

AMEREN CORP
Form 10-Q
August 08, 2008

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

FORM 10-Q

(X) Quarterly report pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934
for the Quarterly Period Ended June 30, 2008

OR

() Transition report pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934
for the transition period from ____ to ____.

Commission File Number	Exact name of registrant as specified in its charter; State of Incorporation; Address and Telephone Number	IRS Employer Identification No.
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1-14756	Ameren Corporation (Missouri Corporation) 1901 Chouteau Avenue St. Louis, Missouri 63103 (314) 621-3222	43-1723446
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1-2967	Union Electric Company (Missouri Corporation) 1901 Chouteau Avenue St. Louis, Missouri 63103 (314) 621-3222	43-0559760
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1-3672	Central Illinois Public Service Company (Illinois Corporation) 607 East Adams Street Springfield, Illinois 62739 (888) 789-2477	37-0211380
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333-56594	Ameren Energy Generating Company (Illinois Corporation) 1901 Chouteau Avenue St. Louis, Missouri 63103 (314) 621-3222	37-1395586
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2-95569	CILCORP Inc. (Illinois Corporation) 300 Liberty Street	37-1169387
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Peoria, Illinois 61602
(309) 677-5271

1-2732 Central Illinois Light Company 37-0211050
(Illinois Corporation)
300 Liberty Street
Peoria, Illinois 61602
(309) 677-5271

1-3004 Illinois Power Company 37-0344645
(Illinois Corporation)
370 South Main Street
Decatur, Illinois 62523
(217) 424-6600

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

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

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

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

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

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

Ameren Corporation	Common stock, \$.01 par value per share – 210,208,319
Union Electric Company	Common stock, \$5 par value per share, held by Ameren Corporation (parent company of the registrant) – 102,123,834
Central Illinois Public Service Company	Common stock, no par value, held by Ameren Corporation (parent company of the registrant) – 25,452,373
Ameren Energy Generating Company	

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	Common stock, no par value, held by Ameren Energy Resources Company, LLC (parent company of the registrant and subsidiary of Ameren Corporation) – 2,000
CILCORP Inc.	Common stock, no par value, held by Ameren Corporation (parent company of the registrant) – 1,000
Central Illinois Light Company	Common stock, no par value, held by CILCORP Inc. (parent company of the registrant and subsidiary of Ameren Corporation) – 13,563,871
Illinois Power Company	Common stock, no par value, held by Ameren Corporation (parent company of the registrant) – 23,000,000

OMISSION OF CERTAIN INFORMATION

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

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

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This Form 10-Q contains “forward-looking” statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements should be read with the cautionary statements and important factors included on page 7 of this Form 10-Q 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.

GLOSSARY OF TERMS AND ABBREVIATIONS

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

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

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

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

Ameren Companies – The individual registrants within the Ameren consolidated group.

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

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

ARO – Asset retirement obligations.

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

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

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

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

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

CIPSCO – CIPSCO Inc., the former parent of CIPS.

CO₂ – Carbon dioxide.

COLA – Combined construction and operating license application.

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

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

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

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

Dynegy – Dynegy Inc.

EEL – Electric Energy, Inc., an 80%-owned Ameren Corporation subsidiary that operates non-rate-regulated electric generation facilities and FERC-regulated transmission facilities in Illinois. Prior to February 29, 2008, EEL was 40% owned by UE and 40% owned by Development Company. On February 29, 2008, UE’s 40% ownership interest and Development Company’s 40% ownership interest were transferred to Resources Company. The remaining 20% is owned by Kentucky Utilities Company.

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.

Exchange Act – Securities Exchange Act of 1934, as amended.

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

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

FIN – FASB Interpretation. A FIN statement is an explanation intended to clarify accounting pronouncements previously issued by the FASB.

Fitch – Fitch Ratings, a credit rating agency.

Form 10-K – The combined Annual Report on Form 10-K for the year ended December 31, 2007, filed by the Ameren Companies with the SEC.

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.

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

Genco – Ameren Energy Generating Company, a Resources Company subsidiary that operates a non-rate-regulated electric generation business in Illinois and Missouri.

Gigawatthour – One thousand megawatthours.

Heating degree-days – The summation of negative differences between the mean daily temperature and a 65- degree Fahrenheit base. This statistic is useful as an indicator of demand for electricity and natural gas for winter space heating for residential and commercial customers.

ICC – Illinois Commerce Commission, a state agency that regulates Illinois utility businesses, including the rate-regulated operations of CIPS, CILCO and IP.

Illinois Customer Choice Law – Illinois Electric Service Customer Choice and Rate Relief Law of 1997, which provided for electric utility restructuring and introduced competition into the retail supply of electric energy in Illinois.

