BEFORE THE ILLINOIS POLLUTION CONTROL BOARD

AMEREN ENERGY GENERATING COMPANY, AMERENENERGY RESOURCES GENERATING COMPANY, AND ELECTRIC ENERGY, INC.,	)	
Petitioners,	)	
v.	)	**PCB 09-21 (Variance – Air)**
ILLINOIS ENVIRONMENTAL PROTECTION AGENCY,	)	
Respondent.	)	

NOTICE OF FILING

To: ALL PARTIES ON THE ATTACHED SERVICE LIST

PLEASE TAKE NOTICE that we have today electronically filed with the Office of the Clerk of the Pollution Control Board **MOTION FOR RECONSIDERATION** and **WAIVER OF DECISION DEADLINE**, copies of which are herewith served upon you.

Kathleen C. Bassi

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Dated: February 19, 2009

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MOTION FOR RECONSIDERATION

NOW COME the Petitioners, AMEREN ENERGY GENERATING COMPANY, AMERENENERGY RESOURCES GENERATING COMPANY, and ELECTRIC ENERGY, INC. (collectively, "Ameren," "Petitioners," or the "Company"), by and through their attorneys, SCHIFF HARDIN LLP, and pursuant to 35 Ill. Adm. Code § 101.520 move the Illinois Pollution Control Board ("Board") for reconsideration of its January 22, 2009, Opinion and Order ("Order") denying Petitioners' request for variance from a single provision of the Illinois Multi-Pollutant Standard ("MPS"), 35 Ill. Adm. Code § 225.233, for a two-year period commencing January 1, 2013, and ending December 31, 2014. This motion is filed in accordance with the requirements of 35 Ill. Adm. Code § 101.520. In issuing its denial, the Board fundamentally misconstrues whether such relief was "permanent" or "temporary" in nature. Ameren respectfully requests that the Board reverse its finding that the Petition for Variance ("Petition") was not the proper regulatory relief mechanism to obtain temporary relief from Section 225.233(e) of the MPS. In addition, because the statutory decision deadline of 120 days from original filing has elapsed, Ameren requests that the Board consider Ameren's Petition on its merits based on the record as incorporated under PCB 09-21 by March 25, 2009. Because time is of the essence and the relief sought is of critical importance to Ameren, with the concurrence of the Illinois Environmental Protection Agency ("IEPA" or "Agency") Ameren has filed within the pending rulemaking entitled *In the Matter of: Proposed Amendments to 35 Ill. Adm. Code 225 Control of Emissions from Large Combustion Sources,* Docket No. R09-10 an amendment to the MPS incorporating the emission rate revisions contemplated by the Petition.

I. INTRODUCTION

In order to comply with the MPS's emission rate for sulfur dioxide ("SO_2") in 2013, Ameren will need to construct five to six scrubbers at four of its power stations. The design, construction, and procurement lead times require the commencement of such activities in early 2009. At the same time, the regulatory horizon – ranging from the off-again, on-again status of CAIR and the prospect of carbon legislation – could not be more murky. The economy is now in near collapse with capital markets all but closed to most companies. Construction projects associated with environmental requirements range in the billions of dollars, the vast majority of which must be financed in a practically inaccessible capital market. All of these factors drove Ameren to seek a single revision to the MPS so that critical decision-making that potentially impacts the long-term viability of these generating assets can be prudently made. The revision proposed by Ameren will, in effect, allow the Company to defer a portion of critical capital expenditures over a narrow two-year window during which time the regulatory framework should become more certain and stability should return to the capital market. At the same time, construction projects relating to mercury control, including the completion of three scrubbers, will continue unabated.

Ameren's Petition sought temporary relief from a single SO_2 emission rate found within Section 225.233(e) of the MPS, for a limited period of time. The form of relief was chosen because (a) Ameren will ultimately comply with the SO_2 emission rate no later than January 1, 2015; and (b) most importantly, because of construction lead time, the timing of such temporary relief is extremely critical. A variance petition was and is the most certain mechanism for timely, temporary relief. Mindful that any changes to the MPS could be considered controversial, Ameren worked closely with the Agency to ensure that Ameren's request included conditions to offset any environmental impact resulting from the temporary relief. Notably, the Agency did not object to the form or nature of the variance request with the inclusion of the proposed conditions. However, since the variance conditions comprised various rates different from those currently codified in the MPS, the Agency requested that such rates be folded into a permanent regulation. In addition to still needing the temporary variance relief, Ameren agreed to pursue an amendment to the MPS to reflect the emission limitations included in the conditions to the variance. However, Ameren wishes to stress again, the specific relief that Ameren seeks here and through its Petition is from the requirement to comply with the SO_2 emission rate of 0.33 lbs/mmBtu from January 1, 2013, through December 31, 2014.

At the regulatory decision deadline, the Board denied Ameren's Petition on procedural grounds without considering the merits of the Petition.[1] Specifically, the Board concluded that the Petition was "not appropriate relief for Ameren in that Ameren is seeking to be excused from compliance and does not plan to comply with the provisions of Section 225.233(e)(2)(A)." *See*

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[1] Notably, this was the very first indication, of any kind, to Ameren that the Board Majority believed the regulatory relief mechanism that Ameren pursued was not permissible. Had the Board Majority's concern been identified in the early stages of the proceeding, Ameren could have certainly clarified the nature of the relief it sought prior to the decision deadline, especially in light of the critical nature of the relief sought.

Order at 1. Ameren respectfully suggests that the Board misconstrued the scope of Ameren's requested relief. Ameren's request for relief has never been, and will never be, permanent in nature because Ameren will ultimately achieve compliance with both the 0.33 lbs/mmBtu SO_2 emission rate and the more stringent 0.25 lbs/mmBtu SO_2 emission rate under Section 225.233(e) of the MPS commencing January 1, 2015, and continuing thereafter. In considering Ameren's request for a variance, the Board effectively placed form over substance when it determined that Ameren would never comply with the regulation underlying the request for relief.

Ameren will be subject to arbitrary and unreasonable hardship if it does not obtain the relief requested in its Petition. Ameren has demonstrated that there is a net environmental benefit that would result from its variance with the conditions proposed. Therefore, consistent with case law and Board precedent, the Board should grant Ameren's variance. Accordingly, in addition to this motion for reconsideration, Ameren respectfully requests that the Board examine the merits of the Petition and grant Petitioner temporary relief from the SO_2 emission rate during the period of January 1, 2013, through December 31, 2014.

II. ARGUMENT

Ameren's Petition does not seek permanent relief from Section 225.233(e). Ameren is not relieved from compliance with the most stringent SO_2 emission rate of 0.25 lbs/mmBtu when it becomes effective under Section 225.233(e)(2)(B) on January 1, 2015. Ameren's compliance plan requires Ameren to take steps to meet the 0.25 lbs/mmBtu rate by January 1, 2015. By taking these steps, Ameren's compliance plan will ensure compliance with the 0.33 lbs/mmBtu rate by 2015.

Moreover, the Board is not precluded from substantively ruling on Ameren's Petition. Ameren agrees with Board Member Johnson that the Board's majority position, in application, is effectively form over substance. Ameren also agrees to an extension of the decision deadline as reasoned by Board Member Johnson in his dissent and hereby waives the Board's decision deadline to March 25, 2009, the same date that Board Member Johnson calculated is the decision deadline if the Response to the Agency's Recommendation were considered an amended petition. However, Ameren notes that a change in conditions to grant the requested relief should not restart the 120 variance decision period. Indeed, the Board has the authority to impose whatever conditions it believes are appropriate when it grants a variance. Accordingly, a waiver of the decision deadline until March 25, 2009, in accordance with 35 Ill. Adm. Code § 101.308 was filed concurrently with this motion.

A. <u>The Requested Relief Is Temporary in Nature Because Ameren Will Ultimately Achieve Compliance with Section 225.233(e)</u>

i. Regulatory Requirement for a Variance

The Board has consistently held that the purpose of a variance is to provide a petitioner with temporary relief from a regulation to allow the petitioner time to take steps necessary to ultimately achieve compliance. *See, e.g., Dept. of the Army vs. IEPA,* at 2, PCB 92-107 (October 1, 1992); *Monterey Coal Co. vs. IEPA*, at 4, PCB 91-251 (April 9, 1992). Variances cannot be used in "succession indefinitely as a means of attaining de facto permanent relief." *See Dept. of the Army*, at 2. Accordingly, ultimate compliance with the applicable regulation is the fundamental goal of a variance. In this instance, compliance with the 0.33 lbs/mmBtu SO_2 emission rate by 2013 will cause Ameren arbitrary and unreasonable hardship because of its current financial position and the general failure of the global economy. Ameren has asserted that it can comply with the 0.25 lbs/mmBtu SO_2 emission rate by 2015. Obviously, compliance with the more stringent rate subsumes compliance with the less stringent rate. Therefore, under its compliance plan, Ameren, contrary to the Board' statement at page 15 of its Order, will comply with the 0.33 lbs/mmBtu rate required by Section 225.233(e) and the relief, is, indeed, temporary.

