

Ameren Illinois Co
Form 10-Q
November 08, 2011
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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 September 30, 2011**

OR

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

Exact name of registrant as specified in its charter;

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

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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.

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

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

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

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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 large accelerated filer, 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	..
Ameren Illinois Company	..	..	x	..
Ameren Energy Generating 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
Ameren Illinois Company	Yes	..	No	x
Ameren Energy Generating Company	Yes	..	No	x

The number of shares outstanding of each registrant's classes of common stock as of October 31, 2011, was as follows:

Ameren Corporation	Common stock, \$0.01 par value per share - 242,239,840
Union Electric Company	Common stock, \$5 par value per share, held by Ameren Corporation (parent company of the registrant) - 102,123,834
Ameren Illinois Company	Common stock, no par value, held by Ameren Corporation (parent company of the registrant) - 25,452,373
Ameren Energy Generating Company	Common stock, no par value, held by Ameren Energy Resources Company, LLC (parent company of the registrant and subsidiary of Ameren Corporation) - 2,000

OMISSION OF CERTAIN INFORMATION

Ameren Energy Generating Company meets the conditions set forth in General Instruction H(1)(a) and (b) of Form 10-Q and is 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, Ameren Illinois Company and Ameren Energy Generating 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 beginning on page 4 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.

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GLOSSARY OF TERMS AND ABBREVIATIONS

We use the words *our*, *we* or *us* with respect to certain information that relates to the individual registrants within the Ameren Corporation consolidated group. When appropriate, subsidiaries of Ameren Corporation are named specifically as their various business activities are discussed. Refer to the 2010 Form 10-K for a complete listing of glossary terms and abbreviations. Only new or significantly changed terms and abbreviations are included below.

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

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

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

Ameren Missouri or AMO - Union Electric Company, an Ameren Corporation subsidiary that operates a rate-regulated electric generation, transmission and distribution business, and a rate-regulated natural gas transmission and distribution business in Missouri, doing business as Ameren Missouri. Ameren Missouri is also defined as a financial reporting segment consisting of Union Electric Company's rate-regulated businesses.

CCR - Coal combustion residuals.

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

CSAPR - Cross-State Air Pollution Rule.

Form 10-K - The combined Annual Report on Form 10-K for the year ended December 31, 2010, filed by the Ameren Companies with the SEC.

MIEC - Missouri Industrial Energy Consumers.

MoOPC - Missouri Office of Public Counsel.

NO₂ - Nitrogen dioxide.

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

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 in the Form 10-K and elsewhere in this report and in our other filings with the SEC, could cause actual results to differ materially from

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management expectations suggested in such forward-looking statements:

regulatory, judicial, or legislative actions, including changes in regulatory policies and ratemaking determinations, such as the outcome of the pending Ameren Illinois electric and natural gas rate proceedings; the court appeals related to Ameren Missouri's 2009, 2010, and 2011 electric rate orders, Ameren Illinois' 2010 electric and natural gas rate order, and Ameren Missouri's FAC prudence review; and future regulatory, judicial, or legislative actions that seek to change regulatory recovery mechanisms, such as the recent passage of legislation providing for formula ratemaking in Illinois;

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

changes in laws and other governmental actions, including monetary, fiscal, and tax policies;

changes in laws or regulations that adversely affect the ability of electric distribution companies and other purchasers of wholesale electricity to pay their suppliers, including Ameren Missouri and Marketing Company;

the effects of increased competition in the future due to, among other things, deregulation of certain aspects of our business at both the state and federal levels, and the implementation of deregulation, such as occurred when the electric rate freeze and power supply contracts expired in Illinois at the end of 2006;

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

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

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the effects of our and other members' participation in, or potential withdrawal from, MISO, and the effects of new members joining 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;

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

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

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

our assessment of our liquidity;

