charged to Missouri retail customers, because in Missouri the MoPSC includes transmission-related costs in setting bundled retail rates.

**Natural Gas**

All of Ameren Missouri's natural gas operating revenues were subject to regulation by the MoPSC in the year ended December 31, 2011. In January 2011, the MoPSC approved a stipulation and agreement that allowed Ameren Missouri to increase annual natural gas revenues by \$9 million. The new rates became effective on February 20, 2011. As part of the stipulation and agreement, Ameren Missouri agreed not to file a separate natural gas rate increase request before December 31, 2012; however, Ameren Missouri can file a combined natural gas and electric rate case before that date. Further, this agreement does not prevent Ameren Missouri from filing to recover infrastructure replacement costs through an ISRS during this moratorium. The return on equity to be used by Ameren Missouri for purposes of the ISRS tariff filing is 10%.

If certain criteria are met, Ameren Missouri's natural 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 also permits prudently incurred natural gas infrastructure replacement costs to be passed directly to the consumer.

For additional information on Missouri rate matters, including Ameren Missouri's pending electric rate case, and Ameren Missouri's 2009, 2010 and 2011 electric rate orders and related court appeals and regulatory proceedings, 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 15 Commitments and Contingencies under Part II, Item 8, of this report.

*Ameren Illinois*

**Electric**

About 99% of Ameren Illinois' electric operating revenues were subject to regulation by the ICC in the year ended December 31, 2011 with the remainder subject to FERC regulation.

Under the Illinois Customer Choice Law, all electric customers in Illinois may choose their own electric energy provider. However, Ameren Illinois is required to serve as the provider of last resort (POLR) for electric customers within its territory who have not chosen an alternative retail

electric supplier. Ameren Illinois' obligation to provide POLR electric service varies by customer size. Ameren Illinois is not required to offer fixed-priced electric service to customers with electric demands of 400 kilowatts or greater, as the market for service to this group of customers has been declared competitive. Power and related procurement costs incurred by Ameren Illinois are passed directly to its customers through a cost recovery mechanism.

In October 2011, the IEIMA was enacted into law and became effective immediately. Certain amendments to the IEIMA became effective on December 30, 2011. On January 3, 2012, Ameren Illinois elected to participate in the performance-based formula ratemaking process established pursuant to the IEIMA by filing initial performance-based formula rates with the ICC. The initial filing, based on 2010 recoverable costs and expected net plant additions for 2011 and 2012, will result in new electric delivery service rates in October 2012. Pending ICC approval, the initial filing will result in a decrease in Ameren Illinois revenues for electric delivery service of \$19 million, on an annualized basis. Ameren Illinois anticipates making an update filing by May 1, 2012, based on 2011 costs and expected net plant additions for 2012, that would result in new electric delivery service rates on January 1, 2013.

By choosing to opt-in, Ameren Illinois will participate in a performance-based formula process for determining rates that will provide for the recovery of actual costs of electric delivery service that are prudently incurred, reflect the utility's actual regulated capital structure and include a formula for calculating the return on equity component of the cost of capital. The equity component of the formula rate will be equal to the average for the applicable calendar year of the monthly average yields of 30-year United States treasury bonds plus 590 basis points for 2012 and 580 basis points thereafter. Ameren Illinois' actual return on equity relating to electric delivery service will be subject to a collar adjustment on earnings in excess of 50 basis points above or below its allowed return. Beginning in 2012, the law provides for an annual reconciliation of revenues to costs prudently and reasonably incurred. This annual revenue reconciliation along with the collar adjustment, if necessary, will be

## Edgar Filing: Ameren Illinois Co - Form 10-K

collected from or refunded to customers in a subsequent year.

Ameren Illinois will also be subject to five performance standards under the IEIMA whereby the failure to achieve the standards will result in a reduction in its allowed return on equity calculated under the formula. The performance standards include improvements in service reliability to reduce both the frequency and duration of outages, improvements in customer satisfaction scores, reduction in the number of estimated bills, and a reduction in uncollectible accounts expense. The IEIMA provides for return on equity penalties totaling up to 30 basis points in 2013 through 2015, 34 basis points in 2016 through 2018 and 38 basis points in 2019 through 2022 if the performance standards are not met. The formula ratemaking process is effective until the end of 2017, but could be extended by the Illinois General Assembly

---

**Table of Contents**

for an additional five years. The formula ratemaking process

would also terminate if the average residential rate increases by more than 2.5% annually from June 2011 through May 2014.

Between 2012 and 2021, Ameren Illinois will be required to invest \$625 million in capital expenditures

incremental to Ameren Illinois average electric delivery capital expenditures for calendar years 2008 through 2010 to modernize its distribution system. Such investments are

expected to encourage economic development and create an estimated 450 additional jobs within Illinois. Ameren Illinois is subject to monetary penalties if 450 additional jobs are not created during the peak program year. Also, Ameren Illinois will be required to contribute \$1 million annually for certain nonrecoverable customer assistance programs, up to a total of \$10 million through 2021, for as long as Ameren Illinois participates in the formula ratemaking process. Ameren Illinois will also be required to make a one-time \$7.5 million nonrecoverable donation to the Illinois Science and Energy Innovation Trust in 2012, as well as an approximate \$1 million annual donation to the same trust for as long as it participates in the formula ratemaking process.

Ameren Illinois has a tariff rider to recover the costs of asbestos-related litigation claims, subject to the following terms: 90% of cash expenditures in excess of the amount included in base electric rates are to be recovered from a trust fund that was established when Ameren acquired IP. At December 31, 2011, the trust fund balance was \$23 million, including accumulated interest. If cash expenditures are less than the amount in base rates, Ameren Illinois 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 recovered through charges assessed to customers under the tariff rider. Following the Ameren Illinois Merger, this rider is applicable only for claims that occurred within IP's historical service territory. Similarly, the rider will permit recovery only from customers within IP's historical service territory.

As a member of MISO, Ameren Illinois transmission rate is calculated in accordance with the MISO OATT. The transmission rate is updated in June of each year based on Ameren Illinois filings with FERC. This rate is charged directly to wholesale customers and alternative retail electric suppliers. Retail customers who have not chosen an alternative retail electric supplier pay the transmission rate through a rider mechanism.

**Natural Gas**

All of Ameren Illinois natural gas operating revenues were subject to regulation by the ICC in the year ended December 31, 2011.

In January 2012, the ICC issued a rate order that approved an increase in Ameren Illinois annual revenues for natural gas delivery service of \$32 million. The revenue increase was based on a 9.06% return on equity, a capital structure composed of 53.3% common equity, and a rate

base of approximately \$1 billion. The rate order was based on a 2012 future test year. The rate changes became effective on January 20, 2012. In February 2012, the ICC denied rehearing requests by Ameren Illinois and an intervenor related to the granted return on equity.

If certain criteria are met, Ameren Illinois natural 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. Also, Ameren Illinois has approval from the ICC to use cost recovery mechanisms for energy efficiency programs and bad debt expense not recovered in base rates.

For additional information on Illinois rate matters, including the IEIMA and the ICC's January 2012 natural gas rate 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 15 Commitments and Contingencies under Part II, Item 8, of this report.

***Merchant Generation***

Merchant Generation revenues are determined by market conditions and contractual arrangements. We expect the Merchant Generation fleet of assets to have 5,503 megawatts of capacity available for the 2012 peak summer electrical demand. This capacity reflects the closure of the four units at Genco's Meredosia and Hutsonville energy centers and the sale of the Columbia CT during 2011, as well as the sale of the Medina Valley energy center in early 2012. As discussed below, Genco and AERG sell all of their power and capacity to Marketing Company through power supply agreements. Marketing Company attempts to optimize the value of those assets and to mitigate risks through a variety of hedging techniques, including wholesale sales of capacity and energy, retail sales in the non-rate-regulated Illinois market, spot market sales primarily in

## Edgar Filing: Ameren Illinois Co - Form 10-K

MISO and PJM, and financial transactions, including options and other derivatives. Marketing Company enters into long-term and short-term contracts. Marketing Company's counterparties include cooperatives, municipalities, residential, commercial and industrial customers, power marketers, MISO, PJM and investor-owned utilities, including Ameren Illinois. For additional information on Marketing Company's hedging activities and Marketing Company's sales to Ameren Illinois, see Outlook in Management's Discussion and Analysis of Financial Condition and Results of Operations under Part II, Item 7 and Note 7 Derivative Financial Instruments and Note 14 Related Party Transactions under Part II, Item 8, of this report.

---

## **Table of Contents**

### **General Regulatory Matters**

Ameren Missouri and Ameren Illinois must receive FERC approval to enter into various transactions, including 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 and AERG are subject to FERC's jurisdiction when they issue any securities and when they enter into certain other transactions, including those listed above.

Ameren Missouri, Ameren Illinois, ATXI, Genco and AERG are also subject to mandatory reliability standards, including cybersecurity standards, adopted by FERC to ensure the reliability of the bulk power electric system. These standards are developed and enforced by NERC pursuant to authority given to it by the FERC. If the Ameren Companies were found not to be in compliance with any of these mandatory reliability standards they may incur substantial monetary penalties and other sanctions.

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 the MoPSC and the ICC to request that FERC review cost allocations by Ameren Services to other Ameren companies.

Operation of Ameren Missouri's Callaway energy center is subject to regulation by the NRC. Its facility operating license expires on June 11, 2024. In December 2011, Ameren Missouri submitted a license extension application with the NRC to extend the plant's operating license to 2044. There is no date by which the NRC must act on this relicensing request. Ameren Missouri's Osage hydroelectric energy center and Ameren Missouri's Taum Sauk pumped-storage hydroelectric energy center, 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. The license for Ameren Missouri's Osage hydroelectric energy center expires on March 30, 2047. In June 2008, Ameren Missouri filed a relicensing application with FERC to operate its Taum Sauk pumped-storage hydroelectric energy center for another 40 years. The existing FERC license expired on June 30, 2010. On July 2, 2010, Ameren Missouri received a license extension that allows Taum Sauk to continue operations until FERC issues a new license. FERC is reviewing the relicensing application. A FERC order is expected in 2012 or 2013. Ameren Missouri cannot predict the ultimate outcome of the order. Ameren Missouri's Keokuk energy center and its dam, in the Mississippi River between Hamilton, Illinois, and Keokuk, Iowa, are operated under authority granted by an Act of Congress in 1905.

For additional information on regulatory matters, see Note 2 Rate and Regulatory Matters and Note 15 Commitments and Contingencies under Part II, Item 8, of this report, which include a discussion about the December 2005 breach of the upper reservoir at Ameren Missouri's Taum Sauk pumped-storage hydroelectric energy center.

### **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 environmental statutes and regulations include requirements for identification, generation, storage, handling, transportation, disposal, recordkeeping, 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 and the management of waste and byproduct materials. 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 or we could be ordered by the courts to pay private parties. Except as indicated in this report, we believe that we are in material compliance with existing statutes and regulations.

In addition to existing laws and regulations, including the Illinois MPS, which govern our facilities, the EPA is developing numerous new environmental regulations that will have a significant impact on the electric utility industry. These regulations could be particularly burdensome for certain companies, including Ameren, Ameren Missouri and Genco, that operate coal-fired energy centers. Significant new rules proposed or promulgated since the beginning of 2010 include the regulation of greenhouse gas emissions; revised national ambient air quality standards for SO<sub>2</sub> and NO<sub>2</sub> emissions; the CSAPR, which requires further reduction of SO<sub>2</sub> and NO<sub>x</sub> emissions from power plants; a regulation governing management of CCR and coal ash impoundments; the MATS, which reduces emissions of mercury, metals, and acid gases from power plants; revised NSPS for particulate matter, SO<sub>2</sub>, and NO<sub>x</sub> emissions from new sources; and new regulations under the Clean Water Act that could require significant capital expenditures such as new water intake structures or cooling towers at our energy centers. The EPA also plans to



## Edgar Filing: Ameren Illinois Co - Form 10-K

propose an additional rule, applicable to new and existing electric generating units, governing NSPS and emission guidelines for greenhouse gas emissions. These new regulations may be litigated, so the timing of their implementation is uncertain, as evidenced by the stay of the CSAPR by the United States Court of Appeals for the District of Columbia on December 30, 2011. Although many details of these future regulations are unknown, the combined effects of the new and proposed environmental regulations may result in significant capital expenditures and/or increased operating costs over the next five to ten years for Ameren, Ameren Missouri and Genco. Actions required to ensure that our

---

## **Table of Contents**

facilities and operations are in compliance with environmental laws and regulations could be prohibitively expensive. If they are, these regulations could require us to

close or to significantly alter the operation of our energy

centers, which could have an adverse effect on our results of operations, financial position, and liquidity, including the impairment of plant assets. Failure to comply with environmental laws and regulations might also result in the imposition of fines, penalties, and injunctive measures.

For additional discussion of environmental matters, including NO<sub>x</sub>, SO<sub>2</sub>, and mercury emission reduction requirements, global climate change, remediation efforts, and a discussion of the EPA's allegations of violations of the Clean Air Act and Missouri law in connection with projects at certain coal-fired energy centers, 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 15 Commitments and Contingencies under Part II, Item 8, of this report.

## **TRANSMISSION AND SUPPLY OF ELECTRIC POWER**

Ameren owns an integrated transmission system that comprises the transmission assets of Ameren Missouri, Ameren Illinois and ATXI. Ameren also operates two balancing authority areas, AMMO (which includes Ameren Missouri), and AMIL (which includes Ameren Illinois, ATXI, Genco excluding EEI and Genco's Elgin CT facility, and AERG). During 2011, the peak demand was 8,831 megawatts in AMMO and 9,605 megawatts in AMIL. The Ameren transmission system directly connects with 15 other balancing authority areas for the exchange of electric energy.

Ameren Missouri, Ameren Illinois and ATXI are transmission-owning members of MISO. Transmission service on the Ameren transmission systems is provided pursuant to the terms of the MISO OATT on file with FERC. EEI operates its own balancing authority area and its own transmission facilities in southern Illinois. The EEI transmission system is directly connected to MISO, the Tennessee Valley Authority, and Louisville Gas and Electric Company. EEI's generating units are dispatched separately from those of Ameren Missouri, Genco and AERG.

FERC, in its order issued in May 2011, approved transmission rate incentives for the Illinois Rivers project and the Big Muddy project, which will be developed by ATXI or ATX. In December 2011, MISO approved the Illinois Rivers project as well as the Spoon River and Mark Twain projects. The total investment in these three MISO-approved projects is expected to be more than \$1.2 billion through 2019, with potential investment of approximately \$750 million from 2012 to 2016. All four projects are in Missouri and Illinois. Construction will begin first on the Illinois Rivers project. The Big Muddy project is currently being evaluated for inclusion in MISO's 2012 expansion plan.

The Ameren Companies and EEI are members of SERC. SERC is responsible for the bulk electric power supply

system in all or portions of Missouri, Illinois, Arkansas, Kentucky, Tennessee, North Carolina, South Carolina, Georgia, Mississippi, Alabama, Louisiana, Virginia, Florida, Oklahoma, Iowa, and Texas. As a result of the Energy Policy Act of 2005, owners and operators of the bulk electric power system are subject to mandatory reliability standards promulgated by NERC and its regional entities, such as SERC, which are enforced by FERC. The Ameren Companies must follow these standards, which are in place to ensure the reliability of the bulk electric power system.

See Note 2 Rate and Regulatory Matters under Part II, Item 8, of this report for additional information.

### **Ameren Missouri**

Ameren Missouri's electric supply is obtained primarily from its own generation. Factors that could cause Ameren Missouri to purchase power include, among other things, absence of sufficient owned generation, energy center outages, the fulfillment of renewable energy portfolio requirements, 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.