Illinois electric settlement agreement – A comprehensive settlement of issues in Illinois arising out of the end of ten

years of frozen electric rates, as of January 2, 2007. The Illinois electric settlement agreement, which became effective on August 28, 2007, was designed to avoid new rate rollback and freeze legislation and legislation that would impose a tax on electric generation in Illinois. The settlement addresses the issue of future power procurement, and it includes a comprehensive rate relief and customer assistance program.

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

Illinois Regulated – A financial reporting segment consisting of the regulated electric and gas transmission and distribution businesses of CIPS, CILCO and IP.

IP – Illinois Power Company, an Ameren Corporation subsidiary. IP operates a rate-regulated electric and natural gas transmission and distribution business in Illinois as AmerenIP.

IP LLC – Illinois Power Securitization Limited Liability Company, which is a special-purpose Delaware limited-liability company.

IP SPT – Illinois Power Special Purpose Trust, which was created as a subsidiary of IP LLC to issue TFNs as allowed under the Illinois Customer Choice Law.

IPA – Illinois Power Agency, a state government agency that has broad authority to assist in the procurement of electric power for residential and nonresidential customers beginning in June 2009.

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

Marketing Company – Ameren Energy Marketing Company, a Resources Company subsidiary that markets power for Genco, AERG and EEI.

Medina Valley – AmerenEnergy Medina Valley Cogen L.L.C., a Resources Company subsidiary, which owns a 40-megawatt gas-fired electric generation plant.

Megawatthour – One thousand kilowatthours.

MGP – Manufactured gas plant.

MISO – Midwest Independent Transmission System Operator, Inc.

MISO Day Two Energy Market – A market that uses market-based pricing, incorporating transmission congestion and line losses, to compensate market participants for power.

Missouri Regulated – A financial reporting segment consisting of UE's rate-regulated businesses.

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 business are referred to as the utility money pool and the non-state-regulated subsidiary money pool, respectively.

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

MoPSC – Missouri Public Service Commission, a state agency that regulates Missouri utility businesses, including the rate-regulated operations of UE.

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

NO_x – Nitrogen oxide.

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

NYMEX – New York Mercantile Exchange.

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

Off-system revenues – Revenues from nonnative load sales.

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

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

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

Resources Company – Ameren Energy Resources Company, LLC, an Ameren Corporation subsidiary that consists of non-rate-regulated operations, including Genco, Marketing Company, EEI, AFS, and Medina Valley. It is the

successor to Ameren Energy Resources Company, which was eliminated in an internal reorganization in February 2008.

RFP – Request for proposal.

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

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

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

SO2 – Sulfur dioxide.

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

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

FORWARD-LOOKING STATEMENTS

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

- regulatory or legislative actions, including changes in regulatory policies and ratemaking determinations, such as the outcome of pending UE, CIPS, CILCO and IP rate proceedings or future legislative actions that seek to limit or reverse rate increases;
- uncertainty as to the effect of implementation of the Illinois electric settlement agreement on Ameren, the Ameren Illinois Utilities, Genco and AERG, including implementation of a new power procurement process in Illinois that began in 2008;
 - changes in laws and other governmental actions, including monetary and fiscal policies;
- changes in laws or regulations that adversely affect the ability of electric distribution companies and other purchasers of wholesale electricity to pay their suppliers, including UE and Marketing Company;
 - enactment of legislation taxing electric generators, in Illinois or elsewhere;
- the effects of increased competition in the future due to, among other things, deregulation of certain aspects of our business at both the state and federal levels, and the implementation of deregulation, such as occurred when the electric rate freeze and power supply contracts expired in Illinois at the end of 2006;
 - the effects of participation in the MISO;
- the 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;
- disruptions of the capital markets or other events that make the Ameren Companies’ access to necessary capital more difficult or costly;
- the impact of the adoption of new accounting standards and the application of appropriate technical accounting rules and guidance;
 - actions of credit rating agencies and the effects of such actions;
 - weather conditions and other natural phenomena;
 - the impact of system outages caused by severe weather conditions or other events;
- generation plant construction, installation and performance, including costs associated with UE’s Taum Sauk pumped-storage hydroelectric plant incident and the plant’s future operation;
- recoverability through insurance of costs associated with UE’s Taum Sauk pumped-storage hydroelectric plant incident;
- operation of UE’s nuclear power facility, including planned and unplanned outages, and decommissioning costs;
 - the effects of strategic initiatives, including acquisitions and divestitures;
- the impact of current environmental regulations on utilities and power generating companies and the expectation that more stringent requirements, including those related to greenhouse gases, will be introduced over time, which could have a negative financial effect;
-

- labor disputes, future wage and employee benefits costs, including changes in discount rates and returns on benefit plan assets;
- the inability of our counterparties and affiliates to meet their obligations with respect to contracts and financial instruments;
 - the cost and availability of transmission capacity for the energy generated by the Ameren Companies' facilities or required to satisfy energy sales made by the Ameren Companies;
 - legal and administrative proceedings; and
 - acts of sabotage, war, terrorism or intentionally disruptive acts.

