



STATE OF ILLINOIS

Illinois Commerce Commission

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EXECUTIVE DIRECTOR

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March 14, 2007

Mr. Scott Cisel
President and Chief Executive Officer
Ameren Illinois
300 Liberty Street
Peoria, IL 61602

Dear Mr. Cisel:

On March 12, 2007, Moody's Investors Service downgraded the ratings of Ameren Corporation and its utility subsidiaries to one notch below investment grade. On March 7, 2007, Ameren issued a press release that indicated if its Illinois utilities' credit ratings were downgraded to junk status (i.e., non-investment grade) that "[s]uch a credit rating agency downgrade for Ameren Illinois utilities would mean:

- Immediate steps to lay off employees;
- Nearly all of the companies' contractors would be laid off;
- Reliability projects-including tree trimming-would be postponed;
- Connections for new homes and businesses would be delayed;
- Response to customer calls would stretch from seconds today to many minutes;
- Elimination of the proposed \$20 million customer credit, primarily for the relief of residential electric heat customers;
- Elimination of the zero-percent interest Customer Elect Plan (CEP) for phasing in higher electricity rates;
- Elimination of the zero-percent deferral assistance program for certain non-residential customers;
- Elimination of the \$15 million pledged for energy assistance, energy efficiency programs and aid for low-income customers; and
- All community donations and projects would be discontinued."

The Illinois Commerce Commission is very concerned that many of these actions will preclude Ameren from maintaining the safe and reliable service required by statute. We understand such rating downgrade will impact the Ameren Illinois utilities' future financing costs and access to capital. Nevertheless, it is unclear to the Commission why such downgrade should result in all the above actions. The credit rating downgrade is a

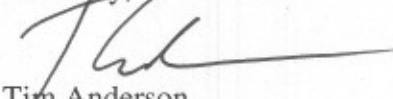
response to potential legislative action that has not and may not occur. It is not a response to any actual reduction in the Ameren Illinois utilities' cash flows. Therefore, we are requesting a detailed explanation of these actions and have attached to this letter a list of questions regarding those proposed actions that the Commission expects the Ameren Illinois utilities to answer by Friday, March 16, 2007. In addition, we are requesting a copy of all correspondence and all other communications, whether oral, electronic, or otherwise, between the Ameren Illinois utilities and each credit rating agency (i.e., Moody's Investors Service, Standard & Poor's, and Fitch Ratings) concerning the credit ratings of the Ameren Illinois utilities during the last 12 months. The Commission expects the Ameren Illinois utilities to answer this request by March 28, 2007.

In the Ameren Illinois utilities' request for a rate increase in 2006, the Illinois Commerce Commission granted a total of \$96.7 million in additional annual revenues to recover just and reasonable operating costs and to provide a fair return on utility investments. In our opinion it is not justifiable that the Ameren Illinois utilities would consider laying off employees, terminating contractor employment, postponing reliability projects, delaying new service connections, discontinuing community donations and projects when such costs are reflected in the new rates that have been granted to them and are now being charged to customers.

The Illinois Commerce Commission is aware that in 2006 the Ameren Illinois utilities paid the following amounts in common dividends to their parent company AmerenCIPS - \$50 million; and AmerenCILCO - \$65 million. (While AmerenIP paid no common dividend in 2006, we recognize that it paid \$76 million in common dividends in 2005). Further, we are aware that the Ameren Illinois utilities together paid \$8 million in preferred dividends in 2006. We expect AmerenCIPS, AmerenCILCO, and AmerenIP to suspend their common and preferred dividends before they begin cuts in service to their customers. In addition, the Commission also expects that the Ameren Illinois utilities will consider reductions in less essential expenditures such as executive compensation and promotional advertising prior to considering cuts in utility service.

The Commission takes seriously the public utilities' obligations under the Public Utilities Act to, among other things, provide and maintain the service necessary to promote the safety, health, comfort, and convenience of the public. The Commission shall consider undertaking any and all necessary actions or remedies provided by law to ensure safe and reliable service for Illinois ratepayers.

Sincerely,



Tim Anderson
Executive Director

Regarding the Ameren News Release of March 7, 2007, in which Ameren indicated that "a credit rating downgrade for Ameren Illinois utilities would mean" that a certain number of adverse actions would occur, please answer the below questions for each indicated action. As to each question for all three Ameren Illinois utility electric and natural gas service, please provide separate answers.

(1) Regarding "immediate steps to lay off employees," please explain:

How many employees by month are to be laid off at each Ameren Illinois utility?

What are the current jobs by Illinois utility of the employees to be laid off?

By Illinois utility, how did Ameren determine just which employees are to be laid off?

Please identify by Illinois utility by month the dollar savings that Ameren expects will be realized from the employee layoffs.

(2) Regarding "nearly all of the companies' contractors would be laid off," please explain:

How many contractors would be laid off at each Ameren Illinois utility by month?

How did Ameren determine which contractors should be laid off at each Illinois utility?

Please identify by Illinois utility by month the dollar savings that Ameren expects it will realize through the contractor layoffs.

(3) Regarding "reliability projects-including tree trimming-would be postponed," please explain:

Which reliability projects does Ameren contemplate postponing at each Illinois utility?

Are those all of Ameren Illinois utility reliability projects? If not, by Illinois utility, which reliability projects will be continued?

How did Ameren determine which reliability projects should be postponed at each Illinois utility?

Please identify by postponed reliability project the impact that Ameren believe the postponing of reliability projects, including tree trimming, will have on its service reliability.

Please identify by postponed reliability project the dollar savings that Ameren expects to experience by postponement and when those savings will occur.

(4) Regarding "connections for new homes and businesses would be delayed, please explain:

How did Ameren determine for each Illinois utility which types of new service connections would be delayed?

Which new service connections are expected to be delayed by each Ameren Illinois utility by month and how long will the delays be?

For what specific reasons by Illinois utility does Ameren anticipate that new service connection will be delayed?

If the anticipated reasons for new service connection will be delayed are employee or contractor layoffs, please explain how Ameren determined for each Illinois utility how many employees or contractors would be laid off.

Please explain by month for each Illinois utility the dollar savings that Ameren anticipates it will realize by delaying new service connection?

(5) Regarding the "response to customer calls would stretch from seconds today to many minutes," please explain:

How many employees do Ameren Illinois utilities now have devoted to answering customer calls?

By how much does Ameren anticipate response time to customer calls will be extended at each Illinois utility?

For what reasons does Ameren anticipate call response time will be increased at each Illinois utility?

How many employees responding to customer calls does Ameren anticipate will be laid off at each Illinois utility?

If the reason that call response time will be extended is employee layoffs, for each Illinois utility, how did Ameren determine the number of employees responding to customer calls that should be laid off?

For each reason at each Illinois utility that Ameren anticipates that customer call response time will be extended, please provide the dollar savings by month that Ameren anticipates it will realize?

- (6) For all community donations and projects that will be discontinued, please explain:

For each Illinois utility, specify which community donations and projects will be discontinued and by month when the discontinuations will occur.

For each discontinued donation and project, please explain what dollar savings Ameren anticipates it will realize by month.