A variance may not be of such duration that it prevents a petitioner from ever being required to achieve compliance with the applicable regulation. *See, generally, D & B Refuse Service, Inc. vs. IEPA,* PCB 92-12 (Feb. 6, 1992); *Land & Lakes Co. vs. IEPA,* PCB 91-217 (Jan. 23, 1992). Ameren's Petition is not similar in kind to instances where the Board has denied a variance on this ground because the variance sought by Ameren does not preclude compliance with, nor will it result in a continuing violation of, the applicable regulation. Thus, by means of comparison, the Board in *D & B Refuse Service*, denied a petitioner's request for variance on grounds that the variance effectively precluded the petitioner from ever having to demonstrate compliance with the applicable regulation. *See* PCB 92-12, at 2-3. In *D & B Refuse Service*, the petitioner requested a variance to extend the deadline under which it was allowed to close its landfill under "old" landfill regulations. The variance effectively would have permitted the petitioner to operate its landfill under "old" landfill regulations for a period of time in excess of what was permitted under the "new" regulations. However, at the end of the petitioner's requested variance period, the proposed compliance plan did not include a requirement for the petitioner to come into compliance with the then-effective regulation. Because the variance precluded the petitioner from ever complying with the controlling regulation, the Board determined that the petitioner's request was one of permanent relief and thus not appropriately addressed by means of a variance. *Id.* at 3.

Ameren's compliance plan in its Petition identified meeting a 0.25 lbs/mmBtu SO_2 emission rate by January 1, 2015. *See* Petition at 29. Ameren chose this emission rate because it was a rate enumerated in Section 225.233(e) of the MPS that was more stringent than the 0.33 lbs/mmBtu SO_2 emission rate. Recognizing that Ameren was not seeking relief from, and would in fact also comply with, the rule's requirement to achieve a 0.25 lbs/mmBtu SO_2 emission rate in calendar year 2015, it appears that the Board might have found Ameren's requested relief a proper request for a variance if Ameren had placed a requirement in the compliance plan to achieve a 0.33 lbs/mmBtu SO_2 emission rate on January 1, 2015. Should the Board grant Ameren's Petition, upon termination of the variance, the controlling regulation requires Ameren to comply with the existing 0.25 lbs/mmBtu SO_2 emission rate set forth in the MPS. Because 0.25 lbs/mmBtu is more stringent than 0.33 mm/Btu, Ameren will not only comply with the 2015 rate but will also comply with the 2013-2014 rate. Accordingly, Ameren's Petition is not one for permanent relief and is appropriately addressed by means of a variance.

ii. Ameren's Variance Request

The MPS requires compliance with declining SO_2 and nitrogen oxide ("NOx") emission rates over a finite period of time, including compliance with a final SO_2 emission rate beginning in calendar year 2015. With respect to SO_2 emission rates, Section 225.233(e) includes a requirement that eligible electric generating units ("EGUs") achieve a system-wide SO_2 emission rate of 0.33 lbs/mmBtu beginning on January 1, 2013, and continuing through December 31, 2014, and a final SO_2 emission rate of 0.25 lbs/mmBtu beginning on January 1, 2015, and continuing at that rate in each calendar year thereafter. Ameren's Petition sought relief from achieving only the declining SO_2 emission rate under Section 225.233(e) until calendar year

2015. Ameren's Petition acknowledges that it will come into compliance with the final SO_2 emission rate, and thereby the 2013-2014 rate, in accordance with the MPS.

To address the environmental harm analysis component of a variance request, Ameren agreed to a number of conditions that require SO_2 and NOx emission rates in addition to, and more stringent than, rates otherwise required under Section 225.233(e) of the MPS. Specifically, Ameren agreed to achieve earlier seasonal and annual NOx emission rates in calendar years 2010 and 2011 of 0.11 lbs/mmBtu and 0.14 lbs/mmBtu, respectively, an earlier SO_2 emission rate of 0.50 lbs/mmBtu in calendar years 2010 through 2013, a SO_2 emission rate of 0.43 lbs/mmBtu in calendar year 2014, and a more stringent SO_2 emission rate of 0.23 lbs/mmBtu beginning in 2017 and continuing thereafter in perpetuity. These conditions are not part of the relief requested; they are separate and apart from the actual relief requested and provide the grounds by which the Board can determine that there is no net environmental harm and so grant the relief requested.

Furthermore, these declining emission rates provided in the conditions reflect a goal of the MPS, which was to achieve significant reductions of SO_2 and NOx over the decade following adoption of the Illinois mercury rule. The conditions proposed in the Petition provide for reductions beginning in 2010, three years earlier than required by the MPS, declining to a different rate in 2014, another rate in 2015, and a final rate in 2017. Thus these conditions do not violate the spirit of the MPS and, moreover, provide environmental benefit in addition to that provided by the MPS, particularly through the final SO_2 emission limit of 0.23 lbs/mmBtu in 2017.

Finally, to ensure clarity for the Agency and public going into the future, Ameren agreed that it would seek to include these new rates, properly posed to the Board in this variance proceeding only as conditions of the variance, as an amendment to Section 225.233(e) in the mercury monitoring rulemaking proceeding (R09-10). It was not legally necessary for these rates to be included in a rule or to be made permanent through a separate Board rulemaking. A Board order granting the variance with these conditions and Ameren's Certificate of Acceptance would have been sufficient for these rates to apply to Ameren, to be properly included in Ameren's operating permits, and to be enforceable. Again, Ameren's main objective by agreeing to pursue a separate rulemaking to make the variance conditions permanent was to provide comfort to both the Agency and the public that conditions would be enforceable through regulation.

iii. The Unintended Results of the Board's Dismissal of the Petition for Variance

As previously stated, Section 225.233(e) contains declining SO_2 emission rates beginning in calendar year 2013 with an emission rate requirement of 0.33 lbs/mmBtu and ratcheting down to a final emission rate of 0.25 lbs/mmBtu beginning in calendar year 2015. While the requirement to achieve the 0.33 lbs/mmBtu emission rate is found in a different regulatory subsection (225.233(e)(2)(A)) than the 0.25 lbs/mmBtu emission rate (225.233(e)(2)(B)), there exists nothing in the regulatory language to suggest that the failure to comply with the 0.33 lbs/mmBtu emission rate in calendar years 2013 through 2014 precludes compliance with the 0.25 lbs/mmBtu in calendar year 2015.

The Honorable Tom E. Johnson in his Dissenting Opinion to the Board's Majority Order, ("Dissenting Opinion") identifies the real world application of the Board's interpretation in this proceeding when faced with the specific circumstances of this variance request. It is not necessary to restate in full the legal analysis supporting the determination in the Dissenting Opinion that a variance is an appropriate regulatory mechanism for the relief requested by the

Petitioners. However, Board Member Johnson insightfully points out the difficulty of the Board's logic when applied to Ameren's variance request:

> I believe it requires a strained interpretation of the [Environmental Protection] Act to find that the Board *would* have the authority to grant the variance petition if Ameren had only proposed complying with the 0.33 lbs/million Btu emission rate on December 31, 2014, the day before Ameren has agreed to comply with the 0.25 lbs/million Btu emission rate. I respectfully suggest that by the majority's logic, this change alone would render Ameren's requested relief "temporary" and thus a permissible matter for variance consideration.

See Dissenting Opinion at 3, PCB 09-21 (January 22, 2009).

Ameren's requested variance is temporary because it will ultimately achieve compliance with the final SO_2 emission rate under Section 225.233(e), thereby complying as well with the less stringent 0.33 lbs/mmBtu SO_2 emission rate. Ameren agrees with Board Member Johnson that the Board's Order is effectively form over substance. Ameren could commit to complying with a 0.33 lbs/mmBtu rate by January 1, 2015, thereby rectifying the Board's perceived procedural defect. By doing so, however, Ameren does not seek relief from the 0.25 lbs/mmBtu SO_2 emission rate commencing January 1, 2015.

Furthermore, Ameren does not believe that it is necessary for the Board to strain its interpretation of the meaning of a variance and impose a new termination date for the variance, *i.e.*, December 31, 2014, rather than January 1, 2015, in order to properly grant the variance as requested. The purpose of a variance is to provide temporary relief while concurrently encouraging and requiring future compliance. *See Monsanto Co. vs. Board*, 67 Ill.2d 276, 287 (1977). Ameren's Petition clearly achieves this purpose. Ameren respectfully disagrees with the Board's finding that a variance is not appropriate because "the requirements found in Section 225.233(e)(2)(A) would be replaced completely by the proposed variance." *See* Order at 15.