Ameren Missouri continues to evaluate its longer-term needs for new baseload and peaking electric generation capacity. Ameren Missouri's integrated resource plan filed with the MoPSC in February 2011 included the expectation that new baseload generation capacity would be required between 2020 and 2030. Because of the significant time required to plan, acquire permits for, and build a baseload power plant, Ameren Missouri continues to study future plant alternatives, as well as energy efficiency programs that could help defer new plant construction. To prepare for the long-term need for baseload capacity, and to prepare for potentially more stringent environmental regulation of coal-fired energy centers, which could lead to the retirement of current baseload assets, Ameren Missouri is taking steps to preserve options to meet future demand. These steps include seeking improvements in regulatory treatment of energy efficiency investments, evaluating potential sites for

## Edgar Filing: Ameren Illinois Co - Form 10-K

natural gas-fired generation, and pursuing an early site permit for an additional unit at its existing nuclear plant site. Ameren Missouri's pursuit of an early site permit is dependent upon enactment of a legislative framework ensuring cost recovery.

See also Outlook 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 15 Commitments and Contingencies under Part II, Item 8, of this report.

### **Ameren Illinois**

Any electric supply purchased by Ameren Illinois for its retail customers comes either through an annual procurement process conducted by the IPA or through

**Table of Contents**

markets operated by MISO. The power and related

procurement costs incurred by Ameren Illinois are passed directly to its customers through a cost recovery mechanism.

The IPA administers a RFP process that procures Ameren Illinois' expected supply obligation. Since the start of this process, the ICC has approved the outcomes of multiple electric power procurement RFPs for energy, capacity, and renewable energy credits covering different time periods.

A portion of the electric power supply required for Ameren Illinois to satisfy its distribution customers' requirements is purchased in the RFP process administered by the IPA from Marketing Company on behalf of Genco and AERG. In addition, as part of the 2007 Illinois Electric Settlement Agreement, Ameren Illinois 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 its round-the-clock power requirements during the period June 1, 2008, through December 31, 2012, at the market prices relevant at that time. 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, Note 14 – Related Party Transactions and Note 15 – Commitments and Contingencies under Part II, Item 8, of this report for additional information on power procurement in Illinois.

**Merchant Generation**

Genco and AERG have entered into power supply agreements with Marketing Company whereby Genco and AERG sell, and Marketing Company purchases, all of the capacity and energy available from Genco's and AERG's generation energy centers and the associated energy. These power supply agreements continue through December 31, 2022, and from year to year thereafter unless either party elects to terminate the agreement by providing the other party with no less than six months' advance written notice. EEI and Marketing Company have entered into a power supply agreement for EEI to sell all of its capacity and energy to Marketing Company. This agreement expires on May 31, 2016. All of Genco's, AERG's and EEI's energy centers compete for the sale of energy and capacity in the competitive energy markets through Marketing Company. See Note 14 – Related Party Transactions under Part II, Item 8, of this report for additional information.

**POWER GENERATION**

The following table presents the source of electric generation, excluding purchased power, for the years ended December 31, 2011, 2010 and 2009:

	Coal	Nuclear	Natural Gas	Renewables	Oil
<b>Ameren:<sup>(a)</sup></b>					
2011	85%	12%	1%	2%	(b)%
2010	85	12	1	2	(b)
2009	83	13	1	3	(b)
<b>Ameren Missouri:</b>					
2011	77%	19%	1%	3%	(b)%
2010	77	19	1	3	-
2009	75	21	(b)	4	-
<b>Merchant Generation:</b>					
2011	98%	-%	2%	-%	(b)%
2010	98	-	2	-	(b)
2009	99	-	1	-	(b)
<b>Genco:</b>					
2011	99%	-%	1%	-%	(b)%
2010	99	-	1	-	(b)
2009	100	-	(b)	-	(b)

## Edgar Filing: Ameren Illinois Co - Form 10-K

- (a) Includes amounts for Ameren registrant and nonregistrant subsidiaries and intercompany eliminations.
- (b) Less than 1% of total fuel supply.

**Table of Contents**

The following table presents the cost of fuels for electric generation for the years ended December 31, 2011, 2010 and 2009:

<b>Cost of Fuels</b> (Dollars per million Btus)	<b>2011</b>	<b>2010</b>	<b>2009</b>
<b>Ameren:</b>			
Coal <sup>(a)</sup>	\$ 1.931	\$ 1.848	\$ 1.654
Nuclear	0.750	0.701	0.620
Natural gas <sup>(b)</sup>	6.097	6.539	8.685
Weighted average all fuels <sup>(c)</sup>	\$ 1.873	\$ 1.803	\$ 1.591
<b>Ameren Missouri:</b>			
Coal <sup>(a)</sup>	\$ 1.733	\$ 1.675	\$ 1.534
Nuclear	0.750	0.701	0.620
Natural gas <sup>(b)</sup>	5.873	6.199	8.544
Weighted average all fuels <sup>(c)</sup>	\$ 1.610	\$ 1.563	\$ 1.386
<b>Merchant Generation:</b>			
Coal <sup>(a)</sup>	\$ 2.184	\$ 2.063	\$ 1.813
Natural gas <sup>(b)</sup>	6.374	6.972	8.796
Weighted average all fuels <sup>(c)</sup>	\$ 2.292	\$ 2.169	\$ 1.934
<b>Genco:</b>			
Coal <sup>(a)</sup>	\$ 2.230	\$ 2.112	\$ 1.869
Natural gas <sup>(b)</sup>	7.272	7.881	13.159
Weighted average all fuels <sup>(c)</sup>	\$ 2.322	\$ 2.206	\$ 1.957

- (a) The fuel cost for coal represents the cost of coal, costs for transportation, which includes railroad diesel fuel additives, and cost of emission allowances.  
 (b) The fuel cost for natural gas represents the cost of natural gas and firm 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 products, propane, and tire chips are not individually listed in this table because their use is minimal.

**Coal**

Ameren, Ameren Missouri and Genco have agreements in place to purchase a portion of their coal needs and to transport it to electric generating energy centers through 2019. Ameren, Ameren Missouri and Genco expect to enter into additional contracts to purchase coal from time to time. Coal supply agreements typically have an initial term of up to five years, with about 20% of the contracts expiring annually. Ameren Missouri has an ongoing need for coal to serve its native load customers and pursues a price hedging strategy consistent with this requirement. Merchant Generation's forward coal requirements are dependent on the volume of power sales that have been contracted. Merchant Generation strives to achieve increased margin certainty by aligning its fuel purchases with its power sales. Ameren burned 39 million tons (Ameren Missouri 22 million, Genco 13 million) of coal in 2011. See Part II, Item 7A Quantitative and Qualitative Disclosures About Market Risk of this report for additional information about coal supply contracts.

About 98% of Ameren's coal (Ameren Missouri 97%, Genco 99%) is purchased from the Powder River Basin in Wyoming. The remaining coal is typically purchased from the Illinois Basin. Ameren, Ameren Missouri and Genco have a goal to maintain coal inventory consistent with their risk management policies. Inventory may be adjusted because of changes in burn or uncertainties of supply due to potential work stoppages, delays in coal deliveries, equipment breakdowns, and other factors. In the past, deliveries from the Powder River Basin have occasionally been restricted because of rail maintenance, weather, and

derailments. As of December 31, 2011, coal inventories for Ameren Missouri were at targeted levels and were at or above targeted levels for Genco. Disruptions in coal deliveries could cause Ameren, Ameren Missouri and Genco 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**

The steps in the process to provide nuclear fuel generally involve the mining and milling of uranium ore to produce uranium concentrates, the conversion of uranium concentrates to uranium hexafluoride gas, the enrichment of that gas, and the fabrication of the enriched uranium hexafluoride gas into usable fuel assemblies. Ameren Missouri has entered into uranium, uranium conversion, enrichment, and fabrication contracts to procure the fuel supply for its Callaway nuclear plant.

## Edgar Filing: Ameren Illinois Co - Form 10-K

Fuel assemblies for the 2013 spring refueling at Ameren Missouri's Callaway energy center are scheduled for manufacture and delivery to the plant during 2012. Ameren Missouri also has agreements or inventories to

price-hedge approximately 92%, 82%, and 47% of

Callaway's 2013, 2014 and 2016 refueling requirements, respectively. Ameren Missouri has uranium (concentrate

and hexafluoride) inventories and supply contracts

sufficient to meet all of its uranium and conversion

requirements through at least 2014. Ameren Missouri has enriched uranium inventories and enrichment supply

---

**Table of Contents**

contracts sufficient to satisfy enrichment requirements through 2013. Fuel fabrication services are under contract through 2014. Ameren Missouri expects to enter into additional contracts to purchase nuclear fuel. As a member of Fuelco, Ameren Missouri can join with other member companies to increase its purchasing power, enhance diversification and pursue opportunities for volume discounts. The Callaway nuclear plant normally requires refueling at 18-month intervals. The last refueling was completed in November 2011. There is no refueling scheduled for 2012 and 2015. The nuclear fuel markets are competitive, and prices can be volatile; however, we do not anticipate any significant problems in meeting our future supply requirements.

**Natural Gas Supply for Generation**

To maintain gas deliveries to gas-fired generating units throughout the year, especially during the summer peak demand, Ameren's portfolio of natural gas supply resources includes firm transportation capacity and firm no-notice storage capacity leased from interstate pipelines. Ameren Missouri and Genco 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.

Ameren Missouri's and Genco's natural gas procurement strategy is designed to ensure reliable and immediate delivery of natural gas to their generating units. This is accomplished by optimizing transportation and storage options and minimizing cost and price risk through various supply and price-hedging agreements that allow access to multiple gas pools, supply basins, and storage services. As of December 31, 2011, Ameren Missouri had price-hedged about 12% and Genco had price-hedged 32% of its expected natural gas supply requirements for generation in 2012.

**Renewable Energy**

Illinois and Missouri have enacted laws requiring electric utilities to include renewable energy resources in their portfolios. Illinois requires renewable energy resources to equal or exceed 2% of the total electricity that each electric utility supplies to its eligible retail customers as of June 1, 2008, increasing to 15% by June 1, 2015, and to 25% by June 1, 2025. Ameren Illinois has procured renewable energy credits under the IPA-administered procurement process to meet the renewable energy portfolio requirement through May 2012. In December 2010, Ameren Illinois entered into a 20-year agreement with renewable energy suppliers and will begin receiving renewable energy credits under the agreement starting in June 2012, to help supplement these requirements. Approximately 50% of the 2012 renewable energy requirement will be met through this agreement. In 2011,

Ameren Illinois procured approximately 6% of its total electricity from renewable energy resources.

In Missouri, utilities are required to purchase or generate from renewable energy sources electricity equaling at least 2% of native load sales, with that percentage increasing to at least 15% by 2021, subject to a 1% limit on customer rate impacts. At least 2% of each renewable energy portfolio requirement must be derived from solar energy. Ameren Missouri expects to satisfy the nonsolar requirement through 2017 with existing renewable generation in its current fleet along with a 15-year 102 MW power purchase agreement with a wind farm operator in Iowa that became effective in 2009 and the landfill gas project discussed below. Currently, Ameren Missouri expects to meet the solar energy requirement through the purchase of solar-generated renewable energy credits; however, Ameren Missouri is studying other options for compliance. In 2011, Ameren Missouri purchased or generated approximately 3% of its native load sales from renewable energy resources.

In September 2009, Ameren Missouri announced an agreement with a landfill owner to install CTs at a landfill site in Maryland Heights, Missouri, which is expected to generate approximately 15 megawatts of electricity by burning methane gas collected from the landfill. The CTs (known as the Maryland Heights energy center) are expected to begin generating power in 2012. Ameren Missouri signed a 20-year supply agreement with the landfill owner to purchase methane gas.

**Energy Efficiency**

Ameren's rate-regulated utilities have implemented energy efficiency programs to educate and help their customers become more efficient users of energy. The MEEIA, enacted in 2009, established a regulatory framework that, among other things, allows electric utilities to recover costs related to MoPSC-approved energy efficiency programs. The law requires the MoPSC to ensure that a utility's financial incentives are aligned with helping customers use energy more efficiently, to provide timely cost recovery, and to provide earnings opportunities associated with cost-effective energy efficiency programs. Missouri does not have a law mandating energy efficiency standards.



## Edgar Filing: Ameren Illinois Co - Form 10-K

In January 2012, Ameren Missouri made its initial filing with the MoPSC under the MEEIA. This filing proposes a three-year plan that includes a portfolio of energy efficiency programs along with a cost recovery mechanism. If the proposal is approved, beginning in January 2013, Ameren Missouri plans to invest \$145 million over three years for the proposed energy efficiency programs. A decision by the MoPSC in this proceeding is anticipated in the second quarter of 2012. Ameren Missouri anticipates that the impacts of the MoPSC's decision in this MEEIA filing will be included in rates set under its pending electric service rate case that was filed on February 3, 2012, which has an anticipated true-up date of July 31, 2012. Ameren Missouri's pending electric rate case includes an annual revenue increase of

---

## **Table of Contents**

\$81 million relating to its planned portfolio of energy efficiency programs included in its MEEIA filing. See Note 2 Rate and Regulatory Matters under Part II, Item 8, of this report for additional information.

Illinois has enacted a law requiring Ameren Illinois to offer energy efficiency programs. The law also allows recovery mechanisms of the programs' costs. The ICC has issued orders approving Ameren Illinois' electric and natural gas energy efficiency plans as well as cost recovery mechanisms by which program costs can be recovered from customers. In addition, over a ten-year period, Ameren Illinois will invest an estimated \$625 million to upgrade and modernize its transmission and distribution infrastructure in accordance with the IEIMA. As part of these upgrades, Ameren Illinois expects to invest \$360 million to install smart meters, which could enable customers to improve efficiency.

## **NATURAL GAS SUPPLY FOR DISTRIBUTION**

Ameren Missouri and Ameren Illinois are responsible for the purchase and delivery of natural gas to their gas utility customers. Ameren Missouri and Ameren Illinois develop and manage a portfolio of gas supply resources. These include 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 customers throughout the year and especially during peak demand. Ameren Missouri and Ameren Illinois primarily use the Panhandle Eastern Pipe Line Company, the Trunkline Gas Company, the Natural Gas Pipeline Company of America, the Mississippi River Transmission Corporation, the Northern Border Pipeline Company, 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. See Part II, Item 7A Quantitative and Qualitative Disclosures About Market Risk of this report for additional information about natural gas supply contracts. Natural gas purchase costs are passed on to customers of Ameren Missouri and Ameren Illinois under PGA clauses, subject to prudence reviews by the MoPSC and the ICC. As of December 31, 2011, Ameren Missouri had price-hedged 90%, and Ameren Illinois had price-hedged 87%, of its expected natural gas supply requirements for distribution in 2012.

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 10 Callaway Energy Center, Note 14 Related Party Transactions, and Note 15 Commitments and Contingencies under Part II, Item 8 of this report.

## **INDUSTRY ISSUES**

We are facing issues common to the electric and natural gas utility industry and the merchant electric generation industry. These issues include:

- continually developing and complex environmental laws, regulations and issues, including air and water quality standards, mercury emissions standards, and likely greenhouse gas limitations and ash management requirements;
- political and regulatory resistance to higher rates, especially in a difficult economic environment;
- the potential for changes in laws, regulation, and policies at the state and federal level, including those resulting from election cycles;
- access to, and uncertainty in, the capital and credit markets;
- the potential for more intense competition in generation, supply and distribution, including new technologies;
- pressure on customer growth and usage in light of current economic conditions and energy efficiency initiatives;
- the potential for reregulation in some states, which could cause electric distribution companies to build or acquire generation facilities and to purchase less power from electric generating companies such as Genco and AERG;
- changes in the structure of the industry as a result of changes in federal and state laws, including the formation of merchant generators, independent transmission entities and RTOs;
- increases, decreases and volatility in power prices due to the balance of supply and demand and marginal fuel costs;
- the availability of fuel and increases or decreases in fuel prices;
- the availability of qualified labor and material, and rising costs;
- regulatory lag;
- decreased or negative free cash flows due to rising infrastructure investments and regulatory frameworks;
- public concern about the siting of new facilities;
- aging infrastructure and the need to construct new power generation, transmission and distribution facilities;

## Edgar Filing: Ameren Illinois Co - Form 10-K

legislation or 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; and consolidation of electric and natural gas companies.

**Table of Contents**

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 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 15 Commitments and Contingencies under Part II, Item 8, of this report.

