

UNION ELECTRIC COMPANY

1901 GRATIOT STREET  
ST. LOUIS, MISSOURI

DONALD F. SCHNELL  
VICE PRESIDENT

May 5, 1984

MAILING ADDRESS:  
P. O. BOX 149  
ST. LOUIS, MISSOURI 63166

Mr. Harold R. Denton  
Director of Nuclear Reactor Regulation  
U.S. Nuclear Regulatory Commission  
Washington, D.C. 20555

Dear Mr. Denton:

ULNRC- 812

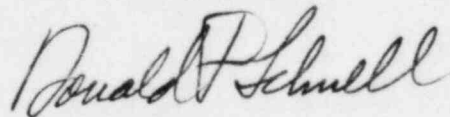
DOCKET NUMBER 50-483  
CALLAWAY PLANT, UNIT 1  
FINANCIAL QUALIFICATION INFORMATION

Reference: NRC letter dated May 4, 1984, from B. J. Youngblood

The referenced letter requested an update of information concerning the financial qualifications of Union Electric Company. Transmitted herewith are responses to questions in the referenced letter. This submittal supplies the updated financial information from our original submittal in ULNRC-465 dated July 17, 1981.

Due to time constraints, we are providing three copies of the requested responses and two copies of all supporting material. This information is hereby incorporated into the Callaway Application.

Very truly yours,



Donald F. Schnell

DJW/lw

8405090121 840505  
PDR ADOCK 05000483  
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3005  
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STATE OF MISSOURI )  
 ) S S  
CITY OF ST. LOUIS )

Donald F. Schnell, of lawful age, being first duly sworn upon oath says that he is Vice President-Nuclear and an officer of Union Electric Company; that he has read the foregoing document and knows the content thereof; that he has executed the same for and on behalf of said company with full power and authority to do so; and that the facts therein stated are true and correct to the best of his knowledge, information and belief.

By Donald F. Schnell  
Donald F. Schnell  
Vice President  
Nuclear

SUBSCRIBED and sworn to before me this 5th day of May, 1984.

Barbara J. Pfaff  
BARBARA J. PFAFF  
NOTARY PUBLIC, STATE OF MISSOURI  
MY COMMISSION EXPIRES APRIL 22, 1985  
ST. LOUIS COUNTY



cc: Glenn L. Koester  
Vice President  
Operations  
Kansas Gas & Electric  
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RR#1  
Steedman, Missouri 65077

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Bruce Little  
Callaway Resident Office  
U.S. Nuclear Regulatory Commission  
RR#1  
Steedman, Missouri 65077

Question 1.a. Indicate the estimated annual cost by year to operate each unit of the subject facility for the first five full years of each unit's commercial operation. The types of costs included in the estimates should be indicated and include (but not necessarily be limited to) operation and maintenance expense (with fuel costs shown separately), depreciation, taxes and a reasonable return on investment. (Enclosed is a form which should be used for each unit for each year of the five year period.) Indicate the projected plant capacity factor (in percent) for each unit during each of the five years. Provide separate estimates using 50 percent and 60 percent plant capacity factors.

1.b. Indicate the unit price per kWh experienced by each applicant on system-wide sales of electric power to all customers for the most recent 12-month period.

Response 1.a. See Tables 1-1 through 1-15. Tables 1-1 through 1-5 provide the requested information for capacity factors which reflect historical capacity factors of similar nuclear units. Tables 1-6 through 1-10 and Tables 1-11 through 1-15 provide requested information for 50 percent and 60 percent capacity factors, respectively.

Transmission expense on Tables 1-1 through 1-15 represent annual right-of-way maintenance clearing, tower painting, and insulator and line maintenance.

1.b. The unit price of system-wide sales of electrical power to all customers for 12 months ending March 31, 1984 was (4.888¢)/kWh.

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TABLE 1-1  
ATTACHMENT FOR ITEM NO. 1.a.

ESTIMATED ANNUAL COST OF OPERATING NUCLEAR GENERATING  
UNIT: CALLAWAY PLANT, UNIT 1  
FOR THE CALENDAR YEAR 1985

(thousands of dollars)

Operation and maintenance expenses

Nuclear power generation

Nuclear fuel expense (plant factor <u>49.6%</u> ) . . . . .	\$ (10100)
Other operating expenses . . . . .	23100
Maintenance expenses . . . . .	15400
Total nuclear power generation . . . . .	31602
(includes Decommissioning expense)	

Transmission expenses . . . . .	131
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Administrative and general expenses

Property and liability insurance . . . . .	7085
Other A.&G expenses . . . . .	4218
Total A.&G expenses . . . . .	11303

TOTAL O&M EXPENSES . . . . .	43036
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Depreciation expense . . . . .	71129
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Taxes other than income taxes

Property taxes . . . . .	44200
Other . . . . .	8328
Total taxes other than income taxes . . . . .	52528

Income taxes - Federal . . . . .	(85646)
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Income taxes - other . . . . .	(5954)
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Deferred income taxes - net . . . . .	(58000)
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Investment tax credit adjustments - net . . . . .	47,400
	(1)

Return (rate of return: <u>11.98%</u> ) . . . . .	323,196
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TOTAL ANNUAL COST OF OPERATION . . . . .	\$ 387,689
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- (1) Includes non-cash portion of common equity return which is to be deferred (1985-1988).

## SNUPPS-C

TABLE 1-2  
ATTACHMENT FOR ITEM NO. 1.a.

ESTIMATED ANNUAL COST OF OPERATING NUCLEAR GENERATING  
UNIT: CALLAWAY PLANT, UNIT 1  
FOR THE CALENDAR YEAR 1986

(thousands of dollars)

Operation and maintenance expenses

Nuclear power generation

Nuclear fuel expense (plant factor <u>56.2%</u> ) . . . . .	\$ (4890)
Other operating expenses . . . . .	23300
Maintenance expenses . . . . .	15600
Total nuclear power generation . . . . .	36975
(includes Decommissioning expense)	

Transmission expenses . . . . .	143
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Administrative and general expenses

Property and liability insurance . . . . .	7776
Other A.&G expenses . . . . .	4454
Total A.&G expenses . . . . .	12230

TOTAL O&M EXPENSES . . . . .	49348
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Depreciation expense . . . . .	80613
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Taxes other than income taxes

Property taxes . . . . .	44200
Other . . . . .	15528
Total taxes other than income taxes . . . . .	59728

Income taxes - Federal . . . . .	(87703)
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Income taxes - other . . . . .	(6097)
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Deferred income taxes - net . . . . .	2800
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Investment tax credit adjustments - net . . . . .	45600
	(1)

Return (rate of return: <u>11.98%</u> ) . . . . .	307946
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TOTAL ANNUAL COST OF OPERATION . . . . .	\$ 452,235
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- (1) Includes non-cash portion of common equity return which is to be deferred (1985-1988).

## SNUPPS-C

TABLE 1-3  
ATTACHMENT FOR ITEM NO. 1.a.

ESTIMATED ANNUAL COST OF OPERATING NUCLEAR GENERATING  
UNIT: CALLAWAY PLANT, UNIT 1  
FOR THE CALENDAR YEAR 1987

(thousands of dollars)

Operation and maintenance expenses

Nuclear power generation

Nuclear fuel expense (plant factor <u>70%</u> ) . . . . .	\$ 52629
Other operating expenses . . . . .	21100
Maintenance expenses . . . . .	14100
Total nuclear power generation . . . . .	90771
(includes Decommissioning expense)	

Transmission expenses . . . . .	153
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Administrative and general expenses

Property and liability insurance . . . . .	8148
Other A.&G expenses . . . . .	4729
Total A.&G expenses . . . . .	12877

TOTAL O&M EXPENSES . . . . .	103801
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Depreciation expense . . . . .	100435
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Taxes other than income taxes

Property taxes . . . . .	44200
Other . . . . .	23400
Total taxes other than income taxes . . . . .	67600

Income taxes - Federal . . . . .	23843
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Income taxes - other . . . . .	1657
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Deferred income taxes - net . . . . .	(23400)
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Investment tax credit adjustments - net . . . . .	(6000)
	(1)

Return (rate of return: <u>11.98%</u> ) . . . . .	300446
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TOTAL ANNUAL COST OF OPERATION . . . . .	\$ 568,382
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- (1) Includes non-cash portion of common equity return which is to be deferred (1985-1988).

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TABLE 1-4  
ATTACHMENT FOR ITEM NO. 1.a.

ESTIMATED ANNUAL COST OF OPERATING NUCLEAR GENERATING  
UNIT: CALLAWAY PLANT, UNIT 1  
FOR THE CALENDAR YEAR 1988

(thousands of dollars)

Operation and maintenance expenses

Nuclear power generation

Nuclear fuel expense (plant factor <u>59.9%</u> ) . . . . .	\$ 43739
Other operating expenses . . . . .	23500
Maintenance expenses . . . . .	15600
Total nuclear power generation . . . . .	85791
(includes Decommissioning expense)	

Transmission expenses . . . . .	166
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Administrative and general expenses

Property and liability insurance . . . . .	8556
Other A.&G expenses . . . . .	5020
Total A.&G expenses . . . . .	13576

TOTAL O&M EXPENSES . . . . .	99533
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Depreciation expense . . . . .	102161
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Taxes other than income taxes

Property taxes . . . . .	44200
Other . . . . .	32172
Total taxes other than income taxes . . . . .	76372

Income taxes - Federal . . . . .	106403
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Income taxes - other . . . . .	7397
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Deferred income taxes - net . . . . .	55000
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Investment tax credit adjustments - net . . . . .	(6000)
	(1)

Return (rate of return: <u>11.98%</u> ) . . . . .	281853
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TOTAL ANNUAL COST OF OPERATION . . . . .	\$ 722,719
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(1) Includes non-cash portion of common equity return which is to be deferred (1985-1988).



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TABLE 1-5  
ATTACHMENT FOR ITEM NO. 1.a.

ESTIMATED ANNUAL COST OF OPERATING NUCLEAR GENERATING  
UNIT: CALLAWAY PLANT, UNIT 1  
FOR THE CALENDAR YEAR 1989

(thousands of dollars)

Operation and maintenance expenses

Nuclear power generation

Nuclear fuel expense (plant factor 61.4%) . . . . .	\$ 54974
Other operating expenses . . . . .	24700
Maintenance expenses . . . . .	16500
Total nuclear power generation . . . . .	98971
(includes Decommissioning expense)	

Transmission expenses . . . . .	178
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Administrative and general expenses

Property and liability insurance . . . . .	8984
Other A.&G expenses . . . . .	5330
Total A.&G expenses . . . . .	14314

TOTAL O&M EXPENSES . . . . .	113463
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Depreciation expense . . . . .	102161
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Taxes other than income taxes

Property taxes . . . . .	44200
Other . . . . .	42120
Total taxes other than income taxes . . . . .	86320

Income taxes - Federal . . . . .	182980
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Income taxes - other . . . . .	12720
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Deferred income taxes - net . . . . .	55800
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Investment tax credit adjustments - net . . . . .	(6000)
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Return (rate of return: 11.98%) . . . . .	261440
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TOTAL ANNUAL COST OF OPERATION . . . . .	\$ 808,884
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TABLE 1-6  
ATTACHMENT FOR ITEM NO. 1.a.

ESTIMATED ANNUAL COST OF OPERATING NUCLEAR GENERATING  
UNIT: CALLAWAY PLANT, UNIT 1  
FOR THE CALENDAR YEAR 1985

(thousands of dollars)

Operation and maintenance expenses

Nuclear power generation

Nuclear fuel expense (plant factor <u>50%</u> ) . . . . .	\$ (9701)
Other operating expenses . . . . .	23100
Maintenance expenses . . . . .	15400
Total nuclear power generation . . . . .	32001
(includes Decommissioning expense)	

Transmission expenses . . . . .	131
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Administrative and general expenses

Property and liability insurance . . . . .	7085
Other A.&G expenses . . . . .	4218
Total A.&G expenses . . . . .	11303

TOTAL O&M EXPENSES . . . . .	43435
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Depreciation expense . . . . .	71727
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Taxes other than income taxes

Property taxes . . . . .	44200
Other . . . . .	8328
Total taxes other than income taxes . . . . .	52528

Income taxes - Federal . . . . .	(85752)
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Income taxes - other . . . . .	(5961)
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Deferred income taxes - net . . . . .	(58078)
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Investment tax credit adjustments - net . . . . .	47400
	(1)

Return (rate of return: <u>11.98%</u> ) . . . . .	323137
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TOTAL ANNUAL COST OF OPERATION . . . . .	\$ 388,436
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- (1) Includes non-cash portion of common equity return which is to be deferred (1985-1988).

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TABLE 1-7  
ATTACHMENT FOR ITEM NO. 1.a.

ESTIMATED ANNUAL COST OF OPERATING NUCLEAR GENERATING  
UNIT: CALLAWAY PLANT, UNIT 1  
FOR THE CALENDAR YEAR 1986

(thousands of dollars)

Operation and maintenance expenses

Nuclear power generation

Nuclear fuel expense (plant factor <u>50%</u> ) . . . . .	\$ (10831)
Other operating expenses . . . . .	23300
Maintenance expenses . . . . .	15600
Total nuclear power generation . . . . .	31034
(includes Decommissioning expense)	

Transmission expenses . . . . .	143
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Administrative and general expenses

Property and liability insurance . . . . .	7776
Other A.&G expenses . . . . .	4454
Total A.&G expenses . . . . .	12230

TOTAL O&M EXPENSES . . . . .	43407
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Depreciation expense . . . . .	71727
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Taxes other than income taxes

Property taxes . . . . .	44200
Other . . . . .	15528
Total taxes other than income taxes . . . . .	59728

Income taxes - Federal . . . . .	(86137)
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Income taxes - other . . . . .	(5988)
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Deferred income taxes - net . . . . .	3962
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Investment tax credit adjustments - net . . . . .	45600
	(1)

Return (rate of return: <u>11.98%</u> ) . . . . .	308808
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TOTAL ANNUAL COST OF OPERATION . . . . .	\$ 441,107
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- (1) Includes non-cash portion of common equity return which is to be deferred (1985-1988).

TABLE 1-8  
ATTACHMENT FOR ITEM NO. 1.a.

ESTIMATED ANNUAL COST OF OPERATING NUCLEAR GENERATING  
UNIT: CALLAWAY PLANT, UNIT 1  
FOR THE CALENDAR YEAR 1987

(thousands of dollars)

Operation and maintenance expenses

Nuclear power generation

Nuclear fuel expense (plant factor <u>50%</u> ) . . . . .	\$ 34389
Other operating expenses . . . . .	21100
Maintenance expenses . . . . .	14100
Total nuclear power generation . . . . .	75231
(includes Decommissioning expense)	

Transmission expenses . . . . .	153
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Administrative and general expenses

Property and liability insurance . . . . .	8148
Other A.&G expenses . . . . .	4729
Total A.&G expenses . . . . .	12877

TOTAL O&M EXPENSES . . . . .	85561
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Depreciation expense . . . . .	71727
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Taxes other than income taxes

Property taxes . . . . .	44200
Other . . . . .	23400
Total taxes other than income taxes . . . . .	67600

Income taxes - Federal . . . . .	28560
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Income taxes - other . . . . .	1985
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Deferred income taxes - net . . . . .	(19735)
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Investment tax credit adjustments - net . . . . .	(6000)
	(1)

Return (rate of return: <u>11.98%</u> ) . . . . .	304304
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TOTAL ANNUAL COST OF OPERATION . . . . .	\$ 534,002
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- (1) Includes non-cash portion of common equity return which is to be deferred (1985-1988).

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TABLE 1-9  
ATTACHMENT FOR ITEM NO. 1.a.

ESTIMATED ANNUAL COST OF OPERATING NUCLEAR GENERATING  
UNIT: CALLAWAY PLANT, UNIT 1  
FOR THE CALENDAR YEAR 1988

(thousands of dollars)

Operation and maintenance expenses

Nuclear power generation

Nuclear fuel expense (plant factor <u>50%</u> ) . . . . .	\$ 34347
Other operating expenses . . . . .	23500
Maintenance expenses . . . . .	15600
Total nuclear power generation . . . . .	76399
(includes Decommissioning expense)	

Transmission expenses . . . . .	166
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Administrative and general expenses

Property and liability insurance . . . . .	8556
Other A.&G expenses . . . . .	5020
Total A.&G expenses . . . . .	13576

TOTAL O&M EXPENSES . . . . .	90141
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Depreciation expense . . . . .	103466
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Taxes other than income taxes

Property taxes . . . . .	44200
Other . . . . .	32172
Total taxes other than income taxes . . . . .	76372

Income taxes - Federal . . . . .	108795
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Income taxes - other . . . . .	7563
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Deferred income taxes - net . . . . .	56922
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Investment tax credit adjustments - net . . . . .	(6000)
	(1)

Return (rate of return: <u>11.98%</u> ) . . . . .	285,316
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TOTAL ANNUAL COST OF OPERATION . . . . .	\$ 722,575
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- (1) Includes non-cash portion of common equity return which is to be deferred (1985-1988).

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TABLE 1-10  
ATTACHMENT FOR ITEM NO. 1.a.

ESTIMATED ANNUAL COST OF OPERATING NUCLEAR GENERATING  
UNIT: CALLAWAY PLANT, UNIT 1  
FOR THE CALENDAR YEAR 1989

(thousands of dollars)

Operation and maintenance expenses

Nuclear power generation

Nuclear fuel expense (plant factor <u>50%</u> ) . . . . .	\$ 43853
Other operating expenses . . . . .	24700
Maintenance expenses . . . . .	16500
Total nuclear power generation . . . . .	87850
(includes Decommissioning expense)	

Transmission expenses . . . . .	178
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Administrative and general expenses

Property and liability insurance . . . . .	8984
Other A.&G expenses . . . . .	5330
Total A.&G expenses . . . . .	14314

TOTAL O&M EXPENSES . . . . .	102342
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Depreciation expense . . . . .	103466
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Taxes other than income taxes

Property taxes . . . . .	44200
Other . . . . .	42120
Total taxes other than income taxes . . . . .	86320

Income taxes - Federal . . . . .	185770
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Income taxes - other . . . . .	12915
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Deferred income taxes - net . . . . .	58120
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Investment tax credit adjustments - net . . . . .	(6000)
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Return (rate of return: <u>11.98%</u> ) . . . . .	264459
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TOTAL ANNUAL COST OF OPERATION . . . . .	\$ 807,392
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TABLE 1-11  
ATTACHMENT FOR ITEM NO. 1.a.

ESTIMATED ANNUAL COST OF OPERATING NUCLEAR GENERATING  
UNIT: CALLAWAY PLANT, UNIT 1  
FOR THE CALENDAR YEAR 1985

(thousands of dollars)

Operation and maintenance expenses

Nuclear power generation

Nuclear fuel expense (plant factor <u>60%</u> ) . . . . .	\$ (53)
Other operating expenses . . . . .	23100
Maintenance expenses . . . . .	15400
Total nuclear power generation . . . . .	41649
(includes Decommissioning expense)	

Transmission expenses . . . . .	131
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Administrative and general expenses

Property and liability insurance . . . . .	7085
Other A.&G expenses . . . . .	4218
Total A.&G expenses . . . . .	11303

TOTAL O&M EXPENSES . . . . .	53083
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Depreciation expense . . . . .	86067
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Taxes other than income taxes

Property taxes . . . . .	44200
Other . . . . .	8328
Total taxes other than income taxes . . . . .	52528

Income taxes - Federal . . . . .	(88294)
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Income taxes - other . . . . .	(6138)
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Deferred income taxes - net . . . . .	(59964)
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Investment tax credit adjustments - net . . . . .	47400
	(1)

Return (rate of return: <u>11.98%</u> ) . . . . .	321639
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TOTAL ANNUAL COST OF OPERATION . . . . .	\$ 406,321
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- (1) Includes non-cash portion of common equity return which is to be deferred (1985-1988).

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TABLE 1-12  
ATTACHMENT FOR ITEM NO. 1.a.

ESTIMATED ANNUAL COST OF OPERATING NUCLEAR GENERATING  
UNIT: CALLAWAY PLANT, UNIT 1  
FOR THE CALENDAR YEAR 1986

(thousands of dollars)

Operation and maintenance expenses

Nuclear power generation

Nuclear fuel expense (plant factor <u>60%</u> ) . . . . .	\$ (1224)
Other operating expenses . . . . .	23300
Maintenance expenses . . . . .	15600
Total nuclear power generation . . . . .	40641
(includes Decommissioning expense)	

Transmission expenses . . . . .	143
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Administrative and general expenses

Property and liability insurance . . . . .	7776
Other A.&G expenses . . . . .	4454
Total A.&G expenses . . . . .	12230

TOTAL O&M EXPENSES . . . . .	53014
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Depreciation expense . . . . .	86067
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Taxes other than income taxes

Property taxes . . . . .	44200
Other . . . . .	15528
Total taxes other than income taxes . . . . .	59728

Income taxes - Federal . . . . .	88670
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Income taxes - other . . . . .	6164
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Deferred income taxes - net . . . . .	2083
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Investment tax credit adjustments - net . . . . .	45600
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Return (rate of return: <u>11.98%</u> ) . . . . .	305825
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TOTAL ANNUAL COST OF OPERATION . . . . .	\$ 457,483
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- (1) Includes non-cash portion of common equity return which is to be deferred (1985-1988).



## SNUPPS-C

TABLE 1-13  
ATTACHMENT FOR ITEM NO. 1.a.

ESTIMATED ANNUAL COST OF OPERATING NUCLEAR GENERATING  
UNIT: CALLAWAY PLANT, UNIT 1  
FOR THE CALENDAR YEAR 1987

(thousands of dollars)

Operation and maintenance expenses

Nuclear power generation

Nuclear fuel expense (plant factor <u>60%</u> ) . . . . .	\$ 43493
Other operating expenses . . . . .	21100
Maintenance expenses . . . . .	14100
Total nuclear power generation . . . . .	81635
(includes Decommissioning expense)	

Transmission expenses . . . . .	153
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Administrative and general expenses

Property and liability insurance . . . . .	8148
Other A.&G expenses . . . . .	4729
Total A.&G expenses . . . . .	12877

TOTAL O&M EXPENSES . . . . .	94665
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Depreciation expense . . . . .	86067
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Taxes other than income taxes

Property taxes . . . . .	44200
Other . . . . .	23400
Total taxes other than income taxes . . . . .	67600

Income taxes - Federal . . . . .	26205
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Income taxes - other . . . . .	1822
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Deferred income taxes - net . . . . .	(21565)
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Investment tax credit adjustments - net . . . . .	(6000)
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Return (rate of return: <u>11.98%</u> ) . . . . .	299811
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TOTAL ANNUAL COST OF OPERATION . . . . .	\$ 548,605
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- (1) Includes non-cash portion of common equity return which is to be deferred (1985-1988).

SNUPPS-C

TABLE 1-14  
ATTACHMENT FOR ITEM NO. 1.a.

ESTIMATED ANNUAL COST OF OPERATING NUCLEAR GENERATING  
UNIT: CALLAWAY PLANT, UNIT 1  
FOR THE CALENDAR YEAR 1988

(thousands of dollars)

Operation and maintenance expenses

Nuclear power generation

Nuclear fuel expense (plant factor <u>60%</u> ) . . . . .	\$ 43864
Other operating expenses . . . . .	23500
Maintenance expenses . . . . .	15600
Total nuclear power generation . . . . .	85916
(includes Decommissioning expense)	

Transmission expenses . . . . .	166
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Administrative and general expenses

Property and liability insurance . . . . .	8556
Other A.&G expenses . . . . .	5020
Total A.&G expenses . . . . .	13576

TOTAL O&M EXPENSES . . . . .	99658
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Depreciation expense . . . . .	101948
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Taxes other than income taxes

Property taxes . . . . .	44200
Other . . . . .	32172
Total taxes other than income taxes . . . . .	76372

Income taxes - Federal . . . . .	106370
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Income taxes - other . . . . .	7395
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Deferred income taxes - net . . . . .	54975
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Investment tax credit adjustments - net . . . . .	(6000)
	(1)

Return (rate of return: <u>11.98%</u> ) . . . . .	281254
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TOTAL ANNUAL COST OF OPERATION . . . . .	\$ 721,972
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- (1) Includes non-cash portion of common equity return which is to be deferred (1985-1988).

## SNUPPS-C

TABLE 1-15  
ATTACHMENT FOR ITEM NO. 1.a.

ESTIMATED ANNUAL COST OF OPERATING NUCLEAR GENERATING  
UNIT: CALLAWAY PLANT, UNIT 1  
FOR THE CALENDAR YEAR 1989

(thousands of dollars)

Operation and maintenance expenses

Nuclear power generation

Nuclear fuel expense (plant factor <u>60%</u> ) . . . . .	\$ <u>53591</u>
Other operating expenses . . . . .	<u>24700</u>
Maintenance expenses . . . . .	<u>16500</u>
Total nuclear power generation . . . . .	<u>97588</u>
(includes Decommissioning expense)	

Transmission expenses . . . . .	<u>178</u>
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Administrative and general expenses

Property and liability insurance . . . . .	<u>8984</u>
Other A.&G expenses . . . . .	<u>5330</u>
Total A.&G expenses . . . . .	<u>14314</u>

TOTAL O&M EXPENSES . . . . .	<u>112080</u>
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Depreciation expense . . . . .	<u>101948</u>
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Taxes other than income taxes

Property taxes . . . . .	<u>44200</u>
Other . . . . .	<u>42120</u>
Total taxes other than income taxes . . . . .	<u>86320</u>

Income taxes - Federal . . . . .	<u>183326</u>
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Income taxes - other . . . . .	<u>12745</u>
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Deferred income taxes - net . . . . .	<u>56089</u>
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Investment tax credit adjustments - net . . . . .	<u>(6000)</u>
---	---------------

Return (rate of return: <u>11.98%</u> ) . . . . .	<u>260817</u>
---	---------------

TOTAL ANNUAL COST OF OPERATION . . . . .	<u>\$ <u>807,325</u></u>
--	--------------------------

Question 2. Indicate the estimated costs of permanently shutting down each unit of the facility (decommissioning costs), stating what is included in such costs, the assumptions made in estimating the costs, the type of shutdown contemplated, and the intended source of funds to cover these costs.

Question 3. Provide an estimate of the annual cost to maintain each unit of the shutdown facility in a safe condition. Indicate what is included in the estimate, assumptions made in estimating costs, and the intended source of funds to cover these costs.

Response: The following responds to both questions 2 and 3. The referenced document is provided as an enclosure to this response.

Reference: Decommissioning Study for the Callaway Nuclear Plant" by Stone & Webster Engineering Corporation & TLG Engineering, Inc.

Basically, there exists today five different decommissioning alternatives. These are as follows:

- 1) Mothballing (permanent)
- 2) Entombment (permanent)
- 3) decon (immediate dismantlement)
- 4) SAFSTOR (mothballing/delayed dismantlement)
- 5) ENTOMB (entombment/delayed dismantlement)

The referenced study did not analyze the first two alternatives as these were considered impractical. The third alternative involves immediate dismantlement of the facility-therefore, the question of annual cost of maintaining the unit is not applicable. This question only applies to the analysis given to the last two alternatives - SAFSTOR & ENTOMB

The annual cost to maintain the shutdown facility in a safe condition is given in Table 5.5 - "Cost Estimate for ENTOMB" and in Table 5.6 - "Cost Estimate for SAFSTOR." All costs are given in August, 1983 dollars. The total annual maintenance cost for ENTOMB is \$82,000.

The total annual maintenance cost for SAFSTOR is \$463,000. (please note that there is an arithmetic error in the Table 5.6 printed for the report-this will be corrected in a future revision).

Both ENTOMB & SAFSTOR assume a dormancy period of 30 years.

Table 5.5 & 5.6 list the itemized costs which are included in the total annual maintenance cost.

Table 5.9 lists the "Estimated Annual Manpower Utilization and Activities" for surveillance, maintenance and security.

Table 5.10 lists the "Estimated Annual Manpower Utilization and Activities" for the ongoing environmental monitoring program.

Table 5.11 lists "Security Program Options and Activities" for both the SAFSTOR and ENTOMB alternatives.

Figure 5-2 depicts a "Postulated Staff Organization for the Continuing Care Period."

Figure 5-3 depicts the "Security/Administrative Notification and Reporting Process."

Section 5.6 of the report text gives further discussions on annual surveillance and inspection costs.

It should be mentioned that the report recommends that the DECON (immediate dismantlement) alternative be adopted in our "decommissioning plan." The DECON alternative is estimated to be the most economic and probably will be adopted by Union Electric. Therefore, these annual costs for maintenance will probably not be incurred in decommissioning the Callaway Plant.

The estimated cost of permanently shutting down the Callaway unit (decommissioning cost) is \$128,064,000. This is the estimated cost of the Immediate Dismantling or DECON method, and includes the cost of engineering and planning, site preparation, decommissioning operations (including the removal, transportation and disposal of radioactive materials), and site restoration. (See Schedule 1, attached.) The Company proposes to collect the costs of decommissioning from electric customers as a part of the electric rates using the net negative salvage value approach. The annual provision for the depreciation of decommissioning costs will be computed by subtracting the accumulated depreciation of decommissioning expressed in current year's dollars and then dividing this result by the remaining life of the Callaway Plant. The assumptions made in this cost estimate are found in the Decommissioning Study, attached hereto.