While the requirements of Section 225.233(e)(2)(A) are arguably "replaced" by the term of the variance, the ultimate requirement of Section 225.233(e) to achieve a final emission rate of 0.25 lbs/mmBtu in 2015 and continuing on thereafter is not and thus Ameren's compliance plan subsumes compliance with the 0.33 lbs/mmBtu rate.

Ameren's Petition provides temporary relief from Section 225.233(e) of the MPS from the requirement to achieve a 0.33 lbs/mmBtu SO_2 emission rate in calendar years 2013 and 2014. Ameren's compliance plan, included as part of its Petition, requires compliance with Section 225.233(e) upon completion of the term of the variance – *i.e.* commencing January 1, 2015, Ameren will comply with the 0.25 lbs/mmBtu SO_2 emission limit. Moreover, as a condition to obtaining relief from complying with less stringent SO_2 emission rates during calendar years 2013 and 2014, Ameren agreed to achieve an even more stringent SO_2 emission rate beginning on January 1, 2017. Thus, not only does the Petitioner's variance eventually achieve compliance with the applicable regulation, it in fact exceeds it.

B. Ameren's Petition for Variance Should Be Granted on its Merits

Should the Board reconsider its denial of Ameren's Petition and find that a variance is a permissible regulatory mechanism to achieve the requested temporary relief, Ameren respectfully requests that the Board consider the arbitrary and unreasonable hardship Ameren faces if it is unable to obtain relief from the SO_2 emission rate under the MPS during calendar years 2013 and 2014. As a result of the unforeseen and extreme financial conditions of the U.S. and global economies, as well as the regulatory and financial uncertainty that anticipated but undefined greenhouse gas ("GHG") legislation presents, Ameren will suffer severe economic hardship if the Board fails to grant Ameren relief from the SO_2 emission rate under Section 225.233(e)(2)(A). Because the Board is presented with the opportunity to review the Petition on the merits, Ameren herein summarizes and reasserts the substantial and unreasonable hardship arguments previously made before the Board in this proceeding.

i. Economic Hardship

A showing of economic hardship, alone, is sufficient justification to permit the Board to grant a variance if no or minimal environmental impact is demonstrated. *See, e.g.*, *Village of Lake Zurich v. IEPA*, at 6, PCB 97-77 (Feb. 20, 1997); *City of Farmington v. IEPA*, PCB 03-6 (Nov. 7, 2002) (variance granted on grounds that a denial would impose an economic hardship and that no adverse environmental impact will result); *General Motors Corp. v. IEPA*, PCB 88-193 (June 4, 1992) (variance granted where additional measures to reduce emissions were not economically feasible and no adverse environmental impact was demonstrated). The continued deterioration of global economic conditions and the U.S. capital and credit markets since the filing of Ameren's Petition in October 2008 has only exacerbated Ameren's economic hardship. Ameren's poor credit and investment quality ratings brought on by the economic downturn negatively impact its ability to attract the long-term financing necessary for compliance with the MPS. Faced with having to make immediate decisions regarding the installation of costly pollution control equipment to comply with the SO_2 emission rate requirement in calendar years 2013 and 2014 in a depressed market and without a reasonable opportunity to secure the requisite financing for such projects, compliance during 2013 and 2014 creates an arbitrary and unreasonable hardship for Ameren.

In fact, as recently as on February 13, 2009, and in an effort to preserve cash amid a deepening recession, Ameren Corporation slashed by 39% its common share dividends. A clear explanation of this decision is set forth in the *Ameren Press Release* attached hereto as **Attachment A** to this Motion. Recent credit ratings issued by the independent credit rating agency Moody's place Ameren Energy Generating Company[2] (AEG) at "Baa3" investment grade rating (just above "Junk Bond" status). The creditworthiness of AEG has a direct correlation to its ability to secure long-term financing on a reasonably priced basis of environmental expenditures. According, the assignment of the lowest investment grade ratings places AEG at a competitive disadvantage against more highly rated companies for accessing available capital necessary to carryout large environmental capital expenditures in the immediate future. *See* Pre-filed Testimony of Gary M. Rygh, Barclays Capital, Inc., R09-10 (Feb. 5, 2009), attached hereto as **Attachment B** to this Motion.

The pollution controls required to comply with the SO_2 emission rate in 2013 and 2014 are capital intensive and require a three to four year procurement period and engineering lead time. Ameren cannot finance these projects through day-to-day operations. These costs will need to be financed through long-term, permanent financing mechanisms. Investors' willingness to provide long-term, permanent financing to unregulated power producers such as Ameren's EGUs is based in large part on future power price expectations. In recent months, future power prices have moved down sharply. The detrimental impacts of this downturn can be seen in the fact that Ameren is aware of no long-term, permanent financings of unregulated generating entities of the magnitude required to finance these types of pollution control projects since the summer of 2008.

In sum, Ameren faces extreme economic pressures as a result of the economic downturn of the U.S. and global economic markets. Granting temporary relief from the SO_2 emission rate from January 1, 2013, through December 31, 2014, would allow Ameren to defer a small portion of its overall environmental capital commitment during a period of severe constraints on the

[2] Of the Ameren operating entities and subsidiaries, only Ameren Energy Generating Company has credit ratings.

ability to finance ongoing operations. In addition, Ameren believes that its ability to obtain financing and determine whether it is appropriate to add pollution controls to units, shut down units, or do both will become clearer within the next two years.

ii. Stranded Costs Due to Regulatory Uncertainty

The hardship of compliance with the SO_2 emission rate in calendar years 2013 and 2014 of the MPS is heightened by the anticipated cost of compliance associated with a federal GHG regulatory program. Merchant plant companies like Ameren's Illinois power stations face even greater uncertainty because they cannot assume they will recover their GHG compliance costs through rates paid by users, and yet they must also still remain competitive in the power-providing market.

There is currently no technology that can be applied to large coal-fired power plants to reduce or capture carbon dioxide ("CO_2") on a large scale – technology that will likely be necessary to comply with any GHG regulatory program. As a result, the options open to Ameren to meet any near-term CO_2 reduction goals would be to curtail or shut down coal-fired power stations or to switch to natural gas. Therefore, should a GHG regulatory program become law, Ameren risks major stranded investments in SO_2 pollution control equipment installed to comply with the SO_2 emission rate in calendar years 2013 and 2014. Ameren believes it will have a much clearer understanding of the CO_2 reduction requirement facing its power stations within the next two years, thus further supporting temporary relief from the MPS to allow Ameren more time to make sound investment decisions.

iii. Net Environmental Benefit

Ameren's arbitrary and unreasonable hardship is founded on the economic hardship imposed by compliance with the SO_2 emission rate in 2013 and 2014. The variance is justified based on the environmental benefit produced by Ameren's compliance with the emission rates and conditions required under the variance. Because Ameren has agreed to commit to early and more stringent SO_2 and NOx emission rates, the temporary relief from compliance with the 0.33 lbs/mmBtu SO_2 emission rate during calendar years 2013 and 2014 will not result in environmental harm. In fact, the variance in conjunction with the conditions the variance imposes will result in a net environmental benefit to the state. The Agency previously confirmed that Ameren's requested relief and associated conditions would confer a "small net environmental benefit." *See* Agency Recommendation at 10, PCB 09-21, November 17, 2008.

In exchange for relief from complying with the SO_2 emission rate under the MPS during 2013 and 2014, Ameren committed to a number of conditions. These conditions require Ameren to achieve (i) early seasonal and annual NOx emission rates beginning January 1, 2010, through December 31, 2011, of 0.11 lbs/mmBtu and 0.14 lbs/mmBtu, respectively; (ii) an early SO_2 emission rate of 0.50 lbs/mmBtu from January 1, 2010, through December 31, 2013; (iii) a SO_2 emission rate of 0.43 lbs/mmBtu from January 1, 2014, through December 31, 2014 and (iv) a more stringent SO_2 emission rate of 0.23 lbs/mmBtu beginning January 1, 2017, and continuing on thereafter. To assess the overall environmental effect of the relief requested in the variance and the aforementioned conditions, the Agency and Ameren evaluated projected mass emissions under the MPS and the variance over an eleven-year period. From data derived by reports provided by Ameren, the Agency calculated an average heat input for the Ameren MPS Group from 2000 through 2007 and multiplied that constant value by SO_2 and NOx emission rates to determine the total tons of SO_2 and NOx for the given period (2010 through 2020). The total tonnage of SO_2 and NOx calculated for this time period assuming Ameren's compliance with the MPS was then compared with the total tonnage for SO_2 and NOx projected under the variance in order to determine if compliance with the variance and associated conditions afforded a net environmental benefit. This evaluation, performed in the fall of 2008, confirmed that with the additional emission limitations required by the Agency, the variance had a net environmental benefit of 842 tons. Attached hereto as **Attachment C**, is a table depicting the annual projected SO_2 and NOx emissions and the environmental benefit of 842 tons.