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

actions of credit rating agencies and the effects of such actions;

the impact of weather conditions and other natural phenomena on us and our customers;

the impact of system outages;

generation, transmission, and distribution asset construction, installation, performance, and cost recovery;

the extent to which Ameren Missouri prevails in its claims against insurers in connection with its Taum Sauk pumped-storage hydroelectric energy center incident;

the extent to which Ameren Missouri is permitted by its regulators to recover in rates investments made in connection with a proposed second unit at its Callaway energy center;

impairments of long-lived assets, intangible assets, or goodwill;

operation of Ameren Missouri's Callaway energy center, including planned and unplanned outages, decommissioning costs and potential increased costs as a result of nuclear-related developments in Japan in 2011;

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the effects of strategic initiatives, including mergers, acquisitions and divestitures;

the impact of current environmental regulations on utilities and power generating companies and the expectation that new or more stringent requirements, including those related to greenhouse gases, other emissions, and energy efficiency, will be enacted over time, which could limit or terminate the operation of certain of our generating units, increase our costs, result in an impairment of our assets, reduce our customers' demand for electricity or natural gas, or otherwise have a negative financial effect;

the impact of complying with renewable energy portfolio requirements in Missouri;

labor disputes, work force reductions, future wage and employee benefits costs, including changes in discount rates and returns on benefit plan assets;

the inability of our counterparties and affiliates to meet their obligations with respect to contracts, credit facilities, and financial instruments;

the cost and availability of transmission capacity for the energy generated by the Ameren Companies' energy centers or required to satisfy energy sales made by the Ameren Companies;

legal and administrative proceedings; and

acts of sabotage, war, terrorism, 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.

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(Unaudited) (In millions, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Operating Revenues:				
Electric	\$ 2,138	\$ 2,133	\$ 5,222	\$ 5,140
Gas	130	134	731	792
Total operating revenues	2,268	2,267	5,953	5,932
Operating Expenses:				
Fuel	467	394	1,217	973
Purchased power	332	376	796	915
Gas purchased for resale	46	51	413	467
Other operations and maintenance	432	455	1,368	1,357
Goodwill, impairment and other charges	124	589	126	589
Depreciation and amortization	196	194	585	571
Taxes other than income taxes	121	119	355	342
Total operating expenses	1,718	2,178	4,860	5,214
Operating Income	550	89	1,093	718
Other Income and Expenses:				
Miscellaneous income	18	24	51	70
Miscellaneous expense	5	10	15	19
Total other income	13	14	36	51
Interest Charges	113	130	336	377
Income (Loss) Before Income Taxes	450	(27)	793	392
Income Taxes	163	137	293	295
Net Income (Loss)	287	(164)	500	97
Less: Net Income Attributable to Noncontrolling Interests	2	3	6	10
Net Income (Loss) Attributable to Ameren Corporation	\$ 285	\$ (167)	\$ 494	\$ 87
Earnings (Loss) per Common Share Basic and Diluted	\$ 1.18	\$ (0.70)	\$ 2.05	\$ 0.37

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Dividends per Common Share	\$ 0.385	\$ 0.385	\$ 1.155	\$ 1.155
Average Common Shares Outstanding	241.7	239.3	241.2	238.4

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

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AMEREN CORPORATION
CONSOLIDATED BALANCE SHEET

(Unaudited) (In millions, except per share amounts)

	September 30, 2011	December 31, 2010
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 522	\$ 545
Accounts receivable trade (less allowance for doubtful accounts of \$21 and \$23, respectively)	575	517
Unbilled revenue	292	406
Miscellaneous accounts and notes receivable	147	214
Materials and supplies	734	707
Mark-to-market derivative assets	94	129
Current regulatory assets	184	267
Other current assets	132	109
Total current assets	2,680	2,894
Property and Plant, Net	17,873	17,853
Investments and Other Assets:		
Nuclear decommissioning trust fund	330	337
Goodwill	411	411
Intangible assets	6	7
Regulatory assets	1,213	1,263
Other assets	843	750
Total investments and other assets	2,803	2,768
TOTAL ASSETS	\$ 23,356	\$ 23,515
LIABILITIES AND EQUITY		
Current Liabilities:		
Current maturities of long-term debt	\$ 178	\$ 155
Short-term debt	350	269
Accounts and wages payable	410	651
Taxes accrued	161	63
Interest accrued	159	107
Customer deposits	98	100
Mark-to-market derivative liabilities	118	161
Current regulatory liabilities	123	99
Other current liabilities	251	283
Total current liabilities	1,848	1,888
Credit Facility Borrowings	-	460
Long-term Debt, Net	6,682	6,853
Deferred Credits and Other Liabilities:		
Accumulated deferred income taxes, net	3,299	2,886
Accumulated deferred investment tax credits	81	90