**OPERATING STATISTICS**

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

<b>Electric Operating Statistics</b>	Year Ended December 31,	<b>2011</b>	<b>2010</b>	<b>2009</b>
Electric Sales kilowatthours (in millions):				
Ameren Missouri:				
Residential		13,867	14,640	13,413
Commercial		14,743	15,002	14,510
Industrial		8,691	8,656	7,037
Other		127	129	137
Native load subtotal		37,428	38,427	35,097
Off-system and wholesale		10,715	9,796	13,965
Subtotal		48,143	48,223	49,062
Ameren Illinois:				
Residential				
Power supply and delivery service		11,771	12,340	11,089
Delivery service only		77	1	-
Commercial				
Power supply and delivery service		3,662	4,419	5,235
Delivery service only		8,561	8,051	6,797
Industrial				
Power supply and delivery service		1,502	1,389	514
Delivery service only		11,360	11,147	10,712
Other		529	545	546
Native load subtotal		37,462	37,892	34,893
Merchant Generation:				
Nonaffiliate energy sales		31,148	30,788	25,673
Affiliate native energy sales		1,004	949	3,529
Subtotal		32,152	31,737	29,202
Eliminate affiliate sales		(1,004)	(949)	(3,529)
Eliminate Ameren Illinois/Merchant Generation common customers		(5,454)	(5,016)	(5,566)
Ameren total		111,299	111,887	104,062
Electric Operating Revenues (in millions):				
Ameren Missouri:				
Residential		\$ 1,272	\$ 1,193	\$ 982
Commercial		1,084	1,004	881
Industrial		438	399	314
Other		76	91	62
Native load subtotal		\$ 2,870	\$ 2,687	\$ 2,239
Off-system and wholesale		352	343	461
Subtotal		\$ 3,222	\$ 3,030	\$ 2,700
Ameren Illinois:				
Residential				
Power supply and delivery service		\$ 1,194	\$ 1,270	\$ 1,094
Delivery service only		3	-	-
Commercial				
Power supply and delivery service		350	425	521
Delivery service only		157	143	103
Industrial				

Edgar Filing: Ameren Illinois Co - Form 10-K

Power supply and delivery service	65	66	22
Delivery service only	43	38	36
Other	128	119	189
Native load subtotal	\$ 1,940	\$ 2,061	\$ 1,965
Merchant Generation:			
Nonaffiliate energy sales	\$ 1,382	\$ 1,442	\$ 1,340
Affiliate native energy sales	235	231	385
Other	12	20	(15)
Subtotal	\$ 1,629	\$ 1,693	\$ 1,710
Eliminate affiliate revenues	(261)	(263)	(435)
Ameren total	\$ 6,530	\$ 6,521	\$ 5,940

**Table of Contents**

<b>Electric Operating Statistics</b> Year Ended December 31,	<b>2011</b>	<b>2010</b>	<b>2009</b>
Electric Generation megawatthours (in millions):			
Ameren Missouri	<b>48.8</b>	48.1	48.7
Merchant Generation:			
Genco	<b>22.0</b>	22.0	20.5
AERG	<b>7.0</b>	7.5	6.8
Medina Valley	<b>0.1</b>	0.1	0.2
Subtotal	<b>29.1</b>	29.6	27.5
Ameren total	<b>77.9</b>	77.7	76.2
Price per ton of delivered coal (average)	<b>\$ 33.79</b>	\$ 32.91	\$ 29.85
Source of energy supply:			
Coal	<b>66.5%</b>	65.7%	67.0%
Nuclear	<b>9.4</b>	8.9	10.8
Hydroelectric	<b>1.3</b>	1.6	2.0
Gas	<b>1.1</b>	1.0	0.6
Purchased Wind	<b>0.3</b>	0.3	0.1
Purchased Other	<b>21.4</b>	22.5	19.5
	<b>100.0%</b>	100.0%	100.0%

<b>Gas Operating Statistics</b> Year Ended December 31,	<b>2011</b>	<b>2010</b>	<b>2009</b>
Gas Sales (millions of Dth)			
Ameren Missouri:			
Residential	<b>7</b>	7	7
Commercial	<b>3</b>	4	4
Industrial	<b>1</b>	1	1
Subtotal	<b>11</b>	12	12
Ameren Illinois:			
Residential	<b>56</b>	60	60
Commercial	<b>21</b>	23	26
Industrial	<b>5</b>	7	7
Subtotal	<b>82</b>	90	93
Other:			
Industrial	<b>-</b>	1	3
Subtotal	<b>-</b>	1	3
Ameren total	<b>93</b>	103	108
Natural Gas Operating Revenues (in millions)			
Ameren Missouri:			
Residential	<b>\$ 96</b>	\$ 100	\$ 106
Commercial	<b>41</b>	43	47
Industrial	<b>9</b>	10	10
Other	<b>10</b>	13	7
Subtotal	<b>\$ 156</b>	\$ 166	\$ 170
Ameren Illinois:			
Residential	<b>\$ 588</b>	\$ 649	\$ 646
Commercial	<b>195</b>	223	259
Industrial	<b>30</b>	44	38
Other	<b>33</b>	37	72
Subtotal	<b>\$ 846</b>	\$ 953	\$ 1,015
Other:			
Industrial	<b>\$ -</b>	\$ 4	\$ 15
Subtotal	<b>\$ -</b>	\$ 4	\$ 15
Eliminate affiliate revenues	<b>(1)</b>	(6)	(5)
Ameren total	<b>\$ 1,001</b>	\$ 1,117	\$ 1,195
Peak day throughput (thousands of Dth):			
Ameren Missouri	<b>149</b>	167	163
Ameren Illinois	<b>1,157</b>	1,227	1,353
Total peak day throughput	<b>1,306</b>	1,394	1,516

---

**Table of Contents**

**AVAILABLE INFORMATION**

The Ameren Companies make available free of charge through Ameren's website (www.ameren.com) their annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, Ameren's eXtensible Business Reporting Language (XBRL) documents, and any amendments to those reports filed with or furnished to pursuant to Sections 13(a) or 15(d) of the Exchange Act as soon as reasonably possible after such reports are electronically filed with, or furnished to, the SEC. These documents are also available through an Internet website maintained by the SEC (www.sec.gov). Ameren also uses its website as a channel of distribution of material information relating to the Ameren Companies. Financial and other material information regarding the Ameren Companies is routinely posted and accessible at Ameren's website.

The Ameren Companies also make available free of charge through Ameren's website the charters of Ameren's board of directors' audit and risk committee, human resources committee, nominating and corporate governance committee, finance committee, nuclear oversight and environmental committee, and public policy committee; the corporate governance guidelines; a policy regarding communications to the board of directors; a policy and procedures with respect to related-person transactions; a code of ethics for principal executive and senior financial officers; a code of business conduct applicable to all directors, officers and employees; and a director nomination policy that applies to the Ameren Companies. The information on Ameren's website, or any other website referenced in this report, is not incorporated by reference into this report.

**ITEM 1A. RISK FACTORS.**

Investors should review carefully the following risk factors and the other information contained in this report. The risks that the Ameren Companies face are not limited to those in this section. There may be additional risks and uncertainties (either currently unknown or not currently believed to be material) that could adversely affect the results of operations, financial position, and liquidity of the Ameren Companies. See Forward-Looking Statements above and Outlook in Management's Discussion and Analysis of Financial Condition and Results of Operations under Part II, Item 7, of this report.

**The Ameren Companies are subject to extensive regulation of their businesses, which could adversely affect their results of operations, financial position, and liquidity.**

The Ameren Companies are subject to, or affected by, extensive federal, state, and local regulation. This extensive regulatory framework, some but not all of which is more specifically identified in the following risk factors, regulates, among other matters, the electric and natural gas industries; rate and cost structure of utilities; operation of

nuclear power facilities; construction and operation of generation, transmission and distribution facilities; acquisition, disposal, depreciation and amortization of assets and facilities; transmission reliability; and present or prospective wholesale and retail competition. The Ameren Companies must address in their business planning and management of operations the effects of existing and proposed laws and regulations and potential changes in the regulatory framework, including initiatives by federal and state legislatures, RTOs, utility regulators, and taxing authorities. Significant changes in the nature of the regulation of the Ameren Companies' businesses could require changes to their business planning and management of their businesses and could adversely affect their results of operations, financial position, and liquidity. Failure of the Ameren Companies to obtain adequate rates or regulatory approvals in a timely manner, failure to obtain necessary licenses or permits from regulatory authorities, new or changed laws, regulations, standards, interpretations, or other legal requirements, or increased compliance costs could adversely impact the Ameren Companies' results of operations, financial position, and liquidity.

**The electric and natural gas rates that Ameren Missouri and Ameren Illinois are allowed to charge are determined through regulatory proceedings, which are subject to appeal, and are subject to legislative actions, which are largely outside of their control. Any events that prevent Ameren Missouri or Ameren Illinois from recovering their respective costs or from earning appropriate returns on their investments could have a material adverse effect on results of operations, financial position, and liquidity.**

The rates that Ameren Missouri and Ameren Illinois are allowed to charge for their utility services significantly influence the results of operations, financial position, and liquidity of these companies and Ameren. The electric and natural gas utility industries are highly regulated. The utility rates charged to Ameren Missouri and Ameren Illinois customers are determined, in large part, by governmental entities, including the MoPSC, the ICC, and FERC. Decisions by these entities are influenced by many factors, including the cost of providing service, the prudence of expenditures, 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 are largely outside of Ameren Missouri's and Ameren Illinois' control. Regulatory lag involved in filing and getting new rates approved could have a material adverse effect on our results of operations, financial position, and liquidity. Rate orders are also subject to appeal, which creates additional uncertainty as to the rates Ameren Missouri and

## Edgar Filing: Ameren Illinois Co - Form 10-K

Ameren Illinois will ultimately be allowed to charge for their services.

Ameren Missouri electric and natural gas utility rates and Ameren Illinois natural gas utility rates are typically established in regulatory proceedings that take up to 11 months to complete. Rates established in those



**Table of Contents**

proceedings for Ameren Missouri are primarily based on historical costs and revenues. Rates established in those proceedings for Ameren Illinois may be based on historical or estimated future costs and revenues. Thus, the rates a utility is allowed to charge may not match its costs at any given time. Rates include an allowed return on investments by the regulators. Although rate regulation is premised on providing a reasonable opportunity to earn a reasonable rate of return on invested capital, there can be no assurance that the applicable regulatory commission will judge all the costs of Ameren Missouri and Ameren Illinois to have been prudently incurred or that the regulatory process in which rates are determined will always result in rates that will produce full recovery of such costs or an adequate return on those investments. In 2011, for example, the MoPSC issued an electric rate order that disallowed \$89 million of costs incurred related to the rebuilding of the Taum Sauk energy center. As a result, Ameren and Ameren Missouri each recorded a 2011 pretax charge to earnings of \$89 million.

During periods of rising costs and investments or declining retail usage, Ameren Missouri and Ameren Illinois may not be able to earn the allowed return established by their regulators. This could result in deferral or elimination of planned capital investments. A period of increasing rates for our customers could result in additional regulatory and legislative actions, as well as competitive and political pressures, which could have a material adverse effect on our results of operations, financial position, and liquidity.

**By choosing to participate in the performance-based formula ratemaking process established pursuant to the IEIMA, Ameren Illinois return on equity will be directly correlated to yields on United States treasury bonds. Additionally, Ameren Illinois will be subject to an annual ICC prudence review and will be required to achieve performance objectives, increase capital spending levels, and meet job creation targets, which if not successfully completed or achieved could have a material adverse effect on its results of operations, financial position, and liquidity.**

On January 3, 2012, Ameren Illinois elected to participate in the performance-based formula ratemaking process established pursuant to the IEIMA by submitting its initial filing with the ICC for its electric distribution business. The ICC will annually review Ameren Illinois performance-based rate filings under the IEIMA for reasonableness and prudence. The ICC could conclude that Ameren Illinois incurred costs were not prudently incurred and thus disallow recovery of such costs annually. Additionally, the equity component of the formula rate will be equal to the average for the applicable calendar year of the monthly average yields of 30-year United States treasury bonds plus 590 basis points for 2012 and 580 basis points thereafter. Therefore, Ameren Illinois annual return on equity will be directly correlated to yields on United States treasury bonds, which are outside of Ameren Illinois control.

Ameren Illinois will also be subject to performance standards. Failure to achieve the standards will result in a

reduction in the company's allowed return on equity calculated under the formula. The IEIMA provides for return on equity penalties totaling 30 basis points in 2013 through 2015, 34 basis points in 2016 through 2018, and 38 basis points in 2019 through 2022 if the performance standards are not met.

Between 2012 and 2021, Ameren Illinois will be required to invest \$625 million in capital expenditures incremental to Ameren Illinois average electric delivery capital expenditures for calendar years 2008 through 2010 to modernize its distribution system. Ameren Illinois is subject to monetary penalties if 450 additional jobs in Illinois are not created during the peak program year.

The formula ratemaking process would terminate if the average residential rate increases by more than 2.5% annually from June 2011 through May 2014. The average residential rate includes generation service, which is outside of Ameren Illinois control, as Ameren Illinois is required to purchase all of its power through procurement processes administered by the IPA. If the performance-based formula rate process is terminated, Ameren Illinois would be required to establish future rates using a traditional rate proceeding with the ICC, which may not result in rates that produce a full or timely recovery of costs or an adequate return on investments. Unless extended, the IEIMA formula ratemaking process expires in 2017.

**Energy conservation and energy efficiency efforts could have a material adverse effect on the Ameren Companies' results of operations, financial position, and liquidity.**

Regulatory and legislative bodies have proposed or introduced requirements and incentives to reduce energy consumption. Conservation and energy efficiency programs are designed to reduce energy demand. Unless there is a regulatory solution, declining usage will result in an underrecovery of fixed costs at our rate-regulated business. A reduction in energy demand could have a material adverse effect on the Ameren Companies' results of operations, financial position, and liquidity.

**We are subject to various environmental laws and regulations that require significant capital expenditures or could result in closure of facilities, could increase our operating costs, and could materially adversely influence or limit our results of operations, financial position, and liquidity, or expose us to fines and liabilities.**

## Edgar Filing: Ameren Illinois Co - Form 10-K

We are subject to various environmental laws and regulations enforced by federal, state and local authorities. From the beginning phases of siting and development to the ongoing operation of existing or new electric generating, transmission and distribution facilities and natural gas storage, transmission and distribution facilities, our activities involve compliance with diverse environmental laws and regulations. These laws and regulations address emissions, impacts to air, land and water, noise, protected natural and cultural resources (such as wetlands,

## Table of Contents

endangered species and other protected wildlife, and archeological and historical resources), and chemical and waste handling. Complex and lengthy processes are required to obtain approvals, permits, or licenses for new, existing, or modified facilities. Additionally, the use and handling of various chemicals or hazardous materials (including wastes) requires release prevention plans and emergency response procedures.

We are also subject to liability under environmental laws for remediating environmental contamination of property now or formerly owned by us or by our predecessors, as well as property contaminated by hazardous substances that we generated. Such sites include MGP sites and third-party sites, such as landfills. Additionally, private individuals may seek to enforce environmental laws and regulations against us and could allege injury from exposure to hazardous materials.

In addition to existing laws and regulations, including the Illinois MPS that applies to our energy centers in Illinois, the EPA is developing numerous new environmental regulations that will have a significant impact on the electric utility industry. These regulations could be particularly burdensome for certain companies, including Ameren, Ameren Missouri and Genco, that operate coal-fired plants. These new regulations may be litigated, so the timing of their ultimate implementation is uncertain, as evidenced by the stay of the CSAPR by the United States Court of Appeals for the District of Columbia on December 30, 2011.