In conjunction with its testimony submitted on the mercury monitoring rulemaking, R09-10, Ameren repeated the analysis but used updated data to include calendar year 2008. The results confirmed Ameren's representation and the Agency's prior statement in this variance proceeding that the proposed amendment would result in a net environmental benefit. The total projected baseline SO_2 and NOx emissions from the Ameren MPS Group under the MPS for the period of 2000 through 2008 was calculated at 868,138 tons.[3] The total projected SO_2 and NOx emissions for the same period, but under the variance, were calculated at 867,287 tons. Accordingly, the emission rates set forth in Ameren's variance and associated conditions will reduce the total SO_2 and NOx emissions for the period between 2010 and 2020 by 851 tons. A table depicting these annual projected SO_2 and NOx emissions and the environmental benefit of 851 tons is attached hereto as **Attachment D**. It is worth noting that while the calculations represent mass emissions out to only 2020, should the calculations have projected further into the future, the net environmental benefit would only have increased. This is because Ameren has committed, as a condition, to a more stringent SO_2 emission rate beginning in 2017 and continuing thereafter than otherwise required under Section 225.233(e) of the MPS.

[3] This tonnage value represents both compliance with the MPS and the estimated emissions occurring between 2010 and 2012 for those emission rates not yet set by the MPS.

III. CONCLUSION

Ameren respectfully requests that the Board reconsider Ameren's Petition and find that the variance is an appropriate regulatory mechanism to provide Ameren the temporary relief it seeks from the SO_2 emission rate under the MPS from January 1, 2013, through December 31, 2014. Moreover, because the Board denied Ameren's Petition on procedural grounds rather than on the merits, Ameren requests that the Board consider Ameren's Petition on the merits and waives the Board's decision deadline until March 25, 2009. Ameren requests that the Board grant the relief requested so as to provide Ameren with additional time necessary to address the severe economic conditions and regulatory uncertainty that make compliance with the SO_2 emission rate during 2013 and 2014 an arbitrary and unreasonable hardship. The substantial economic hardship that Ameren faces is sufficient grounds for the Board to grant the requested variance because Ameren has demonstrated, and the Agency also agrees, that compliance with the terms of the variance would provide the state with a net environmental benefit. The relief sought is of critical importance to Ameren. As the Board is aware, as a complement to this proceeding, Ameren is seeking codification of the conditions identified in the Petition through an amendment to the MPS in the R09-10 rulemaking. Although Ameren wishes for the Board to act expeditiously to adopt the pending rulemaking proposal, incorporating Ameren's amendment, time is of the essence, and Ameren respectfully requests that the Board consider Ameren's Petition on its merits and grant Ameren's request for temporary relief.

Respectfully submitted,

AMEREN ENERGY GENERATING COMPANY, AMERENENERGY RESOURCES GENERATING COMPANY, and ELECTRIC ENERGY, INC.,

by:

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ATTACHMENT A

Ameren Announces 2008 Earnings

Feb 13, 2009

ISSUES 2009 EARNINGS GUIDANCE

REDUCES DIVIDEND RATE

- 2008 Earnings in Line with Previous Guidance

- Announces 2009 Guidance Range of GAAP $2.68 to $3.08 and Core (non-GAAP) $2.75 to $3.15 Earnings per Share

- Common Dividend Reduced to $1.54 per Share Annualized Rate

- Company Reaffirms Commitment to Strategy of Investing in Energy Infrastructure

- Current Available Liquidity Remains Solid at Approximately $1.3 Billion

- Analyst Conference Call Tuesday, Feb. 17 at 7 AM CT (Note Date & Time Change)

ST. LOUIS, Feb. 13 /PRNewswire-FirstCall/ -- Ameren Corporation today announced 2008 net income in accordance with generally accepted accounting principles (GAAP) of $605 million, or $2.88 per share, compared to 2007 GAAP net income of $618 million, or $2.98 per share. Excluding certain items in each year, Ameren recorded 2008 core (non-GAAP) net income of $622 million, or $2.95 per share, compared to 2007 core (non-GAAP) net income of $685 million, or $3.30 per share.

2009 Earnings Guidance

Ameren also announced today it expects 2009 GAAP earnings to be in the range of $2.68 to $3.08 per share and core (non-GAAP) earnings to be in the range of $2.75 to $3.15 per share. An estimated 7 cents per share negative impact in 2009 from the 2007 settlement agreement among parties in Illinois to provide comprehensive electric rate relief and customer assistance is excluded from core (non-GAAP) earnings guidance. Any net unrealized mark-to-market gains or losses will impact GAAP earnings, but are excluded from GAAP and core (non-GAAP) earnings guidance because the company is unable to reasonably estimate the impact of any such gains or losses at this time. In addition, the effects of a January 2009 severe winter storm, including the related impact of reduced electric margins due to the loss of operating capacity at our Missouri regulated operation's largest customer, the Noranda Aluminum, Inc. smelter plant in New Madrid, Missouri, are also excluded from GAAP and core (non-GAAP) earnings guidance. At this time, the company is unable to reasonably estimate the impact of the severe storm on earnings.

"Despite recent rate increases in Missouri and Illinois, as well as our proactive sales of 2009 non-rate-regulated generation in early 2008, we believe our 2009 core earnings will be relatively flat compared to our 2008 core earnings. We believe that the weak economy, the volatile commodity markets, and unprecedented strains in the capital and credit markets will result in lower regulated customer sales versus 2008, lower power prices for unsold non-rate-regulated generation, and higher financing costs throughout 2009 and perhaps longer," said Gary L. Rainwater, chairman, president and chief executive officer.

Ameren expects its business segments to provide the following contributions to 2009 core (non-GAAP) earnings per share:

Missouri Regulated	$1.25 - $1.35
Illinois Regulated	0.40 - 0.50
Non-rate-regulated Generation	1.10 - 1.30
2009 Core (Non-GAAP) Earnings Guidance Range	$2.75 - $3.15

Ameren's guidance for 2009 assumes normal weather and is subject to, among other things, regulatory decisions and legislative actions, plant operations, energy and capital and credit market conditions, economic conditions, severe storms, unusual or otherwise unexpected gains or losses, and other risks and uncertainties outlined, or referred to, in the Forward-looking Statements section of this press release.

Dividends

Today, Ameren's board of directors declared a 38.5 cents per share quarterly dividend, payable on March 31, 2009, to shareholders of record on March 11, 2009. The board's action is consistent with an annualized dividend of $1.54 per share, or a 39 percent reduction from the previous annual dividend level of $2.54 per share.

"We recognize the importance of our common dividend to our investors, and this dividend reduction, while prudent, was not a decision that our board took lightly," said Rainwater. "It was made only after implementing many other less painful steps. We put in place plans to significantly reduce 2008 and projected 2009 capital and operating expenditures by approximately $800 million. We reduced executive management salaries and incentive compensation opportunities, and placed firm controls on headcount and other operating expenditures.

"Several factors contributed to our decision to reduce the dividend. First and foremost was the desire to enhance Ameren's financial strength and flexibility as we manage our company through the dramatically weakened state of the economy and the continued uncertainties in the capital, credit, and commodity markets. Financial strength and flexibility are critical to providing long-term benefits to our shareholders and customers. Specifically, this dividend reduction will allow Ameren to retain approximately $215 million of cash annually, which will provide incremental funds to enhance reliability, meet our customers' expectations and grow our regulated businesses, reduce our reliance on dilutive equity financings, enhance our access to the capital and credit markets to fund our operations and drive solid long-term earnings per share growth from our strong, regulated asset base.

"In making this decision, the board was not only mindful of the dramatic changes that have taken place in the economy and the capital, credit, and commodity markets over the last few months, but also the company's current business mix. Federal and state environmental expenditure requirements have increased, as have costs to invest in our energy infrastructure to meet our customers' reliability needs. Upon considering these challenges and others facing our company, our industry, and in certain respects, our country, our board made a prudent decision to reduce our dividend for the long-term benefit of all our stakeholders.

"We remain committed to our straightforward, long-term business strategy of investing in Missouri and Illinois in order to deliver safe, reliable, and affordable energy to our customers in an environmentally responsible manner and achieving solid returns in our regulated businesses, optimizing our existing non-rate-regulated generation assets, and delivering solid long-term value to our shareholders. This same strategy will also be a critical factor in helping create jobs and provide long-term growth in Missouri and Illinois during this difficult economic period."

Ameren's dividend level has historically been among the highest of its utility peers and, in fact, of all large U.S. companies. In 2008, Ameren paid out 88 percent of its GAAP earnings in dividends versus 50 to 60 percent for peer companies. Rainwater noted that Ameren's new dividend rate will put it squarely within the payout range of similar companies and that, coupled with the company's long-term annual earnings per share growth target of at least 5 percent, would provide competitive long-term total return potential for shareholders.