TABLE 5-5

COST ESTIMATE FOR ENTOMB  
(Thousands of Dollars)

ENTOMBING COST ESTIMATE:

<u>ACTIVITY</u>	<u>DECON</u>	<u>REMOVE</u>	<u>PACK</u>	<u>SHIP</u>	<u>BURY</u>	<u>TOTAL</u>
1. Remove Fuel and Source Material						a
2. Process Liquid Waste	302	137	412	2430	3281	
3. Review Plant Drawings						78
4. Detailed Rad Survey						a
5.1 Estimate By-Product Inventory						60
5.2 Computer Time						10
5. Total						70
6. Prepare and Submit Possession Only License						60
7. Prepare End Product Description						19
8.1 Detailed By-Product Inventory						90
8.2 Computer Time						10
8. Total						100
9. Define Major Work Sequence						60
10. Safety Analysis Of Operations						120
11. Safety Analysis of End Product						31
12. Prepare and Submit Plan to NRC						31
13. Receive Possession Only License						a
14. Prepare Activity Specifications						360
15. Prepare Integrated Activity Sequence						30
16. Procure Vacuum Drying Equipment						6
17. Prepare Detailed Procedures						150
18. Drain/De-Energize Non-Contaminated Systems						a
19. Drain and Dry Reactor Vessel System						a
20. Drain/De-Energize Contaminated Systems						a
21. Decon/Secure/Remove Contaminated Systems	966	262	297	129	1005	2659
22. Prepare Support Equipment For Storage						32
23. Construct Entombment Barrier						60
24. Enclose Steam Generators and Pressurizer						56
25. Seal Steam Generators and Pressurizer Openings						10
26. Install Pressure Equalization Lines						11
27. Decon Floors and Walls						171
28. Perform Rad Survey						a

NOTE: 'a' indicates that costs are included in the utility staff costs.



TABLE 5-5 (Cont)

ACTIVITY	DECON	REMOVE	PACK	SHIP	BURY	TOTAL
29. Secure Building Access						a
30. Prepare and Submit Final Report						33
<u>SUBTOTAL ENTOMBMENT:</u>	966	564	434	541	3435	7428
Doc Staff Cost: 4583						
Utility Staff Cost: 9073						
<u>TOTAL STAFF COST</u>						13656
<u>UNDISTRIBUTED COSTS:</u>						
1. Health Physics Supplies						165
2. Decontamination Equipment						154
3. Pipe Cutting and Rigging Equipment						165
4. Insurance						166
5. Plant Energy Budget						1750
6. Dispose Of Solid Waste						986
<u>TOTAL UNDISTRIBUTED COSTS:</u>						3386
<u>TOTAL ENTOMBMENT COST:</u>	966	564	434	541	3435	24470
<u>TOTAL COST +25% CONTINGENCY:</u>	966	564	434	541	3435	30588

<u>ANNUAL MAINTENANCE COST</u>	
1. Quarterly Inspection	8
2. Semi-Annual Environmental Survey	15
3. Prepare Reports	5
4. Health Physics Supplies	4
5. Insurance	21
6. Maintenance	29
<u>TOTAL ANNUAL MAINTENANCE:</u>	82
<u>MAINTENANCE COST DURING 30 YEARS</u>	
<u>DORMANCY:</u>	2460



TABLE 5-6

COST ESTIMATE FOR SAFSTOR  
(Thousands of Dollars)

ACTIVITY	DECON	REMOVE	PACK	SHIP	BURY	TOTAL
1. Remove Fuel and Source Material						a
2. Process Liquid Waste		302	137	412	2438	3281
3. Review Plant Drawings						78
4. Detailed Rad Survey						a
5.1 Estimate By-Product Inventory						60
5.2 Computer Time						10
5. Total						70
6. Prepare and Submit Possession Only License						60
7. Prepare End Product Description						19
8.1 Detailed By-Product Inventory						90
8.2 Computer Time						10
8. Total						100
9. Define Major Work Sequence						30
10. Safety Analysis Of Operations						90
11. Safety Analysis of End Product						31
12. Prepare and Submit Plan to NRC						31
13. Receive Possession Only License						a
14. Prepare Activity Specifications						N/A
15. Prepare Integrated Activity Sequence						N/A
16. Procure Vacuum Drying Equipment						6
17. Prepare Detailed Procedures						36
18. Drain/De-Energize Non-Contaminated Systems						a
19. Drain and Dry Reactor Vessel System						a
20. Drain/De-Energize Contaminated Systems						a
21. Decon/Secure/Remove Contaminated Systems						a
22. Prepare Support Equipment For Storage						32
23. Construct Entombment Barrier						N/A
24. Enclose Steam Generators and Pressurizer						N/A
25. Seal Steam Generators and Pressurizer Openings						N/A
26. Install Pressure Equalization Lines						11
27. Decon Floors and Walls						171
28. Perform Rad Survey						a
29. Secure Building Access						a
30. Prepare and Submit Final Report						33
<u>SUBTOTAL MOTHBALLING:</u>	0	302	137	412	2430	4079

NOTE: 'a' indicates that costs are included in the utility staff costs.

TABLE 5-6 (Cont)

<u>ACTIVITY</u>	<u>DECON</u>	<u>REMOVE</u>	<u>PACK</u>	<u>SHIP</u>	<u>BURY</u>	<u>TOTAL</u>
Doc Staff Cost:	0					
Utility Staff Cost:	7106					
<u>TOTAL STAFF COST</u>						7106
<u>UNDISTRIBUTED COSTS:</u>						
1. Health Physics Supplies						55
2. Decontamination Equipment						154
3. Pipe Cutting and Rigging Equipment						0
4. Insurance						94
5. Plant Energy Budget						583
6. Dispose Of Solid Waste						986
<u>TOTAL UNDISTRIBUTED COSTS:</u>						1872
<u>TOTAL MOTHBALLING COST:</u>	0	302	137	412	2430	13057
<u>TOTAL COST +25% CONTINGENCY:</u>	0	302	137	412	2430	16321

<u>ANNUAL MAINTENANCE COST</u>	
1. Quarterly Inspection	7
2. Semi-Annual Environmental Survey	13
3. Prepare Reports	5
4. Health Physics Supplies	6
5. Insurance	188
6. Maintenance	41
7. Site Security	149
8. Plant Energy Budget	54
<u>TOTAL ANNUAL MAINTENANCE:</u>	<del>467</del> 463
<u>MAINTENANCE COST DURING 30 YEARS</u>	
<u>DORMANCY:</u>	<del>14010</del> 13890

UNION ELECTRIC COMPANY  
SUMMARY OF DECOMMISSIONING COSTS  
(In Thousands)

<u>Alternative &amp; Period</u>	<u>Months</u>	<u>Estimated Cost*</u>
DECON (Immediate Dismantling)		
Period 1: Preparations	12	\$ 16 696
Period 2: Decom Activities	42	71 621
Period 3: Structure Dismantling	18	39 747
Total	72	<u>\$128 064</u>
ENTOMB (Entombment/Delayed Dismantling)		
Period 1: Preparations	12	\$ 12 364
Period 2: Entombment	21	16 194
Period 3: Close	3	2 030
Subtotal	36	<u>30 588</u>
Dormancy	360	82/yr.
Delayed Dismantling	72	108 849
Total (Entombment, Dormancy, Dismantling)	468	<u>\$141 897</u>
SAFSTOR (Mothballing/Delayed Dismantling)		
Mothball	12	\$ 16 321
Dormancy	360	467/yr.
Delayed Dismantling	72	111 171
Total (Mothball, Dormancy, Dismantling)	444	<u>\$141 502</u>

\*All costs are in 1983 dollars and include 25% contingency.

Question 4. Have future decommissioning costs for any nuclear and/or non-nuclear facility owned by the applicant been collected through rates during the useful life of the facility? If so, cite specific examples and describe the methodology used for inclusion in rates. Provide the citation and relevant excerpts from any regulatory decisions allowing such decommissioning cost recovery.

Response: Removal (decommissioning) costs of all the Company's in-service facilities have been collected through rates during the useful lives of the facilities. Estimates of such costs are incorporated into the development of the Company's property and plant depreciation rates and, accordingly, such costs are collected by the inclusion of depreciation expense in rates.

Depreciation rates, which are approved by the state and federal utility regulatory commissions, consist of three elements - capital recovery, salvage and removal costs. The collection of these three elements are not separately identified in the Company's books of account but are recorded in a combined depreciation reserve account. A record by account is maintained of actual original plant retired each year and the associated salvage dollars and removal costs. A salvage factor and a removal factor is calculated each year by relating retirements to the salvage and removal costs incurred. This provides a basis for comparison of collection rates to rates incurred and for revision if needed.

Periodically, a depreciation study is performed and each element of the depreciation rate is analyzed. If changes are warranted, the Company requests regulatory approval of revised rates. The most recent revision in depreciation rates was approved in 1983. A copy of an excerpt from the State of Missouri order Case No. ER-83-163 plus pages 335 and 336 of the Company's annual report to the Federal Energy Regulatory Commission on Form 1 are attached.

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

CASE NO. ER-83-163

In the matter of Union Electric Company  
of St. Louis, Missouri, for authority to  
file tariffs increasing rates for electric  
service provided to customers in the  
Missouri service area of the Company.

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APPEARANCES: Paul A. Agathen, Attorney, and James J. Cook, Attorney,  
Post Office Box 149, St. Louis, Missouri 63166, for Union  
Electric Company.

Robert M. Lee, Associate General Counsel, Laclede Gas  
Company, 720 Olive Street, St. Louis, Missouri 63101, for  
Laclede Gas Company.

Michael Madsen, Attorney at Law, 211 East Capitol, Post  
Office Box 235, Jefferson City, Missouri 65102,

and

Paul M. Murphy, Attorney at Law, Three First National  
Plaza, Chicago, Illinois 60602, for Dundee Cement Company.

Robert C. Johnson, Attorney at Law, 720 Olive Street,  
24th Floor, St. Louis, Missouri 63101, for ACF Industries,  
Inc.; Anheuser-Busch, Inc.; Ford Motor Company; General  
Motors Corporation; Mallinckrodt, Inc.; McDonnell Douglas  
Corporation; Monsanto Company; Nooter Corporation; Pea Ridge  
Iron Ore Company; PPG Industries, Inc.; and St. Joe Minerals  
Corporation.

Robert C. McNicholas, Associate City Counselor, 314 City  
Hall, St. Louis, Missouri 63103, for the City of St. Louis,  
Missouri, and James J. Wilson, City Counselor.

Richard W. French, Assistant Public Counsel, Office of the  
Public Counsel, 1014 Northeast Drive, Jefferson City,  
Missouri 65101, for the Office of the Public Counsel and the  
public.

William C. Harrelson, Deputy General Counsel,  
Martin C. Rothfelder and Edward J. Cadieux, Assistants  
General Counsel, Missouri Public Service Commission, Post  
Office Box 360, Jefferson City, Missouri 65102, for the Staff  
of the Missouri Public Service Commission.

ORDERED: 2. That for the purpose of implementing the stipulation and agreement entered into in this proceeding, the revised tariffs filed by the Union Electric Company of St. Louis, Missouri, on December 3, 1982, in Case No. ER-83-163 be, and the same are, hereby disapproved, and the Company is authorized to file in lieu thereof, for approval by this Commission, tariffs designed to comply with the stipulation and agreement as set forth herein.

ORDERED: 3. That the tariffs to be filed with the Commission for Commission approval pursuant to this Report and Order may be effective for service rendered on and after July 10, 1983.

ORDERED: 4. That Union Electric Company shall implement and book new depreciation rates as of August 1, 1983, as specified in paragraph 4 of the stipulation and agreement.

ORDERED: 5. That Union Electric Company shall cease to impose its late payment charge on any customer deposits as soon as possible, but in no event later than September 10, 1983.

ORDERED: 6. That Union Electric Company shall revise its booking of employee benefits to distribute them among its accounts consistent with its distribution of payroll during the same annual accounting period, upon the effective date of this Report and Order.

ORDERED: 7. That pursuant to paragraph 7 of the stipulation and agreement, Staff shall perform a true-up audit of the Company's projected fuel costs, which shall be presented to the Commission in a true-up hearing to be held April 23, 1984, at 10:00 AM in the Commission's hearing room in Jefferson City, Missouri.

ORDERED: 8. That the load management techniques standard as found in Section 111(d) of the Public Utility Regulatory Policies Act of 1978, P.L. 95-617, 16 U.S.C., Section 2601 et seq., be, and it is hereby, adopted and the Company shall perform a study regarding the implementation of the PURPA load management standard to be presented to the Commission.



Name of Respondent Union Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)	Year of Report Dec. 31, 19 <u>83</u>		
DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Continued)							
C. Factors Used in Estimating Depreciation Charges							
Line No.	Account No. (a)	Depreciable Plant Base (In thousands) (b)	Estimated Avg. Service Life (c)	Net Salvage (Percent) (d)	Applied Depr. Rate(s) (Percent) (e)	Mortality Curve Type (f)	Average Remaining Life (g)
12	311	\$ 21 332					
13	312	22 482					
14	314	16 609					
15	315	8 791					
16	316	865					
17		70 079 (1)			2.08		
18	311	126 547	35	(.03)	2.89		18
19	312	809 245	32	(.06)	3.19		22
20	314	262 465	35	.06	2.80		21
21	315	78 072	35	.09	2.77		19
22	316	14 930	29	.21	3.24		19
23		1 291 259 (2)					
24		1 361 338 (2)					
25	331	10 096	91	-	1.10		59
26	332	54 608	85	(.01)	1.19		55
27	333	26 188	96	-	1.04		63
28	334	6 330	90	(.02)	1.13		62
29	335	1 606	74	.07	1.28		47
30	336	152	22	-	4.55		1
31		98 980					
32	341	800	25	-	4.00		18
33	342	1 088	25	-	4.00		18
34	344	27 623	25	-	4.00		18
35	345	2 635	25	-	4.00		19
36	346	95	25	-	4.00		18
37		32 241					
38	352	8 149	79	(.06)	1.33		59
39	353	166 628	50	-	2.00		35
40	354	63 296	50	.14	1.86		32
41	355	36 442	43	(.47)	2.79		30
42	356	75 484	60	.22	1.45		42
43	357	229	80	-	1.25		44
44	358	1 196	35	.57	2.29		1
45	359	154	50	-	2.00		1
46		351 578					
47	361	1 632	61	.16	1.48		18
48	362	94 166	44	(.11)	2.39		27
49	364	154 767	34	(3.74)	6.68		23
50	365	197 220	36	(.42)	3.19		24
51	366	40 624	84	(.54)	1.73		62
52	367	113 887	45	.49	1.73		34
53	368	130 887	40	.43	2.08		25
54	369-1	41 458	36	(5.47)	8.25		25
55	369-2	34 974	45	(.38)	2.60		34
56	370	47 913	36	.03	2.75		22
57	371	692	46	(.02)	2.20		30
58	373	33 393	23	1.57	5.91		15
59		891 613					
60	390	34 685	41	.15	2.29		25
61	391	10 214	28	.29	3.29		21
62	392	18 334	11	1.09	8.00		6
63	393	1 332	32	.38	2.75		18



Name of Respondent <b>Union Electric Company</b>		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)  	Year of Report  Dec. 31, 19 <u>83</u>		
DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Continued)							
C Factors Used in Estimating Depreciation Charges (Continued)							
Line No.	Account No. (a)	Depreciable Plant Base (In thousands) (b)	Estimated Avg. Service Life (c)	Net Salvage (Percent) (d)	Applied Depr. Rate(s) (Percent) (e)	Mortality Curve Type (f)	Average Remaining Life (g)
64	394	\$ 1 842	45	.40	1.82		32
65	395	2 906	52	.04	1.88		44
66	396	6 945	18	1.28	4.28		11
67	397	44 075	30	(.17)	3.50		26
68	398	228	20	.25	4.75		8
69		120 561					
70		\$2 856 311					
71							
72	(1) Steam Production Plants located in the State of Illinois depreciated on a						
73	remaining life basis.						
74							
75	(2) Includes electric portion of common plant \$12 740 593.						
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SNUPPS-C

Question 5.      If the facility if jointly-owned provide copies of the joint participation agreement setting forth the procedures by which the applicants will share operating expenses and decommissioning costs.

Response:        Callaway Plant Unit 1 is solely owned and operated by Union Electric Company.

SNUPPS-C

Question 6. Provide copies of the prospectus for the company's most recent security issue and copies of the most recent SEC Form 10-K and 10-Q. Provide copies of the preliminary prospectus for any pending security issue.

Response: Copies of the following are attached:

- a) The prospectus for our most recent security issue
- b) SEC Form 10-K for 1983.
- c) SEC Form 10-Q for the quarter ended September 30, 1983.

Twenty-five copies of the Union Electric Company, 1983 Annual Report to Stockholders were submitted per 10CFR50.71(b) by ULNRC-806 dated April 19, 1984.

**PROSPECTUS**

**6,000,000 Shares**

**Union Electric Company**

**Common Stock**

**(\$5 Par Value)**

The Company's Common Stock is listed on the New York Stock Exchange. On November 15, 1983, the closing sale price of the Common Stock on the Exchange was \$14¾ per share.

**THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE  
SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION  
PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS.  
ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

	Price to Public	Underwriting Discount (1)	Proceeds to Company (2)
Per Share .....	\$14.875	\$.45	\$14.425
Total .....	\$89,250,000	\$2,700,000	\$86,550,000

(1) See UNDERWRITING for indemnification arrangements.

(2) Expenses payable by the Company are estimated at \$210,000.

The Additional Common Stock is offered by the several Underwriters when, as and if issued by the Company and accepted by the Underwriters and subject to their right to reject orders in whole or in part. It is expected that the Additional Common Stock will be ready for delivery on or about November 22, 1983.

**Merrill Lynch Capital Markets**

**Goldman, Sachs & Co.**

**Prudential-Bache**  
Securities

**Shearson/American Express Inc.**

The date of this Prospectus is November 15, 1983.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE COMMON STOCK AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY BE EFFECTED ON THE NEW YORK STOCK EXCHANGE, IN THE OVER-THE-COUNTER MARKET, OR OTHERWISE. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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#### INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE AND AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934 (the "Exchange Act") and in accordance therewith files reports and other information with the Securities and Exchange Commission. Information as of particular dates concerning directors and officers, their remuneration, the principal holders of securities of the Company and any material interest of such persons in transactions with the Company is disclosed in reports of the Company filed with the Commission.

The following documents, which have been filed by the Company with the Commission pursuant to the Exchange Act (File No. 1-2967), are incorporated by reference in this Prospectus and shall be deemed to be a part hereof:

(1) The Company's Annual Report on Form 10-K for the year ended December 31, 1982 (the "Form 10-K Annual Report"); and

(2) The Company's Quarterly Reports on Form 10-Q for the quarters ended March 31, 1983, June 30, 1983 and September 30, 1983 (the "Form 10-Q Reports").

All documents filed by the Company with the Commission pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of this Prospectus and prior to the termination of the offering made by this Prospectus shall be deemed to be incorporated by reference and to be a part hereof.

Such reports, proxy statements and other information can be inspected and copied at the offices of the Commission at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C.; Room 1228, Everett McKinley Dirksen Building, 219 South Dearborn Street, Chicago, Illinois; Room 1100, Federal Building, 26 Federal Plaza, New York, New York; and Suite 500 East, 5757 Wilshire Boulevard, Los Angeles, California. Copies of such material can also be obtained from the Public Reference Section of the Commission in Washington, D.C. 20549 at prescribed rates. Such material can also be inspected at the office of the New York Stock Exchange, 20 Broad Street, New York, N.Y. 10006.

The Company hereby undertakes to provide without charge to each person to whom a copy of this Prospectus has been delivered on the written or oral request of any such person, a copy of any or all of the documents referred to above which have been or may be incorporated in this Prospectus by reference, other than exhibits to such documents. Requests for such copies should be directed to Mr. James C. Thompson, Secretary, Union Electric Company, P.O. Box 149, St. Louis, Missouri 63166, or telephone (314) 621-3222.

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Except as otherwise indicated by the context, this Prospectus speaks as of the date hereof and does not purport to reflect any changes which may have occurred in the affairs of the Company or its subsidiaries thereafter. Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create an implication that there has been no change in the affairs of the Company or its subsidiaries since the date hereof.

### THE ISSUE IN BRIEF

The following material is qualified in its entirety by, and should be read in conjunction with, the financial statements and other information appearing elsewhere in this Prospectus and in the documents and information incorporated in this Prospectus by reference.

### THE OFFERING

Issuer.....	Union Electric Company
Security Offered.....	6,000,000 shares of Common Stock, \$5 par value (the "Additional Common Stock")
Shares Outstanding at September 30, 1983.....	87,266,296
Use of Proceeds.....	To repay short-term debt incurred in connection with construction
Listing.....	New York Stock Exchange (Symbol: UEP)
1983 Price Range (through November 14, 1983)...	\$16¼—\$13¼ (See COMMON STOCK DIVIDENDS AND PRICE RANGE)
Indicated Annual Dividend Rate.....	\$1.72 per Common Share

### THE COMPANY

Business.....	Primarily an electric utility
Service Area.....	Electric service to an approximately 24,000 square mile area, primarily covering the eastern and central portions of Missouri, portions of Illinois adjacent to St. Louis, Missouri, and the southeastern portion of Iowa; and gas service to Alton, Illinois, and vicinity and 90 Missouri communities
Service Area Population (estimated).....	Electric—2,531,000; Gas—348,000
Customers.....	Electric—993,000; Gas—105,000
Revenue Distribution (12 Months Ended September 30, 1983).....	Electric—91.5%; Gas—7.5%; Other—1.0%
Sources of kWh Generation (12 Months Ended September 30, 1983).....	Coal—93.8%; Hydro—6.1%; Other—0.1%

### CONSOLIDATED FINANCIAL INFORMATION

(Thousands of dollars except per share amounts)

	12 Months Ended (*)			
	December 31, 1982		September 30, 1983	
Operating Revenues.....	\$1,217,705		\$1,359,568	
Operating Income.....	\$ 204,651		\$ 235,853	
Earnings on Common Stock.....	\$ 165,506		\$ 224,266	
Earnings per Common Share.....	\$2.17		\$2.68	
Dividends per Common Share.....	\$1.58		\$1.64	
Capitalization as of September 30, 1983				
	Actual	Ratio	As Adjusted(**)	Ratio(**)
Long-term Debt (excluding current maturity).....	\$2,105,029	51.4%	\$2,105,029	50.3%
Preferred Stock Subject to Mandatory Redemption ...	182,962	4.5	182,962	4.4
Preferred Stock Not Subject to Mandatory Redemption .....	356,355	8.7	356,355	8.5
Common Equity.....	1,452,708	35.4	1,542,708	36.8
Total Capitalization.....	\$4,097,054	100.0%	\$4,187,054	100.0%
Short-term Debt and Current Maturity of Long-term Debt.....	\$ 94,027			

(\*) See CERTAIN FINANCIAL INFORMATION.

(\*\*) Adjusted to give effect to the sale of the Common Stock offered hereby.



## THE COMPANY

Union Electric Company, incorporated in Missouri in 1922, is successor to a number of companies, the oldest of which was organized in 1881. The Company owns all of the common stock of Missouri Power & Light Company, Missouri Edison Company and Missouri Utilities Company (the "utility subsidiaries") and of Union Colliery Company. See the Form 10-K Annual Report and the Form 10-Q Reports for information on the proposed merger of each utility subsidiary into the Company on December 30, 1983, subject to regulatory approval. As used hereafter in this Prospectus, the term Company means Union Electric Company and its consolidated subsidiaries unless the context requires otherwise. The Company's principal office is at 1901 Gratiot Street, St. Louis, Missouri 63103 and its telephone number is (314) 621-3222.

## COMMON STOCK DIVIDENDS AND PRICE RANGE

The Company has paid cash dividends on its Common Stock for each year beginning with the dividend for the year 1906. Future dividends will depend upon the earnings and financial condition of the Company and other factors. See *Dividends* under DESCRIPTION OF COMMON STOCK herein and Note (3) under Item 5 in the Form 10-K Annual Report for information concerning restrictions on, and retained earnings available for, dividends. The Company currently estimates that approximately 50% of the dividends paid on the Common Stock in 1983, and a greater percentage in 1984, will be considered a return of capital under the Internal Revenue Code and therefore not taxable as dividend income. These estimates cannot be finalized until the respective years for such estimates have been completed and are further dependent upon numerous assumptions and factors such as the amount of allowance for funds used during construction ("AFC") recorded by the Company, future rate relief and the earnings of the Company. Variation from any of the assumptions or changes in the income tax laws and regulations thereunder and audits by the IRS may impact on these estimates. Changes which would eliminate or severely reduce the amount of dividends considered as a return of capital have recently been proposed before Congress.

The high and low sale prices of the Common Stock on the composite tape during the periods indicated as reported in *The Wall Street Journal* and the amount of quarterly dividends paid for such periods are set forth below:

	<u>High</u>	<u>Low</u>	<u>Dividends Paid</u>
1982			
First Quarter.....	\$11½	\$10¾	\$.38
Second Quarter.....	12½	10¾	.38
Third Quarter.....	13¾	11¾	.41
Fourth Quarter.....	14¾	12¾	.41
1983			
First Quarter.....	15¾	13¾	.41
Second Quarter.....	16¾	13¾	.41
Third Quarter.....	15¾	13¾	.41
Fourth Quarter (through November 14).....	15¾	14¾	.43*

\* On October 14, 1983, the Board of Directors declared a quarterly dividend of 43¢ per share on the Common Stock payable on December 29, 1983 to stockholders of record on December 7, 1983. The holders of the Additional Common Stock on such record date will receive such dividend.

The last reported sale price of the Common Stock on the New York Stock Exchange on November 15, 1983 was \$14¾ per share. The book value of the Company's Common Stock at September 30, 1983 was \$16.65 per share.

The Representatives of the Underwriters have advised the Company that on November 15, 1983 they made stabilizing purchases aggregating 2,000 shares of Common Stock at \$14¾ on the Pacific Stock Exchange.

The Company's Dividend Reinvestment and Stock Purchase Plan permits stockholders to automatically reinvest their dividends in newly issued shares of Common Stock at prevailing market prices. Optional cash purchases ranging from \$10 to \$5,000 monthly are also permitted under the Plan, and all purchases are made without payment of any commission or service charge. The Economic Recovery Tax Act of 1981 ("ERTA") provides special treatment for stockholders participating in dividend reinvestment programs of qualified utilities. ERTA permits up to \$750 annually (\$1,500 in the case of joint returns) of reinvested dividends paid through 1985 to be excluded under certain circumstances from income subject to taxation. The Company believes that its Plan qualifies for this special treatment. Because of stock transfer considerations and the short time period between the initial offering of the Additional Common Stock and the record date for the December 1983 dividend, the Company does not expect that purchasers of the Additional Common Stock can be enrolled in the Plan in time for the initial quarterly dividend payable on December 29, 1983 to be reinvested.

#### APPLICATION OF PROCEEDS AND CONSTRUCTION PROGRAM

The proceeds to be received by the Company from the sale of the Additional Common Stock will be used to repay in part short-term debt (expected to aggregate approximately \$90 million at the time of issuance of such Stock) incurred in connection with the Company's construction program, the largest single project of which is the 1,150 mW Unit at the Company's Callaway nuclear plant. Expenditures for the construction program, including amounts for AFC and excluding nuclear fuel, amounted to \$628 million in 1982. The Callaway Unit is expected to be placed in service in late 1984 or early 1985. The total cost of the Unit is presently estimated at \$2.85 billion (including AFC of approximately \$1.02 billion), and expenditures for the Unit through September 1983 aggregated approximately \$2.22 billion (including AFC of approximately \$643 million). See the Form 10-K Annual Report for information on revisions of estimated costs and completion dates for the Unit.

The following table sets forth the Company's actual construction expenditures and its currently estimated expenditures for presently proposed construction, excluding nuclear fuel, for the periods indicated:

	Actual	Estimated					
	1978-1982	1983	1984	1985	1986	1987	1983-1987
(Millions of Dollars)							
Callaway Unit .....	\$1,614	\$574	\$431	\$ 35	\$ —	\$ —	\$1,040
Generating Plant Modifications .....	215	21	12	18	23	14	88
Transmission and Distribution .....	369	86	84	85	96	92	443
Other .....	97	12	21	20	24	27	104
Total .....	<u>\$2,295</u>	<u>\$693</u>	<u>\$548</u>	<u>\$158</u>	<u>\$143</u>	<u>\$133</u>	<u>\$1,675</u>
Less AFC .....		245*	305*	17*	4	3	574*
Net Cash Requirements .....		<u>\$448</u>	<u>\$243</u>	<u>\$141</u>	<u>\$139</u>	<u>\$130</u>	<u>\$1,101</u>

\* Substantially all related to the Callaway Unit.

Construction projects are under constant review, and actual expenditures and completion dates may vary significantly from present estimates as they have in the past as discussed in the Form 10-K Annual Report under CONSTRUCTION PROGRAM AND FINANCING. The Callaway Unit is subject to receipt of an operating license from the Nuclear Regulatory Commission and the results of the proceedings therefor could adversely affect completion or operation of the Unit. An initiative petition is presently being circulated in Missouri which proposes a law to prohibit the operation of nuclear power plants in that state. If the required signatures are obtained by mid 1984, the proposal is expected to be submitted to a vote at the general election in November 1984.

In addition to the funds required for construction during the 1983-1987 period, \$239,071,000 will be required to repay currently outstanding long-term debt and Preferred Stock as follows: \$422,000 in 1983, \$12,754,000 in 1984, \$28,487,000 in 1985, \$104,620,000 in 1986 and \$92,788,000 in 1987. In addition, the Company's nuclear fuel lease will require payments for nuclear fuel upon the consumption thereof. The Company expects that until the Callaway Unit is authorized to be included in rate base and reflected in electric rates, all of its cash requirements for construction and such payments will have to be obtained from external sources. No assurance can be given that such required funds can be obtained. See CERTAIN FINANCIAL INFORMATION below and CONSTRUCTION PROGRAM AND FINANCING and RATES in the Form 10-K Annual Report.