Ameren also may be subject to risks in connection with changing or conflicting interpretations of existing laws and regulations. The EPA is engaged in an enforcement initiative to determine whether coal-fired power plants failed to comply with the requirements of the NSR and NSPS provisions under the Clean Air Act when the plants implemented modifications. Following the issuance of a Notice of Violation, in January 2011, the Department of Justice on behalf of the EPA filed a complaint against Ameren Missouri in the United States District Court for the Eastern District of Missouri. The EPA's complaint alleges that in performing projects at its Rush Island coal-fired energy center, Ameren Missouri violated provisions of the Clean Air Act and Missouri law. In January 2012, the United States District Court granted, in part, Ameren Missouri's motion to dismiss various aspects of the EPA's penalty claims. The EPA's claims for injunctive relief, including to require the installation of pollution control equipment, remain. At present, the complaint does not include Ameren Missouri's other coal-fired energy centers, but the EPA has issued Notices of Violation under its NSR enforcement initiative against the company's Labadie, Meramec, and Sioux coal-fired energy centers. Litigation of this matter could take many years to resolve. An outcome in this matter adverse to Ameren Missouri could require substantial capital expenditures and the payment of substantial penalties, neither of which can be determined at this time. Such expenditures could affect unit retirement and replacement decisions.

Ameren, Ameren Missouri and Genco have incurred and expect to incur significant costs related to environmental compliance and site remediation. New environmental regulations, future environmental regulations, voluntary compliance guidelines, enforcement initiatives, or legislation could result in a significant increase in capital expenditures and operating costs, decreased revenues, increased financing requirements, penalties, fines, or closure of facilities for Ameren, Ameren Missouri and Genco. Actions required to ensure that our facilities and operations are in compliance with environmental laws and regulations could be prohibitively expensive. As a result, environmental regulations could require us to close or to significantly alter the operation of our energy centers, which could have an adverse effect on our results of operations, financial position, and liquidity, including the impairment of plant assets. Although costs incurred by Ameren Missouri to ensure its facilities are in compliance with environmental laws and regulations would be eligible for recovery in rates over time, subject to MoPSC approval in a rate proceeding, there is no similar cost recovery mechanism for Genco or for Ameren's Merchant Generation business segment. We are unable to predict the ultimate impact of these matters on our results of operations, financial position, and liquidity.

**Future limits on greenhouse gas emissions would likely require Ameren, Ameren Missouri and Genco to incur significant increases in capital expenditures and operating costs, which, if excessive, could result in the closures of coal-fired energy centers, impairment of assets, or otherwise materially adversely affect our results of operations, financial position, and liquidity.**

State and federal authorities, including the United States Congress, have considered initiatives to limit greenhouse gas emissions and to address global climate change. Potential impacts from any climate change legislation or regulation could vary, depending upon proposed CO<sub>2</sub> emission limits, the timing of implementation of those limits, the method of distributing any allowances, the degree to which offsets are allowed and available, and provisions for cost-containment measures, such as a "safety valve" provision that provides a maximum price for emission allowances. As a result of our diverse fuel portfolio, our emissions of greenhouse gases vary among our energy centers, but coal-fired power plants are significant sources of CO<sub>2</sub>. The enactment of a climate change law could result in a significant rise in household costs and rates for electricity could rise significantly. The burden could fall particularly hard on electricity consumers and upon the economy in the Midwest because of the region's reliance on electricity generated by coal-fired power plants.

Future federal and state legislation or regulations that mandate limits on the emission of greenhouse gases would likely result in significant increases in capital expenditures and operating costs, which, in turn, could lead to increased liquidity needs and higher financing costs. Moreover, to the extent Ameren Missouri requests recovery of these costs



---

## **Table of Contents**

through rates, its regulators might deny some or all of, or defer timely recovery of, these costs. Excessive costs to comply with future legislation or regulations might force

Ameren, Ameren Missouri and Genco to close some coal-fired energy centers earlier than planned, which could lead to possible impairment of assets and reduced revenues. As a result, mandatory limits could have a material adverse impact on Ameren's, Ameren Missouri's, and Genco's results of operations, financial position, and liquidity.

**The construction of, and capital improvements to, Ameren's, Ameren Missouri's and Ameren Illinois' electric and natural gas utility infrastructure as well as to Ameren's and Genco's merchant generation facilities involve substantial risks. These risks include escalating costs, unsatisfactory performance by the projects when completed, the inability to complete projects as scheduled, cost disallowances by regulators and the inability to earn a reasonable return on invested capital, any of which could result in higher costs and the closure of facilities.**

Over the next five years, the Ameren Companies will incur significant capital expenditures to comply with existing and known environmental regulations and to make investments in their electric and natural gas utility infrastructure and their merchant generation facilities. The Ameren Companies estimate that they will incur up to \$8.3 billion (Ameren Missouri up to \$3.6 billion; Ameren Illinois up to \$3.3 billion; Genco up to \$0.4 billion; other up to \$1.0 billion) of capital expenditures during the period 2012 through 2016. These expenses include construction expenditures, capitalized interest or allowance for funds used during construction, compliance with environmental standards, and compliance with the requirements of the IEIMA.

Investments in Ameren's regulated operations are expected to be recoverable from ratepayers, but are subject to prudence reviews and regulatory lag. The recoverability of amounts expended in merchant generation operations will depend upon market prices for capacity and energy.

The ability of the Ameren Companies to complete facilities under construction successfully, and to complete future projects within established estimates, is contingent upon many variables and subject to substantial risks. These variables include, but are not limited to, project management expertise and escalating costs for materials, labor, and environmental compliance. Delays in obtaining permits, shortages in materials and qualified labor, suppliers and contractors who do not perform as required under their contracts, changes in the scope and timing of projects, the inability to raise capital on favorable terms, or other events beyond our control that could occur may materially affect the schedule, cost, and performance of these projects. With respect to capital spent for pollution control equipment, there is a risk that electric generating plants will not be permitted to operate if pollution control equipment is not installed by prescribed deadlines or does not perform as expected. Should any

such construction efforts be unsuccessful, the Ameren Companies could be subject to additional costs and to the loss of their investment in the project or facility. The Ameren Companies may also be required to purchase electricity for their customers until the projects are completed. All of these risks may have a material adverse effect on the Ameren Companies' results of operations, financial position, and liquidity.

### **Our counterparties may not meet their obligations to us.**

We are exposed to the risk that counterparties to various arrangements who owe us money, credit, energy, coal, or other commodities or services will not be able to perform their obligations or, with respect to our credit facilities, will fail to honor their commitments. Should the counterparties to commodity arrangements fail to perform, we might be forced to replace or to sell the underlying commitment at then-current market prices. Should the lenders under our credit facilities fail to perform, the level of borrowing capacity under those arrangements would decrease, unless we were able to find replacement lenders to assume the nonperforming lender's commitment. In such an event, we might incur losses, or our results of operations, financial position, and liquidity could otherwise be adversely affected.

Certain of the Ameren Companies have obligations to other Ameren Companies or other Ameren subsidiaries as a result of transactions involving energy, coal, other commodities and services, borrowing from the money pools, and as a result of hedging transactions. If one Ameren entity failed to perform under any of these arrangements, other Ameren entities might incur losses. Their results of operations, financial position, and liquidity could be adversely affected, resulting in the nondefaulting Ameren entity being unable to meet its obligations, including to unrelated third parties.

### **Increasing costs associated with our defined benefit retirement and postretirement plans, health care plans, and other employee benefits could materially adversely affect our results of operations, financial position, and liquidity.**

We offer defined benefit retirement and postretirement plans that cover substantially all of our employees. Assumptions related to future costs, returns on investments, interest rates, and other actuarial matters have a significant impact on our earnings and funding requirements. Ameren

## Edgar Filing: Ameren Illinois Co - Form 10-K

expects to fund its pension plans at a level equal to the greater of the pension expense or the legally required minimum contribution. Considering Ameren's assumptions at December 31, 2011, its investment performance in 2011, and its pension funding policy, Ameren expects to make annual contributions of \$90 million to \$150 million in each of the next five years, with aggregate estimated contributions of \$580 million. We expect Ameren Missouri's, Ameren Illinois', and Genco's portion of the future funding requirements to be 51%, 33%, and 12%, respectively. These amounts are estimates. They

---

## **Table of Contents**

may change with actual investment performance, changes

in interest rates, changes in our assumptions, changes in government regulations, and any voluntary contributions.

In addition to the costs of our retirement plans, the costs of providing health care benefits to our employees

and retirees have increased in recent years. We believe that our employee benefit costs, including costs of health care plans for our employees and former employees, will continue to rise. The increasing costs and funding requirements associated with our defined benefit retirement plans, health care plans, and other employee benefits could increase our financing needs and otherwise materially adversely affect our results of operations, financial position, and liquidity.

### **Our electric generating, transmission and distribution facilities are subject to operational risks that could materially adversely affect our results of operations, financial position, and liquidity.**

The Ameren Companies' financial performance depends on the successful operation of electric generating, transmission, and distribution facilities. Operation of electric generating, transmission, and distribution facilities involves many risks, including:

- facility shutdowns due to operator error or a failure of equipment or processes;
- longer-than-anticipated maintenance outages;
- older generating equipment may require significant expenditures to keep it operating at peak efficiency;
- disruptions in the delivery of fuel or lack of adequate inventories, including ultra-low-sulfur coal used for Ameren Missouri's compliance with environmental regulations;
- lack of water for cooling plant operations;
- labor disputes;
- inability to comply with regulatory or permit requirements, including those relating to environmental contamination;
- disruptions in the delivery of electricity, including impacts on us or our customers;
- handling and storage of fossil-fuel combustion byproducts, such as CCR;
- unusual or adverse weather conditions, including severe storms, droughts, floods and tornados;
- a workplace accident that might result in injury or loss of life, extensive property damage, or environmental damage;
- cybersecurity risk, including loss of operational control of our energy centers and our electric and natural gas transmission and distribution systems and/or loss of data, such as utility customer data, account information, and intellectual property through insider or outsider actions;
- catastrophic events such as fires, explosions, pandemic health events, or other similar occurrences;
- limitations on amounts of insurance available to cover losses that might arise in connection with operating our electric generating, transmission, and distribution facilities; and
- other unanticipated operations and maintenance expenses and liabilities.

### **We are subject to federal regulatory compliance and proceedings, which increase our risk of regulatory penalties and other sanctions.**

The Energy Policy Act of 2005 increased FERC's civil penalty authority for violation of FERC statutes, rules, and orders, including FERC Reliability Standards. FERC can impose penalties of \$1 million per violation per day. Under the Energy Policy Act of 2005, the Ameren Companies, as owners and operators of bulk power transmission systems and/or electric generation facilities, are subject to mandatory NERC reliability standards, including cybersecurity standards. Compliance with these mandatory reliability standards may subject the Ameren Companies to higher operating costs and may result in increased capital expenditures. If the Ameren Companies were found not to be in compliance with these mandatory reliability standards or other FERC statutes, rules and orders, the Ameren Companies could incur substantial monetary penalties and other sanctions, which could adversely affect our results of operations, financial position, and liquidity.

### **Our natural gas distribution and storage activities involve numerous risks that may result in accidents and other operating risks and costs that could materially adversely affect our results of operations, financial position, and liquidity.**

Inherent in our natural gas distribution and storage activities are a variety of hazards and operating risks, such as leaks, accidental explosions, mechanical problems and cybersecurity risks, which could cause substantial financial losses. In addition, these risks could result in serious injury to employees and nonemployees, loss of human life, significant damage to property, environmental pollution, and impairment of our operations, which in turn could lead to substantial losses for us. In accordance with customary industry practice, we maintain insurance against some, but not all, of these risks and losses. The location of distribution lines and storage facilities near populated areas, including residential areas, commercial business centers, industrial sites, and other public gathering places, could increase the level of damages resulting from these risks.

## Edgar Filing: Ameren Illinois Co - Form 10-K

The occurrence of any of these events not fully covered by insurance could materially adversely affect our results of operations, financial position, and liquidity.

**Even though agreements have been reached with the state of Missouri and the FERC, the breach of the upper reservoir of Ameren Missouri's Taum Sauk pumped-storage hydroelectric energy center could continue to have a material adverse effect on Ameren's and Ameren Missouri's results of operations, liquidity, and financial condition.**

In December 2005, there was a breach of the upper reservoir at Ameren Missouri's Taum Sauk pumped-storage hydroelectric energy center. This resulted in significant flooding in the local area, which damaged a state park.



---

## **Table of Contents**

Ameren Missouri settled with FERC and the state of Missouri all issues associated with the December 2005 Taum Sauk incident.

Ameren Missouri had liability insurance coverage for the Taum Sauk incident, subject to certain limits and deductibles. In June 2010, Ameren Missouri sued one of its liability insurance providers claiming the insurance company breached its duty to indemnify Ameren Missouri for the losses experienced from the incident. Ameren's and Ameren Missouri's results of operations, financial position and liquidity could be adversely affected if Ameren Missouri's remaining liability insurance claims of \$68 million as of December 31, 2011, are not paid by insurers.

Ameren Missouri requested the recovery of all costs of enhancements, or costs that would have been incurred absent the breach, related to the rebuilding of the Taum Sauk energy center in excess of amounts recovered from property insurance. In its July 2011 electric rate order, the MoPSC disallowed Ameren Missouri's request. Consequently, in 2011, Ameren Missouri recorded a pretax charge to earnings of \$89 million. Ameren Missouri has appealed this disallowance to the Missouri Court of Appeals, Western District. Ameren Missouri cannot predict the ultimate outcome of its appeal.

Until Ameren's remaining liability insurance claims and litigation are resolved, we are unable to determine the total impact the breach could have on Ameren's and Ameren Missouri's results of operations, financial position, and liquidity beyond those amounts already recognized.

### **Genco's and AERG's electric energy centers must compete for the sale of energy and capacity, which exposes them to price risks.**

All of Genco's and AERG's energy centers compete for the sale of energy and capacity in the competitive energy markets.

To the extent that electricity generated by these energy centers is not under a fixed-price contract to be sold, the revenues and results of operations of these Merchant Generation subsidiaries generally depend on the prices that can be obtained for energy and capacity in Illinois and adjacent markets by Marketing Company.

Market prices for energy and capacity may fluctuate substantially, sometimes over relatively short periods of time, and at other times experience sustained increases or decreases. Demand for electricity and fuel can fluctuate dramatically, creating periods of substantial undersupply or oversupply. During periods of oversupply, prices might be depressed. Also, at times legislators or regulators with jurisdiction over wholesale and retail energy commodity and transportation rates may impose price limitations, bidding rules, and other mechanisms to address volatility and other issues in these markets.

For power products sold in advance, contract prices are influenced both by market conditions and by contract

terms such as damage provisions, credit support requirements, and the number of available counterparties interested in contracting for the desired forward period. Depending on differences between market factors at the time of contracting versus current conditions, Marketing Company's contract portfolio may have average contract prices greater than or less than current market prices, including at the expiration of the contracts, which could significantly affect Ameren's and Genco's results of operations, financial condition and liquidity.

Market prices for power have decreased over the past three years. During 2012, the market price for power for delivery in the current year has declined below 2011 levels because of factors such as declining natural gas prices and the stay of the CSAPR. Any unhedged forecasted generation will be exposed to market prices at the time of sale. As a result, any new physical or financial power sales may be at price levels lower than previously experienced and lower than the value of existing hedged sales.

Among the factors that could influence such prices (all of which are beyond our control to a significant degree) are:

- current and future delivered market prices for natural gas, coal, and related transportation costs;
- current and forward prices for the sale of electricity;
- current and future prices for emission allowances that may be required to operate the fossil fuel-fired electric energy centers in compliance with environmental laws and permits;
- the extent of additional supplies of electric energy from current competitors or new market entrants;
- the regulatory and market structures developed for evolving Midwest energy markets, including a capacity market in MISO;
- changes enacted by the Illinois legislature, the ICC, the IPA, or other government agencies with respect to power procurement procedures;
- the potential for reregulation of generation in some states;

## Edgar Filing: Ameren Illinois Co - Form 10-K

future pricing for, and availability of, services on transmission systems, and the effect of RTOs and export energy transmission constraints, which could limit our ability to sell energy in our markets;

the growth rate or decline in electricity usage as a result of population changes, regional economic conditions, and the implementation of energy-efficiency and conservation programs;

climate conditions in the Midwest market and major natural disasters; and

environmental laws and regulations or delays in their effective dates.