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

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2008	2007	2008	2007
Operating Revenues:				
Electric	\$ 1,545	\$ 1,519	\$ 3,012	\$ 2,982
Gas	243	209	855	770
Total operating revenues	1,788	1,728	3,867	3,752
Operating Expenses:				
Fuel	200	263	502	526
Coal contract settlement	(60)	-	(60)	-
Purchased power	306	314	593	687
Gas purchased for resale	165	133	624	554
Other operations and maintenance	469	420	891	809
Depreciation and amortization	178	176	354	359
Taxes other than income taxes	89	96	202	198
Total operating expenses	1,347	1,402	3,106	3,133
Operating Income	441	326	761	619
Other Income and Expenses:				
Miscellaneous income	21	20	42	34
Miscellaneous expense	(8)	(8)	(13)	(13)
Total other income	13	12	29	21
Interest Charges	118	108	218	206
Income Before Income Taxes, Minority Interest and Preferred Dividends of Subsidiaries	336	230	572	434
Income Taxes	119	78	206	149
Income Before Minority Interest and Preferred Dividends of Subsidiaries	217	152	366	285
Minority Interest and Preferred Dividends of Subsidiaries	11	9	22	19
Net Income	\$ 206	\$ 143	\$ 344	\$ 266
Earnings per Common Share – Basic and Diluted	\$ 0.98	\$ 0.69	\$ 1.64	\$ 1.29
Dividends per Common Share	\$ 0.635	\$ 0.635	\$ 1.270	\$ 1.270
Average Common Shares Outstanding	209.5	207.1	209.1	206.9

The accompanying notes are an integral part of these consolidated financial statements.

AMEREN CORPORATION
CONSOLIDATED BALANCE SHEET
(Unaudited) (In millions, except per share amounts)

	June 30, 2008	December 31, 2007
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 205	\$ 355
Accounts receivable – trade (less allowance for doubtful accounts of \$26 and \$22, respectively)	529	570
Unbilled revenue	389	359
Miscellaneous accounts and notes receivable	376	280
Materials and supplies	719	735
Mark-to-market derivative assets	273	35
Other current assets	275	146
Total current assets	2,766	2,480
Property and Plant, Net	15,566	15,069
Investments and Other Assets:		
Nuclear decommissioning trust fund	284	307
Goodwill	831	831
Intangible assets	177	198
Regulatory assets	1,081	1,158
Other assets	940	685
Total investments and other assets	3,313	3,179
TOTAL ASSETS	\$ 21,645	\$ 20,728
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current maturities of long-term debt	\$ 285	\$ 221
Short-term debt	1,450	1,472
Accounts and wages payable	527	687
Taxes accrued	111	84
Mark-to-market derivative liabilities	236	24
Other current liabilities	469	414
Total current liabilities	3,078	2,902
Long-term Debt, Net	6,146	5,691
Preferred Stock of Subsidiary Subject to Mandatory Redemption	16	16
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes, net	2,104	2,046
Accumulated deferred investment tax credits	104	109
Regulatory liabilities	1,437	1,240
Asset retirement obligations	576	562
Accrued pension and other postretirement benefits	758	839
Other deferred credits and liabilities	390	354
Total deferred credits and other liabilities	5,369	5,150

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Preferred Stock of Subsidiaries Not Subject to Mandatory Redemption	195	195
Minority Interest in Consolidated Subsidiaries	24	22
Commitments and Contingencies (Notes 2, 8, 9 and 10)		
Stockholders' Equity:		
Common stock, \$.01 par value, 400.0 shares authorized –		
shares outstanding of 210.1 and 208.3, respectively	2	2
Other paid-in capital, principally premium on common stock	4,693	4,604
Retained earnings	2,188	2,110
Accumulated other comprehensive income (loss)	(66)	36
Total stockholders' equity	6,817	6,752
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 21,645	\$ 20,728

The accompanying notes are an integral part of these consolidated financial statements.