### CERTAIN FINANCIAL INFORMATION

Set forth below is a summary of certain information concerning the results of operations of the Company. The information, insofar as it relates to the five years ended December 31, 1982, was derived from the Company's audited financial statements, the last three years of which, together with management's discussion and analysis thereof, are contained in the Form 10-K Annual Report. In the opinion of the Company all adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of the results for the unaudited twelve-month period ended September 30, 1983 have been included.

	Year Ended December 31,					Twelve months ended September 30, 1983
	1978	1979	1980	1981	1982	
(Thousands of dollars except share and per share amounts)						
Operating Revenues.....	\$ 903,988	\$ 946,797	\$ 1,077,876	\$ 1,105,536	\$ 1,217,705	\$ 1,359,568
Operating Expenses.....	727,756	780,331	886,720	922,647	1,013,054	1,123,715
Operating Income.....	176,232	166,466	191,156	182,889	204,651	235,853
Allowance for Equity Funds Used During Construction.....	15,980	31,245	45,357	64,600	93,858	124,032
Other Income—Miscellaneous.....	2,896	879	3,638	(734)	3,660	6,804
Interest on Debt and Other Items.....	90,699	107,383	132,112	180,697	200,938	210,074
Allowance for Borrowed Funds Used During Construction.....	15,489	26,848	46,698	91,025	104,235	111,207
Net Income.....	119,898	118,055	154,737	157,083	205,466	267,822
Preferred Dividend Requirements of Company.....	23,040	26,948	29,695	29,478	39,960	43,556
Earnings on Common Stock.....	96,858	91,107	125,042	127,605	165,506	224,266
Average Number of Common Shares Outstanding.....	48,260,596	52,577,432	59,675,995	67,179,275	76,251,024	83,752,463
Earnings Per Share of Common Stock (based on average shares outstanding).....	\$2.01	\$1.73	\$2.10	\$1.90	\$2.17	\$2.68
Dividends Per Share of Common Stock.....	\$1.40	\$1.44	\$1.48	\$1.52	\$1.58	\$1.64

Earnings per share for the twelve months ended September 30, 1983 include approximately 18¢ attributable to unusually hot weather during the third quarter. The Company anticipates that, assuming normal weather, earnings per share for the year 1984 are not likely to exceed the level of 1983 earnings per share which would have been reported if such hot weather had not occurred.

Substantially all of the Company's earnings in 1983 and 1984 will be provided by AFC (a non-cash item) largely attributable to construction of the Callaway Unit, which is now scheduled to be completed in late 1984 or early 1985. Earnings represented by AFC will decline substantially when the Callaway Unit goes into commercial operation and is reflected in electric rates. Assuming commercial operation as scheduled and based on economic and other projections, major rate increases in all jurisdictions, expected to aggregate 50%, will be necessary in conjunction with placing the Unit in commercial operation to convert the non-cash earnings provided by AFC into an equivalent cash return and to meet the Unit's substantial fixed costs and operating expenses. Additional rate relief to recover other costs of service may be sought contemporaneously with the Callaway rate relief request. The Company can give no assurance that the needed rate relief will be granted. In the event the Company is not permitted to recover an adequate return on investment in the Unit and is required to discontinue recording AFC, there would be a substantial adverse effect on earnings.

As part of its most recent request for an increase in electric rates in Missouri, the Company sought to amortize over a five-year period \$32 million of costs (net of taxes) associated with the cancellation of the second unit of its Callaway nuclear plant. By order dated October 21, 1983, the Missouri Public Service Commission ruled that recovery of such cancellation costs is barred by a state statute which prohibits recovery of costs of a facility in rates "before it is fully operational and used for service." The Company is of the opinion that the statutory ban does not apply to cancelled plants and, furthermore, that the Commission's interpretation of the statute is unconstitutional because it purports to disallow recovery of costs prudently incurred. The Company has requested reconsideration by the Commission and, if unsuccessful, will seek judicial review of the Commission's decision. If the Commission's decision is upheld by the courts, the cancellation costs would be written off and charged against income during the period in which it is determined by the Company that such cancellation costs are not recoverable.

### DESCRIPTION OF COMMON STOCK

The following summaries of certain provisions affecting the Common Stock contained in the Articles of Incorporation, as amended, and in other documents referred to below, all of which are filed as exhibits to the Registration Statement and to which reference is hereby made, do not purport to be complete and are qualified in their entirety by such reference.

**Dividends.** Dividends on the Common Stock may be declared and paid at the discretion of the Board of Directors, provided all dividends for past periods and the dividend for the current quarter on the outstanding Preferred Stock and Preference Stock have been paid or provided for, and provided that any sinking fund obligations on the outstanding Preferred Stock and Preference Stock have been met. At the present time there is no Preference Stock outstanding. Subject to a limitation imposed by orders of the Securities and Exchange Commission permitting the issuance of certain series of Union Electric Company's Preferred Stock, the amount of dividends payable on the Common Stock (other than dividends payable in Common Stock) is restricted to 50% of net income applicable to the Common Stock if the ratio of Common Stock plus surplus is less than 20% of total capital (including funded debt) and to 75% of such net income if such ratio is 20% or more but less than 25%. At September 30, 1983, such ratio was approximately 35.5%.

The supplemental indenture under which Union Electric Company's First Mortgage Bonds of 1991 Series were issued in 1961 provides that, so long as any of such Bonds are outstanding, it will not declare any dividend on its Common Stock (other than in Common Stock) or make any other distribution on or acquire for value any of its Common Stock (otherwise than in exchange for, or out of proceeds of sale of, Common Stock), if the amount thereof, together with the aggregate of such payments made since June 30, 1961 would exceed \$22,700,000 plus earned surplus applicable to the Common Stock subsequent to June 30, 1961, and that in computing such earned surplus charges applicable to the period subsequent to June 30, 1961 shall include, among other things, the greater of (i) the aggregate of the provisions for depreciation and amortization of plant acquisition adjustment accounts for such period or (ii) 2.25% of average depreciable bondable property. At September 30, 1983, the amount available for such payments was approximately \$394,000,000.

A similar but currently less restrictive provision has been included in the supplemental indentures under which the Company's First Mortgage Bonds have been issued since 1963 which provides that, so long as any of such Bonds are outstanding, the Company will not declare any dividend on its Common Stock (other than in Common Stock) or make any other distribution on or acquire for value any of its Common Stock (otherwise than in exchange for, or out of proceeds of sale of, Common Stock), if the amount thereof, together with the aggregate of such payments made since June 30, 1961 would exceed \$22,700,000 plus the net income applicable to the Common Stock subsequent to June 30, 1961, and that in computing such net income operating expenses shall include, among other things, the greater of (i) the provisions for depreciation for such period or (ii) the amount by which 15% of gross operating revenues (after certain deductions) for such period exceeds the total amounts expended for maintenance and repairs.



Each of the Company's utility subsidiaries have issued first mortgage bonds under indentures and supplemental indentures thereto which require that, upon consummation of the proposed mergers of such subsidiaries into the Company, the Company assume certain of the duties and obligations thereunder. Included in such duties and obligations which may be assumed are covenants which restrict the payment by each such subsidiary of dividends on its capital stock. How the covenants are to be applied to the Company and the effect these covenants would have on the Company's ability to pay dividends on its capital stock has not been determined and is presently being studied. While certain of these covenants could impose restrictions on the payment of dividends by the Company which would be more restrictive than those presently contained in the Company's supplemental indentures described in the previous two paragraphs, the Company will take all action necessary so that the most restrictive of the covenants would, at the time of the mergers, not restrict the payment of at least \$200,000,000 of dividends on its capital stock (dividends paid on the Company's capital stock during the twelve months ended September 30, 1983 aggregated approximately \$180,000,000). The amount of dividends which may subsequently be paid under these restrictions will depend to a large extent on the Company's earnings after the mergers.

**Voting Rights.** Each stockholder has one vote for each share of Common Stock, Preference Stock, and Preferred Stock held by him; provided that whenever four quarterly dividends on the Preferred Stock and Preference Stock shall be in default, in whole or in part, and during the continuance of such default, the Common Stock, as a class, shall be entitled to elect the same number of directors as was authorized by the Articles of Incorporation immediately prior to such default, and the Preferred Stock, as a class and the Preference Stock, as a class, shall each be entitled to elect two additional directors; and provided further, that whenever four quarterly dividends on the Preference Stock only shall be in default, in whole or in part, and during the continuance of such default, the Common Stock and the Preferred Stock, voting together as a single class, shall be entitled to elect the same number of directors as was authorized by the Articles of Incorporation immediately prior to such default, and the Preference Stock, as a class, shall be entitled to elect two additional directors. Each stockholder is entitled to cumulative voting at all elections of directors, such right, in case of class voting during a default, being applicable to the number of directors to be elected by the particular class.

No amendment to the Articles of Incorporation which would change the provisions thereof relating to cumulative voting, quorum or preemptive rights, in any manner substantially prejudicial to the holders of any class of stock shall be made without the consent of at least two-thirds of all of the capital stock.

No amendment to the Articles of Incorporation creating or increasing shares of Preferred Stock or Preference Stock shall be made without the consent of a majority of the Common Stock.

In addition to the voting provisions in the Company's Articles of Incorporation, under Missouri law holders of each class of stock have the right to vote as a class on any amendment to the Company's Articles of Incorporation that would adversely affect the rights or privileges of such class of stock.

**Liquidation Rights.** On liquidation the holders of the Common Stock are entitled to receive the assets of the Company remaining after distribution to the holders of Preferred Stock and any Preference Stock of the liquidation amounts applicable to each such class of stock and accumulated unpaid dividends thereon.

**Preemptive Rights.** Holders of the Common Stock have the preemptive right to purchase, *pro rata*, additional Common Stock or securities convertible into Common Stock issued solely for money and other than by (i) a public offering; (ii) an offering to or through underwriters or dealers who shall agree promptly to make a public offering; (iii) an issue in connection with any dividend reinvestment, stock purchase or similar plan; or (iv) any other offering authorized or approved by the holders of a majority of the outstanding Common Stock.

**Liability for Assessments.** The Common Stock is not liable for further calls or assessments. The Additional Common Stock when issued will be validly authorized and issued and full-paid and non-assessable.

**Transfer Agents and Registrars.** The Transfer Agents for the Common Stock are Manufacturers Hanover Trust Company, New York, New York, and Centerre Trust Company of St. Louis, St. Louis, Missouri. The Registrars for the Common Stock are Manufacturers Hanover Trust Company and The Boatmen's National Bank of St. Louis, St. Louis, Missouri.

### EXPERTS

The audited consolidated financial statements included in the Company's Form 10-K Annual Report incorporated by reference in this Prospectus have been so incorporated in reliance on the report of Price Waterhouse, independent accountants, given on the authority of said firm as experts in auditing and accounting.

The statements as to matters of law and legal conclusions included in the Company's Form 10-K Annual Report and the Form 10-Q Reports, incorporated by reference in this Prospectus, and such statements included in this Prospectus have been prepared under the supervision of, and reviewed by, William E. Jaudes, General Counsel of the Company and such statements are made and incorporated or included herein in reliance on the authority of Mr. Jaudes as an expert. Mr. Jaudes is a full-time employee of the Company.

### LEGAL OPINIONS

Certain legal matters in connection with the Additional Common Stock will be passed upon for the Company by William E. Jaudes, General Counsel of the Company, and for the Underwriters by Cahill Gordon & Reindel (a partnership including professional corporations), New York, New York. Cahill Gordon & Reindel are not passing upon the incorporation of the Company or its subsidiaries or franchise matters and are relying as to matters of Missouri, Illinois and other applicable laws upon the opinion of Mr. Jaudes.



## UNDERWRITING

The Underwriters named below have severally agreed, subject to the terms and conditions of the Underwriting Agreement, to purchase from the Company the following number of shares of the Additional Common Stock:

Underwriter	Number of Shares	Underwriter	Number of Shares
Merrill Lynch, Pierce, Fenner & Smith Incorporated.....	576,000	Boettcher & Company.....	23,000
Goldman, Sachs & Co. ....	576,000	The Chicago Corporation .....	23,000
Prudential-Bache Securities Inc. ....	576,000	Foster & Marshall/American Express Inc. ....	23,000
Shearson/American Express Inc. ....	576,000	J. J. B. Hilliard, W. L. Lyons, Inc. ....	23,000
Bear, Stearns & Co. ....	90,000	Howard, Weil, Labouisse, Friedrichs Incorporated.....	23,000
The First Boston Corporation.....	90,000	Legg Mason Wood Walker, Incorporated.....	23,000
A. G. Becker Paribas Incorporated .....	90,000	McCourtney-Breckenridge & Company.....	23,000
Blyth Eastman Paine Webber Incorporated .....	90,000	The Ohio Company.....	23,000
Alex. Brown & Sons .....	90,000	Parker/Hunter Incorporated .....	23,000
Dillon, Read & Co. Inc. ....	90,000	Raymond, James & Associates, Inc. ....	23,000
Donaldson, Lufkin & Jenrette Securities Corporation .....	90,000	Scherck, Stein & Franc, Inc. ....	23,000
Drexel Burnham Lambert Incorporated.....	90,000	I. M. Simon & Co., Inc. ....	23,000
A. G. Edwards & Sons, Inc. ....	90,000	Smith, Moore & Co. ....	23,000
Hambrecht & Quist Incorporated .....	90,000	Stern Brothers & Co. ....	23,000
E. F. Hutton & Company Inc. ....	90,000	Sutro & Co. Incorporated .....	23,000
Kidder, Peabody & Co. Incorporated.....	90,000	Tucker, Anthony & R. L. Day, Inc. ....	23,000
Lazard Freres & Co. ....	90,000	Wedbush, Noble, Cooke, Inc. ....	23,000
Lehman Brothers Kuhn Loeb Incorporated.....	90,000	Burgess & Leith Incorporated.....	13,000
L. F. Rothschild, Unterberg, Towbin.....	90,000	Alan Bush Brokerage Co. ....	13,000
Salomon Brothers Inc .....	90,000	B. C. Christopher Securities Co. ....	13,000
Smith Barney, Harris Upham & Co. Incorporated.....	90,000	Coughlin & Co., Inc. ....	13,000
Wertheim & Co., Inc. ....	90,000	D. A. Davidson & Co. Incorporated .....	13,000
Dean Witter Reynolds Inc. ....	90,000	R. G. Dickinson & Co. ....	13,000
Edward D. Jones & Co. ....	72,000	Doft & Co., Inc. ....	13,000
Newhard, Cook & Co. Incorporated.....	72,000	First Albany Corporation .....	13,000
Oppenheimer & Co., Inc. ....	72,000	J. A. Glynn & Co. ....	13,000
R. Rowland & Co., Incorporated .....	72,000	Gruntal & Co. ....	13,000
Stifel, Nicolaus & Company, Incorporated.....	72,000	Hanifen, Imhoff Inc. ....	13,000
Thomson McKinnon Securities Inc. ....	72,000	The Heitner Corporation .....	13,000
Advest, Inc. ....	38,000	Herzfeld & Stern .....	13,000
Robert W. Baird & Co. Incorporated.....	38,000	Howe, Barnes & Johnson, Inc. ....	13,000
Bateman Eichler, Hill Richards Incorporated.....	38,000	The Illinois Company Incorporated .....	13,000
William Blair & Company.....	38,000	Jesup & Lamont Securities Co., Inc. ....	13,000
Blunt Ellis & Loewi Incorporated.....	38,000	Johnson, Lane, Space, Smith & Co., Inc. ....	13,000
J. C. Bradford & Co., Incorporated.....	38,000	Josephthal & Co. Incorporated.....	13,000
Butcher & Singer Inc. ....	38,000	The Milwaukee Company .....	13,000
Cowen & Co. ....	38,000	Moore & Schley Capital Corporation.....	13,000
Dain Bosworth Incorporated.....	38,000	Muller and Company, Inc. ....	13,000
First of Michigan Corporation.....	38,000	Neuberger & Berman.....	13,000
Janney Montgomery Scott Inc. ....	38,000	Nippon Kangyo Kakumaru International, Inc. ...	13,000
Ladenburg, Thalmann & Co. Inc. ....	38,000	Philips, Appel & Walden, Inc. ....	13,000
Cyrus J. Lawrence Incorporated.....	38,000	Raffensperger, Hughes & Co., Inc. ....	13,000
McDonald & Company Securities, Inc. ....	38,000	Rodman & Renshaw, Inc. ....	13,000
Mosely, Hallgarten, Estabrook & Weeden Inc. ...	38,000	Roney & Co. ....	13,000
Piper, Jaffray & Hopwood Incorporated.....	38,000	H. B. Shaine & Co., Inc. ....	13,000
Prescott, Ball & Turben, Inc. ....	38,000	Burton J. Vincent, Chesley & Co. ....	13,000
Robinson-Humphrey/American Express Inc. ....	38,000	Edward A. Viner & Co., Inc. ....	13,000
Rotan Mosle Inc. ....	38,000	WZW Financial Services Inc. ....	13,000
Wheat, First Securities, Inc. ....	38,000	Total .....	6,000,000

The Underwriting Agreement provides that the Underwriters are committed to purchase all of the Additional Common Stock if any is purchased. Under certain circumstances the commitments of nondefaulting Underwriters may be increased.

The Company has been advised by Merrill Lynch, Pierce, Fenner & Smith Incorporated, Goldman, Sachs & Co., Prudential-Bache Securities Inc., and Shearson/American Express Inc., as Representatives of the Underwriters, that the Underwriters propose to offer the Additional Common Stock to the public initially at the offering price set forth on the cover page of this Prospectus and to certain dealers at such price less a concession not in excess of \$.32 per share and that the Underwriters and such dealers may realow a discount not in excess of \$.10 per share on sales to other dealers. The public offering price and concession and discount to dealers may be changed by the Representatives.

The Company has agreed to indemnify the several Underwriters against certain civil liabilities, including liabilities under the Securities Act of 1933.

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No dealer, salesman, or any other person has been authorized to give any information or to make any representations other than those contained in this Prospectus in connection with the offer contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorized by the Company or by any of the Underwriters. This Prospectus does not constitute an offer to sell the securities in any jurisdiction to any one to whom it is unlawful to make such offer in such jurisdiction.

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**6,000,000 Shares**

**Union Electric Company**

**Common Stock**

**(\$5 Par Value)**

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## PROSPECTUS

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**Merrill Lynch Capital Markets**

**Goldman, Sachs & Co.**

**Prudential-Bache**  
Securities

**Shearson/American Express Inc.**

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November 15, 1983

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SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR  
15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended September 30, 1983. Commission file number 1-2967.

UNION ELECTRIC COMPANY  
(Exact name of registrant as specified in its charter)

Missouri  
(State or other jurisdiction of  
incorporation or organization)

43-0559760  
(I.R.S. Employer  
Identification No.)

1901 Gratiot Street, St. Louis, Missouri 63103  
(Address of principal executive offices and Zip Code)

Registrant's telephone number, including area code: (314) 621-3222

Indicate by check mark whether the registrant (1) has 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) has been subject to such filing requirements for the past 90 days.

Yes  X . No  .

Shares outstanding of each of registrant's classes of common stock as of October 31, 1983:

Common Stock, \$5 par value - 87,745,099  
(excl. 42,990 treasury shares)

UNION ELECTRIC COMPANY AND SUBSIDIARIESINDEXPage No.

## Part I Financial Information (Unaudited)

Consolidated Balance Sheet -- September 30, 1983 and December 31, 1982	2
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## Part II Other Information

UNION ELECTRIC COMPANY AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEET  
 (UNAUDITED)  
 (Thousands of Dollars)

ASSETS			CAPITAL AND LIABILITIES	
	September 30, 1983	December 31, 1982	September 30, 1983	December 31, 1982
Property and plant:			Capitalization:	
Original cost of plant in service:			Common stock, \$5 par value, authorized	
Electric	\$3,195,102	\$3,075,484	150,000,000 shares; outstanding	
Other	112,985	110,844	87,266,296 and 84,413,679 shares,	
	<u>3,308,087</u>	<u>3,186,328</u>	at respective dates (excluding	
Less accumulated depreciation	1,044,950	984,656	42,990 shares at par value in	
			treasury)	\$ 436,331
	<u>2,263,137</u>	<u>2,201,672</u>	Other paid-in capital	568,197
Construction work in progress:			Retained earnings	448,180
Callaway nuclear plant	2,221,441	1,809,397	Total common shareholders' equity	<u>1,452,708</u>
Nuclear fuel	183,195	169,553	Preferred stock not subject to	
Settlement of uranium litigation	(98,819)	(89,407)	mandatory redemption	356,355
Other	79,287	114,908	Preferred stock subject to	
Total property and plant, net	<u>4,647,241</u>	<u>4,206,123</u>	mandatory redemption	182,962
			Long-term debt	<u>2,105,029</u>
Investments	5,694	5,705	Total capitalization	<u>4,097,054</u>
			Accumulated deferred taxes on income	388,490
Deferred charges:			Accumulated deferred investment tax credits	149,659
Callaway unit 2 construction abandonment	82,580	82,826		122,217
Unamortized bond defeasance cost	4,320	4,470	Current liabilities:	
Unamortized debt expense	4,879	4,860	Current maturity of long-term debt	9,727
Other	<u>3,333</u>	<u>2,292</u>	Accounts payable	91,405
Total deferred charges	<u>95,112</u>	<u>94,448</u>	Wages payable	22,173
Current assets:			Callaway unit 2 cancellation charges	44,170
Cash	11,003	4,555	Bank loans	40,000
Deposits for payment of interest, and other			Commercial paper	44,300
deposits	5,277	32,655	Income taxes accrued	62,256
Accounts receivables - trade (less allowance			Other taxes accrued	59,981
for doubtful accounts of \$2,271 and \$1,622,			Interest accrued	39,852
at respective dates)	134,190	85,629	Dividends declared	11,669
Unbilled revenue	67,846	54,042	Other current liabilities	<u>36,029</u>
Other accounts and notes receivable	5,645	6,622	Total current liabilities	<u>461,562</u>
Materials and supplies, at average cost -				
Fuel	84,107	99,006		
Construction and maintenance	37,252	37,188		
Prepayments and other assets	<u>3,398</u>	<u>4,924</u>		
Total current assets	<u>348,718</u>	<u>324,621</u>		
Total Assets	<u>\$5,096,765</u>	<u>\$4,630,797</u>	Total Capital and Liabilities	<u>\$5,096,765</u>
				<u>\$4,630,797</u>



UNION ELECTRIC COMPANY AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF INCOME  
(UNAUDITED)  
(Thousands of Dollars)

	Three Months Ended September 30,		Nine Months Ended September 30,		Twelve Months Ended September 30,	
	1983	1982	1983	1982	1983	1982
Operating revenues (*):						
Electric	\$453,656	\$363,087	\$996,309	\$866,717	\$1,243,447	\$1,103,698
Gas	10,948	8,794	73,647	61,949	101,910	84,056
Steam	1,233	1,200	8,098	9,801	11,521	13,980
Water	782	625	2,082	1,805	2,690	2,370
Total operating revenues	<u>466,619</u>	<u>373,706</u>	<u>1,082,136</u>	<u>940,272</u>	<u>1,359,568</u>	<u>1,204,104</u>
Operating expenses:						
Operations						
Fuel and purchased power	145,112	102,320	327,561	293,329	406,859	381,584
Other	54,973	47,662	187,050	165,871	251,935	222,811
Maintenance	24,603	23,635	75,061	72,977	102,306	94,926
Depreciation	23,586	21,885	68,044	64,468	90,246	85,256
Income taxes	77,874	57,321	121,836	83,256	136,547	100,448
Other taxes (*)	40,611	34,023	105,300	94,289	135,822	120,414
Total operating expenses	<u>366,759</u>	<u>286,846</u>	<u>884,852</u>	<u>774,190</u>	<u>1,123,715</u>	<u>1,005,439</u>
Operating income	<u>99,860</u>	<u>86,860</u>	<u>197,284</u>	<u>166,082</u>	<u>235,853</u>	<u>198,665</u>
Other income:						
Allowance for equity funds used during construction	35,497	24,134	97,113	66,939	124,032	83,964
Miscellaneous, net	449	1,682	6,192	3,048	6,804	1,581
Total other income	<u>35,946</u>	<u>25,816</u>	<u>103,305</u>	<u>69,987</u>	<u>130,836</u>	<u>85,545</u>
Income before interest and other items	<u>135,806</u>	<u>112,676</u>	<u>300,589</u>	<u>236,069</u>	<u>366,689</u>	<u>284,210</u>
Interest and other items:						
Interest on debt	54,610	52,087	159,419	150,282	209,691	196,048
Allowance for borrowed funds used during construction	(30,213)	(27,230)	(85,464)	(78,492)	(111,207)	(108,796)
Preferred dividends of subsidiaries	95	96	287	288	383	384
Total interest and other items	<u>24,492</u>	<u>24,953</u>	<u>74,242</u>	<u>72,078</u>	<u>98,867</u>	<u>97,636</u>
Net income	<u>111,314</u>	<u>87,723</u>	<u>226,347</u>	<u>163,991</u>	<u>267,822</u>	<u>196,574</u>
Preferred dividend requirements of Company	12,502	10,321	33,261	29,665	43,556	37,014
Earnings on common stock	<u>\$ 98,812</u>	<u>\$ 77,402</u>	<u>\$193,086</u>	<u>\$134,326</u>	<u>\$ 224,266</u>	<u>\$ 159,560</u>
Earnings per share of common stock (based on average shares outstanding)	<u>\$ 1.14</u>	<u>\$ 1.01</u>	<u>\$ 2.26</u>	<u>\$ 1.78</u>	<u>\$ 2.68</u>	<u>\$ 2.16</u>
Dividends per share of common stock	<u>\$ 0.41</u>	<u>\$ 0.41</u>	<u>\$ 1.23</u>	<u>\$ 1.17</u>	<u>\$ 1.64</u>	<u>\$ 1.55</u>
Average number of common shares outstanding (in thousands)	<u>86,516</u>	<u>76,296</u>	<u>85,557</u>	<u>75,528</u>	<u>81,752</u>	<u>73,857</u>

(\*) Includes license and franchise taxes of \$23,976,000 and \$19,188,000, respectively, for the three-month periods; \$54,531,000 and \$46,958,000, respectively, for the nine-month periods; and \$68,574,000 and \$59,762,000, respectively, for the twelve-month periods ended September 30, 1983 and 1982.

UNION ELECTRIC COMPANY AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION  
 (UNAUDITED)  
 (Thousands of Dollars)

	Nine Months Ended September 30,	
	1983	1982
<b>SOURCE OF FUNDS:</b>		
From operations -		
Net income	\$226,347	\$163,991
Provision for depreciation	68,044	64,468
Provision for deferred taxes on income (net)	59,910	53,767
Provision for deferred investment tax credits (net)	27,442	14,168
Allowance for all funds used during construction	(182,577)	(145,431)
	<u>199,166</u>	<u>150,963</u>
From financing and other sources -		
Dividend reinvestment and stock purchase plans	41,238	26,856
Issue of mortgage bonds	100,000	130,500
Issue of preferred stock	75,000	75,000
Issue of long-term unsecured debt	40,000	275,000
Settlement of uranium litigation	9,412	9,946
Nuclear fuel lease	13,650	22,972
Net decrease in working capital (excluding short-term loans and current maturity of long-term debt)	25,570	19,519
Additional short-term bank loans and commercial paper	17,200	-
	<u>322,070</u>	<u>559,793</u>
Total funds provided	<u>\$521,236</u>	<u>\$710,756</u>
<b>APPLICATION OF FUNDS:</b>		
Gross plant expenditures	\$506,833	\$469,109
Nuclear fuel	13,642	23,003
Allowance for all funds used during construction	(182,577)	(145,431)
Union Electric dividends on preferred stock and common stock	139,767	119,660
Maturity of mortgage bonds	1,197	36,074
Reduced short-term bank loans and commercial paper	-	32,950
Restructured long-term unsecured debt	40,000	175,000
Net change in other funds	2,374	391
Total funds applied	<u>\$521,236</u>	<u>\$710,756</u>
<b>DECREASES (INCREASES) IN WORKING CAPITAL:</b>		
Cash and deposits	\$ 20,930	\$ 19,912
Receivables, net	(61,388)	(34,288)
Fuel	14,899	(14,773)
Other materials and supplies	(64)	(1,047)
Accounts and wages payable	(23,631)	(4,903)
Cancellation charges	(1,799)	(5,095)
Taxes accrued	80,031	55,373
Interest and dividends accrued or declared	(5,428)	(3,354)
Other	2,020	7,694
	<u>\$ 25,570</u>	<u>\$ 19,519</u>

UNION ELECTRIC COMPANY AND SUBSIDIARIES

## NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

- Note 1 - Financial statement note disclosures, normally included in financial statements prepared in conformity with generally accepted accounting principles, have been omitted in this Form 10-Q pursuant to the Rules and Regulations of the Securities and Exchange Commission. However, in the opinion of the registrant, the disclosures contained in this Form 10-Q are adequate to make the information presented not misleading. See Notes to Financial Statements included in the 1982 Annual Report on Form 10-K for information relevant to the financial statements contained in this Form 10-Q, including information as to the significant accounting policies of the registrant.
- Note 2 - See Part II, Item 5, Other Information in this Form 10-Q for information relative to a recent Missouri Public Service Commission decision that recovery of \$32 million of costs (net of taxes) associated with the cancellation of the second unit of its Callaway nuclear plant is barred by a state statute.
- Note 3 - In the opinion of the registrant the interim financial statements filed as part of this Form 10-Q reflect all adjustments, consisting only of normal recurring adjustments, necessary to a fair statement of the results for the periods presented.
- Note 4 - Due to the effect of weather on sales and other factors which are characteristic of electric utility operations, financial results for the periods ended September 30, 1983 and 1982 are not necessarily indicative of trends for any twelve-month period.