---

## **Table of Contents**

### **Ameren Missouri's ownership and operation of a nuclear energy center creates business, financial, and waste disposal risks.**

Ameren Missouri's ownership of the Callaway energy center subjects it to the risks of nuclear generation, which include the following:

- potential harmful effects on the environment and human health resulting from the operation of nuclear facilities and the storage, handling and disposal of radioactive materials;
- the lack of a permanent waste storage site;
- limitations on the amounts and types of insurance commercially available to cover losses that might arise in connection with the Callaway energy center or other United States nuclear operations;
- uncertainties with respect to contingencies and assessment amounts if insurance coverage is inadequate;
- public and governmental concerns over the adequacy of security at nuclear energy centers;
- uncertainties with respect to the technological and financial aspects of decommissioning nuclear energy centers at the end of their licensed lives (Ameren Missouri has submitted an application with the NRC to extend the Callaway energy center's operating license from 2024 to 2044);
- limited availability of fuel supply; and
- costly and extended outages for scheduled or unscheduled maintenance and refueling.

The NRC has broad authority under federal law to impose licensing and safety requirements for nuclear energy centers. In the event of noncompliance, the NRC has the authority to impose fines or shut down a unit, or both, depending upon its assessment of the severity of the situation, until compliance is achieved. Revised safety requirements promulgated from time to time by the NRC could necessitate substantial capital expenditures at nuclear energy centers such as Ameren Missouri's. In addition, if a serious nuclear incident were to occur, it could have a material but indeterminable adverse effect on Ameren Missouri's results of operations, financial condition, and liquidity. A major incident at a nuclear energy center anywhere in the world could cause the NRC to limit or prohibit the operation or relicensing of any domestic nuclear unit. An incident at a nuclear energy center anywhere in the world also could cause the NRC to impose additional conditions or requirements on the industry, which could increase costs and result in additional capital expenditures. For example, the earthquake in 2011 that affected nuclear plants in Japan is expected to result in regulatory changes in the United States that may impose additional costs on all United States nuclear plants.

### **Our energy risk management strategies may not be effective in managing fuel and electricity procurement and pricing risks, which could result in unanticipated liabilities or increased volatility in our earnings and cash flows.**

We are exposed to changes in market prices for natural gas, fuel, power, emission allowances, renewable energy credits, and transmission congestion. Prices for natural gas, fuel, power, emission allowances and renewable energy credits may fluctuate substantially over relatively short periods of time, and at other times exhibit sustained increases or decreases, and expose us to commodity price risk. We use short-term and long-term purchase and sales contracts in addition to derivatives such as forward contracts, futures contracts, options, and swaps to manage these risks. We attempt to manage our risk associated with

these activities through enforcement of established risk limits and risk management procedures. We cannot ensure that these strategies will be successful in managing our pricing risk or that they will not result in net liabilities because of future volatility in these markets.

Although we routinely enter into contracts to hedge our exposure to the risks of demand and changes in commodity prices, we do not hedge the entire exposure of our operations from commodity price volatility. Furthermore, our ability to hedge our exposure to commodity price volatility depends on liquid commodity markets. To the extent that commodity markets are illiquid, we may not be able to execute our risk management strategies, which could result in greater unhedged positions than we would prefer at a given time. To the extent that unhedged positions exist, fluctuating commodity prices can adversely affect our results of operations, financial position, and liquidity.

### **Our facilities are considered critical energy infrastructure and may therefore be targets of acts of terrorism.**

Like other electric and natural gas utilities and other merchant electric generators, our energy centers, fuel storage facilities, and transmission and distribution facilities may be targets of terrorist activities, including cybersecurity attacks, that could result in disruption of our ability to produce or distribute some portion of our energy products. Any such disruption could result in a significant decrease in revenues or significant additional costs for repair, which could have a material adverse effect on our results of operations, financial position, and liquidity.

### **Our businesses are dependent on our ability to access the capital markets successfully. We may not have access to sufficient capital in the amounts and at the times needed.**

## Edgar Filing: Ameren Illinois Co - Form 10-K

We use short-term and long-term debt as a significant source of liquidity and funding for capital requirements not satisfied by our operating cash flow, including requirements related to future environmental compliance and capital expenditures required by the IEIMA. As a result of rising costs and increased capital and operations and maintenance

**Table of Contents**

expenditures, coupled with regulatory lag, we expect to continue to rely on short-term and long-term debt financing. The inability to raise debt or equity capital on favorable terms, or at all, could negatively affect our ability to maintain and to expand our businesses. After assessing our current operating performance, liquidity, and credit ratings, we believe that Ameren and its rate-regulated businesses will continue to have access to the capital markets. However, events beyond our control, such as a recession or extreme volatility in global debt or equity capital and credit markets, may create uncertainty that could increase our cost of capital or impair or eliminate our ability to access the debt, equity or credit markets, including our ability to draw on bank credit facilities. Based on projections as of December 31, 2011, of Genco's operating results and cash flows, we expect that, by the end of the first quarter of 2013, Genco's interest coverage ratio will be less than the minimum ratio required under its indenture for the company to borrow additional funds from external, third-party sources. An inability to raise debt could adversely impact Genco's liquidity. Any adverse change in the Ameren Companies' credit ratings may reduce access to capital and trigger additional collateral postings and prepayments. Such changes may also increase the cost of borrowing and fuel, power and natural gas supply, among other things, which could have a material adverse effect on our results of operations, financial position, and liquidity. Certain of the Ameren Companies rely, in part, on Ameren for access to capital. Circumstances that limit Ameren's access to capital, including those relating to its other subsidiaries, could impair its ability to provide those Ameren Companies with needed capital. In addition, borrowings directly from Ameren and from the utility and non-state-regulated subsidiary money pools are subject to Ameren's control, and any borrowings are dependent on consideration by Ameren of the facts and circumstances existing at the time of any borrowing request.

**Ameren's holding company structure could limit its ability to pay common stock dividends and to service its debt obligations.**

Ameren is a holding company; therefore, its primary assets are the common stock of its subsidiaries. As a result, Ameren's ability to pay dividends on its common stock depends on the earnings of its subsidiaries and the ability of its subsidiaries to pay dividends or otherwise transfer funds to Ameren. Similarly, Ameren's ability to service its debt obligations is also dependent upon the earnings of operating subsidiaries and the distribution of those earnings and other payments, including payments of principal and interest under intercompany indebtedness. The payment of dividends to Ameren by its subsidiaries in turn depends on their results of operations and cash flows and other items affecting retained earnings. Ameren's subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any dividends or make any other distributions (except for payments required pursuant to the terms of intercompany borrowing arrangements) to Ameren. Certain of the Ameren Companies' financing agreements and articles of incorporation, in addition to certain statutory and regulatory requirements, may impose restrictions on the ability of such Ameren Companies to transfer funds to Ameren in the form of cash dividends, loans or advances.

**Failure to retain and attract key officers and other skilled professional and technical employees could have an adverse effect on our operations.**

Our businesses depend upon our ability to employ and retain key officers and other skilled professional and technical employees. A significant portion of our workforce is nearing retirement, including many employees with specialized skills such as maintaining and servicing our electric and natural gas infrastructure and operating our energy centers. Any inability to retain and recruit qualified employees could adversely affect our results of operations.

**ITEM 1B. UNRESOLVED STAFF COMMENTS.**

None.

**ITEM 2. PROPERTIES.**

For information on our principal properties, see the generating facilities table below. See also Liquidity and Capital Resources and Regulatory Matters in Management's Discussion and Analysis of Financial Condition and Results of Operations under Part II, Item 7, of this report for any discussion of planned additions, replacements or transfers. See also Note 5 Long-term Debt and Equity Financings, and Note 15 Commitments and Contingencies under Part II, Item 8, of this report.

**Table of Contents**

The following table shows what the capability of our energy centers is anticipated to be at the time of our expected 2012 peak summer electrical demand:

Primary Fuel Source	Energy Center	Location	Net Kilowatt Capability <sup>(a)</sup>
<b>Ameren Missouri:</b>			
Coal	Labadie	Franklin County, Mo.	2,412,000
	Rush Island	Jefferson County, Mo.	1,212,000
	Sioux	St. Charles County, Mo.	966,000
	Meramec	St. Louis County, Mo.	836,000
Total coal			5,426,000
Nuclear	Callaway	Callaway County, Mo.	1,190,000
Hydroelectric	Osage	Lakeside, Mo.	240,000
	Keokuk	Keokuk, Ia.	141,000
Total hydroelectric			381,000
Pumped-storage	Taum Sauk	Reynolds County, Mo.	440,000
Oil (CTs)	Meramec	St. Louis County, Mo.	59,000
	Fairgrounds	Jefferson City, Mo.	55,000
	Mexico	Mexico, Mo.	54,000
	Moberly	Moberly, Mo.	54,000
	Moreau	Jefferson City, Mo.	54,000
	Howard Bend	St. Louis County, Mo.	39,000
Total oil			315,000
Natural gas (CTs)	Audrain <sup>(b)</sup>	Audrain County, Mo.	600,000
	Venice <sup>(c)</sup>	Venice, Ill.	491,000
	Goose Creek	Piatt County, Ill.	432,000
	Pinckneyville	Pinckneyville, Ill.	316,000
	Raccoon Creek	Clay County, Ill.	300,000
	Kinmundy <sup>(c)</sup>	Kinmundy, Ill.	208,000
	Peno Creek <sup>(b)(c)</sup>	Bowling Green, Mo.	188,000
	Meramec <sup>(c)</sup>	St. Louis County, Mo.	49,000
	Kirksville	Kirksville, Mo.	13,000
Total natural gas			2,597,000
Methane gas (CTs)	Maryland Heights	Maryland Heights, Mo.	6,000
Total Ameren Missouri			10,355,000
<b>Merchant Generation:</b>			
<b>Genco:</b>			
Coal	Newton	Newton, Ill.	1,198,000
	Joppa (EEI) <sup>(d)</sup>	Joppa, Ill.	1,002,000
	Coffeen	Coffeen, Ill.	895,000
Total coal			3,095,000
Natural gas (CTs)	Grand Tower	Grand Tower, Ill.	478,000
	Elgin	Elgin, Ill.	460,000
	Gibson City <sup>(c)</sup>	Gibson City, Ill.	228,000
	Joppa 7B	Joppa, Ill.	108,000
	Joppa (EEI) <sup>(d)</sup>	Joppa, Ill.	74,000
Total natural gas			1,348,000
Total Genco			4,443,000
<b>AERG:</b>			
Coal	E.D. Edwards	Bartonville, Ill.	650,000
	Duck Creek	Canton, Ill.	410,000
Total AERG			1,060,000
Total Merchant Generation			5,503,000
Total Ameren			15,858,000

(a) Net Kilowatt Capability is the generating capacity available for dispatch from the energy center into the electric transmission grid.

(b) There are economic development lease arrangements applicable to these CTs.

(c) These CTs have the capability to operate on either oil or natural gas (dual fuel).

(d) Genco owns an 80% interest in EEI. This table reflects the full capability of EEI's facilities.



**Table of Contents**

The following table presents electric and natural gas utility-related properties for Ameren Missouri and Ameren Illinois as of December 31, 2011:

	<b>Ameren Missouri</b>	<b>Ameren Illinois</b>
Circuit miles of electric transmission lines <sup>(a)</sup>	2,956	4,506
Circuit miles of electric distribution lines	33,256	45,884
Circuit miles of electric distribution lines underground	23%	15%
Miles of natural gas transmission and distribution mains	3,275	18,126
Propane-air plants	1	-
Underground gas storage fields	-	12
Billion cubic feet of total working capacity of underground gas storage fields	-	24

(a) ATXI and EEI own 29 miles and 42 miles of transmission lines, respectively, not reflected in this table. Our other properties include office buildings, warehouses, garages, and repair shops.

With only a few exceptions, we have fee title to all principal plants and other units of property material to the operation of our businesses, and to the real property on which such facilities are located (subject to mortgage liens securing our outstanding first mortgage bonds and to certain permitted liens and judgment liens). The exceptions are as follows:

A portion of Ameren Missouri's Osage energy center reservoir, certain facilities at Ameren Missouri's Sioux energy center, most of Ameren Missouri's Peno Creek and Audrain CT energy centers, certain substations, and most transmission and distribution lines and natural gas mains are situated on lands occupied under leases, easements, franchises, licenses, or permits. The United States or the state of Missouri may own or may have paramount rights to certain lands lying in the bed of the Osage River or located between the inner and outer harbor lines of the Mississippi River on which certain of Ameren Missouri's energy centers and other properties are located.

The United States, the state of Illinois, the state of Iowa, or the city of Keokuk, Iowa, may own or may have paramount rights with respect to certain lands lying in the bed of the Mississippi River on which a portion of Ameren Missouri's Keokuk energy center is located.

Substantially all of the properties and plant of Ameren Missouri and Ameren Illinois are subject to the first liens of the indentures securing their mortgage bonds.

Ameren Missouri has conveyed most of its Peno Creek CT energy center to the city of Bowling Green, Missouri, and leased the energy center back from the city through 2022. Under the terms of this capital lease, Ameren Missouri is responsible for all operation and maintenance for the energy center. Ownership of the energy center will transfer to Ameren Missouri at the expiration of the lease, at which time the property and plant will become subject to the lien of any outstanding Ameren Missouri first mortgage bond indenture.

Ameren Missouri operates a CT energy center located in Audrain County, Missouri. Ameren Missouri has rights and obligations as lessee of the CT energy center under a long-term lease with Audrain County. The lease term will expire on December 1, 2023. Under the terms of this capital lease, Ameren Missouri is responsible for all operation and maintenance for the energy center. Ownership of the energy center will transfer to Ameren Missouri at the expiration of the lease, at which time the property and plant will become subject to the lien of any outstanding Ameren Missouri first mortgage bond indenture.

**ITEM 3. LEGAL PROCEEDINGS.**

We are involved in legal and administrative proceedings before various courts and agencies with respect to matters that arise in the ordinary course of business, some of which involve substantial amounts of money. We believe that the final disposition of these proceedings, except as otherwise disclosed in this report, will not have a material adverse effect on our results of operations, financial position, or liquidity. Risk of loss is mitigated, in some cases, by insurance or contractual or statutory indemnification. We believe that we have established appropriate reserves for potential losses. Material legal and administrative proceedings, which are discussed in Note 2 – Rate and Regulatory Matters, and Note 15 Commitment and Contingencies under Part II, Item 8, of this report and incorporated herein by reference, include the following:



appeals of the MoPSC's 2010 and 2011 electric rate orders;  
appeal of the MoPSC's April 2011 FAC prudence review order and completion of the current FAC prudence review;  
electric rate proceedings for Ameren Missouri pending before the MoPSC and for Ameren Illinois pending before the ICC;  
FERC litigation to determine wholesale distribution revenues for seven of Ameren Illinois' wholesale customers;  
Ameren Missouri's appeal to FERC to contest additional charges under a power purchase agreement with Entergy Arkansas, Inc.;  
the EPA's Clean Air Act-related litigation filed against Ameren Missouri and NSR investigations at Genco and AERG;  
remediation matters associated with MGP and waste disposal sites of the Ameren Companies;  
litigation associated with the breach of the upper reservoir at Ameren Missouri's Taum Sauk pumped-storage hydroelectric energy center;  
litigation alleging that CO<sub>2</sub> emissions from several industrial companies, including Ameren Missouri and Genco, created the atmospheric conditions that intensified Hurricane Katrina;  
asbestos-related litigation associated with Ameren, Ameren Missouri, Ameren Illinois and Genco; and  
Genco's challenge before the Informal Conference Board of the Illinois Department of Revenue regarding the State's position that EEI did not qualify for manufacturing tax exemptions for 2010 transactions.

**Table of Contents****ITEM 4. MINE SAFETY DISCLOSURES.**

Not applicable.

**EXECUTIVE OFFICERS OF THE REGISTRANTS (ITEM 401(b) OF REGULATION S-K):**

The executive officers of the Ameren Companies, including major subsidiaries, are listed below, along with their ages as of December 31, 2011, all positions and offices held with the Ameren Companies as of December 31, 2011, (except as otherwise noted below), tenure as officer, and business background for at least the last five years. Some executive officers hold multiple positions within the Ameren Companies; their titles are given in the description of their business experience.