"Our adjusted dividend level provides Ameren with a more sustainable dividend payout ratio based upon earnings from our regulated businesses and better aligns our dividend payout ratio with industry peers," said Rainwater. "Looking ahead, our goal would be to grow the dividend level as our earnings from rate-regulated operations increase and our overall cash flow profile improves."

2008 Earnings

As noted above, Ameren Corporation today announced 2008 net income in accordance with generally accepted accounting principles (GAAP) of $605 million, or $2.88 per share, compared to 2007 GAAP net income of $618 million, or $2.98 per share. Excluding certain items in each year, Ameren recorded 2008 core (non-GAAP) net income of $622 million, or $2.95 per share, compared to 2007 core (non-GAAP) net income of $685 million, or $3.30 per share.

For the fourth quarter of 2008, Ameren recorded GAAP net income of $57 million, or 27 cents per share, compared to $108 million, or 52 cents per share, for the fourth quarter of 2007. Excluding certain items in each period, Ameren recorded fourth quarter 2008 core (non-GAAP) net income of $97 million, or 45 cents per share, compared to fourth quarter 2007 core (non-GAAP) net income of $125 million, or 60 cents per share.

The decline in core (non-GAAP) earnings per share in 2008 versus 2007 was principally due to higher fuel and related transportation prices, higher plant operations and maintenance costs, increased spending on utility distribution system reliability, and milder weather, among other things. These items more than offset the positive impacts of improved generating plant output and higher realized margins from non-rate-regulated generation operations, as well as net increases in electric and natural gas rates, among other things.

The following items are excluded from 2008 and 2007 core (non-GAAP) earnings:

- Net unrealized mark-to-market losses reduced 2008 net income by $17 million as compared to net unrealized gains of $7 million in 2007.
- A lump-sum settlement payment in 2008 from a coal supplier for expected higher fuel costs in 2009 as a result of the premature closure of a mine and termination of a contract. This payment benefited 2008 net income by $16 million, but the contract termination will result in higher fuel costs for non-rate-regulated generation in 2009.
- A 2008 benefit reflecting Missouri accounting and electric rate orders directing our Missouri utility to record a regulatory asset for the January 2007 severe ice storm costs and authorizing amortization and recovery of these costs over five years. These orders increased 2008 net income by $16 million, offsetting virtually the entire Missouri portion of Ameren-wide net costs of $18 million recorded in 2007 for the January 2007 severe ice storm.
- A 2008 benefit to net income of $7 million related to a Missouri rate order directing our Missouri utility to record a regulatory asset for previously incurred costs pursuant to a 2007 Federal Energy Regulatory Commission (FERC) order. The Missouri order authorizes amortization and recovery of these costs over two years. The 2007 FERC order retroactively reallocated certain Midwest Independent Transmission System Operator (MISO) costs among MISO market participants resulting in a 2007 Ameren-wide net charge to earnings of $12 million.
- The net costs associated with the Illinois comprehensive electric rate relief and customer assistance settlement agreement reached in 2007, which reduced 2008 net income by $27 million as compared to a 2007 reduction of $44 million.
- Asset impairment charges primarily related to the Indian Trails cogeneration plant as a result of the suspension of operations by the plant's only customer. These charges reduced 2008 net income by $12 million.

A reconciliation of GAAP to non-GAAP earnings per share is as follows:

	Fourth Quarter		Year	
	2008	2007	2008	2007
GAAP earnings per share	$0.27	$0.52	$2.88	$2.98
Net unrealized mark-to-market (gain)/loss	0.16	(0.01)	0.07	(0.04)
Coal contract settlement - 2009 Portion	-	-	(0.08)	-

2007 severe storms & related MO Orders	(0.03)	-	(0.07)	0.09
FERC order & related MO order	(0.04)	0.01	(0.04)	0.06
Illinois electric rate relief settlement, net	0.03	0.08	0.13	0.21
Asset impairment charges	0.06	-	0.06	-
Core (non-GAAP) earnings per share	$0.45	$0.60	$2.95	$3.30

"Despite a very challenging economic environment, as well as volatile and uncertain capital, credit, and commodity market conditions, we were able to report 2008 core earnings in line with our expectations," said Rainwater. "As important, we were able to execute on key aspects of our long-term strategic plan, as well as take prudent actions to address the unprecedented economic and capital market conditions we are facing today. In 2008, we were granted much needed electric and natural gas rate increases in our regulated operations in Illinois. We also recently received approval of an electric rate increase in our Missouri regulated operations, which is expected to be effective March 1, 2009. The Missouri order authorized fuel and purchased power cost recovery and vegetation management and infrastructure inspection cost-tracking mechanisms. These mechanisms improve our ability to continue to invest in our infrastructure so that we will be able to meet our customers' expectations for safe and reliable service.

"In addition, we took timely, prudent actions to increase liquidity and enhance our financial flexibility in light of very difficult capital and credit market conditions and a weakening economy. These actions included accessing the capital markets, as well as making significant reductions in our 2008 and 2009 spending plans, while still meeting our reliability, environmental and safety objectives. As a result, our current available liquidity, which represents our cash on hand and amounts available under our credit facilities, remains solid at approximately $1.3 billion."

2008 Earnings at Missouri Regulated Operations

Core (non-GAAP) earnings in 2008 were $236 million, down from $302 million in 2007. The decline in core (non-GAAP) earnings was primarily due to higher fuel and related transportation costs and near normal summer weather in 2008 compared to very hot weather in the year-ago summer. Other factors contributing to the decline included higher plant operations and maintenance costs and higher other labor and employee benefits costs. The above negatives were partly offset by the positive impact of a full year of the 2007 rate increases, among other things. Missouri regulated operations recorded GAAP earnings in 2008 of $234 million, $47 million lower than in 2007. In addition to the items noted above, this GAAP earnings decrease was also due to net unrealized mark-to-market losses in 2008 versus net unrealized mark-to-market gains in 2007.

2008 Earnings at Illinois Regulated Operations

Core (non-GAAP) earnings in 2008 were $51 million compared with $77 million in 2007. The decline in core (non-GAAP) earnings was primarily due to higher costs for infrastructure reliability efforts, higher financing costs reflecting difficult capital market conditions, higher storm-related expenses, milder weather, and higher bad debt expenses. These negatives were partly offset by the positive impact of the 2008 Illinois net increase in electric and natural gas rates and lower other labor and employee benefits costs, among other things. Illinois regulated operations recorded GAAP earnings in 2008 of $32 million, down $15 million from the 2007 level. In addition to the items noted above, this GAAP earnings decrease was also due to net unrealized mark-to-market losses.

2008 Earnings at Non-rate-regulated Generation Operations

Core (non-GAAP) earnings in 2008 were $336 million versus $304 million in 2007. The increase in core (non-GAAP) earnings was primarily driven by improved generating plant output and higher realized margins. These positives were partly offset by higher fuel and related transportation prices and higher plant operations and maintenance costs, among other things. Non-rate-regulated generation GAAP earnings in 2008 were $352 million compared to $281 million in 2007. In addition to the items noted above, this increase in GAAP earnings was also driven by net unrealized mark-to-market gains and the previously discussed 2009 portion of the lump-sum settlement payment received in 2008 related to a terminated coal contract, partially offset by the majority of the previously discussed asset impairment charges.

Analyst Conference Call

Ameren will conduct a conference call for financial analysts at 7:00 a.m. Central Time on Tuesday, Feb. 17, to discuss 2008 earnings, 2009 earnings guidance, the dividend, and other matters. Investors, the news media and the public may listen to a live Internet broadcast of the call at www.ameren.com by clicking on "Q4 2008 Ameren Corporation Earnings Conference Call," followed by the appropriate audio link. An accompanying slide presentation will be available on Ameren's Web site. This presentation will be posted in the "Investors" section of the Web site under "Presentations." The analyst call will also be available for replay on the Internet for one year. In addition, a telephone playback of the conference call will be available beginning at approximately noon Central Time, from Feb. 17 through Feb. 24, by dialing, U.S. (800) 405-2236; international (303) 590-3000 and entering the number: 11125672#. The conference call on Tuesday, Feb. 17 replaces the previously scheduled Wednesday, Feb. 18 conference call for financial analysts. There will be no call on Feb. 18.

About Ameren

With assets of approximately $23 billion, Ameren serves approximately 2.4 million electric customers and almost one million natural gas customers in a 64,000-square-mile area of Missouri and Illinois. Ameren owns a diverse mix of electric generating plants strategically located in its Midwest market with a generating capacity of more than 16,400 megawatts.