AMEREN CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited) (In millions)

	Six Months Ended June 30,	
	2008	2007
Cash Flows From Operating Activities:		
Net income	\$ 344	\$ 266
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain on sales of emission allowances	(2)	(2)
Mark-to-market gain on derivatives	(94)	(1)
Coal contract settlement	(60)	-
Depreciation and amortization	364	357
Amortization of nuclear fuel	20	15
Amortization of debt issuance costs and premium/discounts	8	10
Deferred income taxes and investment tax credits, net	107	(8)
Minority interest	16	13
Other	4	7
Changes in assets and liabilities:		
Receivables	15	(131)
Materials and supplies	16	35
Accounts and wages payable	(64)	(62)
Taxes accrued, net	(58)	59
Assets, other	32	29
Liabilities, other	65	19
Pension and other postretirement benefit obligations	15	50
Counterparty collateral asset	(205)	(97)
Counterparty collateral liability	79	-
Taum Sauk insurance receivable, net	(107)	(16)
Net cash provided by operating activities	495	543
Cash Flows From Investing Activities:		
Capital expenditures	(798)	(715)
Nuclear fuel expenditures	(123)	(24)
Purchases of securities – nuclear decommissioning trust fund	(247)	(75)
Sales of securities – nuclear decommissioning trust fund	231	65
Purchases of emission allowances	(2)	(9)
Sales of emission allowances	2	3
Other	2	1
Net cash used in investing activities	(935)	(754)
Cash Flows From Financing Activities:		
Dividends on common stock	(266)	(263)
Capital issuance costs	(9)	(3)
Short-term debt, net	(22)	1,007
Dividends paid to minority interest holder	(15)	(10)
Redemptions, repurchases, and maturities of long-term debt	(808)	(443)
Issuances:		

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Common stock	75	48
Long-term debt	1,335	425
Net cash provided by financing activities	290	761
Net change in cash and cash equivalents	(150)	550
Cash and cash equivalents at beginning of year	355	137
Cash and cash equivalents at end of period	\$ 205	\$ 687

The accompanying notes are an integral part of these consolidated financial statements.

UNION ELECTRIC COMPANY
CONSOLIDATED STATEMENT OF INCOME
(Unaudited) (In millions)

	Three Months Ended		Six Months Ended	
	June 30,	June 30,	June 30,	June 30,
	2008	2007	2008	2007
Operating Revenues:				
Electric - excluding off-system	\$ 589	\$ 579	\$ 1,079	\$ 1,030
Electric - off-system	147	89	298	211
Gas	35	29	118	105
Other	-	-	-	1
Total operating revenues	771	697	1,495	1,347
Operating Expenses:				
Fuel	104	143	251	268
Purchased power	37	29	90	69
Gas purchased for resale	18	15	73	64
Other operations and maintenance	238	222	455	446
Depreciation and amortization	82	84	163	171
Taxes other than income taxes	60	60	120	117
Total operating expenses	539	553	1,152	1,135
Operating Income	232	144	343	212
Other Income and Expenses:				
Miscellaneous income	15	12	29	20
Miscellaneous expense	(2)	(6)	(4)	(8)
Total other income	13	6	25	12
Interest Charges	50	51	91	97
Income Before Income Taxes and Equity				
in Income of Unconsolidated Investment	195	99	277	127
Income Taxes	71	30	100	39
Income Before Equity in Income				
of Unconsolidated Investment	124	69	177	88
Equity in Income of Unconsolidated Investment,				
Net of Taxes	-	12	11	26
Net Income	124	81	188	114
Preferred Stock Dividends	2	2	3	3
Net Income Available to Common Stockholder	\$ 122	\$ 79	\$ 185	\$ 111

The accompanying notes as they relate to UE are an integral part of these consolidated financial statements.

UNION ELECTRIC COMPANY
CONSOLIDATED BALANCE SHEET
(Unaudited) (In millions, except per share amounts)

ASSETS	June 30, 2008	December 31, 2007
Current Assets:		
Cash and cash equivalents	\$ -	\$ 185
Accounts receivable – trade (less allowance for doubtful accounts of \$7 and \$6, respectively)	176	191
Unbilled revenue	165	118
Miscellaneous accounts and notes receivable	268	213
Advances to money pool	-	15
Accounts receivable – affiliates	28	90
Materials and supplies	318	301
Mark-to-market derivative assets	106	7
Other current assets	75	43
Total current assets	1,136	1,163
Property and Plant, Net	8,477	8,189
Investments and Other Assets:		
Nuclear decommissioning trust fund	284	307
Intercompany note receivable – affiliate	30	-
Intangible assets	52	56
Regulatory assets	677	697
Other assets	393	491
Total investments and other assets	1,436	1,551
TOTAL ASSETS	\$ 11,049	\$ 10,903
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current maturities of long-term debt	\$ 4	\$ 152
Short-term debt	33	82
Intercompany note payable – Ameren	50	-
Accounts and wages payable	143	315
Accounts payable – affiliates	85	212
Taxes accrued	78	78
Accrued interest	56	47
Taum Sauk pumped-storage hydroelectric facility liability	35	103
Mark-to-market derivative liabilities	101	1
Other current liabilities	58	58
Total current liabilities	643	1,048
Long-term Debt, Net	3,677	3,208
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes, net	1,347	1,273
Accumulated deferred investment tax credits	82	85
Regulatory liabilities	907	865