**AMEREN CORPORATION:**

<b>Name</b>	<b>Age</b>	<b>Positions and Offices Held</b>
Thomas R. Voss	64	Chairman, President and Chief Executive Officer, and Director
Voss joined Ameren Missouri in 1969. He was elected senior vice president of Ameren Missouri, CIPS, and Ameren Services in 1999, of Genco in 2001, of CILCO in 2003, and of IP in 2004. In 2003, Voss was elected president of Genco; he relinquished his presidency of this company in 2004. In 2006, he was elected executive vice president of Ameren Missouri, CIPS, CILCO and IP. In 2007, Voss was elected chairman, president, and chief executive officer of Ameren Missouri. He relinquished his positions at CIPS, CILCO and IP in 2007. In 2009, Voss was elected president and chief executive officer of Ameren; at that time, he relinquished his other positions. In 2010, the Ameren board of directors elected Voss to the position of chairman of the board. He has been a member of the Ameren board since 2009.		
Martin J. Lyons, Jr.	45	Senior Vice President and Chief Financial Officer
Lyons joined Ameren, Ameren Missouri, CIPS, Genco, and Ameren Services in 2001 as controller. He was elected controller of CILCO in 2003. He was also elected vice president of Ameren, Ameren Missouri, CIPS, Genco, CILCO, and Ameren Services in 2003 and vice president and controller of IP in 2004. In 2007, his positions at Ameren Missouri were changed to vice president and principal accounting officer. In 2008, Lyons was elected senior vice president and principal accounting officer of the Ameren Companies. In 2009, Lyons was also elected chief financial officer of the Ameren Companies. With the Ameren Illinois Merger in 2010, Lyons remained senior vice president, chief financial officer and principal accounting officer at Ameren Illinois.		
Gregory L. Nelson	54	Senior Vice President, General Counsel and Secretary
Nelson joined Ameren Missouri in 1995 as a manager in the tax department and assumed a similar position with Ameren Services in 1998. Nelson was elected vice president and tax counsel of Ameren Services in 1999 and vice president of Ameren Missouri, CIPS, CILCO and Genco in 2003 and of IP in 2004. In 2010, Nelson was elected vice president, tax and deputy general counsel of Ameren Services. He remained vice president of Ameren Missouri, CIPS, CILCO, IP and Genco. With the Ameren Illinois Merger in 2010, Nelson remained vice president at Ameren Illinois. Effective March 2, 2011, Nelson was elected to the positions of senior vice president and general counsel of Ameren, Ameren Missouri, Ameren Illinois, Genco and Ameren Services. Effective May 1, 2011, Nelson was elected to the position of secretary.		
Jerre E. Birdsong	57	Vice President and Treasurer
Birdsong joined Ameren Missouri in 1977 and was elected treasurer of Ameren Missouri in 1993. He was elected treasurer of Ameren, CIPS, and Ameren Services in 1997 and of Genco in 2000. In addition to being treasurer, in 2001 he was elected vice president at Ameren, Ameren Missouri, CIPS, Ameren Services and Genco. Additionally, he was elected vice president and treasurer of CILCO in 2003 and of IP in 2004. With the Ameren Illinois Merger in 2010, Birdsong, remained vice president and treasurer at Ameren Illinois.		

**Table of Contents****SUBSIDIARIES:**

<b>Name</b>	<b>Age</b>	<b>Positions and Offices Held</b>
Warner L. Baxter Baxter joined Ameren Missouri in 1995. He was elected senior vice president, finance, of Ameren, Ameren Missouri, CIPS, Ameren Services, and Genco in 2001 and of CILCO in 2003. Baxter was elected to the positions of executive vice president and chief financial officer of Ameren, Ameren Missouri, CIPS, Genco, CILCO and Ameren Services in 2003 and of IP in 2004. He was elected chairman, president, chief executive officer and chief financial officer of Ameren Services in 2007. In 2009, Baxter was elected chairman, president and chief executive officer of Ameren Missouri; at that time, he relinquished his other positions.	50	Chairman, President and Chief Executive Officer (Ameren Missouri)
Maureen A. Borkowski Borkowski joined Ameren Missouri in 1981. She left the company in 2000 before rejoining Ameren in 2005. Borkowski has led Ameren's transmission operations since 2005 as vice president, transmission, of Ameren Services. In 2010, Borkowski was elected president and chief executive officer of ATX. Effective March 2, 2011, Borkowski was elected chairman of ATX. Effective April 26, 2011, she was also elected senior vice president, transmission, of Ameren Services.	54	Chairman, President and Chief Executive Officer (ATX)
Scott A. Cisel Cisel joined CILCO in 1975. He was named senior vice president and leader of CILCO's Sales and Marketing Business Unit in 2001. Cisel assumed the positions of vice president and chief operating officer of CILCO in 2003, upon Ameren's acquisition of that company. In 2004, Cisel was elected vice president of Ameren Missouri and president and chief operating officer of CIPS, CILCO and IP. In 2007, Cisel was elected chairman and chief executive officer of CIPS, CILCO and IP, in addition to his position as president. He relinquished his position at Ameren Missouri in 2007. With the Ameren Illinois Merger in 2010, Cisel remained chairman, president and chief executive officer at Ameren Illinois.	58	Chairman, President and Chief Executive Officer (Ameren Illinois)
Daniel F. Cole Cole joined Ameren Missouri in 1976. He was elected senior vice president of Ameren Missouri and Ameren Services in 1999 and of CIPS in 2001. He was elected president of Genco in 2001; he relinquished that position in 2003. He was elected senior vice president of CILCO in 2003 and of IP in 2004. In 2009, Cole was elected chairman, president and chief executive officer of Ameren Services and remained senior vice president of Ameren Missouri, CIPS, CILCO and IP. With the Ameren Illinois Merger in 2010, Cole remained senior vice president at Ameren Illinois.	58	Chairman, President and Chief Executive Officer (Ameren Services)
Adam C. Heflin Heflin joined Ameren Missouri in 2005 as vice president of nuclear operations and was elected senior vice president and chief nuclear officer of Ameren Missouri in 2008.	47	Senior Vice President and Chief Nuclear Officer (Ameren Missouri)
Richard J. Mark Mark joined Ameren Services in 2002 as vice president of customer service. In 2003, he was elected vice president of governmental policy and consumer affairs at Ameren Services, with responsibility for government affairs, economic development and community relations for Ameren's operating utility companies. He was elected senior vice president, customer operations of Ameren Missouri in 2005, with responsibility for Missouri energy delivery. In 2007, Mark relinquished his position at Ameren Services.	56	Senior Vice President (Ameren Missouri)
Michael L. Moehn Moehn joined Ameren Services in 2000. He was named director of Ameren Services' corporate modeling and transaction support in 2001 and elected vice president of business services for AER in 2002. In 2004, Moehn was elected vice president of corporate planning of Ameren Services and relinquished his position at AER. In 2008, he was elected senior vice president, corporate planning and business risk management of Ameren Services. Effective January 1, 2012, Moehn relinquished his position at Ameren Services and was elected senior vice president of customer operations of Ameren Illinois.	42	Senior Vice President (Ameren Illinois) (Effective January 1, 2012)
Charles D. Naslund Naslund joined Ameren Missouri in 1974. He was elected vice president of power operations at Ameren Missouri in 1999, vice president of Ameren Services in 2000 and vice president of nuclear operations at Ameren Missouri in 2004. He relinquished his position at Ameren Services in 2001. Naslund was elected senior vice president and chief nuclear officer at Ameren Missouri in 2005. In 2008, he was elected chairman, president and chief executive officer of AER and chairman and president of Genco. Naslund relinquished his positions at Ameren Missouri in 2008. Effective March 2, 2011, Naslund assumed the position of senior vice president, generation and environmental projects of Ameren Missouri and relinquished his positions of chairman, president and chief executive officer of AER and chairman and president of Genco.	59	Senior Vice President (Ameren Missouri)

**Table of Contents**

Name	Age	Positions and Offices Held
Steven R. Sullivan	51	Chairman, President and Chief Executive Officer (AER); Chairman and President (Genco); and President and Chief Executive Officer (Marketing Company)

Sullivan joined Ameren, Ameren Missouri, CIPS and Ameren Services in 1998 as vice president, general counsel and secretary. He added those positions at Genco in 2000. In 2003, Sullivan was elected vice president, general counsel and secretary of CILCO. He was elected senior vice president, general counsel and secretary of Ameren, Ameren Missouri, CIPS, Genco, CILCO and Ameren Services in 2003 and of IP in 2004. With the Ameren Illinois Merger in 2010, Sullivan remained senior vice president, general counsel and secretary at Ameren Illinois. Effective March 2, 2011, Sullivan was elected to the positions of chairman, president and chief executive officer of AER and chairman and president of Genco and relinquished his positions of senior vice president and general counsel of Ameren, Ameren Missouri, Ameren Illinois, Genco and Ameren Services. Effective May 1, 2011, Sullivan relinquished his position as secretary for the Ameren Companies. Effective October 31, 2011, Sullivan was elected to the positions of president and chief executive officer of Marketing Company.

Officers are generally elected or appointed annually by the respective board of directors of each company, following the election of board members at the annual meetings of shareholders. No special arrangement or understanding exists between any of the above-named executive officers and the Ameren Companies nor, to our knowledge, with any other person or persons pursuant to which any executive officer was selected as an officer. There are no family relationships among the officers. All of the above-named executive officers have been employed by an Ameren company for more than five years in executive or management positions.

**PART II****ITEM 5. MARKET FOR REGISTRANTS' COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.**

Ameren's common stock is listed on the NYSE (ticker symbol: AEE). Ameren common shareholders of record totaled 63,531 on January 31, 2012. The following table presents the price ranges, closing prices, and dividends declared per Ameren common share for each quarter during 2011 and 2010.

	High	Low	Close	Dividends Declared
<b>AEE 2011 Quarter Ended:</b>				
March 31	\$ 29.14	\$ 26.46	\$ 28.07	38 1/2¢
June 30	30.14	27.78	28.84	38 1/2
September 30	31.44	25.55	29.77	38 1/2
December 31	34.11	27.98	33.13	40
<b>AEE 2010 Quarter Ended:</b>				
March 31	\$ 28.27	\$ 24.14	\$ 26.08	38 1/2¢
June 30	26.92	23.09	23.77	38 1/2
September 30	28.99	23.45	28.40	38 1/2
December 31	29.89	27.65	28.19	38 1/2

There is no trading market for the common stock of Ameren Missouri, Ameren Illinois and Genco. Ameren holds all outstanding common stock of Ameren Missouri and Ameren Illinois; AER holds all outstanding common stock of Genco.

The following table sets forth the quarterly common stock dividend payments made by Ameren and its subsidiaries during 2011 and 2010:

(In millions)	2011				2010			
	Quarter Ended							
	December 31	September 30	June 30	March 31	December 31	September 30	June 30	March 31
Ameren Missouri	\$ 184	\$ 84	\$ 67	\$ 68	\$ 59	\$ 60	\$ 58	\$ 58
Ameren Illinois	89	88	88	62	33	33	34	33
Ameren	96	93	93	93	92	93	92	91

On February 10, 2012, the board of directors of Ameren declared a quarterly dividend on Ameren's common stock of 40 cents per share. The common share dividend is payable March 30, 2012, to stockholders of record on March 14, 2012.

## Edgar Filing: Ameren Illinois Co - Form 10-K

For a discussion of restrictions on the Ameren Companies' payment of dividends, see Liquidity and Capital Resources in Management's Discussion and Analysis of Financial Condition and Results of Operations under Part II, Item 7, of this report.

**Table of Contents****Purchases of Equity Securities**

The following table presents Ameren Corporation's purchases of equity securities reportable under Item 703 of Regulation S-K:

Period		(a) Total Number  of Shares (or Units) Purchased <sup>(a)</sup>	(b) Average Price  Paid per Share  (or Unit)	(c) Total Number of Shares (or Units) Purchased As Part of Publicly  Announced  Plans or Programs	(d) Maximum Number
					(or Approximate Dollar Value) of Shares (or Units) That  May Yet Be Purchased  Under the  Plans or Programs
October 1	October 31, 2011	-	\$ -	-	-
November 1	November 30, 2011	3,201	32.30	-	-
December 1	December 31, 2011	2,477	32.03	-	-
Total		5,678	\$ 32.18	-	-

(a) Included in November were 3,201 shares of Ameren common stock purchased in open-market transactions pursuant to Ameren's 2006 Omnibus Incentive Compensation Plan in satisfaction of Ameren's obligation to distribute shares of common stock for vested performance units. Included in December were 2,477 shares of Ameren common stock purchased in open market transactions pursuant to Ameren's 2006 Omnibus Incentive Compensation Plan in satisfaction of Ameren's obligations for Ameren board of directors' compensation awards. Ameren does not have any publicly announced equity securities repurchase plans or programs.

Ameren Missouri, Ameren Illinois and Genco did not purchase equity securities reportable under Item 703 of Regulation S-K during the period from October 1, 2011 to December 31, 2011.

**Performance Graph**

The following graph shows Ameren's cumulative total shareholder return during the five years ended December 31, 2011. The graph also shows the cumulative total returns of the S&P 500 Index and the Edison Electric Institute Index (EEI Index), which comprises most investor-owned electric utilities in the United States. The comparison assumes that \$100 was invested on December 31, 2006, in Ameren common stock and in each of the indices shown, and it assumes that all of the dividends were reinvested.

December 31,	2006	2007	2008	2009	2010	2011
Ameren	\$ 100	\$ 105.94	\$ 69.30	\$ 61.87	\$ 66.11	\$ 81.82
S&P 500 Index	100	105.49	66.46	84.04	96.70	98.74
EEI Index	100	116.56	86.37	95.62	102.35	122.81

Ameren management cautions that the stock price performance shown in the graph above should not be considered indicative of potential future stock price performance.



**Table of Contents****ITEM 6. SELECTED FINANCIAL DATA.****For the years ended December 31,**

(In millions, except per share amounts)	2011	2010	2009	2008	2007
<b>Ameren<sup>(a)</sup>:</b>					
Operating revenues	\$ 7,531	\$ 7,638	\$ 7,135	\$ 7,869	\$ 7,562
Operating income <sup>(b)</sup>	1,241	916	1,416	1,362	1,359
Net income attributable to Ameren Corporation	519	139	612	605	618
Common stock dividends	375	368	338	534	527
Earnings per share basic and diluted	2.15	0.58	2.78	2.88	2.98
Common stock dividends per share	1.555	1.54	1.54	2.54	2.54
As of December 31:					
Total assets	\$ 23,645	\$ 23,511	\$ 23,702	\$ 22,671	\$ 20,752
Long-term debt, excluding current maturities	6,677	6,853	7,111	6,554	5,689
Preferred stock subject to mandatory redemption	-	-	-	-	16
Total Ameren Corporation stockholders' equity	7,919	7,730	7,856	6,963	6,752
<b>Ameren Missouri:</b>					
Operating revenues	\$ 3,383	\$ 3,197	\$ 2,874	\$ 2,960	\$ 2,961
Operating income <sup>(b)</sup>	609	711	566	514	590
Net income available to common stockholder	287	364	259	245	336
Dividends to parent	403	235	175	264	267
As of December 31:					
Total assets	\$ 12,757	\$ 12,504	\$ 12,219	\$ 11,529	\$ 10,903
Long-term debt, excluding current maturities	3,772	3,949	4,018	3,673	3,208
Total stockholders' equity	4,037	4,153	4,057	3,562	3,601
<b>Ameren Illinois:</b>					
Operating revenues	\$ 2,787	\$ 3,014	\$ 2,984	\$ 3,508	\$ 3,380
Operating income	458	498	363	191	195
Income from continuing operations	196	212	133	41	56
Net income available to common stockholder	193	248	241	87	114
Dividends to parent	327	133	98	60	101
As of December 31:					
Total assets <sup>(c)</sup>	\$ 7,213	\$ 7,406	\$ 8,298	\$ 8,023	\$ 7,101
Long-term debt, excluding current maturities	1,657	1,657	1,847	1,850	1,618
Preferred stock subject to mandatory redemption	-	-	-	-	16
Total stockholders' equity	2,452	2,576	3,072	2,655	2,635
<b>Genco:</b>					
Operating revenues	\$ 1,066	\$ 1,126	\$ 1,148	\$ 1,422	\$ 1,298
Operating income <sup>(b)</sup>	139	62	324	551	468
Net income (loss) attributable to Ameren Energy Generating Company	44	(39)	160	286	230
Dividends to parent	-	-	43	221	199
As of December 31:					
Total assets	\$ 2,572	\$ 2,607	\$ 2,920	\$ 2,592	\$ 2,288
Long-term debt, excluding current maturities	824	824	823	774	474
Subordinated intercompany notes (current)	-	-	176	145	172
Total Ameren Energy Generating Company stockholders' equity	1,018	998	1,004	868	857

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

(b) Includes Goodwill, impairment and other charges of \$125 million and \$589 million recorded at Ameren and \$35 million and \$170 million recorded at Genco, during the years ended December 31, 2011, and December 31, 2010, respectively. Includes Loss from regulatory disallowance of \$89 million recorded at Ameren Missouri during the year ended December 31, 2011.