Regulation G Statement

Ameren has presented certain information in this release on a diluted cents per share basis. These diluted per share amounts reflect certain factors that directly impact Ameren's total earnings per share. The core (non-GAAP) earnings per share and core (non-GAAP) earnings per share guidance excludes one or more of the following: costs related to severe January 2007 storms, the effects of a January 2009 storm, including the related impact on our Missouri regulated operation's largest customer, the Noranda Aluminum, Inc. smelter plant in New Madrid, Missouri, the earnings impact of the settlement agreement among parties in Illinois for comprehensive electric rate relief and customer assistance, a March 2007 Federal Energy Regulatory Commission order and 2009 Missouri Public Service Commission rate order relating to prior years' regional transmission organization costs, net mark-to-market gains or losses from nonqualifying hedges, the benefit of accounting and rate orders from the Missouri Public Service Commission associated with 2007 storm costs, an asset impairment charge primarily related to the shutdown of the Indian Trails cogeneration plant, and the 2008 lump-sum payment from a coal supplier for expected higher fuel costs in 2009 as a result of the premature closure of a mine and termination of a contract. Ameren uses core (non-GAAP) earnings internally for financial planning and for analysis of performance. Ameren also uses core (non-GAAP) earnings as primary performance measurements when communicating with analysts and investors regarding our earnings results and outlook, as the company believes it allows it to more accurately compare the company's ongoing performance across periods.

In providing consolidated and segment core (non-GAAP) earnings guidance, there could be differences between core (non-GAAP) earnings and earnings prepared in accordance with GAAP for certain items, such as those listed above. Ameren is unable to estimate the impact, if any, on future GAAP earnings of such items.

Forward-looking Statements

Statements in this release 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 elsewhere in this release and in our filings with the

Securities and Exchange Commission, could cause actual results to differ materially from management expectations suggested in such forward-looking statements:

- *regulatory or legislative actions, including changes in regulatory policies and ratemaking determinations and future rate proceedings or future legislative actions that seek to limit or reverse rate increases;*
- *uncertainty as to the continued effectiveness of the Illinois power procurement process;*
- *changes in laws and other governmental actions, including monetary and fiscal policies;*
- *changes in laws or regulations that adversely affect the ability of electric distribution companies and other purchasers of wholesale electricity to pay their suppliers, including Union Electric Company and Ameren Energy Marketing Company;*
- *enactment of legislation taxing electric generators, in Illinois or elsewhere;*
- *the effects of increased competition in the future due to, among other things, deregulation of certain aspects of our business at both the state and federal levels, and the implementation of deregulation, such as occurred when the electric rate freeze and power supply contracts expired in Illinois at the end of 2006;*
- *increasing capital expenditure and operating expense requirements and our ability to recover these costs in a timely fashion in light of regulatory lag;*
- *the effects of participation in the Midwest Independent Transmission System Operator, Inc.;*
- *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;*
- *prices for power in the Midwest, including forward prices;*
- *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, more difficult or costly;*
- *our assessment of our liquidity and the effect of regulatory lag on our available liquidity sources;*
- *the impact of the adoption of new accounting standards and the application of appropriate technical accounting rules and guidance;*
- *actions of credit rating agencies and the effects of such actions;*
- *weather conditions and other natural phenomena;*
- *the impact of system outages caused by severe weather conditions or other events;*
- *generation plant construction, installation and performance, including costs associated with Union Electric Company's Taum Sauk pumped-storage hydroelectric plant incident and the plant's future operation;*
- *recoverability through insurance of costs associated with Union Electric Company's Taum Sauk pumped-storage hydroelectric plant incident;*
- *operation of Union Electric Company's nuclear power facility, including planned and unplanned outages, and decommissioning costs;*
- *the effects of strategic initiatives, including acquisitions and divestitures;*
- *the impact of current environmental regulations on utilities and power generating companies and the expectation that more stringent requirements, including those related to greenhouse gases, will be introduced over time, which could have a negative financial effect;*
- *labor disputes, future wage and employee benefits costs, including changes in 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' facilities or required to satisfy energy sales made by the Ameren Companies;*
- *legal and administrative proceedings; and*
- *acts of sabotage, war, terrorism or intentionally disruptive acts.*

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

AMEREN CORPORATION (AEE)
CONSOLIDATED BALANCE SHEET
(Unaudited, in millions)

	December 31, 2008	December 31, 2007
ASSETS		
Current Assets:		
Cash and cash equivalents	$92	$355
Accounts receivable - trade, net	502	570
Unbilled revenue	427	359
Miscellaneous accounts and notes receivable	292	262
Materials and supplies	842	735
Mark-to-market derivative assets	207	35
Other current assets	153	146
Total current assets	2,515	2,462
Property and Plant, Net	16,567	15,069
Investments and Other Assets:		
Nuclear decommissioning trust fund	239	307
Goodwill	831	831
Intangible assets	167	198
Regulatory assets	1,732	1,158
Other assets	606	703
Total investments and other assets	3,575	3,197
TOTAL ASSETS	$22,657	$20,728
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current maturities of long-term debt	$380	$223
Short-term debt	1,174	1,472
Accounts and wages payable	813	687
Taxes accrued	54	84
Mark-to-market derivative liabilities	155	24
Other current liabilities	487	414
Total current liabilities	3,063	2,904
Long-term Debt, Net	6,554	5,689
Preferred Stock of Subsidiary Subject to Mandatory Redemption	-	16
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes, net	2,131	2,046
Accumulated deferred investment tax credits	100	109
Regulatory liabilities	1,291	1,240
Asset retirement obligations	406	562
Accrued pension and other postretirement benefits	1,495	839
Other deferred credits and liabilities	438	354
Total deferred credits and other liabilities	5,861	5,150
Preferred Stock of Subsidiaries Not Subject to Mandatory Redemption	195	195
Minority Interest in Consolidated Subsidiaries	21	22
Stockholders' Equity:		
Common stock	2	2
Other paid-in capital, principally premium on common stock	4,780	4,604
Retained earnings	2,181	2,110
Accumulated other comprehensive income	-	36
Total stockholders' equity	6,963	6,752

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$22,657	$20,728

AMEREN CORPORATION (AEE)
CONSOLIDATED STATEMENT OF INCOME
(Unaudited, in millions, except per share amounts)

	Three Months Ended December 31,		Year Ended December 31,	
	2008	2007	2008	2007
Operating Revenues:				
Electric	$1,423	$1,428	$6,367	$6,283
Gas	485	384	1,472	1,279
Total operating revenues	1,908	1,812	7,839	7,562
Operating Expenses:				
Fuel	372	303	1,275	1,167
Purchased power	246	281	1,210	1,387
Gas purchased for resale	360	278	1,057	900
Other operations and maintenance	497	439	1,857	1,687
Depreciation and amortization	171	167	685	681
Taxes other than income taxes	93	86	393	381
Total operating expenses	1,739	1,554	6,477	6,203
Operating Income	169	258	1,362	1,359
Other Income and Expenses:				
Miscellaneous income	19	22	80	75
Miscellaneous expense	(8)	(4)	(31)	(25)
Total other income	11	18	49	50
Interest Charges	109	107	440	423
Income Before Income Taxes, Minority Interest, and Preferred Dividends of Subsidiaries	71	169	971	986
Income Taxes	8	51	327	330
Income Before Minority Interest and Preferred Dividends of Subsidiaries	63	118	644	656
Minority Interest and Preferred Dividends of Subsidiaries	6	10	39	38
Net Income	$57	$108	$605	$618
Earnings per Common Share - Basic and Diluted	$0.27	$0.52	$2.88	$2.98
Average Common Shares Outstanding	211.5	208.1	210.1	207.4

AMEREN CORPORATION (AEE)
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited, in millions)

	Year Ended December 31, 2008	2007
Cash Flows From Operating Activities:		
Net income	$605	$618
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain on sales of emission allowances	(8)	(8)
Gain on sale of noncore properties	-	(3)
Loss on asset impairments	14	-
Net mark-to-market gain on derivatives	(3)	(3)
Depreciation and amortization	705	735
Amortization of nuclear fuel	37	37
Amortization of debt issuance costs and premium/discounts	20	19
Deferred income taxes and investment tax credits, net	167	(28)
Minority interest	29	27
Other	(9)	12
Changes in assets and liabilities:		
Receivables	25	(194)
Materials and supplies	(100)	(88)
Accounts and wages payable	57	-
Taxes accrued, net	(30)	21
Assets, other	63	49
Liabilities, other	183	(36)
Pension and other postretirement benefit obligations	(4)	27
Counterparty collateral, net	(69)	(27)
Taum Sauk costs, net of insurance recoveries	(149)	(56)
Net cash provided by operating activities	1,533	1,102
Cash Flows From Investing Activities:		
Capital expenditures	(1,896)	(1,381)
Proceeds from sales of noncore properties, net	-	13
Nuclear fuel expenditures	(173)	(68)
Purchases of securities - nuclear decommissioning trust fund	(520)	(142)
Sales of securities - nuclear decommissioning trust fund	497	128
Purchases of emission allowances	(12)	(24)
Sales of emission allowances	4	5
Other	3	1
Net cash used in investing activities	(2,097)	(1,468)
Cash Flows From Financing Activities:		
Dividends on common stock	(534)	(527)
Capital issuance costs	(12)	(4)
Short-term debt, net	(298)	860
Dividends paid to minority interest holder	(30)	(21)
Redemptions, repurchases, and maturities:		
Long-term debt	(842)	(488)
Preferred stock	(16)	(1)
Issuances:		
Common stock	154	91
Long-term debt	1,879	674
Net cash provided by financing activities	301	584
Net change in cash and cash equivalents	(263)	218
Cash and cash equivalents at beginning of year	355	137