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Asset retirement obligations	489	476
Accrued pension and other postretirement benefits	237	297
Other deferred credits and liabilities	45	50
Total deferred credits and other liabilities	3,107	3,046
Commitments and Contingencies (Notes 2, 8, 9 and 10)		
Stockholders' Equity:		
Common stock, \$5 par value, 150.0 shares authorized – 102.1 shares outstanding	511	511
Preferred stock not subject to mandatory redemption	113	113
Other paid-in capital, principally premium on common stock	1,119	1,119
Retained earnings	1,894	1,855
Accumulated other comprehensive income (loss)	(15)	3
Total stockholders' equity	3,622	3,601
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 11,049	\$ 10,903

The accompanying notes as they relate to UE are an integral part of these consolidated financial statements.

UNION ELECTRIC COMPANY
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited) (In millions)

	Six Months Ended	
	June 30,	
	2008	2007
Cash Flows From Operating Activities:		
Net income	\$ 188	\$ 114
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain on sales of emission allowances	(1)	-
Mark-to-market gain on derivatives	(73)	-
Depreciation and amortization	163	171
Amortization of nuclear fuel	20	15
Amortization of debt issuance costs and premium/discounts	3	3
Deferred income taxes and investment tax credits, net	74	15
Other	(9)	-
Changes in assets and liabilities:		
Receivables	66	(110)
Materials and supplies	(17)	(31)
Accounts and wages payable	(253)	(129)
Taxes accrued, net	(31)	74
Assets, other	53	55
Liabilities, other	26	(31)
Pension and other postretirement benefit obligations	13	15
Taum Sauk insurance receivable, net	(107)	(16)
Net cash provided by operating activities	115	145
Cash Flows From Investing Activities:		
Capital expenditures	(377)	(355)
Nuclear fuel expenditures	(123)	(24)
Changes in money pool advances	-	6
Proceeds from intercompany note receivable	6	-
Purchases of securities – nuclear decommissioning trust fund	(247)	(75)
Sales of securities – nuclear decommissioning trust fund	231	65
Sales of emission allowances	1	2
Net cash used in investing activities	(509)	(381)
Cash Flows From Financing Activities:		
Dividends on common stock	(105)	(127)
Dividends on preferred stock	(3)	(3)
Capital issuance costs	(5)	(3)
Short-term debt, net	(49)	192
Intercompany note payable – Ameren, net	50	(40)
Redemptions, repurchases, and maturities of long-term debt	(378)	-
Issuances of long-term debt	699	425
Net cash provided by financing activities	209	444
Net change in cash and cash equivalents	(185)	208
Cash and cash equivalents at beginning of year	185	1

Cash and cash equivalents at end of period	\$	-	\$	209
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The accompanying notes as they relate to UE are an integral part of these consolidated financial statements.

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CENTRAL ILLINOIS PUBLIC SERVICE COMPANY
STATEMENT OF INCOME
(Unaudited) (In millions)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2008	2007	2008	2007
Operating Revenues:				
Electric	\$ 169	\$ 193	\$ 349	\$ 404
Gas	38	36	148	137
Other	-	-	-	2
Total operating revenues	207	229	497	543
Operating Expenses:				
Purchased power	108	127	231	275
Gas purchased for resale	24	21	104	95
Other operations and maintenance	48	41	98	84
Depreciation and amortization	17	16	34	33
Taxes other than income taxes	7	9	19	18
Total operating expenses	204	214	486	505
Operating Income	3	15	11	38
Other Income and Expenses:				
Miscellaneous income	3	5	6	8
Miscellaneous expense	(2)	(1)	(2)	(1)
Total other income	1	4	4	7
Interest Charges	8	10	15	18
Income (Loss) Before Income Taxes	(4)	9	-	27
Income Taxes (Benefit)	(1)	4	-	10
Net Income (Loss)	(3)	5	-	17
Preferred Stock Dividends	-	-	1	1
Net Income (Loss) Available to Common Stockholder	\$ (3)	\$ 5	\$ (1)	\$ 16

The accompanying notes as they relate to CIPS are an integral part of these consolidated financial statements.