# UNION ELECTRIC COMPANY AND SUBSIDIARIES

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE RESULTS OF OPERATIONS

Consolidated earnings amounted to \$98.8 million in the third quarter of 1983, an increase of \$21.4 million from the third quarter of 1982. Earnings per share of \$1.14 in the third quarter of 1983 were 13¢ more than in the third quarter of 1982. The improved earnings include approximately 18¢ per share attributable to increased electric sales due to unusually hot weather during the third quarter of 1983. Total kilowatt-hour sales for the third quarter were up 17% from the third quarter of 1982.

Consolidated earnings amounted to \$193.1 million for the nine-month period ended September 30, 1983, an increase of \$58.8 million as compared to the corresponding period of 1982. Earnings per share of \$2.26 for the nine-month period ended September 30, 1983 were 48¢ more than the corresponding period of 1982. The improved earnings primarily reflect increased electric rates, offset in part by greater costs of providing electric service, and include the effect of the hot weather during the third quarter of 1983. In addition, a gain of 7¢ per share realized from an early 1983 sale of non-utility coal properties contributed to the higher earnings.

Consolidated earnings amounted to \$224.3 million for the twelve-month period ended September 30, 1983, an increase of \$64.7 million as compared to the twelve-month period ended September 30, 1982. Earnings per share of \$2.68 for the twelve-month period ended September 30, 1983 were 52¢ more than the twelve-month period ended September 30, 1982. The improved earnings primarily reflect increased electric rates, offset in part by greater costs of providing electric service, and include the effect of the hot weather during the third quarter of 1983. In addition, a gain of 7¢ per share realized from an early 1983 sale of non-utility coal properties contributed to the higher earnings.

Conditions which contributed to the above-mentioned increases are analyzed as follows:

### ELECTRIC OPERATING REVENUES

The principal factors causing variations in electric revenues (which accounted for more than 90% of total operating revenues):

	Variations for periods ended September 30, 1983 from comparable prior periods		
	Third Quarter (Millions of Dollars)	Nine Months (Millions of Dollars)	Twelve Months (Millions of Dollars)
Rate increases . . . . .	\$18.9	\$ 52.5	\$ 68.5
Effect of weather . . . . .	50.8	45.9	44.6
Growth and other . . . . .	20.9	33.2	26.6
	<u>\$90.6</u>	<u>\$131.6</u>	<u>\$139.7</u>

For information concerning rate increases approved since the prior Form 10-Q Report, including a rate increase placed into effect subsequent to September 30, 1983, see Part II, Item 5, Other Information.

### OPERATING EXPENSES

The principal factors causing variations in operating expenses:

#### Fuel and Purchased Power

Fuel:			
Increased generation . . . . .	\$ 3.1	\$ 8.6	\$ 12.1
Price increases . . . . .	10.0	23.4	24.1
Plant and system efficiencies . . . . .	3.9	(8.3)	(11.9)
Purchased and interchange power . . . . .	25.8	10.5	1.0
	<u>\$42.8</u>	<u>\$ 34.2</u>	<u>\$ 25.3</u>

Purchased and interchange power expenses increased due to greater kilowatt-hour requirements as a result of the hot weather during the third quarter of 1983. Plant and system efficiencies improved for the nine and twelve-month periods mainly due to reduced generating unit outages during the first six months of 1983, partly offset by greater utilization of lower efficiency plants to provide for unusually high demands resulting from the hot weather during the third quarter of 1983.

UNION ELECTRIC COMPANY AND SUBSIDIARIES

MANAGEMENT'S DISCUSSION AND ANALYSIS  
OF THE RESULTS OF OPERATIONS (Continued)

OPERATING EXPENSES (Continued)

Other Operations

Normal increases due to inflation, wage increases (see Note following maintenance variation explanation below) and higher cost of purchased gas.

Maintenance

The variation in maintenance expense reflects normal increases principally due to higher costs of repair parts and wage increases.

Note: For information concerning recent labor agreements, see Part II, Item 5, Other Information.

Depreciation

The variation in depreciation expense resulted primarily from increases in depreciable property.

Income Taxes

Income taxes increased principally due to higher pre-tax income.

Other Taxes

The increase in taxes other than income taxes generally reflects higher gross receipts taxes due to greater revenues as analyzed above and greater real estate taxes.

OTHER ITEMS

The increase in interest on debt reflected greater indebtedness. Allowance for Funds Used During Construction (AFC) increased due to an increased amount of Construction Work In Progress. During the nine-month periods ended September 30, 1983 and 1982, the registrant's annualized AFC rates averaged 11.60% (9.28% net) and 11.65% (9.06% net), respectively.

The year-to-date increase in Miscellaneous Other Income reflects \$6.7 million from an early 1983 sale of certain non-utility coal properties.

MANAGEMENT'S DISCUSSION AND ANALYSIS -  
FINANCIAL CONDITION

LIQUIDITY AND CAPITAL RESOURCES:

To raise funds required for its construction program, the registrant will sell 6 million additional shares of common stock on or about November 15, 1983.



## PART II. OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

On September 14, 1983, the Atomic Safety and Licensing Appeal Board of the Nuclear Regulatory Commission ("NRC") affirmed the Partial Initial Decision issued on December 13, 1982 by the Atomic Safety and Licensing Board of the NRC which resolved issues in favor of the registrant in the operating license proceeding for the Callaway nuclear plant. Intervenor has petitioned the Appeal Board to reconsider its decision. On October 31, 1983, the Atomic Safety and Licensing Board issued its Initial Decision resolving in favor of registrant the emergency response planning issues which were the only remaining contested issues in the Callaway Plant operating license proceeding. The Board concluded in its Initial Decision that because all issues in controversy had been resolved in favor of registrant, the Director of Nuclear Reactor Regulation would be authorized, upon making its required additional findings, to issue to registrant a license to operate the Callaway Plant. This Initial Decision is subject to further review by the Atomic Safety and Licensing Appeal Board and the NRC. Any exceptions to the Initial Decision must be filed by mid-November 1983.

The trial in the bondholders' suit before the Federal court which arose from the registrant's proposed special redemption of its First Mortgage Bonds, 10-1/2% Series due 2005, has been rescheduled to March 1984 to allow the court an opportunity to consider a settlement reached by plaintiff's counsel and the defendant underwriters and to circulate notice of the settlement to the bondholder plaintiffs.

### ITEM 5. OTHER INFORMATION

As part of its most recent request for an increase in electric rates in Missouri, the registrant sought to amortize over a five-year period \$32 million of costs (net of taxes) associated with the cancellation of the second unit of its Callaway nuclear plant. By order dated October 21, 1983, the Missouri Public Service Commission ("Missouri Commission") ruled that recovery of such cancellation costs is barred by a state statute which prohibits recovery of costs of a facility in rates "before it is fully operational and used for service." The registrant is of the opinion that the statutory ban does not apply to cancelled plants and, furthermore, that the Commission's interpretation of the statute is unconstitutional because it purports to disallow recovery of costs presently incurred. The registrant has requested reconsideration by the Commission and, if unsuccessful, will seek judicial review of the Commission's decision. If the Commission's decision is upheld by the courts, the cancellation costs would be written off and charged against income during the period in which it is determined by the registrant that such cancellation costs are not recoverable.

Effective June 1, 1983, the Illinois Commerce Commission authorized an increase in registrant's annual electric revenues of \$8,813,000 and, effective September 27, 1983, authorized an additional increase of \$677,000 annually to reflect a corrected calculation of



income taxes. These increases resulted from a request filed July 9, 1982 for an increase in such revenues of approximately \$21,600,000.

On July 29, 1983, the registrant filed with the Federal Energy Regulatory Commission ("FERC") for an annual increase in wholesale electric rates of approximately \$17,800,000, which amount has been amended to \$15,095,000. The increased rates have been suspended until February 27, 1984. Approximately 78% of the increase applies to the registrant's utility subsidiaries as wholesale electric customers and such amount would be eliminated from the request upon completion of the proposed mergers of the registrant and such subsidiaries.

On October 4, 1983, in connection with a 1980 FERC decision granting the registrant an annual increase in wholesale electric rates of approximately \$8,800,000, the FERC affirmed the Initial Decision of the Administrative Law Judge entered on February 28, 1983 finding in favor of the registrant on all unresolved issues.

On August 2, 1983, the registrant entered into contracts to sell its steam distribution system in the downtown business section of St. Louis, Missouri and its Ashley Power Plant property for an aggregate consideration of \$3,000,000. The sales are subject to certain contingencies, including approval by the Missouri Commission, and are expected to be consummated by the end of 1983.

During the third quarter of 1983 the registrant signed labor agreements with each of the unions representing its employees. The agreements, which expire June 30, 1985, provide for, among other things, increases in wages and benefits aggregating 6% for each twelve month period beginning July 1, 1983 and July 1, 1984.

An initiative petition presently is being circulated in Missouri which proposes a law to prohibit the operation of nuclear power plants in that state. If the required signatures are obtained by mid 1984, the proposal is expected to be submitted to a vote at the general election in November 1984.

Each of the registrant's utility subsidiaries have issued first mortgage bonds under indentures and supplemental indentures thereto which require that, upon consummation of the proposed mergers of such subsidiaries into the registrant (presently proposed for December 30, 1983), the registrant assume certain of the duties and obligations thereunder. Included in such duties and obligations which may be assumed are covenants which restrict the payment by each such subsidiary of dividends on its capital stock. How the covenants are to be applied to the registrant and the effect these covenants would have on the registrant's ability to pay dividends on its capital stock has not been determined and is presently being studied. While certain of these covenants could impose restrictions on the payment of dividends by the registrant which would be more restrictive than those presently contained in the registrant's supplemental indentures, the registrant will take all action necessary so that the most restrictive of the covenants would, at the time of the mergers, not restrict the payment of at least \$200,000,000 of dividends on its capital stock. The amount of dividends which may subsequently be

paid under these restrictions will depend to a large extent on the registrant's earnings after the mergers.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits.

Exhibit 4.1\* Indenture of Mortgage and Deed of Trust of Missouri Power & Light Company dated July 1, 1946 and Supplemental Indentures dated July 1, 1946, November 1, 1949, June 1, 1951, July 1, 1954, December 1, 1959, July 1, 1962, March 1, 1966, April 1, 1967, June 15, 1969, April 15, 1973, December 1, 1974, May 1, 1976 and July 1, 1979 (Registration No. 2-87469, Exhibit 4.1).

Exhibit 4.2\* Indenture of Mortgage and Deed of Trust of Missouri Edison Company dated July 1, 1945 and Supplemental Indentures dated January 1, 1952, June 1, 1961, June 1, 1965, August 1, 1975, September 1, 1976, November 1, 1977, February 1, 1981 and July 1, 1982 (Registration No. 2-87469, Exhibit 4.2).

Exhibit 4.3\* Indenture of Mortgage and Deed of Trust of Missouri Utilities Company dated June 1, 1941 and Supplemental Indentures dated December 1, 1946, December 1, 1947, April 1, 1948, June 1, 1954, June 1, 1955, June 1, 1956, June 1, 1957, December 1, 1959, June 1, 1963, June 1, 1966, March 1, 1971, May 1, 1971, May 1, 1973 and October 1, 1976 (Registration No. 2-87469, Exhibit 4.3).

\*These exhibits heretofore have been filed with the Securities and Exchange Commission pursuant to requirements of the Acts administered by the Commission and are hereby incorporated herein by reference.

(b) Reports on Form 8-K. None.

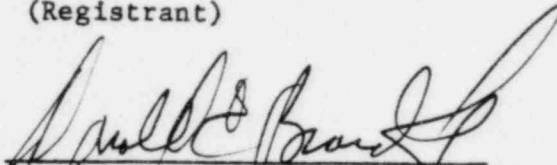
SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

UNION ELECTRIC COMPANY  
(Registrant)

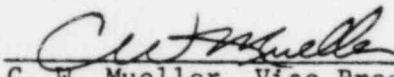
November 7, 1983

By

  
Donald E. Brandt, Controller  
(Chief Accounting Officer)

November 7, 1983

By

  
C. W. Mueller, Vice President

**SECURITIES AND EXCHANGE COMMISSION**

Washington, D. C. 20549

**FORM 10-K****ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 1983.

Commission file number 1-2967.

**UNION ELECTRIC COMPANY**

(Exact name of registrant as specified in its charter)

Missouri

(State or other jurisdiction of  
incorporation or organization)

43-0559760

(I.R.S. Employer  
Identification No.)

1901 Gratiot Street, St. Louis, Missouri 63103

(Address of principal executive offices and Zip Code)

Registrant's telephone number, including area code: (314) 621-3222

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

<u>Title of each class</u>	<u>Name of each exchange on which registered</u>
First Mortgage Bonds:	
13% Series due 2013 — due March 1, 2013	New York Stock Exchange
8% Series due 2007 — due December 1, 2007	
8% Series due 2006 — due September 1, 2006	
10½% Series due 2005 — due March 1, 2005	
15% Series due 1992 — due September 1, 1992	
15% Series due 1991 — due February 1, 1991	
Common Stock, \$5 par value	New York Stock Exchange
Preferred Stock, without par value (entitled to cumulative dividends):	
Stated value \$100 per share —	New York Stock Exchange
\$7.44 Series	
\$6.40 Series	
\$4.56 Series	
\$4.50 Series	
\$4.00 Series (of 1949)	
\$3.50 Series	
Stated value \$97.50 per share —	
\$8.00 Series of 1971	
Stated value \$92.25 per share —	
\$8.00 Series (of 1969)	
Stated value \$25 per share —	
\$4.00 Series of 1982	
\$2.98 Series	
\$2.72 Series	
\$2.125 Series	

Securities Registered Pursuant to Section 12(g) of the Act: None.

Indicate by check mark whether the registrant (1) has 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) has been subject to such filing requirements for the past 90 days. Yes ☒ . No ☐

Aggregate market value of voting stock held by non-affiliates as of March 1, 1984, based on closing prices most recently available as reported in The Wall Street Journal (excluding Preferred Stock for which quotes are not publicly available): \$1,501,924,105.

Shares of Common Stock, \$5 par value, outstanding as of March 1, 1984: — 94,963,082 shares (excluding 42,990 treasury shares).

**Document Incorporated by Reference:**

Portions of the registrant's definitive proxy statement for the 1984 annual meeting are incorporated by reference into Part III.

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(\*)Incorporated by reference.

(\*\*)Not applicable and not included herein.



## PART I

### ITEM 1. BUSINESS.

#### GENERAL

The registrant, Union Electric Company (the "Company"), incorporated in Missouri in 1922, is successor to a number of companies, the oldest of which was organized in 1881. In December 1983, each of the Company's three utility subsidiaries, Missouri Edison Company, Missouri Power & Light Company and Missouri Utilities Company, merged into the Company. Upon consummation of the mergers the subsidiaries ceased to exist and the Company became successor to each subsidiary and acquired all properties and assumed all assets, liabilities and obligations thereof, including payment of principal and interest on all outstanding first mortgage bonds.

The Company supplies electric service in territories in Missouri, Illinois and Iowa having an estimated population of 2,555,000 within an area of approximately 24,000 square miles, including the Metropolitan St. Louis Area. Natural gas purchased from non-affiliated pipeline companies is distributed in 90 Missouri communities and in the City of Alton, Illinois and vicinity. In addition, the Company provides water service in the City of Cape Girardeau, Missouri and supplies steam service to the state government in Jefferson City, Missouri. A totally held subsidiary, Union Colliery Company, owns and leases coal reserves and holds industrial lands.

Steam produced at the Company's Ashley Plant is currently distributed in the downtown business section of St. Louis. The Company has agreed to sell the distribution system and the Ashley Plant for an aggregate consideration of \$3,000,000. The sales are subject to certain contingencies, including approval by the Missouri Public Service Commission.

Electric operating revenues as a percentage of total operating revenues for the years 1979, 1980, 1981, and 1982 were 92.4%, 92.5%, 92.2%, and 91.3%, respectively. For the year 1983, 91.4% of consolidated total operating revenues was derived from the sale of electric energy, 7.5% from the sale of natural gas and the remainder from other services.

#### INDUSTRY AND COMPANY PROBLEMS

The Company is experiencing, in varying degrees, problems common to the electric utility industry during recent years. These include high cost of capital; increases in operating expenses and construction costs due to inflation and regulation; the effects of energy conservation on sales growth; uncertain economic conditions; continually developing environmental regulations; difficulty in obtaining adequate and timely rate increases; uncertainties in connection with the construction of nuclear generating facilities and the nuclear fuel cycle; public concern over nuclear energy; uncertainties in future actions of regulatory authorities and the concern of such authorities with nuclear power, rate structure, projected load growth, and energy costs; inability to include construction work in progress in rate base and substantial expenditures associated with construction of the Company's Callaway nuclear plant which have caused a decline in the percent of construction funds generated internally and have adversely affected the quality of the Company's earnings by increasing the percent of such earnings represented by allowance for funds used during construction (a non-cash item).



# CONSTRUCTION PROGRAM AND FINANCING

During the five-year period ended 1983 gross additions to the property of the Company and its subsidiaries, including allowance for funds used during construction ("AFC") and excluding nuclear fuel, were \$2.7 billion (including \$686 million in 1983) and property retirements were \$82.6 million. Through 1983 the Company had expended \$2.37 billion on its 1,150 mW Callaway nuclear plant, which is scheduled to be placed in service in late 1984 or early 1985 at an estimated total cost of \$2.85 billion (including AFC of approximately \$1.05 billion). The following table sets forth the Company's actual construction expenditures and estimated expenditures for presently proposed construction, excluding nuclear fuel, for the periods indicated:

		Estimated					
	Actual	1984	1985	1986	1987	1988	1984-1988
	1979-1983						
		(Millions of Dollars)					
Callaway Plant . . . . .	\$1,957	\$451	\$ 25	\$ -	\$ -	\$ -	\$ 476
Generating Facilities . . . . .	223	12	18	23	14	14	81
Transmission and Distribution . . . . .	373	76	85	97	92	96	446
Other . . . . .	116	28	29	36	41	30	164
Total . . . . .	<u>\$2,669</u>	\$567	\$157	\$156	\$147	\$140	\$1,167
Less AFC		305*	18*	5	4	4	336
Net Cash Requirements . . . . .		<u>\$262</u>	<u>\$139</u>	<u>\$151</u>	<u>\$143</u>	<u>\$136</u>	<u>\$ 831</u>

\* Substantially all related to the Callaway Plant.

In 1974, the Company applied to the Nuclear Regulatory Commission ("NRC") and the Missouri Public Service Commission for permission to construct the Callaway Plant. The first unit was scheduled for 1981 at an estimated cost of \$895 million and the second unit was scheduled for 1983 at an estimated cost of \$863 million. By 1975 changes in assumptions which recognized higher inflation rates, higher interest costs and actual and projected costs of other nuclear facilities, raised the estimated cost of the units to about \$900 million each. In 1977 the in-service dates of the two units were deferred until 1982 and 1987, which, combined with still higher escalation and interest rate assumptions, added approximately \$193 million to the cost of the first unit and \$434 million to the cost of the second unit. The 1977 deferrals resulted primarily from a change in Missouri public utility law which prohibited the inclusion of construction work in progress in rate base and from construction delays and because projected load growth was less than previously anticipated. Early in 1980 the expected in-service date of the second unit was deferred to 1988 because of further revisions of projected load growth. Such change, together with design and specification improvements since the prior revision of estimates, increased estimated costs by \$229 million for the first unit and \$373 million for the second unit. Later, in October 1980, the Company announced a six-month deferral to April 1983 in the expected completion of the first unit. Such deferral was primarily due to labor strikes and lower than expected productivity due to increasingly stringent regulations and, combined with the effects of continuing inflation,

added an estimated \$269 million to the cost of the first unit and \$89 million to the cost of the second unit. In April 1981, the expected in-service date of the second unit was deferred to 1990 because of the Company's reluctance to commit substantial sums of money to the second unit until the first unit was licensed by the NRC and the Company was permitted to earn a reasonable return on its investment in that unit. Such deferral increased the estimated cost of the second unit by \$500 million. In October 1981, the Company announced that Callaway Unit No. 1, which had been scheduled to be placed in service in April 1983, was expected to be placed in service in early 1984. This delay resulted primarily from problems with meeting construction schedules and a reappraisal of the work remaining to be completed. In October 1981, the Company also increased the estimated cost of this unit by \$500 million, primarily because of increased AFC and labor expenditures, resulting in an estimated completed cost of \$2.1 billion. Also in October 1981, the Company cancelled construction of Unit No. 2 at its Callaway Plant which unit had been scheduled to be placed in service in 1990. This decision was made because of increasing problems and risks associated with financing construction of the unit and increasing regulatory problems associated with the construction, licensing and operation of nuclear generating facilities. In August 1982, the Company again revised its estimate as to when Callaway Unit No. 1 would be placed in service from early 1984 to late 1984 or early 1985. This rescheduling was principally due to the exacting nature of the remaining construction activities coupled with extremely rigid quality requirements, which increased the projection of craft and technical support manhours necessary to complete the project. The estimated cost of the unit was increased to \$2.85 billion (including AFC of approximately \$1.05 billion).

Construction projects are under constant review and actual expenditures and completion dates may vary from present estimates as they have in the past because of, among other reasons, continuing increases in the costs of construction and financing, public opposition and other difficulties with the construction and licensing of nuclear facilities, the inability to obtain adequate rate relief, difficulties in obtaining the funds required for the construction program, changes in load and sales growth, and changes in business conditions.

The Company expects that substantially all its net cash requirements for construction in 1984 will be obtained from external funds. Such external funds are expected to be obtained from sales of Common Stock under the Company's Dividend Reinvestment and Stock Purchase Plan and Employee Stock Ownership Plan (formerly the Tax Reduction Act Stock Ownership Plan), long-term debt securities, interim short-term borrowings and other forms of financing. The Company expects to issue up to \$200,000,000 of long-term debt and to increase the limit of its nuclear fuel lease from \$200 million to \$300 million in the first half of 1984.

In addition to the funds required for construction during the 1984-1988 period, \$439,353,000 will be required to repay long-term debt and Preferred Stock outstanding as of December 31, 1983 as follows: \$12,754,000 in 1984, \$28,487,000 in 1985, \$104,620,000 in 1986, \$92,788,000 in 1987, and \$200,704,000 in 1988. Also, payments will be made under the Company's nuclear fuel lease.

The types, amounts and timing of financings will depend upon market conditions, construction program revisions, rate levels, and other factors, including the various financing restrictions discussed below. No assurance can be given that the Company will obtain the external funds which will be required.

See "Rates" for a discussion of rate increase requests filed to provide a return on the Company's investment in the Callaway Plant. In the event the Company is not permitted to recover an adequate return on such investment and is required to discontinue recording AFC, there would be a substantial adverse effect on earnings.

Financing Restrictions. Under the most restrictive earnings test contained in the Company's Indenture of Mortgage and Deed of Trust ("Mortgage") relating to its First Mortgage Bonds ("Bonds"), no Bonds may be issued (except in certain refunding operations) unless the Company's net earnings available for interest after depreciation (the amount of AFC and other net non-operating income which may be included in such net earnings being limited to an amount not in excess of 10% of the portion of such net earnings which does not constitute net non-operating income) for 12 consecutive months within the 15 months preceding such issuance are at least two times annual interest charges on all Bonds and prior lien bonds then outstanding and to be issued (all calculated as provided in the Mortgage). Such ratio for the 12 months ended December 31, 1983 was 2.74, which would permit the Company to issue an additional \$434 million of Bonds (13% annual interest rate assumed). The Company's Articles of Incorporation restrict the Company from selling Preferred Stock unless its net earnings for a period of 12 consecutive months within 15 months preceding such sale are at least two and one-half times the annual dividend requirements on its Preferred Stock then outstanding and to be issued. Such ratio for the 12 months ended December 31, 1983 was 5.42, which would permit the Company to issue an additional \$488 million stated value of Preferred Stock (12% annual dividend rate assumed). Certain other financing arrangements require the Company to obtain prior consents to various actions by the Company, including any future borrowings, except for permitted financings such as borrowings under certain revolving credit agreements, unsecured short-term borrowings (subject to certain conditions) and the issuance of additional Bonds.

#### RATES

For the year 1983, approximately 86%, 11% and 3% of the Company's retail electric operating revenues were based on rates regulated by Missouri, Illinois, and Iowa, respectively. Approximately 13% (3.6% excluding sales to former subsidiaries) of total electric revenues were also subject to the jurisdiction of the Federal Energy Regulatory Commission ("FERC") of the Department of Energy. The Company presently has fuel adjustment riders in all jurisdictions other than Missouri which permit recovery of substantially all fuel costs applicable to those jurisdictions. In 1979, the Missouri Supreme Court ruled that automatic fuel adjustment riders were unlawful in Missouri.

#### Missouri

On February 15, 1984, the Company filed a request with the Missouri Public Service Commission ("Missouri Commission") for an increase in annual electric revenues of approximately \$640 million, exclusive of gross receipts taxes, based principally on the anticipated commercial operation of the Callaway Plant. As an alternative to implementing the entire proposed increase at one time, the request includes a proposed rate phase-in plan under which the impact of the initial rate increase would be spread over a five-year period. Under the proposed rate phase-in, annual electric rates would increase by approximately 25 percent the first year and by approximately 8 percent in each of the following four years (absent any subsequent applications to recover future cost increases). This plan would not affect reported earn-

ings and is not designed to eliminate or permanently reduce any of the costs associated with the Callaway investment, but rather spreads the initial rate impact of the Plant over five years. Under Missouri law, the Missouri Commission must render a decision on the rate increase request by January 14, 1985.

By order dated July 6, 1983 (effective July 10, 1983) the Missouri Commission authorized an annual increase in the Company's electric rates of \$30,500,000, exclusive of gross receipts taxes, as a result of a request filed December 3, 1982 for an annual increase in such rates of approximately \$122,000,000. A portion of the increase is being collected, subject to audit and refund, based on the estimated cost of fuel in January 1984. As a part of this case the Company sought to amortize over a five-year period the Missouri portion of costs associated with the cancellation of the second unit at its Callaway Plant. By a subsequent order dated October 21, 1983, which the Company has appealed, the Missouri Commission ruled that recovery of such cancellation costs is barred by a state statute which prohibits recovery of costs of a facility in rates "before it is fully operational and used for service." The Company is of the opinion that the statutory ban does not apply to cancelled plants and, furthermore, that the Missouri Commission's interpretation of the statute is unconstitutional because it disallows recovery of costs prudently incurred.

#### Illinois, Iowa and FERC

On February 15, 1984, the Company filed a request with the Illinois Commerce Commission ("Illinois Commission") for an increase in annual electric revenues of approximately \$78 million, exclusive of add-on revenue taxes, based principally on the anticipated commercial operation of the Callaway Plant. This request also includes an alternative rate phase-in plan comparable to that proposed in the February 15, 1984 filing with the Missouri Commission. Under Illinois law, the Illinois Commission must render a decision on the proposed rates by January 14, 1985.

As a result of a request filed with the Illinois Commission on July 9, 1982 for an increase in annual electric revenues of approximately \$21,600,000, the Illinois Commission granted an increase of approximately \$8,800,000, effective June 1, 1983, which included recovery of the Illinois portion of costs attributable to the cancellation of the Company's second nuclear unit. On rehearing, the Illinois Commission authorized an additional increase in electric revenues of \$677,000 annually, effective September 27, 1983.

Effective April 18, 1981, the Illinois Commission authorized an annual increase in the Company's electric rates of approximately \$10,700,000, as a result of a request for approximately \$15,200,000 filed in May, 1980. The Company and intervenors appealed to the Illinois Circuit Court, which affirmed the Illinois Commission's decision, and the intervenors have appealed the Circuit Court decision.

In February 1984, the Iowa State Commerce Commission authorized an annual increase in the Company's electric rates of approximately \$2,400,000, as a result of a request for approximately \$6,200,000 filed in May, 1983. Since June 10, 1983, the Company had been collecting an interim increase of \$1,545,000, subject to refund.

On July 29, 1983, the Company filed with the FERC for an annual increase in wholesale electric rates of approximately \$17,800,000, which in-



cluded increases to the Company's former subsidiaries. As a result of the mergers of the subsidiaries into the Company, and summary disposition by the FERC of certain issues related to the Company's proposed increase, the requested amount has been reduced to approximately \$3,300,000. This amount was allowed to become effective February 27, 1984, subject to refund.

On May 8, 1981, the Company filed with the FERC for an annual increase in wholesale electric rates of approximately \$19,140,000. The FERC ruled summarily against the Company on certain issues, and allowed an increase of approximately \$12,800,000 to go into effect on July 9, 1981, subject to refund. Intervenors appealed that order, which order was affirmed by the United States Court of Appeals on October 20, 1982. On December 17, 1982, the FERC Administrative Law Judge entered an Initial Decision granting an annual increase of approximately \$13,800,000. That decision was modified by an Order of the FERC on February 3, 1984, the effect of which is to maintain the wholesale electric rates which took effect on July 9, 1981 until February 27, 1984, at which time such rates will increase as described in the previous paragraph.

On September 26, 1977, the Company filed a request with the FERC for an increase in wholesale electric rates of \$15,000,000. Such increased rates were put into effect on March 27, 1978 subject to refund and on September 2, 1980 the FERC granted the Company an increase in wholesale electric rates of approximately \$8,800,000 annually. The Company's tariffs implementing the September 1980 FERC decision were approved by the FERC on March 29, 1981. Certain issues not resolved by the FERC were remanded to the FERC Administrative Law Judge for hearings, which were held in July 1982. On February 28, 1983, the Administrative Law Judge entered an Initial Decision finding for the Company on all unresolved issues. This decision was affirmed by the FERC on October 4, 1983, and the case has been appealed to the U.S. Court of Appeals by the Company and intervenors.