Cash and cash equivalents at end of year	$92	$355

AMEREN CORPORATION (AEE)
CONSOLIDATED OPERATING STATISTICS

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2008	2007	2008	2007
Electric Sales - kilowatt-hour (in millions):				
Missouri Regulated				
Residential	3,337	3,135	13,904	14,258
Commercial	3,485	3,486	14,690	14,766
Industrial	2,266	2,431	9,256	9,675
Other	179	182	785	759
Native load subtotal	9,267	9,234	38,635	39,458
Interchange sales	1,926	3,798	10,457	10,984
Subtotal	11,193	13,032	49,092	50,442
Illinois Regulated				
Residential				
Generation and delivery service	2,949	2,720	11,667	11,857
Commercial				
Generation and delivery service	1,609	1,580	6,095	7,232
Delivery service only	1,592	1,254	6,147	5,178
Industrial				
Generation and delivery service	351	223	1,442	1,606
Delivery service only	2,733	2,447	11,300	11,199
Other	149	145	555	576
Native load subtotal	9,383	8,369	37,206	37,648
Non-rate-regulated Generation				
Non-affiliate energy sales	6,835	6,757	26,395	25,196
Affiliate native energy sales	1,416	1,633	6,055	7,296
Subtotal	8,251	8,390	32,450	32,492
Eliminate affiliate sales	(1,416)	(1,633)	(6,055)	(7,296)
Eliminate Illinois Regulated/Non-rate-regulated Generation common customers	(1,283)	(1,312)	(4,939)	(5,800)
Ameren Total	26,128	26,846	107,754	107,486
Electric Revenues (in millions):				
Missouri Regulated				
Residential	$192	$179	$948	$980
Commercial	165	165	838	839
Industrial	77	82	372	390
Other	11	12	108	93
Native load subtotal	445	438	2,266	2,302
Interchange sales	81	181	490	484
Subtotal	$526	$619	$2,756	$2,786
Illinois Regulated				
Residential				
Generation and delivery service	$287	$247	$1,112	$1,055
Commercial				
Generation and delivery service	154	134	616	666
Delivery service only	21	17	77	54
Industrial				

Generation and delivery service	25	17	102	105
Delivery service only	8	7	30	24
Other	55	77	285	372
Native load subtotal	$550	$499	$2,222	$2,276
Non-rate-regulated Generation				
Non-affiliate energy sales	$332	$339	$1,389	$1,310
Affiliate native energy sales	132	110	441	461
Other	22	(3)	106	41
Subtotal	$486	$446	$1,936	$1,812
Eliminate affiliate revenues	(139)	(136)	(547)	(591)
Ameren Total	$1,423	$1,428	$6,367	$6,283

AMEREN CORPORATION (AEE)
CONSOLIDATED OPERATING STATISTICS

	Three Months Ended December 31, 2008	2007	Twelve Months Ended December 31, 2008	2007
Electric Generation - megawatthour (in millions):				
Missouri Regulated	11.2	12.9	49.3	50.3
Non-rate-regulated Generation				
Ameren Energy Generating Company (Genco)	4.4	4.6	16.6	17.4
AmerenEnergy Resources Generating Company (AERG)	1.6	1.4	6.7	5.3
Electric Energy, Inc. (EEI)	2.1	2.2	8.0	8.1
AmerenEnergy Medina Valley Cogen, L.L.C.	-	-	0.2	0.2
Subtotal	8.1	8.2	31.5	31.0
Ameren Total	19.3	21.1	80.8	81.3
Fuel Cost per kilowatthour (cents)				
Missouri Regulated	1.365	1.252	1.312	1.247
Non-rate-regulated Generation	1.924	1.649	1.912	1.691
Gas Sales -decatherms (in thousands)				
Missouri Regulated	4,172	3,759	12,694	11,745
Illinois Regulated	34,546	29,095	103,668	93,952
Other	2,228	576	3,350	2,174
Ameren Total	40,946	33,430	119,712	107,871
Net Income (Loss) by Segment (in millions):				
Missouri Regulated	$(38)	$18	$234	$281
Illinois Regulated	17	2	32	47
Non-rate-regulated Generation	68	84	352	281
Other	10	4	(13)	9
Ameren Total	$57	$108	$605	$618

	December 31, 2008	December 31, 2007
Common Stock:		
Shares outstanding (in millions)	212.3	208.3
Book value per share	$32.80	$32.41
Capitalization Ratios:		
Common equity	45.9%	48.2%
Preferred stock	1.3%	1.4%
Debt, net of cash	52.8%	50.4%

SOURCE: Ameren Corporation

Web site: http://www.ameren.com/

Electronic Filing - Received, Clerk's Office, February 19, 2009

ATTACHMENT B

Electronic Filing - Received, Clerk's Office, February 19, 2009
Electronc Filing - Received, Clerk's Office, February 5, 2009

BEFORE THE ILLINOIS POLLUTION CONTROL BOARD

IN THE MATTER OF:	)	
	)	
AMENDMENTS TO 35 ILL.ADM.CODE 225:	)	R09-10
CONTROL OF EMISSIONS FROM LARGE	)	(Rulemaking – Air)
COMBUSTION SOURCES (MERCURY	)	
MONITORING)	)	

TESTIMONY OF GARY M. RYGH

I. BACKGROUND AND QUALIFICATIONS

My name is Gary M. Rygh. My business address is 745 Seventh Avenue - 25th Floor, New York, New York 10019-6801. I am employed by Barclays Capital Inc. as a Senior Vice President. Barclays Capital Inc. ("Barclays Capital") is the investment banking division of Barclays Bank PLC, a leading global financial institution with over $2.5 trillion of total assets. I have been employed by Barclays Capital since July of 2007. Prior to joining Barclays Capital I served in a similar role at Morgan Stanley beginning in 1998.

I am currently a Managing Director in the Global Power and Utility Group. Our group is responsible for the corporate finance related analysis and strategic and capital markets transactions in the utility and power sectors. I have been in the utility, power and energy investment banking business for over 13 years. I have worked extensively on strategic merger and acquisition assignments, debt and equity capital markets transactions and other corporate finance related assignments in the electric, water and gas utility sectors.

II. SUMMARY OF TESTIMONY

I would like to address the following issues:

- The current state of, and outlook for, the financial markets as it pertains to Ameren's unregulated generating companies[1] (referred to collectively as "Ameren") ability to access capital on a cost competitive and reliable basis over the next several years.
- In Illinois, Ameren operates in an unregulated environment and therefore is unable to absorb capital expenditures into a regulated rate-based recovery mechanism. Ameren's ability to earn a reasonable rate of return on capital employed is subject to highly volatile market forces as opposed to utility regulation. This uncertainty is highly detrimental when Ameren seeks external financing to fund its capital plan. In addition, the credit ratings of Ameren's only rated entity, Ameren Energy Generating Company ("Genco"), place it at the low-end of investment grade which negatively impacts its ability to attract financing on a reasonably priced basis. Accordingly, Ameren faces considerable challenges in procuring reasonably priced capital from investors (both equity and debt), particularly given the state of the capital markets today and for the foreseeable future.
- Financing becomes more challenging for companies like Ameren which shares a higher risk profile than traditional regulated power companies. The capital markets are effectively not accessible for companies similar to Ameren at this time.
- Energy companies, including Ameren, have extremely large capital needs given the requirement for environmental compliance. These companies will be competing for the capital they need in difficult capital markets.

[1] "Ameren" has been defined to include Ameren Energy Generating Company ("Genco"), Ameren Energy Resources Generating Company ("AERG"), and Electric Energy Inc. ("EEI"). Only Genco has credit ratings.

III. AMEREN'S ACCESS TO EXTERNAL CAPITAL IS CHALLENGED

- Both the credit and equity markets have been extremely volatile over the last eighteen months with sharply increasing risk premiums. The cost of capital has risen dramatically in many sectors and access to capital and credit has been severely limited. Even investment grade companies have not been immune from broader financial market issues and turmoil. The robust credit markets that had prevailed until the summer of 2007 will likely not be experienced for some time (if ever again).
- Against this backdrop, Ameren has a significant need for external financing to fund its capital programs. In total and over the next ten years, Ameren will spend between $2.2 and $2.8 billion to support environmental construction projects.

In these difficult times where access to capital is highly challenged, companies such as Ameren need to strategically manage their capital expenditures and carefully control expenses. Ameren's current austerity measures include hiring freezes in all but essential jobs, reductions in the consultant workforce and the cancellation of all discretionary spending.