CENTRAL ILLINOIS PUBLIC SERVICE COMPANY
BALANCE SHEET
(Unaudited) (In millions)

	June 30, 2008	December 31, 2007
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ -	\$ 26
Accounts receivable – trade (less allowance for doubtful accounts of \$6 and \$5, respectively)	69	62
Unbilled revenue	49	66
Miscellaneous accounts and notes receivable	19	19
Accounts receivable – affiliates	4	9
Current portion of intercompany note receivable – Genco	42	39
Current portion of intercompany tax receivable – Genco	9	9
Materials and supplies	48	66
Mark-to-market derivative assets with affiliate	38	1
Other current assets	19	15
Total current assets	297	312
Property and Plant, Net	1,184	1,174
Investments and Other Assets:		
Intercompany note receivable – Genco	45	87
Intercompany tax receivable – Genco	100	105
Regulatory assets	83	113
Other assets	79	69
Total investments and other assets	307	374
TOTAL ASSETS	\$ 1,788	\$ 1,860
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current maturities of long-term debt	\$ 15	\$ 15
Short-term debt	25	125
Accounts and wages payable	59	44
Accounts payable – affiliates	19	19
Borrowings from money pool	3	-
Taxes accrued	4	8
Customer deposits	16	16
Regulatory liabilities	21	2
Other current liabilities	37	29
Total current liabilities	199	258
Long-term Debt, Net	421	456
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes and investment tax credits, net	266	269
Regulatory liabilities	320	265
Accrued pension and other postretirement benefits	38	67
Other deferred credits and liabilities	28	28
Total deferred credits and other liabilities	652	629

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Commitments and Contingencies (Notes 2, 8, and 9)

Stockholders' Equity:

Common stock, no par value, 45.0 shares authorized – 25.5 shares outstanding	-	-
Other paid-in capital	191	191
Preferred stock not subject to mandatory redemption	50	50
Retained earnings	275	276
Total stockholders' equity	516	517
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 1,788	\$ 1,860

The accompanying notes as they relate to CIPS are an integral part of these consolidated financial statements.

CENTRAL ILLINOIS PUBLIC SERVICE COMPANY
STATEMENT OF CASH FLOWS
(Unaudited) (In millions)

	Six Months Ended June 30,	
	2008	2007
Cash Flows From Operating Activities:		
Net income	\$ -	\$ 17
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	34	33
Amortization of debt issuance costs and premium/discounts	1	1
Deferred income taxes and investment tax credits, net	(2)	(10)
Changes in assets and liabilities:		
Receivables	20	11
Materials and supplies	18	20
Accounts and wages payable	12	(30)
Taxes accrued, net	(12)	(3)
Assets, other	29	6
Liabilities, other	7	(4)
Pension and other postretirement benefit obligations	2	3
Net cash provided by operating activities	109	44
Cash Flows From Investing Activities:		
Capital expenditures	(41)	(39)
Proceeds from intercompany note receivable – Genco	39	37
Changes in money pool advances	-	1
Net cash used in investing activities	(2)	(1)
Cash Flows From Financing Activities:		
Dividends on preferred stock	(1)	(1)
Short-term debt, net	(100)	100
Changes in money pool borrowings	3	-
Redemptions, repurchases, and maturities of long-term debt	(35)	-
Net cash provided by (used in) financing activities	(133)	99
Net change in cash and cash equivalents	(26)	142
Cash and cash equivalents at beginning of year	26	6
Cash and cash equivalents at end of period	\$ -	\$ 148

The accompanying notes as they relate to CIPS are an integral part of these consolidated financial statements.

AMEREN ENERGY GENERATING COMPANY
CONSOLIDATED STATEMENT OF INCOME
(Unaudited) (In millions)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2008	2007	2008	2007
Operating Revenues	\$ 194	\$ 186	\$ 425	\$ 429
Operating Expenses:				
Fuel	49	74	137	155
Coal contract settlement	(60)	-	(60)	-
Purchased power	-	-	-	21
Other operations and maintenance	53	49	93	83
Depreciation and amortization	16	18	32	36
Taxes other than income taxes	5	4	11	10
Total operating expenses	63	145	213	305
Operating Income	131	41	212	124
Miscellaneous Income	3	1	5	1
Interest Charges	17	14	26	28
Income Before Income Taxes	117	28	191	97
Income Taxes	43	11	71	37
Net Income	\$ 74	\$ 17	\$ 120	\$ 60

The accompanying notes as they relate to Genco are an integral part of these consolidated financial statements.