The Company expects to file rate increase requests with the FERC and the Iowa Commission later in 1984, based principally on the anticipated commercial operation of the Callaway Plant. Due to continuing increases in the costs of providing adequate and reliable service to the public, the Company anticipates it will file additional rate increase requests in all jurisdictions in the foreseeable future. The Company cannot predict the amount and timing of future rate increase requests and can give no assurance that needed rate relief will be granted.

#### FUEL SUPPLY

Coal. The majority of the Company's coal supply is obtained from nearby southern Illinois and vicinity, with less than 7% being obtained from western sources. Currently, the Company has long-term contracts providing for over 85% of its coal requirements. Approximately 65% of the coal requirements for the estimated remaining useful life of the Company's coal-fired generating plants is under long-term contract. Such contracts provide for supplies of both low sulphur coal and high sulphur coal. In addition to coal obtained pursuant to long-term contracts, the Company burns coal supplied pursuant to short-term contracts and by spot purchases and in 1983 the average price for such purchases was \$34.66 per ton. Because of uncertainties of supply due to potential work stoppages, equipment breakdowns and other factors, the Company has a policy of maintaining a coal inventory of 75 days, based on normal annual burn practices. On March 1, 1984 the Company's coal inventory was approximately 57 days. Additional coal will be required to meet the Company's long range requirements, at prices which cannot now be predicted.

Oil and Gas. The Company anticipates that generation attributable to oil and gas-fired peaking units will be less than 1% of total annual generation in each of the next ten years. In addition, oil and propane gas are used in relatively small amounts for coal ignition and flame stabilization. Since the actual and prospective use of such fuels is minimal, the Company has not experienced and does not expect to experience difficulty in obtaining adequate supplies.

Cost of Fuels. The Company expects the cost of its fuel supply will continue to increase and expects moderate increases in 1984. Set forth in the table below is information concerning the cost of the Company's fuel:

	Year				
	1983	1982	1981	1980	1979
Per Ton of Coal Burned	\$33.33	\$30.45	\$29.15	\$26.85	\$26.02
Per Million BTU	155.485¢	143.724¢	138.366¢	124.914¢	123.741¢
Per kWh of Steam Generation	1.581¢	1.465¢	1.415¢	1.291¢	1.273¢

Nuclear. The components of the nuclear fuel cycle required for nuclear generating units are as follows: (1) uranium ( $U_3O_8$ ); (2) conversion of uranium ( $U_3O_8$ ) into uranium hexafluoride; (3) enrichment of uranium hexafluoride; (4) conversion of enriched uranium hexafluoride into uranium dioxide and the fabrication thereof into nuclear fuel assemblies; and (5) disposal and/or reprocessing of spent nuclear fuel. A portion of the nuclear fuel assemblies is expended and requires replacement periodically. The spent nuclear fuel is removed from the reactor and stored. Spent fuel may be reprocessed to extract reusable materials should future federal policy so allow and if commercial reprocessing facilities become available.

The Company has contracts for a substantial portion of the various components of the nuclear fuel cycle which are sufficient, based on current assumptions, to supply the Callaway Plant through the end of this century. Additional contracts will have to be entered into in order to supply nuclear fuel during the remainder of the estimated life of the Plant, and the Company believes that the required components of the nuclear fuel cycle can be obtained. The Company's contracts for uranium, for enrichment services, for conversion services through 1988 and for fabrication services have been assigned or sold to a non-affiliated corporation established for the purpose of financing such fuel under the Company's nuclear fuel lease.

If reprocessing of spent nuclear fuel becomes practicable in the future, it may be desirable for the Company to provide for such reprocessing, but to date no arrangements have been made. Spent nuclear fuel is not expected to be removed from the Callaway reactor before 1986, and since the unit will have the capacity to store spent fuel for up to twenty years, reprocessing or off-site disposal will not be required until after the turn of the century. Off-site storage of spent nuclear fuel is to be provided by the Federal government pursuant to the Nuclear Waste Policy Act of 1982.

#### REGULATION

The Company is subject to regulation by the Missouri Commission and Illinois Commission as to rates, service, accounts, issuance of equity securities, issuance of debt having a maturity of more than twelve months, and various other matters and, except for issuance of securities, is similarly



subject to regulation by the Iowa State Commerce Commission. The Company is also subject to regulation by the FERC as to rates and charges in connection with the transmission of electric energy in interstate commerce and the sale of such energy at wholesale in interstate commerce, accounting and depreciation policies and certain other matters. Authorization to issue debt having a maturity of twelve months or less is obtained from the FERC.

Construction and operation of the Company's Callaway Plant are subject to regulation by the NRC. On December 12, 1983, the NRC amended the Company's construction permit for such plant, extending the term thereof to June 30, 1985. In order to achieve commercial operation by late 1984 or early 1985 the Company will need to obtain an operating license in the second quarter of 1984. On September 14, 1983, the Atomic Safety and Licensing Appeal Board of the NRC affirmed a Partial Initial Decision issued on December 13, 1982 by the Atomic Safety and Licensing Board of the NRC which resolved issues in favor of the Company in the operating license proceeding for the Callaway Plant. On October 31, 1983, the Atomic Safety and Licensing Board issued its Initial Decision resolving in favor of the Company the emergency response planning issues which were the only remaining contested issues in the Callaway Plant operating license proceeding. The Board concluded in its Initial Decision that because all issues in controversy had been resolved in favor of the Company, the Director of Nuclear Reactor Regulation would be authorized, upon making its required additional findings, to issue to the Company a license to operate the Callaway Plant. This Initial Decision is subject to further review by the NRC. Construction and licensing of the Callaway Plant are generally proceeding on schedule. Nevertheless, licensing and other delays have occurred with respect to other nuclear generating units, and no assurance can be given that requisite approvals for the Callaway Plant will be received on a timely basis.

The Company's Osage hydroelectric plant and its Taum Sauk pumped-storage hydro plant, as licensed projects under the Federal Power Act, are subject to certain federal regulations affecting, among other things, the general operation and maintenance of the projects. The Company's license for the Osage Plant was renewed in 1981 and expires on February 28, 2006, and its 50-year license for the Taum Sauk Plant expires on June 30, 2010.

The Company's Keokuk Plant and dam located in the Mississippi River between Hamilton, Illinois and Keokuk, Iowa, are operated under authority, unlimited in time, granted by an Act of Congress in 1905.

The Company is exempt from the provisions of the Public Utility Holding Company Act of 1935, except Section 9(a)(2) thereof relating to the acquisition of securities of other public utility companies and Section 11(b)(2) thereof with respect to concluding matters relating to the 1974 acquisition of Missouri Utilities Company common stock. When the Securities and Exchange Commission approved such acquisition it reserved jurisdiction to pass upon the right of the Company and its utility subsidiaries to retain their gas properties.

The Powerplant and Industrial Fuel Use Act of 1978 provides that the Secretary of Energy shall by rule require that any existing electric power plant which, during calendar year 1977, used coal as a primary energy source may not use petroleum as a primary energy source except in emergencies unless the Secretary of Energy issues a permit. The Company has 210 mW of oil-fired capacity at its Venice Plant that is subject to this prohibition.

## ENVIRONMENTAL MATTERS

The Company is regulated, in certain of its operations, by air and water pollution regulations at the city, county, state and federal levels. The Company is either complying with such regulations or is seeking variances in administrative proceedings. On August 8, 1980, the Director of the Missouri Department of Natural Resources issued a National Pollutant Discharge Elimination System permit for the Company's Callaway Plant. Limitations contained in the permit prevent solids from the water treatment plant from being discharged back into the Missouri River. The State of Missouri has recommended issuance of a variance, subject to approval by the Environmental Protection Agency ("EPA"), to permit a return of the material to the river. On December 29, 1981, the EPA issued a preliminary finding that the variance be approved and final EPA action is pending.

While the Company cannot accurately estimate the total effect of existing and future environmental regulations and standards upon existing and proposed facilities and the operations of the Company, its commitment to improve the environment required expenditures (exclusive of those relating to nuclear facilities) of approximately \$187 million during the five-year period 1979 through 1983 (of which \$49 million was expended in 1982 and \$22 million in 1983). Non-nuclear construction expenditures related to environmental matters for the period 1984-1988 are expected to total \$62 million, consisting of \$10 million for air quality control, \$23 million for solid waste disposal, \$25 million for the undergrounding of transmission and distribution lines, \$3 million for improving the functional and aesthetic characteristics of transmission and distribution facilities, and \$1 million for noise abatement. Of the total amount, \$6 million is estimated to be expended in 1984 and \$7 million in 1985.

In addition, \$347 million for environmental control matters is included in the Callaway Plant construction expenditures discussed under "Construction Program and Financing," including \$287 million for radiological control and \$60 million for water and miscellaneous environmental control matters. Approximately \$10 million remains to be expended for such facilities and is expected to be expended in 1984.

## EMPLOYEES

The Company employed 7,270 persons at December 31, 1983. Approximately 73% of the Company's employees are represented by local unions, substantially all of which are affiliated with the AFL-CIO. Agreements with local unions representing approximately 665 employees have expired or will expire later in 1984, and negotiations with such unions are in progress. Labor agreements covering the remaining union employees expire June 30, 1985.

# STATISTICAL INFORMATION

	<u>1983</u>	<u>1982</u>	<u>1981</u>	<u>1980</u>	<u>1979</u>
Percentage of earnings on Common Stock attributable to AFC*	86.3	89.8	87.4	55.9	49.5
Common Stock dividends as a percentage of earnings. . . . .	63.3	72.6	79.7	70.5	82.9

\*Net after the income tax effect applicable to the borrowed funds portion of AFC.

- - - - -

## KILOWATT HOUR OUTPUT (in millions)

Fuel generation. . . . .	24,567	23,798	23,898	25,153	25,573
Hydro generation . . . . .	1,616	1,611	1,461	1,192	1,336
Purchased from Electric Energy, Inc. . . . .	835	1,101	1,272	1,696	1,431
Net Interchange and other purchases. . . . .	<u>1,101</u>	<u>(498)</u>	<u>(458)</u>	<u>(1,147)</u>	<u>(2,600)</u>
Total Output . . . . .	28,119	26,012	26,173	26,894	25,740
Less line losses and system use.	<u>2,190</u>	<u>1,915</u>	<u>1,894</u>	<u>2,099</u>	<u>2,051</u>
Kilowatt Hour Sales. . . . .	<u>25,929</u>	<u>24,097</u>	<u>24,279</u>	<u>24,795</u>	<u>23,689</u>

CONTINUED ON NEXT PAGE

STATISTICAL INFORMATION  
Continued

Union Electric and Subsidiaries	1983	1982	1981	1980	1979
<b>Electric Operating Revenues (000):</b>					
Residential	\$ 524,792	\$ 426,213	\$ 389,182	\$402,160	\$333,251
Commercial	402,737	363,826	321,400	306,486	265,278
Industrial	281,397	257,320	250,842	233,854	221,617
Other Electric Utilities	46,428	42,650	39,789	35,619	34,185
Miscellaneous	25,800	21,846	18,458	18,774	20,388
Total	\$1,281,154	\$1,111,855	\$1,019,671	\$996,893	\$874,719
<b>Kilowatt-Hour Sales (000,000):</b>					
Residential	8,979	7,906	7,756	8,446	7,546
Commercial	7,653	7,339	7,024	6,913	6,463
Industrial	7,478	7,130	7,767	7,616	7,858
Other Electric Utilities	1,498	1,412	1,420	1,435	1,341
Miscellaneous	321	310	312	385	481
Total	25,929	24,097	24,279	24,795	23,689
<b>Electric Customers (End of Year):</b>					
Residential	879,156	869,844	870,066	862,406	853,908
Commercial	110,048	109,947	108,561	106,428	101,355
Industrial	5,126	5,132	5,207	5,328	5,334
Electric Utilities	24	24	24	24	24
Other	3,297	3,234	3,065	2,950	2,917
Total	997,651	988,181	986,923	977,136	963,538
<b>Residential Customer Data (Average):</b>					
Kilowatt-hours Used	10,283	9,108	8,955	9,848	8,893
Annual Electric Bill	\$601.03	\$490.96	\$449.35	\$468.92	\$392.74
Revenue per Kilowatt-hour	5.84¢	5.39¢	5.02¢	4.76¢	4.42¢
<b>System Gross Instantaneous</b>					
Peak Demand (Kilowatts)	6,598,000	6,161,000	6,296,000	6,404,000	5,846,000
<b>Capability at Time of</b>					
Peak, Including Net					
Purchases (Kilowatts)	7,633,000	7,631,000	7,444,000	7,468,000	7,739,000
<b>Generating Capability</b>					
at Time of Peak (Kilowatts)	6,948,000	6,951,000	6,879,000	6,824,000	6,947,000
<b>Coal Burned (Tons)</b>					
Price per Ton of Coal	11,371,000	11,085,000	11,316,000	11,730,000	12,037,000
	\$33.33	\$30.45	\$29.15	\$26.85	\$26.02

# Financial Position (Thousands of Dollars Except Share and Per Share Amounts and Ratios)

Union Electric and Subsidiaries		December 31,				
		1983	1982	1981	1980	1979
<b>Assets</b>						
Properties (at original cost)	\$5,858,554	\$5,190,779	\$4,554,567	\$4,051,124	\$3,649,728	
Less accumulated depreciation	1,062,765	984,656	915,996	848,826	786,147	
	4,795,789	4,206,123	3,638,571	3,202,298	2,863,581	
Receivables, net	174,382	146,293	135,496	126,075	148,482	
Fuel supplies	73,889	99,006	82,310	109,908	85,107	
Other assets	161,496	179,375	190,900	113,823	71,828	
<b>Total Assets</b>	<b>\$5,205,556</b>	<b>\$4,630,797</b>	<b>\$4,047,277</b>	<b>\$3,552,104</b>	<b>\$3,168,998</b>	
<b>Capital and Liabilities</b>						
Capitalization:						
Common stock and retained earnings—						
Common stock	\$ 473,451	\$ 422,068	\$ 373,780	\$ 330,627	\$ 293,984	
Other paid-in capital	637,039	541,222	464,450	414,020	374,189	
Retained earnings	445,011	364,771	324,547	298,902	262,202	
Common equity	1,555,501	1,328,061	1,162,777	1,043,549	930,375	
Preferred stock not subject to mandatory redemption	356,270	281,355	281,355	281,355	281,355	
Preferred stock subject to mandatory redemption	180,962	182,988	110,014	112,040	114,066	
Long-term debt obligations	2,108,047	2,000,405	1,719,927	1,479,229	1,307,990	
Total capitalization	4,200,780	3,792,809	3,274,073	2,916,173	2,633,786	
Accumulated deferred taxes on income	408,171	328,580	238,153	166,167	123,291	
Accumulated deferred investment tax credits	164,468	122,217	125,290	113,474	87,556	
Accounts and wages payable	175,561	137,209	91,567	98,224	100,310	
Short-term debt including current maturities	42,228	69,323	152,253	141,895	122,909	
Other liabilities	214,348	180,659	165,941	116,171	101,146	
<b>Total Capital and Liabilities</b>	<b>\$5,205,556</b>	<b>\$4,630,797</b>	<b>\$4,047,277</b>	<b>\$3,552,104</b>	<b>\$3,168,998</b>	
<b>Common Equity Data</b>						
Number of shares outstanding	94,690,220	84,413,679	74,755,885	66,125,317	58,796,909	
Book value (common equity) per share	\$16.43	\$15.73	\$15.55	\$15.78	\$15.82	
<b>Capitalization Ratios</b>						
Common equity	37.0%	35.0%	35.5%	35.8%	35.3%	
Preferred stock not subject to mandatory redemption	8.5	7.4	8.6	9.7	10.7	
Preferred stock subject to mandatory redemption	4.3	4.8	3.4	3.8	4.3	
Long-term debt	50.2	52.8	52.5	50.7	49.7	
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	



ITEM 2. PROPERTIES.

The following table sets forth information with respect to the existing generating facilities of the Company.

<u>Energy Source</u>	<u>Plant</u>	<u>Location</u>	<u>Gross Kilowatt Generating Capability (1)</u>	<u>Percent of 1983 Net Generation</u>
Coal	Labadie	Franklin County, Mo.	2,316,000	
	Sioux	St. Charles County, Mo.	956,000	
	Meramec	St. Louis County, Mo.	920,000	
	Rush Island	Jefferson County, Mo.	<u>1,210,000</u>	
	Total Coal		5,402,000	93.7
Hydro	Osage (2)	Lakeside, Mo.	212,000	
	Keokuk	Keokuk, Ia.	<u>119,000</u>	
	Total Hydro		331,000 (3)	6.1
Oil and Natural Gas (2)	Venice	Venice, Ill.	456,000	
	Other	Various	<u>386,000</u>	
	Total Oil and Natural Gas		842,000	.1
Pumped- storage(2)	Taum Sauk	Reynolds County, Mo.	<u>300,000</u>	<u>.1</u>
			<u>6,875,000</u>	<u>100.00</u>

(1) At time of the expected maximum gross instantaneous demand on the Company's system in 1984.

(2) Used primarily for peaking and emergency generation.

(3) Based on normal river flow.

The maximum gross instantaneous demand on the Company's system occurred on July 21, 1983 and amounted to 6,598,000 kW. Generating capability existing at that time totaled 6,948,000 kW which, together with power available from firm interchange and purchase contracts, provided a reserve of approximately 16%. See Page 11 for information on loads and capability during the five-year period ended 1983. In planning its construction program, the Company is presently utilizing a forecast of load growth approximating 1.2% compounded annually and is providing for a minimum reserve margin of approximately 18% to 20% above its anticipated peak load requirements.

The Company is a member of one of the nine regional electric reliability councils organized for coordinating the planning and operation of the nation's bulk power supply - MAIN (Mid-America Interpool Network) operating primarily in Wisconsin, Illinois and Missouri. The Company has interconnections for the exchange of power, directly and through the facilities of others, with seventeen private utilities and with Associated Electric Cooperative, Inc., the City of Columbia, Missouri, the Southwestern Power Administration and the Tennessee Valley Authority.

The Company owns 40% of the capital stock of Electric Energy, Inc. ("EEI"), the balance of which is held by three other "sponsoring companies."



EEl owns and operates a generating plant with a capacity of 1,000,000 kW, of which 735,000 kW is committed to the Paducah Project of the Department of Energy. The sponsoring companies are entitled to surplus power from EEl's generating plant in the ratio of their participation in the Common Stock of EEl, and accordingly, the Company is entitled to 40% of such surplus power, up to 106,000 kW. The Company has an option to purchase up to 367,000 kW from EEl, subject to certain limitations, during the period October 1, 1987 through December 31, 1989.

As of December 31, 1983, the Company owned approximately 6,026 circuit miles of electric transmission lines and 773 substations with a transformer capacity of approximately 37,918,000 kVA. The Company owns five propane-air plants with an aggregate daily natural gas equivalent capacity of 29,940 Mcf and 2,302 miles of gas mains. The Company also owns and operates approximately 185 miles of water mains and two pumping, purification and treating plants with a capacity of 5.9 million gallons of water per day. Other properties of the Company include distribution lines, underground cable, steam distribution facilities in downtown St. Louis and Jefferson City, Missouri and office buildings, warehouses, garages and repair shops at various locations throughout the territory served.

The Company has fee title to all principal plants and other important units of property, or to the real property on which such facilities are located (subject to mortgage liens securing outstanding indebtedness of the Company and to permitted liens and judgment liens, as defined), except that (i) a portion of the Osage Plant reservoir, certain facilities at the Sioux Plant, certain of the Company's substations and most of its transmission and distribution lines and gas and water mains are situated on lands occupied under leases, easements, franchises, licenses or permits; (ii) the United States and/or the State of Missouri own, or have or may have, paramount rights to certain lands lying in the bed of the Osage River or located between the inner and outer harbor lines of the Mississippi River, on which certain generating and other properties of the Company are located; and (iii) the United States and/or State of Illinois and/or State of Iowa and/or City of Keokuk, Iowa own, or have or may have, paramount rights with respect to, certain lands lying in the bed of the Mississippi River on which a portion of the Company's Keokuk Plant is located.

A substantial portion of the Company's property and plant is subject to the direct first lien of an Indenture of Mortgage and Deed of Trust dated June 15, 1937, as amended and supplemented. As part of the merger of the Company with its utility subsidiaries, the Company assumed the mortgage indenture of each subsidiary. The prior lien of each subsidiary indenture extends to the property and franchises acquired by the Company from such subsidiary. Each such indenture also contains provisions subjecting to the prior lien thereof after-acquired property of the Company constituting (with certain exceptions) additions, extensions, improvements, repairs, and replacements appurtenant to property acquired in the merger. In addition, the Missouri Edison Company indenture contains a provision subjecting to the prior lien thereof after-acquired property of the Company situated in the territory served by such former subsidiary prior to the merger.

### ITEM 3. LEGAL PROCEEDINGS.

Pending in the United States District Court is a proceeding arising from an amended complaint filed January 28, 1982 by holders of the Company's First Mortgage Bonds, 10-1/2% Series due 2005 (the "Bonds"), alleging securities laws violations. The proceeding arose from the Company's claim that it has the right to effect a special redemption of the Bonds out of monies deposited in the Maintenance Fund and Improvement Fund. Defendants are the Company, the Trustee under the Indenture pursuant to which the Bonds were issued, and several managers of the underwriting group which purchased and marketed the Bonds. The case is scheduled for trial in the Fall of 1984. A settlement has been reached in principle between the bondholders and the defendant underwriters which is subject to approval by the court.

The Missouri Court of Appeals, in a collateral case, had found that the "bond contract" permits such a special redemption and remanded the proceeding to the Circuit Court of St. Louis County, where a determination is to be made whether the Company adequately disclosed such right. The bondholders seek \$22,225,000 in actual damages and \$35,000,000 in punitive damages, plus attorneys' fees and costs, for alleged violations of the securities laws and common-law fraud and deceit and \$9,100,000 for an alleged breach of warranty.

On December 29, 1983, certain intervening parties before the Missouri Commission filed a motion seeking a rehearing of the Commission's order approving the mergers of the Company and its utility subsidiaries, stating that the mergers were detrimental to the public. The Missouri Commission denied the motion as being untimely filed and the intervening parties have appealed to the Circuit Court of Cole County. Missouri law provides that no appeals shall be taken to any court unless a timely motion for rehearing was filed with the Missouri Commission. The Company is of the opinion that the appeal should be dismissed by the court.

A motion for rehearing filed by intervenors in the merger proceeding before the FERC was denied on February 16, 1984. The intervenors have sixty days within which to appeal to the United States Court of Appeals. The Company is unable to predict whether the intervenors will seek judicial review.

An initiative petition presently is being circulated in Missouri which proposes a law to prohibit the operation of nuclear power plants in that state. If the required signatures are obtained by mid-1984, the proposal is expected to be submitted to a vote at the general election in November 1984.

See "Rates," "Regulation," and "Environmental Matters" for discussions of additional legal proceedings.

INFORMATION REGARDING EXECUTIVE OFFICERS REQUIRED BY ITEM 401(b) OF  
REGULATION S-K:

<u>Name</u>	<u>Age At 12/31/83</u>	<u>Present Position</u>	<u>Date First Elected or Appointed to Present Position</u>
Charles J. Dougherty	64	Chairman of the Board Director and Chief Executive Officer	4/22/80 1/14/66 4/23/68
William E. Cornelius	52	President and Director	4/22/80 11/8/68
Earl K. Dille	56	Executive Vice President and Director	1/1/71 4/25/72
Stewart W. Smith, Jr.	51	Executive Vice President and Director	4/22/80 4/22/75
H. Clyde Allen	55	Vice President	4/22/75
David C. Harrison	56	Vice President	12/9/83
G. J. Haven	56	Vice President	11/18/69
Francis R. Lengefeld	55	Vice President	9/1/83
Charles W. Mueller	45	Vice President	7/1/83
Robert O. Piening	46	Vice President	8/1/81
William A. Sanford	50	Vice President	10/6/78
Donald F. Schnell	51	Vice President	10/1/81
Charles J. Schukai	49	Vice President	4/26/83
Edgar J. Telthorst	56	Vice President	4/22/80
H. E. Wuertenbaecher, Jr.	57	Vice President	11/13/64
Donald E. Brandt	29	Controller	7/1/83
William E. Jaudes	46	General Counsel	4/22/80
James C. Thompson	44	Secretary	12/1/82
L. A. Esswein	47	Treasurer	7/1/83

All officers are elected or appointed annually by the Board of Directors following the election of such Board at the annual meeting of stockholders held in April. There are no family relationships between the foregoing officers of the Company.

Except for Donald E. Brandt, Controller, each of the above-named executive officers has been employed by the Company or its subsidiaries for more than five years in executive or management positions. Officers elected or appointed to their present position within the past five years held previous positions as follows:

<u>Name</u>	<u>Previous Position</u>	<u>Term</u>
Charles J. Dougherty	President	1966-1980
William E. Cornelius	Executive Vice President	1968-1980
Stewart W. Smith, Jr.	Vice President and General Counsel	1969-1980 1966-1980
David C. Harrison	President, Missouri Power & Light Company and Missouri Edison Company (former subsidiaries)	1979-1983
Francis R. Lengefeld	President, Missouri Utilities Company (former subsidiary)	1977-1983
Charles W. Mueller	Treasurer	1978-1983
Robert O. Piening	Director, Employee Relations	1978-1981
Donald F. Schnell	Manager, Nuclear Engineering General Manager, Nuclear Operations	1973-1980 1980-1981
Charles J. Schukai	Manager, Transmission & Distribution Director, Regional Operations	1977-1980 1981-1983
Edgar J. Telthorst	General Manager, Power Plants Director - Power Operations	1978-1979 1979-1980
Donald E. Brandt	Certified Public Accountant, Price Waterhouse	1975-1983
William E. Jaudes	General Attorney	1973-1980
James C. Thompson	Assistant Secretary	1978-1982
L. A. Esswein	Director, Corporate Planning	1977-1983

## PART II

### ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

#### Union Electric Company (1)

1983 Price Range		1983	Quarter Ended:	1982 Price Range		1982
High	Low	Dividends (2)		High	Low	Dividends
\$15 $\frac{1}{4}$	\$13 $\frac{1}{4}$	41¢	..... March 31.....	\$11 $\frac{1}{2}$	\$10 $\frac{3}{4}$	38¢
16 $\frac{1}{4}$	13 $\frac{1}{4}$	41	..... June 30.....	12 $\frac{1}{2}$	10 $\frac{3}{4}$	38
15 $\frac{1}{4}$	13 $\frac{1}{4}$	41	..... September 30.....	13 $\frac{3}{8}$	11 $\frac{3}{8}$	41
15 $\frac{1}{4}$	12 $\frac{1}{4}$	43	..... December 31.....	14 $\frac{3}{4}$	12 $\frac{5}{8}$	41

(1) At December 31, 1983, Union Electric Company common stock shareholders totaled 192,833. (New York Stock Exchange symbol: UEP)

(2) At December 31, 1983, retained earnings amounted to \$445,011,000; under the Company's amended mortgage indentures \$57,115,000 of total retained earnings was restricted against payment of common dividends—except those payable in common stock.

Fifty-five percent of the dividends paid on the Company's Common Stock in 1983 are considered a return of capital under the Internal Revenue Code and therefore are not taxable as dividend income. The Company expects that a greater percentage of dividends paid on its Common Stock in 1984 will be non-taxable as dividend income.

ITEM 6. SELECTED FINANCIAL DATA.

(Thousands of Dollars Except Share and Per Share Amounts and Ratios)

Union Electric and Subsidiaries	1983	1982	1981	1980	1979
<b>RESULTS OF OPERATIONS</b>					
Operating Revenues	\$1,401,086	\$1,217,705	\$1,105,536	\$1,077,876	\$946,797
Operating Expenses	1,160,816	1,013,054	922,647	886,720	780,331
Operating Income	240,270	204,651	182,889	191,156	166,466
Allowance for Funds Used					
During Construction	251,307	198,093	155,625	92,055	58,093
Other Income-Miscellaneous	3,490	3,660	(734)	3,638	879
Interest on Debt and Other Items	218,912	200,938	180,697	132,112	107,383
Net Income	276,155	205,466	157,083	154,737	118,055
Preferred Dividend Requirements					
of Company	45,736	39,960	29,478	29,695	26,948
Earnings on Common Stock	230,419	165,506	127,605	125,042	91,107
Average Common Shares					
Outstanding	86,744,282	76,251,024	61,179,275	59,675,995	52,577,432
<b>ASSETS, OBLIGATIONS AND EQUITY CAPITAL (Year-End)</b>					
Total Assets	\$5,205,556	\$4,630,797	\$4,047,277	\$3,552,104	\$3,168,998
Long-Term Debt Obligations	2,108,047	2,000,405	1,719,927	1,479,229	1,307,990
Redeemable Preferred Stock					
Obligations	180,962	182,988	110,014	112,040	114,066
Non-redeemable Preferred Stock	356,355	281,355	281,355	281,355	281,355
Common Stock Equity	1,555,416	1,328,061	1,162,777	1,043,549	930,375
<b>FINANCIAL INDICES</b>					
Earnings per Share of Common Stock					
(Based on Average Shares					
Outstanding)	\$2.66	\$2.17	\$1.90	\$2.10	\$1.73
Cash Dividends per Share of					
Common Stock	\$1.66	\$1.58	\$1.52	\$1.48	\$1.44
Return on Average Common					
Stock Equity	16.49%	13.93%	12.11%	13.11%	10.71%
Ratio of Earnings to Fixed					
Charges (a)	2.89	2.50	2.29	2.85	2.61

(a) Earnings used in computing the ratio of earnings to fixed charges consist of net income plus fixed charges (interest on debt, preferred dividends of subsidiaries and an appropriate amount of rentals charged to operating expenses) and income taxes.



ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION  
AND RESULTS OF OPERATIONS

## Liquidity And Capital Resources

### Union Electric and Subsidiaries

Construction expenditures are expected to aggregate \$1.2 billion during the next five years, 1984 through 1988, including \$567 million in 1984; however, with completion of the \$2.85 billion Callaway nuclear plant scheduled for late 1984 or early 1985, such expenditures are anticipated to be less than \$200 million each year, over the succeeding four-year period.

In addition to the funds required for construction during the 1984-1988 period, \$439 million, including \$13 million in 1984, will be required to retire maturing long-term debt and for sinking fund payments on first mortgage bonds and preferred stock.

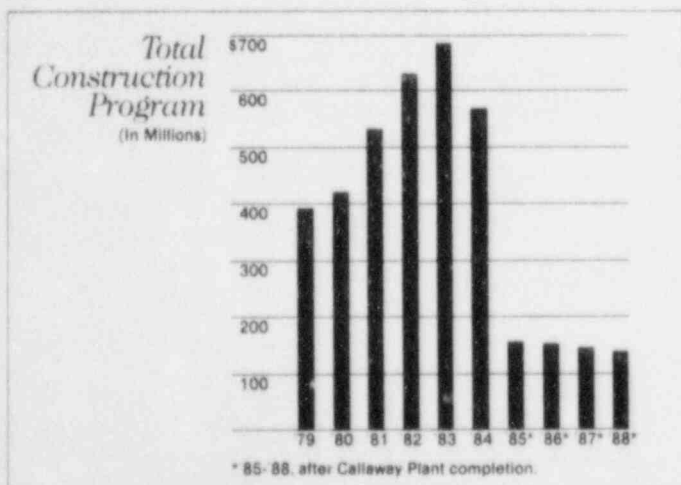
A nuclear fuel lease provides for the financing of up to \$200 million of the Company's nuclear fuel requirements. At December 31, 1983, \$188 million of nuclear fuel had been financed under the lease. The Company plans to increase the total amount of financing permitted under the lease to \$300 million in 1984.

Union Electric has entered into intermediate-term credit agreements with certain domestic and foreign banks which permit the Company to borrow up to \$575 million through November 1988. At December 31, 1983, \$215 million of such borrowings were outstanding.

The Company presently anticipates that substantially all of its 1984 cash requirements will be obtained from environmental improvement debt, the Dividend Reinvestment and Stock Purchase Plan and the nuclear fuel lease. However, internal generation of cash is expected to improve significantly when the Callaway nuclear plant is completed and reflected in electric rates. Therefore, the Company presently anticipates that no additional public financing will be required for construction during the four-year period 1985 through 1988.

The Company plans to continue to utilize short-term debt as interim support between long-term financing. Average daily short-term borrowings outstanding during 1983 were \$116 million. At December 31, 1983, bank lines of credit and credit commitments from banks aggregated \$171 million, not including the intermediate-term credit agreements mentioned above; and, at such date \$32 million of short-term bank loans were outstanding (see Note 7 under Notes to Financial Statements). Union Electric is authorized by the Federal Energy Regulatory Commission to incur up to \$300 million of short-term unsecured indebtedness; however, short-term debt is not expected to exceed \$200 million.

For data relative to Supplementary Information on Inflation and Changing Prices, see pages 22 and 23.



## Results Of Operations

### Union Electric and Subsidiaries

Earnings and earnings per share fluctuated due to many conditions, certain of which applied to this industry in general and this company in particular: the effect of weather variations, the timing and amounts of rate increases and increasing operating costs. Also, the quality of such earnings has been adversely affected by the substitution of allowance for funds used during construction (a noncash item) for the cash recovery of the cost of funds invested in facilities under construction.

The \$2.66 per share 1983 common stock earnings reflected a substantial improvement over 1982. This 49 cents per share gain resulted primarily from increased sales and higher electric rates, partially offset by greater operating costs.

The impact of the more significant items affecting revenues, costs and earnings during the past several years is analyzed and discussed below.

### Electric Operating Revenues

	Variation from Prior Year		
	1983	1982	1981
	(Millions of Dollars)		
Rate increases	\$ 57.7	\$ 86.1	\$ 38.0
Effect of weather	55.3	(3.2)	(45.6)
Growth and other	56.3	9.3	30.4
	<b>\$169.3</b>	<b>\$ 92.2</b>	<b>\$ 22.8</b>

The extremely hot 1983 summer and the cooler-than-normal preceding summer caused 1983 electric revenues to increase by more than \$50 million over the prior year. The impact of an unusually hot 1980 summer combined with the effect of a mild 1981 summer caused a negative \$46 million 1981 revenue variation from the prior year.

Kilowatt-hour sales during 1983 were up 7½ percent over 1982, with residential sales showing a dramatic 14 percent increase reflecting the recent extremely hot summer, while commercial sales of electricity gained 4 percent over the prior year. Sales to industrial electric customers rose 5 percent above 1982—the greatest increase since 1977, confirming the economic recovery in the Company's service territory.

Electric rate increases were granted by the Missouri Public Service Commission in mid-1983 (approximately \$30 million annually), mid-1982 (approximately \$65 million annually) and mid-1981 (approximately \$65 million annually).

In February 1984, the Company filed rate increase requests with the Missouri and Illinois regulatory commissions in anticipation of the commercial operation of the Callaway nuclear plant. The requests include a proposed rate phase-in plan that would spread the rate increase over a five-year period. Decisions are required from each commission by January 1985.

Under the proposed rate phase-in plan, electric rates would increase by approximately 25 percent the first year (\$246 million and \$33 million for Missouri and Illinois customers, respectively) and by approximately 8 percent in each of the following four years. The rate phase-in plan will result in lower cash receipts in the early years, although there will be no effect on reported earnings.

### Operating Expenses

The changes in operating expenses were as follows:

Fuel and Purchased Power	Variation from Prior Year		
	1983	1982	1981
	(Millions of Dollars)		
Fuel:			
Variation in generation	\$10.7	\$ (1.4)	\$ (17.6)
Price increases	29.4	14.0	31.6
Efficiencies	(.4)	(4.2)	.8
Purchased and interchange power	25.2	7.3	7.7
	<b>\$64.9</b>	<b>\$ 15.7</b>	<b>\$ 22.5</b>

### Other Operating Expenses

The costs of other operations, maintenance and depreciation increased principally due to recurring conditions, such as growth, inflation, greater property investments and wage increases. Income taxes fluctuated in response to pretax income (see Note 2 under the Notes to Financial Statements). Other taxes increased generally due to additional license and franchise taxes on greater revenues and higher payroll taxes due to increases in taxable wage bases and rates (see Note 12 under Notes to Financial Statements).

### Interest and Preferred Dividends

The increases in interest on debt and preferred dividends were primarily due to the issuance of additional securities to finance the construction program.

### Allowance For Funds Used During Construction (AFC)

AFC increased due to a greater amount of construction work in progress and to increased AFC rates (see Note 1 under Notes to Financial Statements). The amount of AFC will increase significantly again in 1984 and constitute a substantial portion of 1984 earnings. After the Callaway nuclear plant begins commercial operation and is reflected in electric rates, AFC will decline substantially. The Callaway Plant is presently scheduled for completion in late 1984 or early 1985.

# **Supplementary Information On Inflation And Changing Prices** (Unaudited)

## **Union Electric and Subsidiaries**

Estimates of the effects of inflation and changing prices on the operations of the Company for the year ending December 31, 1983, are presented in accordance with the requirements of Financial Accounting Standards Board (FASB) Statement No. 33, "Financial Reporting and Changing Prices." Statement No. 33 requires that historical costs be adjusted to reflect the effects that general inflation (constant dollar) and changes in specific prices (current cost) have had on the Company's operations. The adjusted data is not intended as a substitute for earnings reported on an historical cost basis, but rather to give some perspective as to the approximate effects of changes in the purchasing power of the dollar.

### **Property, Plant and Equipment**

The estimated value in average 1983 dollars of property, plant and equipment, including construction work in progress, was determined by applying the Consumer Price Index for All Urban Consumers to the historical cost of plant. The current cost estimates were primarily measured by applying the Handy-Whitman "Index of Public Utility Construction Cost" to each major class of plant. Current cost approximates the cost of currently replacing existing plant. The adjusted plant data under either the constant dollar or current cost methods does not indicate the Company's future capital requirements because actual replacement of existing plant will occur over many years and will not identically replace existing plant.

At December 31, 1983, the constant dollar and current cost of property, plant and equipment, net of accumulated depreciation were \$8,736,781,000 and \$9,705,695,000, respectively, while historical or net recoverable cost was \$4,795,789,000. The current cost and constant dollar values differ because specific prices of plant have increased at a rate different from that of general inflation.

### **Accumulated Depreciation**

The accumulated provision for depreciation for both constant dollar and current cost was determined by

applying to the adjusted amounts for each functional class of plant, the same percentage relationship that existed between gross plant and the associated accumulated provision for depreciation on an historical basis.

### **Depreciation Expense**

Depreciation expense for the year 1983 applicable to constant dollar and current cost property was \$225,331,000 and \$252,662,000, respectively. The actual 1983 depreciation expense was \$92,297,000.

The adjusted amounts were determined by applying to the indexed property and plant values the same straight-line book rates used for historical purposes.

### **Reduction of Property, Plant and Equipment to Net Recoverable Cost**

The regulatory process limits the Company to the recovery of the historical cost of property and plant through depreciation. Therefore, any excess of property and plant in constant dollars or current cost must be reduced to the net recoverable cost, which is historical cost. While the rate-making process does not reflect the current cost of replacing utility plant, past practice indicates the Company will be allowed to earn on and to recover the increased cost of its net investment after these facilities are replaced. The excess of constant dollar and current cost over historical cost property and plant in 1983 was \$33,864,000 and \$73,488,000, respectively.

### **Gain from Decline in Purchasing Power of Net Amounts Owed**

The Company, by having assets such as receivables, fuel and materials inventory and deferred charges, suffers a loss of purchasing power during periods of inflation because after conversion, the cash received for these items will purchase less. More than offsetting these assets, however, are significant amounts of long-term debt, refundable preferred stock, deferred income taxes and current liabilities which will be repaid with dollars of reduced purchasing power. Thus, for 1983, the Company experienced a net "gain" of \$96,256,000 from having an excess of monetary liabilities over monetary assets. (Investments and unamortized investment tax credits were considered as nonmonetary items; nonrefundable preferred stock was included in shareholders' equity).

### **General**

Pursuant to Statement No. 33, depreciation expense was the only income statement item that was adjusted.

For rate-making purposes, the amount of depreciation expense included in the Company's allowed revenues is based on historical or original cost. The Company's inability to reflect currently the effects of inflation and changing prices resulted in 1983 reported earnings of \$230,419,000 or \$2.66 per share rather than the more realistic earnings of \$97,385,000 or \$1.12 per share on a constant dollar basis, or \$70,054,000 or 81¢ per share on a current cost basis.

Also, because Federal income tax policy prohibits the deduction of inflation-adjusted depreciation expense for income taxes, the Company's 1983 effective income tax rate was about 48 percent for constant dollar and 53 percent under current cost, each of which is greater than the Federal statutory rate of 46 percent. Failure of regulatory and taxing authorities to allow depreciation of the current cost of plant severely limits the amount of funds that are generated internally for use in replacing or modernizing aging and obsolete assets.

Rates authorized by regulatory agencies must be sufficient to permit the replacing of plant and equipment when necessary as well as preserve the purchasing power of common equity capital. To have retained the same purchasing power as they had in 1979, the Company's common shareholders should have received 1983 common dividends of \$1.98 per share as compared with the actual \$1.66 and the realized return on common equity should have been sufficient to permit the common stock to sell at about \$16 per share or almost 25 percent higher than the actual year-end price.

### Consolidated Statement of Income Adjusted for Changing Prices Year Ended December 31, 1983

(In Millions of Average Dollars)

	Constant Dollar	Current Cost
Common stock earnings *	\$230	\$230
Additional depreciation	(133)	(160)
Common stock earnings adjusted (excluding reduction to net recoverable cost)	97 **	70
Loss from reducing plant to net recoverable cost	(33)	(73)
Relative price changes ***	—	67
Gain from decline in purchasing power of net amounts owed	96	96
Net change in common equity	\$160	\$160

\*As reported.

\*\*Common stock earnings on a constant dollar basis would have been \$64 million if it reflected the reduction to net recoverable cost of \$33 million.

\*\*\*Current cost represents the excess of specific price changes (\$412 million) in 1983 over the increase for such year in general prices of property and plant (\$345 million).

### Five Year Comparison of Selected Supplementary Financial Data Adjusted for Effects of Changing Prices

	Years Ended December 31,				
	1983	1982	1981	1980	1979
	(In Millions of Average 1983 Dollars Except Per Share and "As Reported" Amounts)				
<b>Operating revenues:</b>					
As reported	\$1,401	\$1,218	\$1,106	\$1,078	\$ 947
Adjusted for general inflation	1,401	1,257	1,211	1,303	1,300
<b>Earnings (loss) on common stock (excluding reduction to net recoverable cost):</b>					
As reported	\$230	\$166	\$128	\$125	\$91
Adjusted for general inflation	97	44	16	37	20
Based on current cost	70	16	(10)	8	(18)
<b>Earnings (loss) per share of common stock (excluding reduction to net recoverable cost):</b>					
As reported	\$2.66	\$2.17	\$1.90	\$2.10	\$1.73
Adjusted for general inflation	1.12	.58	.24	.62	.38
Based on current cost	.81	.21	(.15)	.13	(.34)
<b>Shareholders' equity (net assets), at year-end:</b>					
Historical cost (as reported)	\$1,912	\$1,609	\$1,444	\$1,325	\$1,212
Adjusted for both general inflation and current cost	1,880	1,642	1,531	1,530	1,573
<b>Excess (deficiency) of general price changes over increase in the specific level of prices</b>	\$(67)	\$(34)	\$(15)	\$138	\$226
<b>Gain from decline in purchasing power of net amounts owed</b>	\$96	\$86	\$178	\$235	\$252
<b>Cash dividends declared per common share:</b>					
Actual	\$1.66	\$1.58	\$1.52	\$1.48	\$1.44
Adjusted for general inflation	1.66	1.63	1.67	1.79	1.98
<b>Market price per share, at year-end:</b>					
Actual	\$12 $\frac{7}{8}$	\$13 $\frac{3}{4}$	\$10 $\frac{1}{2}$	\$10 $\frac{1}{8}$	\$12
Adjusted for general inflation	12 $\frac{1}{2}$	14	11 $\frac{1}{2}$	12 $\frac{1}{2}$	15 $\frac{1}{2}$
<b>Average consumer price index</b>	298.4	289.1	272.4	246.8	217.4

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

***Selected Quarterly Information*** (Thousands of Dollars Except Per Share Amounts)

**Union Electric and Subsidiaries**

<b>Quarter Ended</b>	<b>Operating Revenues</b>	<b>Operating Income</b>	<b>Net Income</b>	<b>Earnings on Common Stock</b>	<b>Earnings Per Share of Stock Outstanding</b>
<b>March 31, 1983</b> .....	<b>\$305,859</b>	<b>\$41,643</b>	<b>\$ 53,327</b>	<b>\$43,059</b>	<b>\$ .51</b>
March 31, 1982 .....	292,033	33,851	32,233	23,211	.31
<b>June 30, 1983</b> .....	<b>309,658</b>	<b>55,781</b>	<b>61,706</b>	<b>51,215</b>	<b>.60</b>
June 30, 1982 .....	274,533	45,371	44,035	33,713	.45
<b>September 30, 1983</b> .....	<b>466,619</b>	<b>99,860</b>	<b>111,314</b>	<b>98,812</b>	<b>1.14</b>
September 30, 1982 .....	373,706	86,860	87,723	77,402	1.01
<b>December 31, 1983</b> .....	<b>318,950</b>	<b>42,986</b>	<b>49,808</b>	<b>37,333</b>	<b>.41</b>
December 31, 1982 .....	277,433	38,569	41,475	31,180	.40





ONE CENTERRE PLAZA  
ST. LOUIS, MISSOURI 63101  
314 425-0500

February 13, 1984

To the Stockholders and Board of  
Directors of Union Electric Company

In our opinion, the consolidated financial statements listed in the accompanying index present fairly the financial position of Union Electric Company and its subsidiaries at December 31, 1983 and 1982, and the results of their operations and the changes in their financial position for each of the three years in the period ended December 31, 1983, in conformity with generally accepted accounting principles consistently applied. Our examinations of these statements were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

*Price Waterhouse*

PRICE WATERHOUSE



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## Schedules

The following schedules, for the years ended December 31, 1983, 1982 and 1981, should be read in conjunction with the aforementioned financial statements (schedules not included have been omitted because they are not applicable or the required data is shown in the aforementioned financial statements).

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# Consolidated Statement Of Income (Thousands of Dollars)

Union Electric and Subsidiaries		Year 1983	Year 1982	Year 1981
Operating Revenues (*):	Electric .....	\$1,281,154	\$1,111,855	\$1,019,671
	Gas .....	104,899	90,213	72,861
	Steam .....	12,270	13,224	11,033
	Water .....	2,763	2,413	1,971
	Total operating revenues	1,401,086	1,217,705	1,105,536
Operating Expenses:	Operations			
	Fuel and purchased power .....	437,579	372,632	356,887
	Other .....	259,536	230,751	200,506
		697,115	603,383	557,393
	Maintenance .....	99,395	100,223	87,435
	Depreciation .....	92,297	86,670	81,310
	Income taxes .....	140,111	97,967	79,381
	Other taxes (*) .....	131,898	124,811	117,128
	Total operating expenses	1,160,816	1,013,054	922,647
	Operating Income	240,270	204,651	182,889
Other Income:	Allowance for equity funds used during construction .....	135,707	93,858	64,600
	Miscellaneous, net .....	3,490	3,660	(734)
	Total other income	139,197	97,518	63,866
Income Before Interest and Other Items		379,467	302,169	246,755
Interest and Other Items:	Interest on debt .....	218,530	200,554	180,312
	Allowance for borrowed funds used during construction .....	(115,600)	(104,235)	(91,025)
	Preferred dividends of subsidiaries .....	382	384	385
	Total interest and other items	103,312	96,703	89,672
Net Income		276,155	205,466	157,083
Preferred Dividend Requirements of Company		45,736	39,960	29,478
Earnings on Common Stock		\$ 230,419	\$ 165,506	\$ 127,605

(\*) Includes license and franchise taxes of \$69,682,000, \$61,002,000 and \$54,664,000 for the years 1983, 1982 and 1981, respectively

## Earnings per Share of Common Stock

(based on average shares outstanding)

	\$2.66	\$2.17	\$1.90
Dividends per Share of Common Stock	\$1.66	\$1.58	\$1.52
Average Number of Common Shares Outstanding	86,744,282	76,251,024	67,179,275

# Consolidated Balance Sheet (Thousands of Dollars)

Union Electric and Subsidiaries		December 31, 1983	December 31, 1982
<b>Assets</b>			
<b>Property and Plant, at original cost:</b>			
Electric	\$3,231,495	\$3,075,484	
Gas	77,326	73,551	
Steam	9,311	9,593	
Water	8,606	8,221	
Other	19,283	19,479	
	<b>3,346,021</b>	<b>3,186,328</b>	
Less accumulated depreciation	<b>1,062,765</b>	<b>984,656</b>	
	<b>2,283,256</b>	<b>2,201,672</b>	
Construction work in progress:			
Callaway nuclear plant	2,374,392	1,809,397	
Nuclear fuel	188,106	169,553	
Settlement of uranium litigation	(101,963)	(89,407)	
Other	51,998	114,908	
Total property and plant, net	<b>4,795,789</b>	<b>4,206,123</b>	
Investments, at cost	<b>6,354</b>	<b>5,605</b>	
<b>Deferred Charges:</b>			
Callaway unit 2 construction abandonment	82,394	82,826	
Unamortized bond defeasance cost	4,270	4,470	
Unamortized debt expense	4,542	4,860	
Other	3,124	2,292	
Total deferred charges	<b>94,330</b>	<b>94,448</b>	
<b>Current Assets:</b>			
Cash	7,216	4,555	
Deposits for payment of interest and other deposits	10,272	32,655	
Accounts receivable—trade (less allowance for doubtful accounts of \$2,681 and \$1,622, at respective dates)	95,579	85,629	
Unbilled revenue	73,876	54,042	
Other accounts and notes receivable	4,927	6,622	
Materials and supplies, at average cost—			
Fuel	73,889	99,006	
Construction and maintenance	37,947	37,188	
Prepayments and other assets	5,377	4,924	
Total current assets	<b>309,083</b>	<b>324,621</b>	
<b>Total Assets</b>	<b>\$5,205,556</b>	<b>\$4,630,797</b>	

See Notes to Financial Statements

Union Electric and Subsidiaries		December 31, 1983	December 31, 1982
<b>Capital And Liabilities</b>			
<b>Capitalization:</b>			
<b>Common stock and retained earnings</b>	Common stock, \$5 par value, authorized 150,000,000 and 100,000,000 shares, at respective dates; outstanding 94,690,220 and 84,413,679 shares, at respective dates (excluding 42,990 shares at par value in treasury) . . . . .	\$ 473,451	\$ 422,068
	Other paid-in capital, principally premium on common stock (see accompanying statement) . . . . .	637,039	541,222
	Retained earnings (see accompanying statement) . . . . .	445,011	364,771
	Total common shareholders' equity . . . . .	1,555,501	1,328,061
<b>Preference stock</b>	Preference stock, \$1 par value (entitled to cumulative dividends), authorized 7,500,000 shares—none outstanding . . . . .		
<b>Preferred stock</b>	Preferred stock not subject to mandatory redemption, including premium of \$1,486 and \$1,571, at respective dates (see accompanying statement) . . . . .	356,270	281,355
	Preferred stock subject to mandatory redemption (see accompanying statement) . . . . .	180,962	182,988
<b>Long-term debt</b>	Long-term debt (see accompanying statement) . . . . .	2,113,181	2,005,398
	Unamortized discount and premium on debt . . . . .	(5,134)	(4,993)
	Total capitalization . . . . .	4,200,780	3,792,809
<b>Accumulated Deferred Taxes on Income</b>		408,171	328,580
<b>Accumulated Deferred Investment Tax Credits</b>		164,468	122,217
<b>Construction Commitments and Contingencies (Notes 8 and 9)</b>			
<b>Current Liabilities:</b>			
	Current maturity of long-term debt . . . . .	10,728	2,223
	Accounts payable . . . . .	154,953	117,199
	Wages payable . . . . .	20,608	20,010
	Callaway unit 2 cancellation charges . . . . .	41,885	45,969
	Bank loans . . . . .	31,500	42,100
	Commercial paper . . . . .	—	25,000
	Income taxes accrued . . . . .	41,281	27,919
	Other taxes accrued . . . . .	15,620	14,287
	Interest accrued . . . . .	63,755	46,621
	Dividends declared . . . . .	12,512	10,328
	Other current liabilities . . . . .	39,295	35,535
	Total current liabilities . . . . .	432,137	387,191
<b>Total Capital and Liabilities</b>		<b>\$5,205,556</b>	<b>\$4,630,797</b>

# Preferred Stock (Thousands of Dollars)

		December 31,	
Union Electric and Subsidiaries		1983	December 31, 1982
<b>Preferred Stock not subject to mandatory redemption:</b>			
Union Electric Company			
Preferred stock, without par value (entitled to cumulative dividends) — note (a)	Stated value of shares outstanding, \$100 per share—		
	\$7.44 Series—550,000 shares	\$ 55,000	\$ 55,000
	\$6.40 Series—300,000 shares	30,000	30,000
	\$5.50 Series A—14,000 shares—note (b)	1,400	—
	\$5.50 Series B— 3,000 shares—note (b)	300	—
	\$4.75 Series— 20,000 shares—note (c)	2,000	—
	\$4.56 Series—200,000 shares	20,000	20,000
	\$4.50 Series—213,595 shares	21,359	21,359
	\$4.30 Series— 40,000 shares—note (c)	4,000	—
	\$4.00 Series—150,000 shares	15,000	15,000
	\$3.70 Series— 40,000 shares	4,000	4,000
	\$3.50 Series—130,000 shares	13,000	13,000
	Stated value of shares outstanding, \$97.50 per share—		
	\$8.00 Series of 1971—425,000 shares	41,437	41,437
	Stated value of shares outstanding, \$92.25 per share—		
	\$8.00 Series—350,000 shares	32,288	32,288
	Stated value of shares outstanding, \$25 per share—		
	\$2.98 Series—3,000,000 shares	75,000	—
	\$2.125 Series—1,600,000 shares	40,000	40,000
Missouri Power & Light Company, former subsidiary—			
Preferred stock, \$100 par value (entitled to cumulative dividends)	4.30% Series—20,000 shares	—	2,000
	3.90% Series—40,000 shares	—	4,000
Missouri Utilities Company, former subsidiary—			
Preferred stock, \$100 par value (entitled to cumulative dividends)	5% Series—14,000 shares	—	1,400
	5% Series of June 1950—1,500 shares	—	150
	5% Series of September 1950—1,500 shares	—	150
<b>Total preferred stock not subject to mandatory redemption</b>		<b>\$354,784</b>	<b>\$279,784</b>

See Notes to Financial Statements

**Union Electric and Subsidiaries**

December 31,    December 31,  
1983                    1982

**Preferred Stock subject to mandatory redemption:**
**Union Electric Company**

Preferred stock, without par value (entitled to cumulative dividends) — note (a)	Stated value of shares outstanding, \$100 per share— \$6.30 Series—9,620 shares due to 2020—notes (b) and (d) .....	\$ 962	\$ —
	Stated value of shares outstanding, \$50 per share— \$4.60 Series—1,500,000 shares due 1985 to 2004—note (e) .....	75,000	75,000
	Stated value of shares outstanding, \$25 per share— \$4.00 Series of 1982—3,000,000 shares due 1988 to 2007—note (e) .....	75,000	75,000
	\$2.72 Series—1,200,000 and 1,280,000 shares at respective dates, due to 1998—note (f) .....	30,000	32,000

**Missouri Utilities Company,  
former subsidiary—**

Preferred stock, \$100 par value (entitled to cumulative dividends)	5.70% Series—9,880 shares — note (d) .....	—	988
---	--	---	-----

<b>Total preferred stock subject to mandatory redemption</b>	<b>\$180,962</b>	<b>\$182,988</b>
--	------------------	------------------

(a) Authorized Union Electric Company total preferred stock—15,000,000 shares.

(b) Issued in exchange for Missouri Utilities Company preferred stock upon merger of such company into Union Electric Company.

(c) Issued in exchange for Missouri Power & Light Company preferred stock upon merger of such company into Union Electric Company.

(d) The Company is required to retire 260 shares at \$100 per share on June 1 of each year.

(e) To be retired by sinking fund.

(f) The Company is required to retire 80,000 shares and has an option to redeem an additional 80,000 shares, at \$25 per share on November 15 of each year.



# **Long-Term Debt** (Thousands of Dollars)

<b>Union Electric and Subsidiaries</b>		<b>December 31, 1983</b>	<b>December 31, 1982</b>
Union Electric Company			
First mortgage bonds — note (a)	3¾% Series due 1986	\$ 40,000	\$ 40,000
	4¾% Series due 1988	35,000	35,000
	4¾% Series due 1990	50,000	50,000
	4¾% Series due 1991	30,000	30,000
	15¾% Series due 1991	150,000	150,000
	15% Series due 1992	125,000	125,000
	4½% Series due 1993	30,000	30,000
	4½% Series due 1995	35,000	35,000
	5½% Series due 1996	30,000	30,000
	5½% Series due 1997	40,000	40,000
	7% Series due 1998	50,000	50,000
	7¾% Series due 1999	35,000	35,000
	8¼% Series due 1999	40,000	40,000
	9.95% Series due 1999 — note (b)	100,000	100,000
	9% Series due 2000	60,000	60,000
	7¾% Series due 2001	50,000	50,000
	7¾% Series due 2001	50,000	50,000
	8½% Series due 2001	60,000	60,000
	8¾% Series due 2004	70,000	70,000
	10½% Series due 2005	70,000	70,000
	5.80% Series due 1992 to 2005 — note (c)	27,085	27,085
	8¾% Series due 2006	70,000	70,000
	8¾% Series due 2007	60,000	60,000
	9.35% Series due 2008 — note (b)	55,000	55,000
	9.25-9.625% Series due 2000 to 2010 — note (c)	60,000	60,000
	13% Series due 2013	100,000	—
Former Missouri Power & Light Company —			
Series ranging from 3¼% to 10¾%			
Due 1984		—	7,500
Due 1992 to 2004 — note (b)		53,100	54,120
Former Missouri Utilities Company —			
Series ranging from 4½% to 9¼%			
Due 1984 and 1988		3,000	4,000
Due 1991 to 2001 — note (b)		22,600	22,900
Former Missouri Edison Company —			
Series ranging from 4¾% to 16%			
Due 1986 to 1987		9,500	9,500
Due 1990 to 2002 — note (b)		16,556	17,330

See Notes to Financial Statements

Union Electric and Subsidiaries		December 31, 1983	December 31, 1982
Union Electric Company (continued):			
Unsecured loans —			
Foreign bank agreement	Due 1984 (repaid in 1983) .....	\$ —	\$ 40,000
Domestic credit agreement — note (d)	Due 1987 to 1988 .....	215,000	175,000
Unsecured notes —			
	Former Missouri Utilities Company — 6% Series due 1992 — note (e) .....	1,925	2,030
	Former Missouri Edison Company — 21% Series due 1985 — note (f) .....	7	32
Missouri environmental improvement —			
Revenue notes	7½% Series due 1985 .....	20,000	20,000
	10% Series due 1986 .....	45,000	45,000
Revenue bonds	5.60-6.20% Series due 1989 to 2004 .....	16,500	16,500
Nuclear fuel lease	.....	187,772	169,260
Union Colliery Company			
Secured note — note (f)	9% Due 1999 .....	136	141
<b>Long-term debt</b>		<b>\$2,113,181</b>	<b>\$2,005,398</b>

(a) At December 31, 1983, substantially all of the property and plant was mortgaged under, and subject to liens of, the respective indentures pursuant to which the bonds were issued.