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Regulatory liabilities	1,464	1,319
Asset retirement obligations	439	475
Pension and other postretirement benefits	922	1,045
Other deferred credits and liabilities	469	615
Total deferred credits and other liabilities	6,674	6,430
Commitments and Contingencies (Notes 2, 8, 9 and 10)		
Ameren Corporation Stockholders Equity:		
Common stock, \$.01 par value, 400.0 shares authorized shares outstanding of 242.2 and 240.4, respectively	2	2
Other paid-in capital, principally premium on common stock	5,580	5,520
Retained earnings	2,440	2,225
Accumulated other comprehensive loss	(25)	(17)
Total Ameren Corporation stockholders equity	7,997	7,730
Noncontrolling Interests	155	154
Total equity	8,152	7,884
TOTAL LIABILITIES AND EQUITY	\$ 23,356	\$ 23,515

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

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AMEREN CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited) (In millions)

	Nine Months Ended September 30,	
	2011	2010
Cash Flows From Operating Activities:		
Net income	\$ 500	\$ 97
Adjustments to reconcile net income to net cash provided by operating activities:		
Goodwill, impairment and other charges	126	589
Gain on sales of properties	(12)	(5)
Net mark-to-market (gain) loss on derivatives	15	(27)
Depreciation and amortization	587	588
Amortization of nuclear fuel	51	36
Amortization of debt issuance costs and premium/discounts	17	19
Deferred income taxes and investment tax credits, net	380	409
Allowance for equity funds used during construction	(25)	(40)
Other	8	13
Changes in assets and liabilities:		
Receivables	52	(154)
Materials and supplies	(34)	39
Accounts and wages payable	(191)	(170)
Taxes accrued	94	99
Assets, other	64	(107)
Liabilities, other	(4)	89
Pension and other postretirement benefits	(98)	(12)
Counterparty collateral, net	37	(24)
Taum Sauk insurance recoveries, net of costs	(1)	57
Net cash provided by operating activities	1,566	1,496
Cash Flows From Investing Activities:		
Capital expenditures	(758)	(757)
Nuclear fuel expenditures	(45)	(24)
Purchases of securities nuclear decommissioning trust fund	(163)	(207)
Sales of securities nuclear decommissioning trust fund	147	195
Proceeds from sales of properties	50	20
Other	12	(3)
Net cash used in investing activities	(757)	(776)
Cash Flows From Financing Activities:		
Dividends on common stock	(279)	(276)
Capital issuance costs	-	(15)
Dividends paid to noncontrolling interest holders	(5)	(7)
Short-term debt and credit facility repayments, net	(379)	(325)
Redemptions, repurchases, and maturities:		
Long-term debt	(150)	(106)
Preferred stock	-	(52)
Issuances of common stock	49	60
Generator advances for construction refunded, net of receipts	(73)	(18)

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Other	5	5
Net cash used in financing activities	(832)	(734)
Net change in cash and cash equivalents	(23)	(14)
Cash and cash equivalents at beginning of year	545	622
Cash and cash equivalents at end of period	\$ 522	\$ 608

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

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UNION ELECTRIC COMPANY

STATEMENT OF INCOME

(Unaudited) (In millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Operating Revenues:				
Electric	\$ 1,099	\$ 1,040	\$ 2,592	\$ 2,384
Gas	16	20	113	118
Other	-	-	4	1
Total operating revenues	1,115	1,060	2,709	2,503