AMEREN ENERGY GENERATING COMPANY
CONSOLIDATED BALANCE SHEET
(Unaudited) (In millions, except shares)

	June 30, 2008	December 31, 2007
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 2	\$ 2
Accounts receivable – affiliates	96	93
Miscellaneous accounts and notes receivable	66	12
Materials and supplies	109	93
Other current assets	11	4
Total current assets	284	204
Property and Plant, Net	1,753	1,683
Intangible Assets	52	63
Other Assets	8	18
TOTAL ASSETS	\$ 2,097	\$ 1,968
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current Liabilities:		
Short-term debt	\$ -	\$ 100
Current portion of intercompany note payable – CIPS	42	39
Borrowings from money pool	5	54
Accounts and wages payable	43	61
Accounts payable – affiliates	48	57
Current portion of intercompany tax payable – CIPS	9	9
Taxes accrued	17	15
Accrued interest	12	5
Deferred taxes - current	15	7
Other current liabilities	12	18
Total current liabilities	203	365
Long-term Debt, Net	774	474
Intercompany Note Payable – CIPS	45	87
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes, net	168	161
Accumulated deferred investment tax credits	6	7
Intercompany tax payable – CIPS	100	105
Asset retirement obligations	48	47
Accrued pension and other postretirement benefits	33	32
Other deferred credits and liabilities	37	42
Total deferred credits and other liabilities	392	394
Commitments and Contingencies (Notes 2, 8 and 9)		
Stockholder's Equity:		
Common stock, no par value, 10,000 shares authorized – 2,000 shares outstanding	-	-
Other paid-in capital	503	503
Retained earnings	204	167
Accumulated other comprehensive loss	(24)	(22)

Total stockholder's equity		683		648
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	\$	2,097	\$	1,968

The accompanying notes as they relate to Genco are an integral part of these consolidated financial statements.

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AMEREN ENERGY GENERATING COMPANY
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited) (In millions)

	Six Months Ended June 30,	
	2008	2007
Cash Flows From Operating Activities:		
Net income	\$ 120	\$ 60
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain on sales of emission allowances	(1)	(1)
Mark-to-market gain on derivatives	(29)	(1)
Coal contract settlement	(60)	-
Depreciation and amortization	45	52
Deferred income taxes and investment tax credits, net	18	8
Other	1	1
Changes in assets and liabilities:		
Receivables	28	10
Materials and supplies	(16)	(1)
Accounts and wages payable	(24)	13
Taxes accrued, net	3	(2)
Assets, other	7	(25)
Liabilities, other	(2)	(2)
Pension and other postretirement obligations	2	3
Net cash provided by operating activities	92	115
Cash Flows From Investing Activities:		
Capital expenditures	(117)	(77)
Purchases of emission allowances	(2)	(5)
Sales of emission allowances	1	1
Net cash used in investing activities	(118)	(81)
Cash Flows From Financing Activities:		
Dividends on common stock	(84)	(113)
Debt issuance costs	(2)	-
Short-term debt, net	(100)	-
Changes in money pool borrowings	(49)	116
Intercompany note payable – CIPS	(39)	(37)
Issuances of long-term debt	300	-
Net cash provided by (used in) financing activities	26	(34)
Net change in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of year	2	1
Cash and cash equivalents at end of period	\$ 2	\$ 1

The accompanying notes as they relate to Genco are an integral part of these consolidated financial statements.

CILCORP INC.
CONSOLIDATED STATEMENT OF INCOME
(Unaudited) (In millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Operating Revenues:				
Electric	\$ 162	\$ 165	\$ 356	\$ 345
Gas	69	60	220	195
Other	1	1	1	1
Total operating revenues	232	226	577	541
Operating Expenses:				
Fuel	25	14	53	37
Purchased power	62	64	140	140
Gas purchased for resale	50	42	165	145
Other operations and maintenance	48	43	93	83
Depreciation and amortization	23	21	46	42
Taxes other than income taxes	5	6	14	14
Total operating expenses	213	190	511	461
Operating Income	19	36	66	80
Other Income and Expenses:				
Miscellaneous income	1	-	1	2
Miscellaneous expense	(2)	(2)	(2)	(3)
Total other expenses	(1)	(2)	(1)	(1)
Interest Charges	13	15	28	29
Income Before Income Taxes	5	19	37	50
Income Taxes	-	6	12	16
Income Before Preferred Dividends of Subsidiaries	5	13	25	34
Preferred Dividends of Subsidiaries	1	1	1	1
Net Income	\$ 4	\$ 12	\$ 24	\$ 33

The accompanying notes as they relate to CILCORP are an integral part of these consolidated financial statements.