(b) To be retired by sinking fund — 9.95% Series from 1986 to 1998 and 9.35% Series from 1989 to 2007; and, certain former subsidiary companies' bonds to 2003.

(c) Environmental Improvement Series.

(d) In 1982, Union Electric Company entered into a six-year credit agreement with certain domestic banks which permits the Company to borrow up to \$375 million, on which interest rates will vary depending on the Company's selection of various options under the agreement. At December 31, 1983, \$215 million of such domestic borrowings were outstanding at an average annual interest rate of 10.48%, based on 60-day Certificate of Deposit rates.

(e) Notes due in equal annual installments to 1991.

(f) Note due in equal monthly installments.

(g) In 1982, Union Electric Company entered into a six-year credit agreement with certain foreign banks which permits the Company to borrow up to \$200 million, on which interest rates will vary depending on the Company's selection of various options under the agreement. At December 31, 1983, none of such foreign borrowings were outstanding.

## Consolidated Statement Of Retained Earnings (Thousands of Dollars)

Union Electric and Subsidiaries		Year 1983	Year 1982	Year 1981
<b>Balance at Beginning of Period</b>		<b>\$364,771</b>	<b>\$324,547</b>	<b>\$298,902</b>
Add:	Net income	276,155	205,466	157,083
		<b>640,926</b>	<b>530,013</b>	<b>455,985</b>
Deduct:	Preferred stock dividends*	46,891	41,433	29,451
	Common stock cash dividends — \$1.66, \$1.58 and \$1.52 per share, respectively	145,748	120,203	101,735
	Write-off of capital stock expense	3,276	3,606	252
		<b>195,915</b>	<b>165,242</b>	<b>131,438</b>
<b>Balance at Close of Period</b>				
	(Under the mortgage indentures of the Company as amended, free and unrestricted retained earnings at December 31, 1983 amounted to \$387,896)	<b>\$445,011</b>	<b>\$364,771</b>	<b>\$324,547</b>

\*Includes dividends declared, applicable to subsequent periods.

## Consolidated Statement Of Other Paid-In Capital (Thousands of Dollars)

Union Electric and Subsidiaries		Year 1983	Year 1982	Year 1981
<b>Balance at Beginning of Period</b>		<b>\$541,222</b>	<b>\$464,450</b>	<b>\$414,020</b>
Add:	Excess of sales price over par value of 6,000,000, 6,500,000 and 6,500,000 shares of common stock issued in 1983, 1982 and 1981, respectively	56,550	53,137	38,058
	Excess of sales price over par value of 3,898,752, 3,157,794 and 1,780,268 shares of common stock issued during 1983, 1982 and 1981, respectively, for dividend reinvestment and stock purchase plan	35,301	23,313	10,244
	Excess of sales price over par value of 377,789 and 350,300 shares of common stock issued for tax reduction act stock ownership plan in 1983 and 1981, respectively	3,780	—	1,811
	Excess of stated value over purchase price of 80,000 shares of preferred stock redeemed in each of the years 1983, 1982 and 1981	101	322	317
	Premium on preferred stock of former subsidiary company	85	—	—
<b>Balance at Close of Period</b>		<b>\$637,039</b>	<b>\$541,222</b>	<b>\$464,450</b>

See Notes to Financial Statements

# Consolidated Statement of Changes In Financial Position (Thousands of Dollars)

Union Electric and Subsidiaries		Year 1983	Year 1982	Year 1981
<b>Source of Funds:</b>	From operations—			
	Net income	\$276,155	\$205,466	\$157,083
	Provision for depreciation	92,297	86,670	81,310
	Provision for deferred taxes on income (net)	79,591	90,427	71,986
	Provision for deferred investment tax credits (net)	42,251	(3,073)	11,816
	Allowance for all funds used during construction	(251,307)	(198,093)	(155,625)
		238,987	181,397	166,570
	From financing and other sources—			
	Issue of mortgage bonds	100,000	130,500	154,000
	Issue of long-term unsecured debt	40,000	295,032	90,000
	Nuclear fuel lease	18,512	37,833	32,392
	Issue of preferred stock	75,000	75,000	—
	Issue of common stock	86,550	85,638	70,558
	Dividend reinvestment and stock purchase plans	60,463	39,102	22,708
	Settlement of uranium litigation	12,556	12,879	13,904
	Net decrease in working capital (excluding short-term loans and current maturity of long-term debt)	87,579	42,704	67,722
		480,660	718,688	451,284
	Total funds provided	\$719,647	\$900,085	\$617,854
<b>Application of Funds:</b>	Gross plant expenditures	\$686,029	\$628,343	\$532,650
	Nuclear fuel	18,553	38,062	32,406
	Allowance for all funds used during construction	(251,307)	(198,093)	(155,625)
	Union Electric dividends on preferred stock and common stock	192,639	161,636	131,186
	Restructured long-term unsecured debt	40,000	175,000	—
	Maturity of mortgage bonds	2,223	36,899	894
	Redemption of preferred stock	2,026	2,026	2,026
	Reduced short-term bank loans and commercial paper	35,600	53,250	20,535
	Callaway unit 2 cancellation charges—deferred	—	(537)	52,000
	Net change in other funds	(6,116)	3,499	1,782
	Total funds applied	\$719,647	\$900,085	\$617,854
<b>Increases (Decreases) in Working Capital:</b>	Cash and deposits	\$ (19,722)	\$ (7,690)	\$ (8,916)
	Receivables, net	28,089	10,797	9,421
	Fuel	(25,117)	16,696	(27,598)
	Other materials and supplies	759	(852)	2,554
	Accounts and wages payable	(38,352)	(45,642)	6,657
	Cancellation charges	4,084	6,031	(52,000)
	Taxes accrued	(14,695)	(10,235)	12,794
	Interest and dividends accrued or declared	(19,318)	(5,905)	(10,843)
	Other	(3,307)	(5,904)	209
	Net decrease in working capital	\$ (87,579)	\$ (42,704)	\$ (67,722)

See Notes to Financial Statements

## Notes To Financial Statements

### Union Electric and Subsidiaries

#### Note 1—Summary of Accounting Policies

The Company is subject to regulation by the Missouri Public Service Commission, Illinois Commerce Commission, Iowa State Commerce Commission and the Federal Energy Regulatory Commission. The accounting policies of the Company are in accordance with the rate-making practices of the regulatory authorities having jurisdiction and, as such, conform to generally accepted accounting principles as applied to regulated public utilities. A description of the Company's significant accounting policies follows.

#### Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. In the process of consolidation, all intercompany investments and accounts and all intercompany sales and profits are eliminated. In December 1983, Union Electric's utility subsidiaries, Missouri Power & Light Company, Missouri Utilities Company and Missouri Edison Company, were merged into the Company. The mergers had no effect on the consolidated financial statements.

#### Property and Plant

The cost of additions to and betterments of units of property and plant is capitalized. Cost includes labor, material, applicable taxes, pensions and certain other items, plus an allowance for funds used during construction. Maintenance expenditures and renewals of items not considered to be units of property are charged to income as incurred. When units of depreciable property are retired, the original cost and removal cost, less salvage, are charged to accumulated depreciation.

#### Depreciation

For financial statement purposes, depreciation is provided over the estimated lives of the various classes of depreciable property by applying composite rates on a straight-line basis. The provision for depreciation in 1983 is equivalent to approximately 2.9% of the average depreciable cost (2.8% in 1982 and 1981).

#### Income Taxes

Deferred income taxes are provided for timing differences between book and taxable income as permitted for rate-making purposes. Investment tax credits utilized are deferred and amortized over the useful lives of the properties to which they relate.

#### Allowance for Funds Used During Construction

Allowance for funds used during construction (AFC) is a utility industry accounting practice whereby the cost of borrowed funds and the cost of equity funds (preferred and common stockholders' equity) applicable to the Company's construction program are capitalized as a cost of construction. This accounting practice is intended to offset the effect on earnings of the cost of financing construction activity, and results in treating such financing

costs in the same manner as construction charges for labor and materials. Under accepted rate-making practice, cash recovery of AFC, as well as other construction costs, occurs when completed projects are placed in service and reflected in customer rates.

AFC rates are established by the Company consistent with the methodology prescribed by the Federal Energy Regulatory Commission. Average annual AFC rates were 11.7% in 1983, 11.6% in 1982 and 11.4% in 1981. AFC, net of taxes, amounted to 86%, 90% and 87% of earnings on common stock for 1983, 1982 and 1981, respectively.

#### Unbilled Revenue

The Company records on its books the estimated amount of accrued, but unbilled, revenue and also the accrued liability for the related taxes.

#### Note 2—Income Taxes

Total income tax expense for 1983 resulted in an effective tax rate of 34% on earnings before income taxes (32% in 1982 and 33% in 1981). The principal reason such amount was less than the 46% statutory Federal rate was the allowance for equity funds used during construction, which was 16% of earnings before income taxes for 1983 (14% in 1982 and 13% in 1981).

Income tax expense components for the years shown are as follows (in thousands):

	1983	1982	1981
Included in operating expenses—			
Taxes currently payable:			
Federal	\$ 5,701	\$7,943	\$(3,706)
State	5,765	2,670	(841)
Deferred taxes			
(principally Federal):			
Liberalized			
depreciation	21,279	17,500	14,177
Allowance for borrowed			
funds used during			
construction	52,451	49,455	44,107
Construction			
abandonment	—	21,500	14,000
Other (principally			
capitalized costs)	9,589	7,288	6,553
Provisions deferred			
in prior years	(3,728)	(5,316)	(6,851)
Deferred investment tax			
credits, net	49,054	(3,073)	11,942
	140,111	97,967	79,381
Current provision included			
in other income	1,046	(354)	(1,511)
Total	\$141,157	\$97,613	\$77,870

Investment tax credit carryforwards, unrecorded as of December 31, 1983, amounted to approximately \$90 million which may be utilized by the Company to reduce future income tax liabilities through 1998.



### Note 3—Capital Stock

During the three years ended December 31, 1983, common stock, \$5 par value, was issued as follows: 6,000,000 shares, 6,500,000 shares and 6,500,000 shares were issued in 1983, 1982 and 1981, respectively. In addition, of the 18,000,000 shares reserved for the Union Electric Company Dividend Reinvestment and Stock Purchase Plan, 3,898,752 shares, 3,157,794 shares and 1,780,268 shares were issued in 1983, 1982 and 1981, respectively; and of the 2,500,000 shares reserved for the Union Electric Company Tax Reduction Act Stock Ownership Plan, 377,789 shares and 350,300 shares were issued in 1983 and 1981, respectively.

During the same three-year period, preferred stock, without par value, was issued and redeemed as follows: 3,000,000 shares, \$2.98 Series were issued in 1983 and 3,000,000 shares, \$4.00 Series in 1982. In December 1983, the Company issued 20,000 shares, \$4.75 Series and 40,000 shares, \$4.30 Series in exchange for Missouri Power & Light Company preferred stock; and at the same time, issued 14,000 shares, \$5.50 Series A, 3,000 shares, \$5.50 Series B and 9,620 shares, \$6.30 Series in exchange for Missouri Utilities Company preferred stock. In each of the years 1983, 1982 and 1981, the Company redeemed 80,000 shares, \$2.72 Series; and, Missouri Utilities Company redeemed 260 shares, 5.70% Series preferred stock.

Preferred Stock Redemption Prices	Current	Eventual Minimum
	(Per Share)	
\$7.44 Series	\$102.50	\$101.00
\$6.40 Series	101.50	101.50
\$5.50 Series A	110.00	110.00
\$5.50 Series B	103.50	103.50
\$4.75 Series	102.176	102.176
\$4.56 Series	102.47	102.47
\$4.50 Series	110.00	110.00(a)
\$4.30 Series	105.00	105.00
\$4.00 Series	105.625	105.625
\$3.70 Series	104.75	104.75
\$3.50 Series	110.00	110.00
\$8.00 Series of 1971	101.50	98.50
\$8.00 Series	99.25	93.25
\$2.98 Series	27.98	25.00
\$2.125 Series	26.45(b)	25.25
\$6.30 Series (c)	101.50	100.00
\$4.60 Series (d)	54.60(b)	50.50
\$4.00 Series of 1982 (e)	29.00(b)	25.00
\$2.72 Series (f)	27.75(b)	25.25

(a) In the event of voluntary liquidation, \$105.50.

(b) Redemption subject to certain restrictions regarding refunding operations.

(c) The Company is required to redeem 260 shares at \$100 per share, plus accrued dividends, on June 1 of each year.

(d) The Company is required to redeem 75,000 shares at \$50 per share on August 15 of each year, commencing in 1985.

(e) The Company is required to retire 150,000 shares, and has an option to redeem an additional 150,000 shares, at \$25 per share on February 15 of each year, commencing in 1988.

(f) The Company is required to retire 80,000 shares, and has an option to redeem an additional 80,000 shares, at \$25 per share on November 15 of each year.

### Note 4—Preferred Stock Subject to Mandatory Redemption

During the five years from December 31, 1983, the amounts of preferred stock to be redeemed at par or stated value are: \$2,026,000 in 1984; \$5,776,000 in 1985; \$5,776,000 in 1986; \$5,776,000 in 1987; and \$9,526,000 in 1988.

### Note 5—Debt Retirement Provisions

During the five years from December 31, 1983, the amounts of debt maturities are: \$10,728,000 in 1984; \$22,711,000 in 1985; \$98,844,000 in 1986; \$87,012,000 in 1987; and \$191,178,000 in 1988. (Amounts do not include nuclear fuel lease payments since the timing and the amounts of such payments are not currently determinable—see Note 10).

Debt retirement provisions contained in the mortgage bond indentures of the Company require, subject to certain alternatives, the redemption annually of 1% of the principal amount (as defined) of each series of bonds. In lieu of such redemptions the Company has been following the practice of pledging property additions as permitted by the indentures.

### Note 6—Employee Retirement Plans

The retirement plans covering employees of the Company are financed through irrevocable pension trusts and group annuity contracts. The Company's policy is to fund pension costs accrued. Costs of the retirement plans for the years 1983, 1982 and 1981 were \$15,710,000, \$14,279,000 and \$12,515,000, respectively, of which approximately 24% was charged to construction accounts. The aforementioned amounts include current service costs and prior service costs which are being amortized over twenty years.

A comparison of estimated actuarial present value of accumulated plan benefits and plan net assets follows (in millions):

	At December 31,		
	1983	1982	1981
Vested	\$249	\$197	\$246
Nonvested	26	18	4
	<u>\$275</u>	<u>\$215</u>	<u>\$250</u>
Net assets available for benefits	<u>\$275</u>	<u>\$239</u>	<u>\$179</u>

The weighted average assumed rate of return used in determining the actuarial present value of accumulated plan benefits was 7% for 1983 and 1982, and 6% for 1981.



## Notes To Financial Statements (continued)

### Union Electric and Subsidiaries

#### Note 7—Short-Term Borrowings

Short-term borrowings of the Company consist of bank loans (maturities not in excess of 270 days) and commercial paper (maturities generally within 30-45 days). Information relative to short-term borrowings is as follows (in thousands except rates):

	1983	1982	1981
Amount outstanding at year end—			
Bank loans	\$ 31,500	\$42,100	\$66,350
Commercial paper	—	\$25,000	\$54,000
Composite interest rate at year end—			
Bank loans	10.8%	11.3%	13.8%
Commercial paper	—	9.9%	13.6%
Maximum aggregate amount outstanding at any month end during the year	\$154,500	\$205,850	\$167,275
Average daily short-term borrowings outstanding during the year—			
Aggregate amount	\$115,775	\$138,847	\$136,116
Weighted composite interest rate	9.7%	13.7%	17.8%

The above weighted composite interest rates were calculated by dividing the applicable interest expense for the year by the average daily short-term borrowings shown above.

At December 31, 1983, the Company had bank lines of credit aggregating \$171,140,000 (\$139,640,000 of which was unused at such date) which make available interim financing at various rates of interest based on prime, the London InterBank Offered Rate (LIBOR), the bank certificate of deposit rate, or other options, and in support of which the Company has both written and unwritten agreements with its lending banks to pay annual fees ranging from 0.25% of the unused portion of the line of credit to 0.375% of the line of credit. These lines of credit are renewable annually at various dates throughout the year.

#### Note 8—Construction Commitments

The Company is engaged in a construction program under which expenditures of approximately \$1.2 billion are anticipated during the next five years, of which expenditures of \$567 million and \$157 million are estimated to be made in 1984 and 1985, respectively.

#### Note 9—Contingencies

On October 9, 1981, the Company canceled construction of Unit No. 2 at its Callaway nuclear plant which unit had been scheduled to be placed in service in 1990. At December 31, 1983, \$50 million, representing construction costs accumulated to that date plus estimated cancellation charges (net of taxes) has been deferred. By order dated October 21, 1983, the Missouri Commission ruled that recovery of such cancellation costs applicable to the Missouri jurisdiction (\$37 million) is barred by a state statute which prohibits recovery, in rates, of costs of a facility before it is fully operational and used for service. The Company is of the opinion that the statutory ban does not apply to canceled plants and, furthermore, that the Commission's interpretation of the statute is unconstitutional because it purports to disallow recovery of costs prudently incurred. Consequently, the Company has appealed the Commission's decision. The balance of such costs, applicable to other regulatory jurisdictions, is either presently being recovered in customers' rates, or currently under regulatory consideration. In the opinion of management, unrecovered costs, if any, would not be material to the financial position of the Company.

The Company has property insurance coverage of \$500 million provided by American Nuclear Insurers (ANI) and Mutual Atomic Energy Liability Underwriters (MAELU) for its Callaway nuclear plant.

Upon loading nuclear fuel in the Callaway plant's reactor (Spring 1984), the Company plans to have the following additional insurance coverage, the maximum amounts currently available:

Excess property insurance of \$435 million provided by Nuclear Electric Insurance Limited (NEIL), a mutual insurer established by the utility industry. Under this policy, the Company could be subject to a retrospective premium assessment of up to \$10 million in any one policy year if NEIL's property losses exceed available funds.

Excess property insurance of \$85 million provided by ANI and MAELU.

The Atomic Energy Act, as amended, currently limits liability to third parties to \$580 million for each nuclear incident. Coverage of the first \$160 million of such liability will be provided by ANI and MAELU. The balance will be provided by utility industry retrospective assessments. The Company's maximum potential assessment under this plan would be \$5 million per incident but not more than \$10 million per year.

Furthermore, once the Callaway nuclear plant is placed in commercial operation (late 1984 or early 1985), the Company plans to have accidental outage replacement power insurance provided by NEIL. Thereunder, the Company will be insured for up to \$2.5 million per week for one year, commencing 26 weeks after initiation of the outage, and for up to \$1.25 million per week for an additional year. Under this policy, the Company could be subject to a maximum annual retrospective premium assessment of up to \$7.6 million.

The Company is involved in legal or administrative proceedings before various courts and agencies with respect to matters arising in the ordinary course of business, some of which involve substantial amounts. Management is of the opinion that the final disposition of these proceedings will not have a material adverse effect on the financial position of the Company.

#### Note 10—Nuclear Fuel Lease

The Company has entered into a lease agreement which provides for the financing of the costs of up to \$200 million of the Company's nuclear fuel. Pursuant to the terms of the lease, the Company has assigned to the lessor certain contracts for purchase of nuclear fuel. The lessor obtains through the issuance of commercial paper backed by letters of credit from commercial banks, or from direct loans from commercial banks, the necessary funds to purchase the fuel and make interest payments when due.

The Company is unconditionally obligated to reimburse the lessor for all expenditures for nuclear fuel, interest and related costs. Obligations under this lease will become current at such time as the nuclear fuel is engaged in heat production at the Company's Callaway nuclear plant.

The Company has capitalized the cost, including interest costs, of the leased nuclear fuel and has recorded the related lease obligation. During the years 1983, 1982

and 1981, the Company capitalized related interest costs of \$17.9 million, \$19.7 million and \$19.8 million based on an average interest rate of 10.0%, 13.4% and 17.6%, respectively.

#### Note 11—Settlement of Uranium Litigation

In 1979, the Company and Westinghouse Electric Corporation settled the Company's suit to require Westinghouse to fulfill its contractual obligation to deliver 10 million pounds of uranium  $U_3O_8$  to the Company. The settlement provides for cash and discounts on uranium and goods and services over the period 1980-2010. Company proposals currently under review by regulatory authorities provide that settlement proceeds will be utilized to reduce fuel expense.

#### Note 12—Supplementary Income Statement Information

	1983	1982	1981
	(Thousands of Dollars)		
Maintenance and repairs, charged directly to:			
Operating expenses	\$ 99,395	\$100,223	\$87,435
Other accounts (a)	5,888	5,736	4,768
	<u>\$105,283</u>	<u>\$105,959</u>	<u>\$92,203</u>
Depreciation, depletion and amortization of fixed and intangible assets, charged directly to:			
Operating expenses	\$92,297	\$86,670	\$81,310
Other accounts (a)	3,018	2,862	2,435
	<u>\$95,315</u>	<u>\$89,532</u>	<u>\$83,745</u>
Taxes, other than payroll and income taxes, charged directly to:			
Operating expenses—			
Real estate and personal property	\$ 48,426	\$ 51,282	\$ 51,977
License and franchise	69,682	61,002	54,664
Other	1,722	1,491	1,338
	<u>119,830</u>	<u>113,775</u>	<u>107,979</u>
Other accounts	11,403	9,249	7,907
	<u>\$131,233</u>	<u>\$123,024</u>	<u>\$115,886</u>

(a) A substantial portion of amounts charged to other accounts is allocated to operating expenses through clearing accounts.

(b) The amounts of payroll taxes for the years 1983, 1982 and 1981 were \$12,068,000, \$11,036,000 and \$9,149,000, respectively.

(c) The amounts of royalties and advertising costs were not material.

UNION ELECTRIC COMPANY AND SUBSIDIARIES  
SCHEDULE V - PROPERTY, PLANT AND EQUIPMENT  
FOR THE YEAR ENDED DECEMBER 31, 1983

Col. A	Col. B	Col. C	Col. D	Col. E	Col. F
Classification	Balance at beginning of period	Additions at cost	Retirements	Other changes (Note)	Balance at end of period
Utility properties					
Electric					
Tangible					
Plant in service					
Steam production	\$1,281,480,782	\$ 70,907,171	\$ 1,584,528	\$	\$1,350,803,425
Hydraulic production	70,630,232	439,037	27,792		71,041,477
Pumped storage production	45,913,461	40,322	263		45,953,520
Internal combustion production	42,493,208	270,538		(1)	42,763,745
Transmission	435,304,397	21,283,336	549,032	11,677	456,050,378
Distribution	1,048,118,063	60,755,365	7,949,944	(10,066)	1,100,913,418
General	136,998,934	17,191,120	4,860,414	(10,301)	149,319,339
Construction work in progress	1,924,147,781	502,087,838			2,426,235,619
Nuclear fuel	169,553,000	18,553,270			188,106,270
Settlement of uranium litigation	(89,407,477)	(12,555,893)			(101,963,370)
Plant held for future use	1,858,906	(38,055)	27,722	(13,203)	1,779,926
Total	5,067,091,287	678,934,049	14,999,695	(21,894)	5,731,003,747
Intangible	246,316				246,316
Total	5,067,337,603	678,934,049	14,999,695	(21,894)	5,731,250,063
Steam heating					
Tangible					
Plant in service					
Production	796,665	56,331	87,918		765,078
Distribution	4,676,184	1,817	56,399		4,621,602
General	179,856	(4,360)			175,496
Construction work in progress	813	(813)			-
Total	5,653,518	52,975	144,317		5,562,176
Gas					
Tangible					
Plant in service					
Production	2,556,884	72			2,556,956
Transmission	7,319,835	66,294	7,089		7,379,040
Distribution	59,773,727	3,883,386	482,740	(1)	63,174,372
General	3,900,662	417,581	92,148	(10,532)	4,215,563
Construction work in progress	72,296	58,327			130,623
Total	73,623,404	4,425,660	581,977	(10,533)	77,456,554
Intangible	16,113				16,113
Total	73,639,517	4,425,660	581,977	(10,533)	77,472,667

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UNION ELECTRIC COMPANY AND SUBSIDIARIES  
SCHEDULE V - PROPERTY, PLANT AND EQUIPMENT (Continued)  
FOR THE YEAR ENDED DECEMBER 31, 1983

Col. A	Col. B	Col. C	Col. D	Col. E	Col. F
Classification	Balance at beginning of period	Additions at cost	Retirements	Other changes (Note)	Balance at end of period
Utility properties (Continued)					
Water					
Tangible					
Plant in service					\$ 228,739
Source of supply	\$ 228,685	\$ 54	\$	\$	380,624
Pumping	362,534	18,318	228		2,241,233
Water treatment	2,096,302	148,051	3,120		5,537,827
Distribution	5,308,879	240,338	11,390		213,262
General	219,762	6,415	119	(12,796)	22,979
Construction work in progress	83,804	(60,825)		1	4,580
Plant held for future use	4,579				
Total	<u>8,304,545</u>	<u>352,351</u>	<u>14,857</u>	<u>(12,795)</u>	<u>8,629,244</u>
Common					
Tangible					
Plant in service					16,619,096
Steam production	16,626,700	4,268	11,872		-
Construction work in progress	-				
Total	<u>16,626,700</u>	<u>4,268</u>	<u>11,872</u>		<u>16,619,096</u>
Total utility properties	<u>5,171,561,883</u>	<u>683,769,303</u>	<u>15,752,718</u>	<u>(45,222)</u>	<u>5,839,533,246</u>
Non-utility properties					
Coal rights	805,681	(229,766)			575,915
Miscellaneous real estate and equipment	5,065,649	(128)	11,601	45,222	5,099,142
Solid waste utilization system	11,947,569	499			11,948,068
Total non-utility properties	<u>17,818,899</u>	<u>(229,395)</u>	<u>11,601</u>	<u>45,222</u>	<u>17,623,125</u>
Premium on securities of subsidiaries	1,397,520				1,397,520
Total property, plant and equipment	<u>\$5,190,778,302</u>	<u>\$683,539,908</u>	<u>\$15,764,319</u>	<u>\$</u>	<u>\$5,858,553,891</u>

Note: Represents transfers.

UNION ELECTRIC COMPANY AND SUBSIDIARIES  
SCHEDULE V - PROPERTY, PLANT AND EQUIPMENT  
FOR THE YEAR ENDED DECEMBER 31, 1982

Col. A	Col. B	Col. C	Col. D	Col. E	Col. F
Classification	Balance at beginning of period	Additions at cost	Retirements	Other changes (Note)	Balance at end of period
Utility properties					
Electric					
Tangible					
Plant in service					
Steam production	\$1,242,694,740	\$ 41,884,249	\$ 3,098,207	\$	\$1,281,480,782
Hydraulic production	60,198,196	10,470,473	38,437		70,630,232
Pumped storage production	45,861,356	52,105			45,913,461
Internal combustion production	42,302,953	192,304	2,049		42,493,208
Transmission	422,249,977	13,623,967	568,602	(945)	435,304,397
Distribution	996,367,430	60,471,599	8,722,061	1,095	1,048,118,063
General	112,568,025	28,546,702	4,114,414	(1,379)	136,998,934
Construction work in progress	1,455,853,388	468,294,393			1,924,147,781
Nuclear fuel	131,491,210	38,061,790			169,553,000
Settlement of uranium litigation	(76,527,974)	(12,879,503)			(89,407,477)
Plant held for future use	1,727,559	131,497		(150)	1,858,906
Total	4,434,786,860	648,849,576	16,543,770	(1,379)	5,067,091,287
Intangible	161,316	85,000			246,316
Total	4,434,948,176	648,934,576	16,543,770	(1,379)	5,067,337,603
Steam heating					
Tangible					
Plant in service					
Production	799,792		3,127		796,665
Distribution	4,684,496	4,837	13,149		4,676,184
General	178,506	1,350			179,856
Construction work in progress		813			813
Total	5,662,794	7,000	16,276		5,653,518
Gas					
Tangible					
Plant in service					
Production	2,557,665	(781)			2,556,884
Transmission	7,110,856	247,819	38,840		7,319,835
Distribution	56,865,954	3,384,474	476,701		59,773,727
General	3,467,353	605,211	169,320	(2,582)	3,900,662
Construction work in progress	94,163	(21,867)			72,296
Total	70,095,991	4,214,856	684,861	(2,582)	73,623,404
Intangible	16,113				16,113
Total	70,112,104	4,214,856	684,861	(2,582)	73,639,517

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UNION ELECTRIC COMPANY AND SUBSIDIARIES  
SCHEDULE V - PROPERTY, PLANT AND EQUIPMENT (Continued)  
FOR THE YEAR ENDED DECEMBER 31, 1982

Col. A	Col. B	Col. C	Col. D	Col. E	Col. F
Classification	Balance at beginning of period	Additions at cost	Retirements	Other changes (Note)	Balance at end of period
Utility properties (Continued)					
Water					
Tangible					
Plant in service					
Source of supply	\$ 221,885	\$ 6,800	\$ 1,180		\$ 228,685
Pumping	338,836	24,878	6,363		362,534
Water treatment	2,074,336	28,329	28,329		2,096,302
Distribution	5,068,872	264,367	24,360		5,308,879
General	205,323	16,055	1,936	320	219,762
Construction work in progress	35,161	48,643			83,804
Plant held for future use	4,579				4,579
Total	<u>7,948,992</u>	<u>389,072</u>	<u>33,839</u>	<u>320</u>	<u>8,304,545</u>
Common					
Tangible					
Plant in service					
Steam production	16,563,844	67,641	4,785		16,626,700
Construction work in progress	41,198	(41,198)			
Total	<u>16,605,042</u>	<u>26,443</u>	<u>4,785</u>		<u>16,626,700</u>
Total utility properties	<u>4,535,277,108</u>	<u>653,571,947</u>	<u>17,283,531</u>	<u>(3,641)</u>	<u>5,171,561,883</u>
Non-utility properties					
Coal rights	805,681				805,681
Miscellaneous real estate and equipment	5,093,025	(199)	30,818	3,641	5,065,649
Solid waste utilization system	11,993,726	(46,157)			11,947,569
Total non-utility properties	<u>17,892,432</u>	<u>(46,356)</u>	<u>30,818</u>	<u>3,641</u>	<u>17,818,899</u>
Premium on securities of subsidiaries	1,397,520				1,397,520
Total property, plant and equipment	<u>\$4,554,567,060</u>	<u>\$653,525,591</u>	<u>\$17,314,349</u>	<u>\$ -</u>	<u>\$5,190,778,302</u>

Note: Represents transfers.