IV. GENCO's CREDIT RANKING

Long-term financing of environmental expenditures for the Illinois generation business segment is dependent on the creditworthiness of Ameren, including Genco. The summary below shows the relative placement of Genco in the ratings scale used by both S&P and Moody's for investment grade rankings.

Genco's Credit Ratings
(Standard and Poor's and Moody's)

Standard and Poor's Senior Unsecured Credit Ratings	Moody's Senior Unsecured Credit Ratings
AAA	Aaa
AA+	Aa1
AA	Aa2
AA-	Aa3
A+	A1
A	A2
A-	A3
BBB+	Baa1
BBB	Baa2
BBB- Genco	Baa3 Genco
Junk Bond Status	

Investment Grade

Genco's lowest investment grade rating places it in a higher risk profile in relation to other investment ranked companies. Because Genco will compete with more highly- rated companies for access to capital, Ameren can expect significant difficulty in accessing available capital and, assuming such capital is available, pricing costs associated with any such financings will be significantly higher than precedent financings. In addition, the power sector and the associated volatility of its earnings, which are tied to commodity pricing has been especially difficult for investors recently.

Due to the significant rise estimated in capital expenditures over the next several years, almost every company in the energy sector is in need of external financing. With the considerable spread concession of new issues in the past several months, the market will likely continue to have a difficult time absorbing the new issue supply that is expected in the near future.

VI. POWER PRICES ARE DROPPING AT THE SAME TIME COSTS ARE INCREASING

Sales of power from Ameren generating units and the associated power prices are the source of cash flow and earnings for Ameren's unregulated generation. These power prices began a precipitous drop in July 2008 and have continued to fall. At the same time, coal prices which are the major fuel expense for Genco have increased significantly compared to the 2006 to 2007 period when the MPS was forged. The combined effect of this is to lower predicted operating margins and reduce cash flow available to cover operating costs of infrastructure development.

Investors' willingness to provide long-term, permanent financing to unregulated power producers such as Ameren is based in large part on future power price expectations and estimates of financial performance. In recent months, future power prices have moved down sharply. The deteriorating economy will likely exacerbate these conditions. The detrimental impacts of this downturn can be seen given the dearth of long-term, permanent financings of unregulated generating entities since the summer of 2008.

VII. CONCLUSION

The combination of severe economic downturn, significantly constrained credit markets, rising material and labor costs and the extreme competition for what little financing is available speaks to the economic pressures facing Ameren. Granting the relief would allow Ameren to defer a small portion of its overall environmental capital commitment during a period when even stable companies, like Ameren, face severe constraints on its ability to finance ongoing operations. This deferral will allow Ameren to maintain its financial health and be better positioned to comply with its environmental obligations in the future.

ATTACHMENT C

IEPA Emission Calculation Method							
MPS Baseline Calculations:							
			Annual	Ozone Sn			
Year	Heat Input*	SO2 Rate	NOx Rate	NOx Rate	SO2 Tons	NOx Tons	
2010	336,991,274	0.55	0.15	0.15	92,673	25,274	
2011	336,991,274	0.55	0.15	0.15	92,673	25,274	
2012	336,991,274	0.55	0.11	0.11	92,673	18,535	
2013	336,991,274	0.33	0.11	0.11	55,604	18,535	
2014	336,991,274	0.33	0.11	0.11	55,604	18,535	
2015	336,991,274	0.25	0.11	0.11	42,124	18,535	
2016	336,991,274	0.25	0.11	0.11	42,124	18,535	
2017	336,991,274	0.25	0.11	0.11	42,124	18,535	
2018	336,991,274	0.25	0.11	0.11	42,124	18,535	
2019	336,991,274	0.25	0.11	0.11	42,124	18,535	
2020	336,991,274	0.25	0.11	0.11	42,124	18,535	
Total					641,968	217,359	859,328
Ameren Variance			Annual	Ozone Sn			
Year	Heat Input*	SO2 Rate	NOx Rate	NOx Rate	SO2 Tons	NOx Tons	
2010	336,991,274	0.50	0.14	0.11	84,248	21,483	
2011	336,991,274	0.50	0.14	0.11	84,248	21,483	
2012	336,991,274	0.50	0.11	0.11	84,248	18,535	
2013	336,991,274	0.50	0.11	0.11	84,248	18,535	
2014	336,991,274	0.43	0.11	0.11	72,453	18,535	
2015	336,991,274	0.25	0.11	0.11	42,124	18,535	
2016	336,991,274	0.25	0.11	0.11	42,124	18,535	
2017	336,991,274	0.23	0.11	0.11	38,754	18,535	
2018	336,991,274	0.23	0.11	0.11	38,754	18,535	
2019	336,991,274	0.23	0.11	0.11	38,754	18,535	
2020	336,991,274	0.23	0.11	0.11	38,754	18,535	
Total					648,708	209,777	858,485
			Difference from base		-6,740	7,582	842
* The average of the three highest years 2000 to 2007							

ATTACHMENT D

IEPA Emission Calculation Method								
MPS Baseline Calculations:								
			Annual	Ozone Sn				
Year	Heat Input *	SO2 Rate	NOx Rate	NOx Rate	SO2 Tons	NOx Tons		
2010	340,446,252	0.55	0.15	0.15	93,623	25,533		
2011	340,446,252	0.55	0.15	0.15	93,623	25,533		
2012	340,446,252	0.55	0.11	0.11	93,623	18,725		
2013	340,446,252	0.33	0.11	0.11	56,174	18,725		
2014	340,446,252	0.33	0.11	0.11	56,174	18,725		
2015	340,446,252	0.25	0.11	0.11	42,556	18,725		
2016	340,446,252	0.25	0.11	0.11	42,556	18,725		
2017	340,446,252	0.25	0.11	0.11	42,556	18,725		
2018	340,446,252	0.25	0.11	0.11	42,556	18,725		
2019	340,446,252	0.25	0.11	0.11	42,556	18,725		
2020	340,446,252	0.25	0.11	0.11	42,556	18,725		
Total					648,550	219,588	868,138	
Ameren Variance			Annual	Ozone Sn				
Year	Heat Input *	SO2 Rate	NOx Rate	NOx Rate	SO2 Tons	NOx Tons		
2010	340,446,252	0.50	0.14	0.11	85,112	21,703		
2011	340,446,252	0.50	0.14	0.11	85,112	21,703		
2012	340,446,252	0.50	0.11	0.11	85,112	18,725		
2013	340,446,252	0.50	0.11	0.11	85,112	18,725		
2014	340,446,252	0.43	0.11	0.11	73,196	18,725		
2015	340,446,252	0.25	0.11	0.11	42,556	18,725		
2016	340,446,252	0.25	0.11	0.11	42,556	18,725		
2017	340,446,252	0.23	0.11	0.11	39,151	18,725		
2018	340,446,252	0.23	0.11	0.11	39,151	18,725		
2019	340,446,252	0.23	0.11	0.11	39,151	18,725		
2020	340,446,252	0.23	0.11	0.11	39,151	18,725		
Total					655,359	211,928	867,287	
			Difference from base		-6,809	7,660	851	
* The average of the three highest years 2000 to 2008								

BEFORE THE ILLINOIS POLLUTION CONTROL BOARD

AMEREN ENERGY GENERATING COMPANY, AMERENENERGY RESOURCES GENERATING COMPANY, AND ELECTRIC ENERGY, INC.,	)	
Petitioners,	)	**PCB 09-21**
v.	)	**(Variance – Air)**
ILLINOIS ENVIRONMENTAL PROTECTION AGENCY,	)	
Respondent.	)	

WAIVER OF DECISION DEADLINE

NOW COMES Petitioner, AMEREN ENERGY GENERATING COMPANY, AMERENENERGY RESOURCES GENERATING COMPANY, and ELECTRIC ENERGY, INC., by and through their attorneys, SCHIFF HARDIN LLP, and pursuant to 35 Ill. Adm. Code § 101.308 waives the Board's decision deadline in this matter until March 25, 2009.

Respectfully submitted,

AMEREN ENERGY GENERATING COMPANY, AMERENENERGY RESOURCES GENERATING COMPANY, and ELECTRIC ENERGY, INC.,

By: Kathleen Bassi
One of Its Attorneys

Dated: February 19, 2009

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CERTIFICATE OF SERVICE

I, the undersigned, certify that on this 19th day of February, 2009, I have served electronically the attached **MOTION FOR RECONSIDERATION** and **WAIVER OF DECISION DEADLINE**, upon the following persons:

John Therriault, Assistant Clerk
Illinois Pollution Control Board
James R. Thompson Center
Suite 11-500
100 West Randolph
Chicago, Illinois 60601

and electronically and by first class mail, postage affixed, upon:

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SERVICE LIST **(PCB 09-21)**	
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