CILCORP INC.
CONSOLIDATED BALANCE SHEET
(Unaudited) (In millions, except shares)

	June 30, 2008	December 31, 2007
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 19	\$ 6
Accounts receivable – trade (less allowance for doubtful accounts of \$3 and \$2, respectively)	54	52
Unbilled revenue	39	54
Accounts receivable – affiliates	57	47
Advances to money pool	2	2
Note receivable – affiliates	1	-
Materials and supplies	101	110
Mark-to-market derivative assets	10	1
Mark-to-market derivative assets with affiliate	24	1
Income tax receivable	19	16
Other current assets	27	22
Total current assets	353	311
Property and Plant, Net	1,562	1,494
Investments and Other Assets:		
Goodwill	542	542
Intangible assets	37	41
Regulatory assets	24	32
Other assets	59	39
Total investments and other assets	662	654
TOTAL ASSETS	\$ 2,577	\$ 2,459
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current Liabilities:		
Short-term debt	\$ 550	\$ 520
Borrowings from money pool, net	2	-
Intercompany note payable – Ameren	15	2
Accounts and wages payable	66	75
Accounts payable – affiliates	54	34
Taxes accrued	3	3
Other current liabilities	69	54
Total current liabilities	759	688
Long-term Debt, Net	515	537
Preferred Stock of Subsidiary Subject to Mandatory Redemption	16	16
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes, net	197	193
Accumulated deferred investment tax credits	5	6
Regulatory liabilities	147	92
Accrued pension and other postretirement benefits	111	127

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Other deferred credits and liabilities	67	66
Total deferred credits and other liabilities	527	484
Preferred Stock of Subsidiary Not Subject to Mandatory Redemption	19	19
Commitments and Contingencies (Notes 2, 8 and 9)		
Stockholder's Equity:		
Common stock, no par value, 10,000 shares authorized – 1,000 shares outstanding	-	-
Other paid-in capital	627	627
Retained earnings	82	58
Accumulated other comprehensive income	32	30
Total stockholder's equity	741	715
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	\$ 2,577	\$ 2,459

The accompanying notes as they relate to CILCORP are an integral part of these consolidated financial statements.

CILCORP INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited) (In millions)

	Six Months Ended June 30,	
	2008	2007
Cash Flows From Operating Activities:		
Net income	\$ 24	\$ 33
Adjustments to reconcile net income to net cash provided by operating activities:		
Mark-to-market gain on derivatives	(7)	-
Depreciation and amortization	46	38
Amortization of debt issuance costs and premium/discounts	-	1
Deferred income taxes and investment tax credits	14	(3)
Changes in assets and liabilities:		
Receivables	10	(13)
Materials and supplies	9	14
Accounts and wages payable	43	3
Taxes accrued, net	(10)	(3)
Assets, other	(2)	(2)
Liabilities, other	9	(7)
Pension and postretirement benefit obligations	(8)	1
Net cash provided by operating activities	128	62
Cash Flows From Investing Activities:		
Capital expenditures	(140)	(127)
Changes in money pool advances	-	42
Other	(1)	-
Net cash used in investing activities	(141)	(85)
Cash Flows From Financing Activities:		
Short-term debt, net	30	250
Changes in money pool borrowings	2	-
Intercompany note payable – Ameren, net	13	(73)
Redemptions, repurchases, and maturities of long-term debt	(19)	(50)
Net cash provided by financing activities	26	127
Net change in cash and cash equivalents	13	104
Cash and cash equivalents at beginning of year	6	4
Cash and cash equivalents at end of period	\$ 19	\$ 108

The accompanying notes as they relate to CILCORP are an integral part of these consolidated financial statements.

CENTRAL ILLINOIS LIGHT COMPANY
CONSOLIDATED STATEMENT OF INCOME
(Unaudited) (In millions)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2008	2007	2008	2007
Operating Revenues:				
Electric	\$ 162	\$ 165	\$ 356	\$ 345
Gas	69	60	220	195
Other	1	1	1	1
Total operating revenues	232	226	577	541
Operating Expenses:				
Fuel	23	12	50	34
Purchased power	62	64	140	140
Gas purchased for resale	50	42	165	145
Other operations and maintenance	49	46	97	87
Depreciation and amortization	21	18	41	36
Taxes other than income taxes	5	5	14	13
Total operating expenses	210	187	507	455
Operating Income	22	39	70	86
Other Income and Expenses:				
Miscellaneous income	1	1	1	2
Miscellaneous expense	(1)	(2)		