(c) Includes total assets from discontinued operations of \$1,117 million, \$1,081 million, and \$865 million at December 31, 2009, 2008, and 2007, respectively.



---

**Table of Contents****ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.****OVERVIEW****Ameren Executive Summary***Operations*

During 2011, Ameren remained committed to providing its customers with safe, reliable, environmentally responsible and reasonably-priced energy while at the same time enhancing value for our shareholders. Ameren Missouri and Ameren Illinois seek to earn competitive returns on their investments by improving their regulatory frameworks and seeking rate increases as needed. Ameren's Merchant Generation business seeks to protect and enhance shareholder value by minimizing operating and capital spending during the current period of low power prices while advocating for regulatory policies and power market improvements that will lead to improved economics. Ameren is committed to allocating capital to projects that have an opportunity to earn a competitive return and to aligning its spending with regulatory outcomes and economic conditions.

There were several developments during 2011 and early 2012 that have the potential to improve the level or predictability of earned returns at Ameren Missouri and Ameren Illinois. In January 2012, Ameren Illinois elected to participate in the IEIMA's performance-based formula ratemaking process for electric delivery service. As a result, Ameren Illinois' electric delivery service earnings in 2012 and beyond are expected to reflect performance-based formula ratemaking, which will enable additional infrastructure investment and the creation of jobs. The improved infrastructure will enhance reliability and provide customers with the energy usage options made possible by smart meters. Also in January 2012, the ICC approved an increase in annual Ameren Illinois' revenues for natural gas delivery service. In 2011, Ameren Missouri received rate increases for its electric and natural gas businesses. In February 2012, Ameren Missouri filed an electric rate case with the MoPSC seeking to recover its operating and capital costs and to earn a fair return on investments made to serve its customers. In addition to that pending electric rate case, in January 2012, Ameren Missouri filed its first request with the MoPSC for approval of new and expanded energy efficiency programs along with a cost-recovery mechanism under the MEEIA. The MEEIA was designed to enable utilities to pursue cost effective energy efficiency programs by aligning the utility's financial incentives with those of its customers. Also, FERC is expected to issue an order on MISO's proposal to establish a capacity market within the RTO. The MISO proposal calls for the first annual capacity auction to be held in April 2013 for the June 2013 to May 2014 planning year. Ameren supports the MISO proposal as well as MISO's efforts to increase the amount of capacity that can be shared between MISO and PJM. Ameren will continue to advocate for a multi-year capacity construct to improve the functioning of power markets. The creation of a MISO capacity market would more accurately reflect the value of capacity, improve efficiency and reliability, and benefit customers over the long-term.

The Merchant Generation segment expects its cash flows from operating activities to exceed capital expenditures in 2012 reflecting the benefit of its forward power sales and hedging programs as well as actions taken to reduce spending. In early 2012, there has been a sharp decline in forward power prices. The decline in power prices is believed to be caused by factors such as declining natural gas prices and the stay of the CSAPR. It is unclear when legal and regulatory uncertainties related to CSAPR will be resolved and when natural gas prices will recover. As a result of the declining price of power, Merchant Generation and Genco have revised their capital spending plans. Genco is decelerating construction of its Newton energy center scrubber project, postponing installation until such time as the incremental investment necessary for completion is justified by visible market conditions. In addition, AERG has removed from its five-year capital expenditure plans the previously planned precipitator upgrades at its E.D. Edwards energy center. Merchant Generation believes these actions are the best path to achieving appropriate returns on incremental environmental investments during this period of low power prices. These Merchant Generation actions will reduce capital needs by approximately \$270 million from 2012 through 2014 compared to prior plans. Genco will decelerate the Newton scrubber project in a manner that preserves the value of the work commissioned to date. Genco has reduced its expected 2012 capital expenditures for the Newton scrubber project to approximately \$150 million. After 2012, Genco will perform minimal amounts of ongoing construction activities such that when the economics merit completing the Newton scrubber project, the project can be completed in an orderly and cost-effective manner.

Ameren plans to significantly grow its investment in electric transmission assets, which are regulated by FERC. Ameren expects to invest a total of approximately \$1.7 billion in transmission projects over the five-year period ending in 2016. Of that total, Ameren Illinois expects to invest \$900 million in transmission projects that are focused on local load growth and reliability needs. In December 2011, MISO approved the Illinois Rivers, Spoon River, and Mark Twain projects. ATX and ATXI's total investment in these three MISO-approved projects is expected to be more than \$1.2 billion through 2019, with potential investment of approximately \$750 million from 2012 to 2016. In 2012, ATXI is moving forward with the line routing and siting process for the Illinois Rivers project.

*Earnings*

Ameren reported net income of \$519 million, or \$2.15 per share, for 2011 compared with net income of \$139 million, or 58 cents per share, in 2010. The main factor contributing to the increase in earnings in 2011 compared with 2010 was a reduction in goodwill, impairment and other charges of \$464 million, or \$1.87 per share. The 2011 charges were the result of the MoPSC's July 2011 disallowance of costs of enhancements related to the rebuilding of Ameren Missouri's Taum Sauk energy

---

## **Table of Contents**

center in excess of amounts recovered from property insurance, as well as new environmental rules, the primary impact of which was Genco's closure of the Meredosia and Hutsonville energy centers. Ameren's earnings also increased in 2011, compared with 2010, because of higher electric utility rates for Ameren Missouri and Ameren Illinois and lower interest expense. Offsetting factors included reduced electric margins in the Merchant Generation segment due to lower realized power prices and higher fuel and transportation-related expenses; lower electric sales to native load utility customers due, in part, to summer temperatures that while warmer than normal, were below those of a very hot 2010; unrealized net losses on MTM activity related to nonqualifying power hedges and fuel-related contracts; and higher major storm repair expenses. Additionally, Ameren recorded a charge to earnings associated with the voluntary separation offers to eligible Ameren Missouri and Ameren Services employees during the fourth quarter of 2011.

### *Liquidity*

Cash flows from operations of \$1.9 billion were used to pay dividends to common stockholders of \$375 million and to fund capital expenditures of \$1.0 billion. At December 31, 2011, Ameren, on a consolidated basis, had available liquidity, in the form of cash on hand and amounts available under its existing credit facilities, of approximately \$2.2 billion, which was a \$300 million increase in the amount of available liquidity at December 31, 2010.

### *Capital Spending*

From 2012 through 2016, Ameren's cumulative capital spending is projected to range between \$6.5 billion and \$8.3 billion. Much of this spending is at Ameren's rate-regulated utilities, including a total of approximately \$750 million at ATX and ATXI, in the aggregate, to invest in their electric transmission assets. The Merchant Generation segment's capital spending is expected to be up to \$450 million, primarily for environmental compliance, from 2012 through 2016. The decision to make pollution control equipment investments in Ameren's Merchant Generation segment depends on whether the expected future market price for power reflects the increased cost of environmental compliance.

## **General**

Ameren, headquartered in St. Louis, Missouri, is a public utility holding company under PUHCA 2005, administered by FERC. Ameren's primary assets are the common stock of its subsidiaries. Ameren's subsidiaries are separate, independent legal entities with separate businesses, assets, and liabilities. These subsidiaries operate, as the case may be, rate-regulated electric generation, transmission, and distribution businesses, rate-regulated natural gas transmission and distribution businesses, and merchant electric generation businesses in Missouri and Illinois. Dividends on Ameren's common stock and the payment of other expenses by Ameren

depend on distributions made to it by its subsidiaries. Ameren's principal subsidiaries are listed below. See Note 1 – Summary of Significant Accounting Policies under Part II, Item 8, of this report for a detailed description of our principal subsidiaries.

Ameren Missouri operates a rate-regulated electric generation, transmission and distribution business, and a rate-regulated natural gas transmission and distribution business in Missouri.

Ameren Illinois operates a rate-regulated electric and natural gas transmission and distribution business in Illinois.

AER consists of non-rate-regulated operations, including Genco, AERG, Marketing Company and Medina Valley. The Medina Valley energy center was sold in February 2012. Genco operates a merchant electric generation business in Illinois and holds an 80% ownership interest in EEI.

On October 1, 2010, Ameren, CIPS, CILCO, IP, AERG and AER completed a two-step corporate internal reorganization. The first step of the reorganization was the Ameren Illinois Merger. Upon consummation of the Ameren Illinois Merger, the separate legal existence of CILCO and IP ended. The second step of the reorganization involved the distribution of AERG stock from Ameren Illinois to Ameren and the subsequent contribution by Ameren of the AERG stock to AER. The Ameren Illinois Merger and the distribution of AERG stock were accounted for as transactions between entities under common control. In accordance with authoritative accounting guidance, assets and liabilities transferred between entities under common control were accounted for at the historical cost basis of the common parent, Ameren, as if the transfer had occurred at the beginning of the earliest reporting period presented. Ameren's historical cost basis in Ameren Illinois included purchase accounting adjustments related to Ameren's acquisition of CILCORP in 2003. Ameren Illinois accounted for the AERG distribution as a spinoff. Ameren Illinois transferred AERG to Ameren based on AERG's carrying value. Ameren Illinois has segregated AERG's operating results and cash flows and presented them separately as discontinued operations in its consolidated statement of income and consolidated statement of cash flows, respectively, for all periods presented prior to October 1, 2010, in this report. For Ameren's financial statements, AERG's results of operations remain classified as continuing operations. See Note 16 – Corporate Reorganization and Discontinued Operations under Part II, Item 8, for additional information.

## Edgar Filing: Ameren Illinois Co - Form 10-K

Effective January 1, 2010, as part of an internal reorganization, AER transferred its 80% stock ownership interest in EEI to Genco through a capital contribution. The transfer of EEI to Genco was accounted for as a transaction between entities under common control, whereby Genco accounted for the transfer at the historical carrying value of the parent (Ameren) as if the transfer had occurred at the beginning of the earliest reporting period presented. Ameren's historical cost basis in EEI included purchase

## **Table of Contents**

accounting adjustments relating to Ameren's acquisition of an additional 20% ownership interest in EEI in 2004. This transfer required Genco's prior-period financial statements to be retrospectively combined for all periods presented. Consequently, Genco's prior-period consolidated financial statements reflect EEI as if it had been a subsidiary of Genco. Ameren and Genco consolidate EEI for financial reporting purposes.

The financial statements of Ameren are prepared on a consolidated basis and therefore include the accounts of its majority-owned subsidiaries. All significant intercompany transactions have been eliminated. All tabular dollar amounts are in millions, unless otherwise indicated.

In addition to presenting results of operations and earnings amounts in total, we present certain information in cents per share. These amounts reflect factors that directly affect Ameren's earnings. We believe this per share information helps readers to understand the impact of these factors on Ameren's earnings per share. All references in this report to earnings per share are based on average diluted common shares outstanding.

## **RESULTS OF OPERATIONS**

### **Earnings Summary**

Our results of operations and financial position are affected by many factors. Weather, economic conditions, and the actions of key customers or competitors can significantly affect the demand for our services. Our results are also affected by seasonal fluctuations: winter heating and summer cooling demands. The vast majority of Ameren's revenues are subject to state or federal regulation. This regulation has a material impact on the price we charge for our services. Merchant Generation sales are also subject to market conditions for power. We principally use coal, nuclear fuel, natural gas, and oil for fuel in our operations. The prices for these commodities can fluctuate significantly due to the global economic and political environment, weather, supply and demand, and many other factors. We have natural gas cost recovery mechanisms for our Illinois and Missouri natural gas delivery service businesses, a purchased power cost recovery mechanism for our Illinois electric delivery service business, and a FAC for our Missouri electric utility business. Fluctuations in interest rates and conditions in the capital and credit markets affect our cost of borrowing and our pension and postretirement benefits costs. We employ various risk management strategies to reduce our exposure to commodity risk and other risks inherent in our business. The reliability of our energy centers and transmission and distribution systems and the level of purchased power costs, operations and maintenance costs, and capital investment are key factors that we seek to control to optimize our results of operations, financial position, and liquidity.

Net income attributable to Ameren Corporation was \$519 million, or \$2.15 per share, for 2011, \$139 million, or \$0.58 per share, for 2010, and \$612 million, or \$2.78 per share, for 2009.

### **2011 versus 2010**

Net income attributable to Ameren Corporation increased \$380 million, and earnings per share increased \$1.57 in 2011 compared with 2010. The Merchant Generation segment reported net income attributable to Ameren Corporation of \$45 million in 2011, compared with a \$409 million net loss in 2010. Net income attributable to Ameren Corporation decreased in the Ameren Missouri and Ameren Illinois Regulated segments by \$77 million and \$15 million, respectively, in 2011 compared with 2010.

Compared with 2010 earnings per share, 2011 earnings were favorably affected by:

- reduced goodwill, impairment and other charges in the Merchant Generation segment offset, in part, by a charge to earnings related to the MoPSC's July 2011 disallowance of costs of enhancements relating to the rebuilding of the Taum Sauk energy center in excess of amounts recovered from property insurance (\$1.87 per share);

- higher Ameren Missouri electric rates pursuant to orders issued by the MoPSC, which became effective in June 2010 and in July 2011, as well as higher Ameren Missouri natural gas rates pursuant to a MoPSC order, which became effective in late February 2011. The impact of the Ameren Missouri electric rate increases on earnings was reduced by the adoption of life span depreciation methodology, recognition in 2010 of regulatory assets for previously-expensed costs in the prior-year period, and increased regulatory asset amortization as directed by the rate orders (17 cents per share). These amounts exclude the unfavorable impact of the charge to earnings related to the MoPSC's disallowance of Taum Sauk rebuilding costs discussed above;

- lower interest expense, primarily due to the maturity and repayment of \$200 million of Genco's senior secured notes in November 2010, the redemption of \$66 million of Ameren Missouri's subordinated deferrable interest debentures in September 2010, Ameren Illinois redemptions of \$150 million of senior secured notes and \$40 million of first mortgage bonds in June 2011 and September 2010, respectively, and a reduction in borrowings under credit facility agreements (12 cents per share);

## Edgar Filing: Ameren Illinois Co - Form 10-K

higher Ameren Illinois electric rates pursuant to orders issued by the ICC in 2010 (6 cents per share);  
the absence in 2011 of a charge for the impact on deferred taxes from changes in federal health care laws (6 cents per share);  
the absence in 2011 of charges recorded in 2010 for cancelled or unrecoverable projects at Ameren Missouri (6 cents per share);  
a reduction in operations and maintenance expense related to plant maintenance, primarily at Ameren Missouri, as fewer costs were incurred for major outages at coal-fired energy centers as the scope of the outages in 2011 was not as extensive as the scope of the outages conducted in 2010 (5 cents per share); and

**Table of Contents**

reduction in expense as a result of disciplined cost management efforts to align spending with regulatory outcomes and economic conditions.

Compared with 2010 earnings per share, 2011 earnings were unfavorably affected by:

lower electric margins in the Merchant Generation segment, largely due to lower realized revenue per megawatthour sold and higher fuel and related transportation costs (21 cents per share). This amount excludes the unfavorable impacts of net unrealized MTM activity discussed below. See Outlook for expected trends in future coal, transportation and power prices;

reduced rate-regulated retail sales volumes, excluding the effects of abnormal weather, as sales volumes declined due to continued economic pressure, energy efficiency measures, and customer conservation efforts as well as lower wholesale sales at Ameren Missouri due to a reduction in customers and the expiration of favorably priced contracts, among other items (15 cents per share);

unrealized net losses on MTM activity primarily related to nonqualifying power hedges and fuel-related contracts as well as unfavorable changes in the market value of investments used to support Ameren's deferred compensation plans (10 cents per share);

the impact of weather conditions on electric and natural gas demand (estimated at 10 cents per share);

increased operations and maintenance expenses as a result of major storms in 2011 (9 cents per share);

a reduction in allowance for equity funds used during construction reflecting the 2010 completion of two scrubbers at Ameren Missouri's Sioux energy center (8 cents per share);

increased operations and maintenance expenses associated with voluntary separation offers to eligible Ameren Missouri and Ameren Services employees during the fourth quarter of 2011 (7 cents per share);

a reduction in revenues resulting from the MoPSC's April 2011 order with respect to its FAC review for the period from March 1, 2009, to September 30, 2009, that resulted in Ameren Missouri recording an obligation to refund to its electric customers the earnings associated with certain previously recognized sales. See Note 2 Rate and Regulatory Matters under Part II, Item 8, of this report for additional information (5 cents per share); and

an increase in depreciation and amortization expense caused primarily by the installation of scrubbers at Ameren Missouri's Sioux energy center as well as other capital additions (4 cents per share).

The cents per share information presented above is based on average shares outstanding in 2010.

**2010 versus 2009**

Net income attributable to Ameren Corporation decreased \$473 million, and its earnings per share decreased \$2.20 in 2010 compared with 2009. Net income

attributable to Ameren Corporation increased in the Ameren Missouri and Ameren Illinois Regulated segments by \$105 million and \$81 million, respectively, in 2010 compared with 2009, while net income attributable to Ameren Corporation in the Merchant Generation segment decreased by \$656 million in 2010 compared with 2009.

Compared with 2009 earnings per share, 2010 earnings were negatively affected by:

the 2010 impairment of goodwill, intangible assets, and long-lived assets within the Merchant Generation segment due to the sustained decline in market prices for electricity, industry market multiples becoming observable at lower levels than previously estimated, and potentially more stringent environmental regulations (\$2.19 per share);

lower realized electric margins in the Merchant Generation segment largely due to lower realized revenue per megawatthour sold and higher fuel and related transportation costs (79 cents per share). This amount excludes the unfavorable impacts of net unrealized MTM activity on nonqualifying power hedges discussed below;

higher dilution (23 cents per share) caused by an increase in the average number of common shares outstanding, largely because of a September 2009 common stock issuance, the proceeds of which were used to make investments in Ameren's rate-regulated utilities. The impact of dilution was offset by higher earned returns on investments at Ameren's rate-regulated utilities and lower financing costs; costs associated with the Callaway energy center's scheduled refueling and maintenance outage in 2010. There was no Callaway refueling and maintenance outage in 2009 (12 cents per share);

increased depreciation and amortization expenses, primarily due to capital additions placed in service at the Merchant Generation segment in late 2009 and early 2010, excluding the impacts at Ameren Missouri of the May 2010 MoPSC electric rate order discussed below (9 cents per share);

## Edgar Filing: Ameren Illinois Co - Form 10-K

a reduced gain from net unrealized MTM activity on nonqualifying power hedges and from changes in the market value of investments used to support Ameren's deferred compensation plans (6 cents per share); and  
the impact on deferred taxes from changes in federal health care laws (6 cents per share).

Compared with 2009 earnings per share, 2010 earnings were favorably affected by:

the impact of weather conditions on energy demand (estimated at 40 cents per share);  
higher Ameren Missouri electric rates pursuant to the MoPSC 2009 and 2010 electric rate orders effective in May 2009 and in June 2010, respectively, offset by the adoption of the life span depreciation methodology and increased regulatory asset amortization as directed by the MoPSC 2010 electric rate order (27 cents per share);  
the favorable impact on electric and natural gas margins in our rate-regulated businesses from higher weather-normalized sales volumes (exclusive of higher sales to Noranda discussed below), largely due to



**Table of Contents**

improved economic conditions and higher wholesale sales margins at Ameren Missouri because of additional customers and higher-priced wholesale sales contracts, among other things (20 cents per share);  
 increased Ameren Missouri sales to Noranda as its smelter plant gradually returned to full capacity by the end of the first quarter of 2010 after a January 2009 severe ice storm significantly reduced the plant's capacity (11 cents per share);  
 a reduction in financing expenses caused primarily by an increase in the allowance for funds used during construction at Ameren Missouri for the installation of two scrubbers at its Sioux energy center (10 cents per share);  
 higher Ameren Illinois electric and natural gas net delivery rates pursuant to the ICC 2010 rate orders, which became effective in May and November 2010 (9 cents per share); and  
 reduced charges in 2010 relating to workforce reductions through voluntary and involuntary separation programs (4 cents per share).  
 The cents per share information presented above is based on average shares outstanding in 2009.

For additional details regarding the Ameren Companies' results of operations, including explanations of Margins, Other Operations and Maintenance Expenses, Goodwill, Impairment and Other Charges, Depreciation and Amortization, Taxes Other Than Income Taxes, Interest Charges, and Income Taxes, see the major headings below.

Below is a table of income statement components by segment for the years ended December 31, 2011, 2010, and 2009:

	Ameren			Other / Intersegment Eliminations	Total
	Ameren Missouri	Illinois Regulated Segment	Merchant Generation		
<b>2011</b>					
Electric margins	\$ 2,252	\$ 1,087	\$ 668	\$ (10)	\$ 3,997
Natural gas margins	79	354	-	(2)	431
Other revenues	5	1	3	(9)	-
Other operations and maintenance	(934)	(640)	(285)	39	(1,820)
Goodwill, impairment and other charges	(89)	-	(37)	1	(125)
Depreciation and amortization	(408)	(215)	(143)	(19)	(785)
Taxes other than income taxes	(296)	(129)	(24)	(8)	(457)
Other income and (expenses)	51	1	1	(7)	46
Interest charges	(209)	(136)	(105)	(1)	(451)
Income (taxes) benefit	(161)	(127)	(32)	10	(310)
Net income (loss)	290	196	46	(6)	526
Noncontrolling interest and preferred dividends	(3)	(3)	(1)	-	(7)
Net income (loss) attributable to Ameren Corporation	\$ 287	\$ 193	\$ 45	\$ (6)	\$ 519
<b>2010</b>					
Electric margins	\$ 2,233	\$ 1,096	\$ 780	\$ (17)	\$ 4,092
Natural gas margins	75	375	-	(2)	448
Other revenues	1	-	-	(1)	-
Other operations and maintenance	(931)	(635)	(287)	32	(1,821)
Goodwill, impairment and other charges	-	-	(589)	-	(589)
Depreciation and amortization	(382)	(210)	(146)	(27)	(765)
Taxes other than income taxes	(285)	(128)	(26)	(10)	(449)
Other income and (expenses)	70	(6)	1	(8)	57
Interest charges	(213)	(143)	(133)	(8)	(497)
Income (taxes) benefit	(199)	(137)	(6)	17	(325)
Net income (loss)	369	212	(406)	(24)	151
Noncontrolling interest and preferred dividends	(5)	(4)	(3)	-	(12)
Net income (loss) attributable to Ameren Corporation	\$ 364	\$ 208	\$ (409)	\$ (24)	\$ 139
<b>2009</b>					
Electric margins	\$ 1,983	\$ 917	\$ 1,012	\$ (22)	\$ 3,890
Natural gas margins	73	373	-	-	446
Other revenues	4	4	-	(8)	-
Other operations and maintenance	(880)	(590)	(333)	35	(1,768)
Goodwill, impairment and other charges	-	-	(7)	-	(7)

## Edgar Filing: Ameren Illinois Co - Form 10-K

Depreciation and amortization	(357)	(216)	(126)	(26)	(725)
Taxes other than income taxes	(257)	(125)	(28)	(10)	(420)
Other income and (expenses)	56	2	1	(11)	48
Interest charges	(229)	(153)	(119)	(7)	(508)
Income (taxes) benefit	(128)	(79)	(151)	26	(332)
Net income (loss)	265	133	249	(23)	624
Noncontrolling interest and preferred dividends	(6)	(6)	(2)	2	(12)
Net income (loss) attributable to Ameren Corporation	\$ 259	\$ 127	\$ 247	\$ (21)	\$ 612

**Table of Contents****Margins**

The following table presents the favorable (unfavorable) variations in the registrants' electric and natural gas margins from the previous year. Electric margins are defined as electric revenues less fuel and purchased power costs. Natural gas margins are defined as gas revenues less gas purchased for resale. The table covers the years ended December 31, 2011, 2010, and 2009. We consider electric and natural gas margins useful measures to analyze the change in profitability of our electric and natural gas operations between periods. We have included the analysis below as a complement to the financial information we provide in accordance with GAAP. However, these margins may not be a presentation defined under GAAP, and may not be comparable to other companies' presentations or more useful than the GAAP information we provide elsewhere in this report.

2011 versus 2010	Ameren Illinois Regulated				Ameren
	Ameren Missouri	Segment	Genco	Other <sup>(a)</sup>	
Electric revenue change:					
Effect of weather (estimate) <sup>(b)</sup>	\$ (29)	\$ (7)	\$ -	\$ -	\$ (36)
Regulated rates:					
Higher base rates	172	29	-	-	201
Recovery of FAC under-recovery <sup>(c)</sup>	89	-	-	-	89
Off-system revenues	53	-	-	-	53
FAC disallowance	(17)	-	-	-	(17)
Transmission services	1	(4)	-	3	-
Illinois pass-through power supply costs	-	(112)	-	(1)	(113)
Energy efficiency programs and environmental remediation cost riders	-	6	-	-	6
Bad debt rider	-	(17)	-	-	(17)
Rate-regulated sales (excluding the impact of abnormal weather)	(37)	(15)	-	-	(52)
Wholesale revenues	(43)	-	-	-	(43)
Merchant Generation sales price changes, including hedge effect	-	-	(58)	(3)	(61)
Net unrealized MTM losses	(2)	-	(4)	(12)	(18)
Non-rate-regulated sales and other	5	(1)	2	11	17
Total electric revenue change	\$ 192	\$ (121)	\$ (60)	\$ (2)	\$ 9
Fuel and purchased power change:					
Fuel:					
Merchant Generation production volume and other	\$ -	\$ -	\$ (2)	\$ 14	\$ 12
Fuel and transportation costs included in base rates	(84)	-	-	-	(84)
Recovery of FAC under-recovery <sup>(c)</sup>	(89)	-	-	-	(89)
Net unrealized MTM losses	-	-	(6)	(2)	(8)
Price - Merchant Generation	-	-	(11)	(6)	(17)
Merchant Generation purchased power and other	-	-	6	(37)	(31)
Illinois pass-through power supply costs	-	112	-	1	113
Total fuel and purchased power change	\$ (173)	\$ 112	\$ (13)	\$ (30)	\$ (104)
<b>Net change in electric margins</b>	<b>\$ 19</b>	<b>\$ (9)</b>	<b>\$ (73)</b>	<b>\$ (32)</b>	<b>\$ (95)</b>
Natural gas margins change:					
Effect of weather (estimate) <sup>(b)</sup>	\$ (1)	\$ (5)	\$ -	\$ -	\$ (6)
Bad debt rider	-	(14)	-	-	(14)
Change in base rates	5	3	-	-	8
Energy efficiency programs and environmental remediation cost riders	-	(1)	-	-	(1)
Sales (excluding impact of abnormal weather) and other	-	(4)	-	-	(4)
<b>Net change in natural gas margins</b>	<b>\$ 4</b>	<b>\$ (21)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (17)</b>

**Table of Contents**

	<b>Ameren Illinois Regulated</b>				
<b>2010 versus 2009</b>	<b>Ameren Missouri</b>	<b>Segment</b>	<b>Genco</b>	<b>Other<sup>(a)</sup></b>	<b>Ameren</b>
<b>Electric revenue change:</b>					
Effect of weather (estimate) <sup>(b)</sup>	\$ 134	\$ 40	\$ -	\$ -	\$ 174
<b>Regulated rates:</b>					
Higher base rates	162	41	-	-	203
Recovery of FAC under-recovery <sup>(c)</sup>	60	-	-	-	60
Off-system revenues	(102)	-	-	-	(102)
Noranda sales	54	-	-	-	54
Transmission services	7	42	-	-	49
Illinois pass-through power supply costs	-	(83)	-	303	220
Energy efficiency programs and environmental remediation cost riders	-	29	-	-	29
Bad debt rider	-	14	-	-	14
Rate-regulated sales (excluding the impact of abnormal weather)	9	16	-	-	25
Wholesale revenues	(4)	-	-	-	(4)
Merchant Generation sales price changes, including hedge effect	-	-	(81)	(162)	(243)
2007 Illinois Electric Settlement Agreement, net of reimbursement	-	10	10	3	23
Net unrealized MTM gains (losses)	-	-	(1)	50	49
Non-rate-regulated sales and other	10	(13)	50	(17)	30
<b>Total electric revenue change</b>	<b>\$ 330</b>	<b>\$ 96</b>	<b>\$ (22)</b>	<b>\$ 177</b>	<b>\$ 581</b>
<b>Fuel and purchased power change:</b>					
<b>Fuel:</b>					
Merchant Generation production volume and other	\$ -	\$ -	\$ (38)	\$ (9)	\$ (47)
Fuel and transportation costs included in base rates	9	-	-	-	9
Recovery of FAC under-recovery <sup>(c)</sup>	(60)	-	-	-	(60)
Net unrealized MTM losses	(29)	-	(18)	(4)	(51)
Price Merchant Generation	-	-	(51)	(20)	(71)
Merchant Generation purchased power and other	-	-	11	50	61
Illinois pass-through power supply costs	-	83	-	(303)	(220)
<b>Total fuel and purchased power change</b>	<b>\$ (80)</b>	<b>\$ 83</b>	<b>\$ (96)</b>	<b>\$ (286)</b>	<b>\$ (379)</b>
<b>Net change in electric margins</b>	<b>\$ 250</b>	<b>\$ 179</b>	<b>\$ (118)</b>	<b>\$ (109)</b>	<b>\$ 202</b>
<b>Natural gas margins change:</b>					
Effect of weather (estimate) <sup>(b)</sup>	\$ -	\$ 1	\$ -	\$ -	\$ 1
Bad debt rider	-	15	-	-	15
Change in base rates	-	(11)	-	-	(11)
Energy efficiency programs and environmental remediation cost riders	-	1	-	-	1
Net unrealized MTM losses	-	(6)	-	-	(6)
Sales (excluding impact of abnormal weather) and other	2	2	-	(2)	2
<b>Net change in natural gas margins</b>	<b>\$ 2</b>	<b>\$ 2</b>	<b>\$ -</b>	<b>\$ (2)</b>	<b>\$ 2</b>

(a) Includes amounts for nonregistrant subsidiaries (largely made up of other Merchant Generation) and intercompany eliminations.

(b) Represents the estimated margin impact resulting from the effects of changes in cooling and heating degree-days on electric and natural gas demand compared to the prior-year based on temperature readings from the National Oceanic and Atmospheric Administration.

(c) Represents the change in the net recovery of fuel costs under the FAC recovered from customer rates, with corresponding offsets to fuel expense.

**2011 versus 2010***Ameren*

Ameren's electric margins decreased by \$95 million, or 2%, in 2011 compared with 2010. The following items had an unfavorable impact on Ameren's electric margins:

## Edgar Filing: Ameren Illinois Co - Form 10-K

Lower sales prices, including hedge effects, at the Merchant Generation segment due to reductions in higher-margin sales resulting from the expiration of the 2006 auction power supply agreements on May 31, 2010, and lower market prices resulting in fewer opportunities for economic power sales, which decreased margins by \$61 million.

Excluding the estimated impact of abnormal weather, rate-regulated retail sales volumes declined 1%, attributable to continued economic pressure, energy efficiency measures and customer conservation efforts, which decreased revenues by \$52 million.