UNION ELECTRIC COMPANY AND SUBSIDIARIES  
SCHEDULE V - PROPERTY, PLANT AND EQUIPMENT  
FOR THE YEAR ENDED DECEMBER 31, 1981

Col. A	Col. B	Col. C	Col. D	Col. E	Col. F
Classification	Balance at beginning of period	Additions at cost	Retirements	Other changes (Note)	Balance at end of period
Utility properties					
Electric					
Tangible					
Plant in service					
Steam production	\$1,190,997,789	\$ 55,490,465	\$ 3,793,514	\$	\$1,242,694,740
Hydraulic production	60,212,747	69,068	83,619		60,198,196
Pumped storage production	45,854,742	6,614			45,861,356
Internal combustion production	42,303,087	(134)			42,302,953
Transmission	419,626,174	4,296,010	1,664,971	(7,236)	422,249,977
Distribution	947,241,773	57,264,025	8,084,040	(54,328)	996,367,430
General	93,419,270	20,736,417	1,454,021	(133,641)	112,568,025
Construction work in progress	1,097,616,671	389,599,671		(31,362,954)	1,455,853,388
Nuclear fuel	99,085,385	32,405,825			131,491,210
Settlement of uranium litigation	(62,624,112)	(13,903,862)			(76,527,974)
Plant held for future use	1,376,666	489,870		(138,977)	1,727,559
Total	3,935,110,192	546,453,969	15,080,165	(31,697,136)	4,434,786,860
Intangible	161,316				161,316
Total	3,935,271,508	546,453,969	15,080,165	(31,697,136)	4,434,948,176
Steam heating					
Tangible					
Plant in service					
Production	784,467	16,632	1,307		799,792
Distribution	4,743,595	(2,911)	56,188		4,684,496
General	178,401	105			178,506
Construction work in progress	1,597	(1,597)			-
Total	5,708,060	12,229	57,495		5,662,794
Gas					
Tangible					
Plant in service					
Production	2,558,301			(636)	2,557,665
Transmission	6,926,029	186,254	1,427		7,110,856
Distribution	53,688,723	3,547,140	370,471	562	56,865,954
General	3,273,671	308,122	113,878	(562)	3,467,353
Construction work in progress	157,693	(63,530)			94,163
Total	66,604,417	3,977,986	485,776	(636)	70,095,991
Intangible	16,113				16,113
Total	66,620,530	3,977,986	485,776	(636)	70,112,104

(Continued on following page)

UNION ELECTRIC COMPANY AND SUBSIDIARIES  
SCHEDULE V - PROPERTY, PLANT AND EQUIPMENT (Continued)  
FOR THE YEAR ENDED DECEMBER 31, 1981

Col. A	Col. B	Col. C	Col. D	Col. E	Col. F
Classification	Balance at beginning of period	Additions at cost	Retirements	Other changes (Note)	Balance at end of period
Utility properties (Continued)					
Water					
Tangible					
Plant in service					
Source of supply	\$ 192,385	\$ 29,900	\$ 400	\$	\$ 221,885
Pumping	224,416	114,697	277		338,836
Water treatment	2,009,645	64,691			2,074,336
Distribution	4,925,673	148,792	5,593		5,068,872
General	176,833	33,291	4,801		205,323
Construction work in progress	31,307	3,854			35,161
Plant held for future use	4,579				4,579
Total	<u>7,564,838</u>	<u>395,225</u>	<u>11,071</u>		<u>7,948,992</u>
Common					
Tangible					
Plant in service					
Steam production	16,498,018	65,826			16,563,844
Construction work in progress	18,054	23,144			41,198
Total	<u>16,516,072</u>	<u>88,970</u>			<u>16,605,042</u>
Total utility properties	<u>4,031,681,008</u>	<u>550,928,379</u>	<u>15,634,507</u>	<u>(31,697,772)</u>	<u>4,535,277,108</u>
Non-utility properties					
Coal rights	805,681				805,681
Miscellaneous real estate and equipment	5,279,816	275,374	712,136	249,971	5,093,025
Solid waste utilization system	11,960,594	32,132			11,992,726
Total non-utility properties	<u>18,046,091</u>	<u>308,506</u>	<u>712,136</u>	<u>249,971</u>	<u>17,892,432</u>
Premium on securities of subsidiaries	1,397,520				1,397,520
Total property, plant and equipment	<u>\$4,051,124,619</u>	<u>\$551,236,885</u>	<u>\$16,346,643</u>	<u>\$(31,447,801)</u>	<u>\$4,554,567,060</u>

Note: Represents transfers (Includes \$31,362,954 transfer of Callaway unit 2 costs to deferred charges).

UNION ELECTRIC COMPANY AND SUBSIDIARIES  
SCHEDULE VI - ACCUMULATED DEPRECIATION, DEPLETION, AND AMORTIZATION OF PROPERTY, PLANT AND EQUIPMENT  
FOR THE YEAR ENDED DECEMBER 31, 1983

Col. A	Col. B	Col. C	Col. D	Col. E	Col. F
Classification	Balance at beginning of period	Additions charged to costs and expenses (Note A)	Retirements	Other changes (Note B)	Balance at end of period
Utility properties					
Electric					
Plant in service					
Steam production	\$383,051,580	\$36,302,087	\$ 1,677,999	\$ 6,776	\$ 417,682,444
Hydraulic production	29,800,753	823,722	38,770	309	30,586,014
Pumped storage production	11,470,271	567,382	263	570	12,037,960
Internal combustion production	13,842,860	1,661,946			15,504,806
Transmission	130,166,326	8,731,225	710,124	(48,108)	138,139,319
Distribution	324,335,595	39,755,667	13,420,477	53,867	350,724,652
General	42,897,647	6,848,421	4,694,512	4,298	45,055,854
Plant held for future use	4,650	610		(5,260)	-
Total	935,569,682	94,691,060	20,542,145	12,452	1,009,731,049
Steam heating	2,836,600	167,694	146,467		2,857,827
Gas	22,277,039	2,256,599	737,056	(10,095)	23,786,487
Water	1,455,613	147,050	13,826	(907)	1,587,930
Common	14,113,677	448,577	11,194	(8,390)	14,542,670
Total utility properties	976,252,611	97,710,980	21,450,688	(6,940)	1,052,505,963
Non-utility properties					
Miscellaneous real estate and equipment	8,402,200	1,861,744	4,601		10,259,343
Total	<u>\$984,654,811</u>	<u>\$99,572,724</u>	<u>\$21,455,289</u>	<u>\$ (6,940)</u>	<u>\$1,062,765,306</u>

Notes: (A) Includes \$7,276,126 in addition to the provision for depreciation as shown on the Statement of Income under Operating Expenses, such additional amount principally reflects depreciation of transportation and related work equipment charged to clearing accounts, and amounts collected for relocation of facilities; offset by the amortization of loss on property abandonment (aggregating \$374,250).

(B) Represents transfers.

UNION ELECTRIC COMPANY AND SUBSIDIARIES  
SCHEDULE VI - ACCUMULATED DEPRECIATION, DEPLETION, AND AMORTIZATION OF PROPERTY, PLANT AND EQUIPMENT  
FOR THE YEAR ENDED DECEMBER 31, 1982

Col. A	Col. B	Col. C	Col. D	Col. E	Col. F
Classification	Balance at beginning of period	Additions charged to costs and expenses (Note A)	Retirements	Other changes (Note B)	Balance at end of period
Utility properties					
Electric					
Plant in service					
Steam production	\$355,778,420	\$32,089,455	\$ 4,818,248	\$ 1,953	\$383,051,580
Hydraulic production	29,024,460	843,951	68,666	1,008	29,800,753
Pumped storage production	10,869,862	600,409			11,470,271
Internal combustion production	12,194,332	1,650,326	2,049	251	13,842,860
Transmission	123,080,301	8,581,042	750,858	(744,159)	130,166,326
Distribution	297,778,360	39,153,870	13,338,577	741,942	324,335,595
General	40,245,134	6,383,747	3,729,597	(1,637)	42,897,647
Plant held for future use	4,040	610			4,650
Total	868,974,909	89,303,410	22,707,995	(642)	935,569,682
Steam heating	2,685,815	170,353	19,568		2,836,600
Gas	20,944,337	2,137,053	803,026	(1,325)	22,277,039
Water	1,341,920	141,534	28,160	319	1,455,613
Common	13,710,528	412,986	10,402	565	14,113,677
Total utility properties	907,657,509	92,165,336	23,569,151	(1,083)	976,252,611
Non-utility properties					
Miscellaneous real estate and equipment	8,338,817	91,072	30,818	3,129	8,402,200
Total	\$915,996,326	\$92,256,408	\$23,599,969	\$ 2,046	\$984,654,811

Notes: (A) Includes \$5,586,104 in addition to the provision for depreciation as shown on the Statement of Income under Operating Expenses, such additional amount principally reflects depreciation of transportation and related work equipment charged to clearing accounts, and amounts collected for relocation of facilities; offset by the amortization of loss on property abandonment (aggregating \$1,778,518).

(B) Represents transfers.

UNION ELECTRIC COMPANY AND SUBSIDIARIES

SCHEDULE VI - ACCUMULATED DEPRECIATION, DEPLETION, AND AMORTIZATION OF PROPERTY, PLANT AND EQUIPMENT

FOR THE YEAR ENDED DECEMBER 31, 1981

<u>Col. A</u>	<u>Col. B</u>	<u>Col. C</u>	<u>Col. D</u>	<u>Col. E</u>	<u>Col. F</u>
<u>Classification</u>	<u>Balance at beginning of period</u>	<u>Additions charged to costs and expenses (Note A)</u>	<u>Retirements</u>	<u>Other changes (Note B)</u>	<u>Balance at end of period</u>
Utility properties					
Electric					
Plant in service					
Steam production	\$329,170,501	\$30,487,325	\$ 3,877,939	\$(1,467)	\$355,778,420
Hydraulic production	28,363,690	745,169	84,587	188	29,024,460
Pumped storage production	10,269,384	599,818		660	10,869,862
Internal combustion production	10,545,732	1,648,600			12,194,332
Transmission	115,671,833	8,753,748	1,334,813	(10,467)	123,080,301
Distribution	273,398,063	36,821,848	12,453,749	12,198	297,778,360
General	36,498,754	4,945,012	1,199,095	463	40,245,134
Plant held for future use	3,430	610			4,040
Total	803,921,387	84,002,130	18,950,183	1,575	868,974,909
Steam heating	2,587,728	168,068	69,981		2,685,815
Gas	19,516,231	2,009,399	578,759	(2,534)	20,944,337
Water	1,218,904	132,007	8,991		1,341,920
Common	13,299,853	410,675			13,710,528
Total utility properties	840,544,103	86,722,279	19,607,314	(959)	907,657,509
Non-utility properties					
Miscellaneous real estate and equipment	8,281,599	56,972	117	363	8,338,817
Total	\$848,825,702	\$86,779,251	\$19,608,031	\$ (596)	\$915,996,326

Notes: (A) Includes \$5,469,624 in addition to the provision for depreciation as shown on the Statement of Income under Operating Expenses, such additional amount principally reflects depreciation of transportation and related work equipment charged to clearing accounts, and amounts collected for relocation of facilities; offset by the amortization of loss on property abandonment (aggregating \$1,333,640).

(B) Represents transfers.

UNION ELECTRIC COMPANY AND SUBSIDIARIES  
SCHEDULE VIII - VALUATION AND QUALIFYING ACCOUNTS  
FOR THE YEARS ENDED DECEMBER 31, 1983, 1982, and 1981

<u>Col. A</u>  Description	<u>Col. B</u>  Balance at beginning of period	<u>Col. C</u> Additions		<u>Col. D</u>	<u>Col. E</u>
		(1) Charged to costs and expenses	(2) Charged to other accounts	Deductions (Note)	Balance at end of period
Year ended December 31, 1983					
Reserves deducted in the balance sheet from assets to which they apply:					
49 Allowance for doubtful accounts	<u>\$1,621,703</u>	<u>\$5,108,282</u>		<u>\$4,048,856</u>	<u>\$2,681,129</u>
Year ended December 31, 1982					
Reserves deducted in the balance sheet from assets to which they apply:					
Allowance for doubtful accounts	<u>\$1,497,755</u>	<u>\$4,302,566</u>		<u>\$4,178,618</u>	<u>\$1,621,703</u>
Year ended December 31, 1981					
Reserves deducted in the balance sheet from assets to which they apply:					
Allowance for doubtful accounts	<u>\$1,080,211</u>	<u>\$4,643,745</u>		<u>\$4,226,201</u>	<u>\$1,497,755</u>

Note: Uncollectible accounts charged off, less recoveries.



### PART III

#### ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

Any information concerning directors required to be reported by this item is included in the Company's 1984 definitive proxy statement filed pursuant to Regulation 14A and is incorporated herein by reference.

Information concerning executive officers required by this item is reported in Part I of this Form 10-K.

#### ITEM 11. EXECUTIVE COMPENSATION.

Any information required to be reported by this item is included in the Company's 1984 definitive proxy statement filed pursuant to Regulation 14A and is incorporated herein by reference.

#### ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

Any information required to be reported by this item is included in the Company's 1984 definitive proxy statement filed pursuant to Regulation 14A and is incorporated herein by reference.

#### ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

Any information required to be reported by this item is included in the Company's 1984 definitive proxy statement filed pursuant to Regulation 14A and is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS  
ON FORM 8-K.

(a) The following documents are filed as a part of this report:

Financial Statements and related schedules. See Index to Financial  
Statements, Page 26.

Exhibits

See Exhibits, Page 53.

(b) Reports on Form 8-K. No reports on Form 8-K were filed  
during the last quarter of 1983.

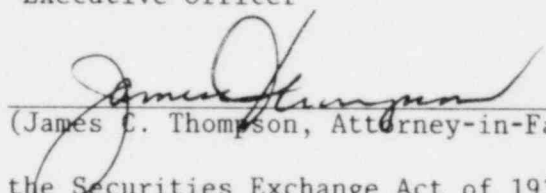
## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

UNION ELECTRIC COMPANY  
(Registrant)

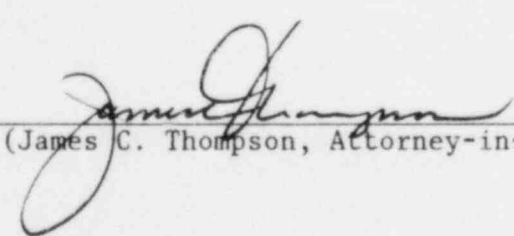
CHARLES J. DOUGHERTY  
Chairman of the Board  
of Directors and Chief  
Executive Officer

Date March 12, 1984

By   
(James C. Thompson, Attorney-in-Fact)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>
CHARLES J. DOUGHERTY	Chairman of the Board of Directors, Chief Executive Officer and Director (Principal Executive Officer)
C. W. MUELLER	Vice President (Principal Financial Officer)
DONALD E. BRANDT	Controller (Principal Accounting Officer)
J. A. BAER II	Director
W. L. BEHAN, JR.	Director
SAM B. COOK	Director
WILLIAM E. CORNELIUS	Director
EARL K. DILLE	Director
EDWIN S. JONES	Director
RICHARD A. MEYER	Director
JOHN K. RIEDY	Director
STEWART W. SMITH, JR.	Director
HOWARD L. YOUNG	Director

By   
(James C. Thompson, Attorney-in-Fact)

March 12, 1984

## EXHIBITS

### Exhibits Filed Herewith

<u>Exhibit No.</u>	<u>Description</u>
3.3	- Certificate of Amendment to the Articles of Incorporation filed with the Secretary of State of the State of Missouri on November 28, 1983.
3.4	- Five Certificates of Amendment to the Articles of Incorporation filed with the Secretary of State of the State of Missouri on December 27, 1983.
3.5	- Three Certificates of Amendment to the Articles of Incorporation filed with the Secretary of State of the State of Missouri on December 30, 1983.
4.18	- Lease of Personal Property between Charter Leasing Co., Inc. and Missouri Edison Company.
4.19	- Purchase Agreement dated June 9, 1967 between Missouri Utilities Company and purchasers of its 6% Notes, due June 1, 1992 and its Preferred Stock, 5.70% Series.
4.20	- Supplemental Indenture dated November 15, 1983 to the Indenture of Mortgage and Deed of Trust, dated June 1, 1941, of Missouri Utilities Company.
4.21	- Supplemental Indenture dated December 15, 1983 to the Indenture of Mortgage and Deed of Trust, dated June 1, 1941, of Missouri Utilities Company.
4.22	- Supplemental Indenture dated December 30, 1983 to the Indenture of Mortgage and Deed of Trust, dated June 1, 1941, of Missouri Utilities Company.
4.23	- Fourteenth Supplemental Indenture dated as of December 30, 1983 to the Mortgage and Deed of Trust dated July 1, 1946, of Missouri Power & Light Company.
4.24	- Ninth Supplemental Indenture dated as of December 30, 1983 to the Indenture of Mortgage or Deed of Trust dated as of July 1, 1945 of Missouri Edison Company.
12	- Statement re computation of ratios of earnings to fixed charges.
24	- Consent of Independent Accountants.
25	- Powers of Attorney

### Exhibits Incorporated By Reference

The following exhibits heretofore have been filed with the Securities and Exchange Commission pursuant to requirements of the Acts administered by the Commission. Such exhibits are identified by the references following the listing of each such exhibit, and they are hereby incorporated herein by reference under Rule 24 of the Commission's Rules of Practice.

- 3.1 - Articles of Incorporation of the Company and all amendments thereto filed with the Secretary of State of the State of Missouri on or prior to November 30, 1963. (Registration No. 2-24089, Exhibit 3-A-1.)

- 3.2 - Certificates of Amendment to Articles of Incorporation

<u>Dated as of</u>	<u>File Reference</u>	<u>Exhibit No.</u>
June 1, 1966	2-58274	2.3
November 9, 1967	Form 8-K, November 1967	2
January 10, 1969	Form 8-K, January 1969	1
November 19, 1969	Form 8-K, November 1969	2
August 10, 1970 (2)	2-38212	2-G
April 22, 1971	Form 8-K, April 1971	3
December 14, 1972	Form 8-K, December 1972	3
April 1, 1974 (2)	2-52218	2.10
October 22, 1974	2-52218	2.10
November 21, 1974	2-52218	2.11
October 16, 1975 (3)	2-54869	2.3
October 6, 1977	Form 10-K, 1977	6.2
July 10, 1978 (2)	2-62348	2.3
April 11, 1979	2-64291	2.3-A
November 27, 1979	2-65874	2.2A
June 2, 1980	2-69821	3.3
June 18, 1980	2-69821	3.3
November 19, 1980	2-69821	3.4
June 17, 1981	Form 10-Q, June 30, 1981	4
November 19, 1981	2-75191	3.3
February 3, 1982	2-75191	3.4
May 4, 1982	2-75191	3.5
November 18, 1982	2-80394	3.3
May 6, 1983	Form 10-Q, March 31, 1983	3
June 13, 1983	Form 10-Q, June 30, 1983	3

- 3.6 - By-Laws of the Company as amended to April 22, 1980. (March 31, 1980 Form 10-Q, Exhibit 5.)

- 4.1 - Order of the Securities and Exchange Commission dated October 16, 1945 in File No. 70-1154 permitting the issue of Preferred Stock, \$3.70 Series. (Registration No. 2-27474, Exhibit 3-E.)

- 4.2 - Order of the Securities and Exchange Commission dated April 30, 1946 in File No. 70-1259 permitting the issue of Preferred Stock, \$3.50 Series. (Registration No. 2-27474, Exhibit 3-F.)

Exhibits Incorporated By Reference (Cont'd.)

<u>Exhibit No.</u>	<u>Description</u>		
4.3	- Order of the Securities and Exchange Commission dated October 20, 1949 in File No. 70-2227 permitting the issue of Preferred Stock, \$4.00 Series. (Registration No. 2-27474, Exhibit 3-G.)		
4.4	- Indenture of Mortgage and Deed of Trust of the Company dated June 15, 1937, as amended May 1, 1941, and Second Supplemental Indenture dated May 1, 1941. (Registration No. 2-4940, Exhibit B-1.)		
4.5	- Supplemental Indentures to Mortgage		
	<u>Dated as of</u>	<u>File Reference</u>	<u>Exhibit No.</u>
	December 1, 1950	Form 8-A, File No. 1-2967 I-1	1-C
	May 1, 1952	Form 8-A, File No. 2967 J-1	1-D
	July 1, 1956	Form 8-K, July 1956	2
	March 1, 1958	Form 8-K, March 1958	2
	September 1, 1960	Form 8-K, September 1960	3
	July 1, 1961	Form 8-K, August 1961	3
	November 1, 1963	Form 8-K, November 1963	3
	April 1, 1965	Form 8-K, April 1965	3
	May 1, 1966	2-56062	2.33
	March 1, 1967	2-58274	2.9
	March 15, 1968	Form 8-K, April 1968	2
	May 1, 1969	Form 8-K, May 1969	2
	October 1, 1969	Form 8-K, October 1969	2
	April 1, 1970	Form 8-K, April 1970	2
	January 1, 1971	Form 8-K, January 1971	2
	April 1, 1971	Form 8-K, April 1971	6
	September 15, 1971	Form 8-K, October 1971	3
	February 1, 1974	Form 8-K, February 1974	3
	March 1, 1975	Form 8-K, March 1975	4
	August 16, 1976	Form 8-K, September 1976	4
	October 15, 1977	2-60235	2.5
	December 1, 1977	Form 10-K, 1977	6.5
	August 1, 1978	2-62348	2.9
	November 1, 1979	Form 10-K, 1979	6.1
	July 7, 1980	2-69821	4.6
	August 1, 1980	2-69821	4.7
	February 1, 1981	2-70655	4.5
	September 1, 1982	2-79118	4.4
	March 1, 1983	2-82336	4.3
4.6	- Indenture of Mortgage and Deed of Trust of Missouri Power & Light Company dated July 1, 1946 and Supplemental Indentures dated July 1, 1946, November 1, 1949, June 1, 1951, July 1, 1954, December 1, 1959, July 1, 1962, March 1, 1966, April 1, 1967, June 15, 1969, April 15, 1973, December 1, 1974, May 1, 1976 and July 1, 1979. (Registration No. 2-87469, Exhibit 4.1.)		



Exhibits Incorporated By Reference (Cont'd.)

<u>Exhibit No.</u>	<u>Description</u>
4.7	- Indenture of Mortgage or Deed of Trust of Missouri Edison Company dated July 1, 1945 and Supplemental Indentures dated January 1, 1952, June 1, 1961, June 1, 1965, August 1, 1975, September 1, 1976, November 1, 1977, February 1, 1981 and July 1, 1982. (Registration No. 2-87469, Exhibit 4.2.)
4.8	- Indenture of Mortgage and Deed of Trust of Missouri Utilities Company dated June 1, 1941 and Supplemental Indentures dated December 1, 1946, December 1, 1947, April 1, 1948, June 1, 1954, June 1, 1955, June 1, 1956, June 1, 1957, December 1, 1959, June 1, 1963, June 1, 1966, March 1, 1971, May 1, 1971, May 1, 1973 and October 1, 1976. (Registration No. 2-87469, Exhibit 4.3.)
4.9	- Agreement of Sale dated as of March 1, 1974 between the State Environmental Improvement Authority of the State of Missouri and the Company, together with Trust Indenture dated as of March 1, 1974 between the Authority and The Boatmen's National Bank of St. Louis, as trustee. (April 1974 Form 8-K of the Company, Exhibits 1 and 2.)
4.10	- Reaffirmation Agreement dated as of April 9, 1975 between the State Environmental Improvement Authority of the State of Missouri and the Company, together with First Supplemental Trust Indenture dated as of June 1, 1975 between the Authority and The Boatmen's National Bank of St. Louis, as trustee. (June 1975 Form 8-K of the Company, Exhibits 3 and 4.)
4.11	- Agreement dated as of November 1, 1977 between the State Environmental Improvement Authority of the State of Missouri and the Company, together with Trust Indenture dated as of November 1, 1977 between the Authority and the Chase Manhattan Bank, N.A., as trustee and Mercantile Trust Company National Association, as co-trustee. (Registration No. 2-60235, Exhibit 2.10.)
4.12	- Agreement of Sale dated as of August 1, 1980 between the State Environmental Improvement Authority of the State of Missouri and the Company, together with Trust Indenture dated as of August 1, 1980 between the Authority and The Boatmen's National Bank of St. Louis, as trustee. (Registration No. 2-69821, Exhibit 4.11.)
4.13	- Agreement of Sale dated as of October 1, 1981 between the State Environmental Improvement Authority of the State of Missouri and the Company, together with Reimbursement Agreement dated as of October 1, 1981 between Morgan Guaranty Trust Company of New York and the Company and Trust Indenture dated as of October 1, 1981 between the Authority and Mercantile Trust Company National Association, as trustee. (1981 Form 10-K, Exhibit 4.14.)

Exhibits Incorporated By Reference (Cont'd.)

<u>Exhibit No.</u>	<u>Description</u>
4.14	- First Supplement to Agreement of Sale dated as of November 15, 1982 between the State Environmental Improvement and Energy Resources Authority of the State of Missouri and the Company, together with Reimbursement Agreement dated as of November 15, 1982 between Morgan Guaranty Trust Company of New York and the Company and Trust Indenture dated as of November 15, 1982 between the Authority and Mercantile Trust Company National Association, as trustee.
4.15	- Fuel Lease dated as of February 24, 1981 between the Company, as lessee, and Gateway Fuel Company, as lessor, covering nuclear fuel. (1980 Form 10-K, Exhibit 10.20.)
4.16	- Loan Facility Letter Agreement dated December 11, 1981. (1981 Form 10-K, Exhibit 4.15.)
4.17	- Credit Agreement dated as of July 21, 1982. (June 30, 1982 Form 10-Q, Exhibit 4.1.)
4.18	- Loan Facility Letter Agreement dated July 22, 1982. (June 30, 1982 Form 10-Q, Exhibit 4.2.)
10.1	- Amended Intercompany Agreement dated July 10, 1953 between Electric Energy, Inc., Central Illinois Public Service Company, Illinois Power Company, Kentucky Utilities Company, Middle South Utilities, Inc., the Company, and St. Louis Union Trust Company, as Trustee under Mortgage and Deed of Trust of Electric Energy, Inc. dated June 1, 1951, as amended. (Registration No. 2-58274, Exhibit 5.1.)
10.2	- Agreement dated May 1, 1957 between Middle South Utilities, Inc., Kentucky Utilities Company, Electric Energy, Inc., Central Illinois Public Service Company, Illinois Power Company, the Company, and St. Louis Union Trust Company, as Trustee under Mortgage and Deed of Trust of Electric Energy, Inc. dated June 1, 1951, as amended. (Registration No. 2-38212, Exhibit 5-B.)
10.3	- Amendment dated July 23, 1970, to the Amended Intercompany Agreement dated July 10, 1953, between Electric Energy, Inc., Central Illinois Public Service Company, Illinois Power Company, Kentucky Utilities Company, the Company, and St. Louis Union Trust Company, as Trustee under Mortgage and Deed of Trust of Electric Energy, Inc. dated June 1, 1951, as amended. (Registration No. 2-38212, Exhibit 5-D.)

Exhibits Incorporated By Reference (Cont'd.)

Exhibit No.

Description

- 10.4 - Amendment dated June 1, 1977 to the Amended Intercompany Agreement dated July 10, 1953, between Electric Energy, Inc., Central Illinois Public Service Company, Illinois Power Company, Kentucky Utilities Company, the Company, and St. Louis Union Trust Company, as Trustee under Mortgage and Deed of Trust of Electric Energy, Inc. dated June 1, 1951, as amended. (Registration No. 2-60235, Exhibit 5.4.)

Note: Reports of the Company on Forms 8-K, 10-Q and 10-K are on file with the SEC under file number 1-2967.

Question 7. Describe aspects of its regulatory environment including, but not necessarily limited to, the following: prescribed treatment of construction work in progress and allowance for funds used during construction; rate base (original cost, replacement, fair value, other); accounting for deferred income taxes and investment tax credits; fuel adjustment clauses in effect or proposed; historical, partially projected, or fully projected test year.

Response: Union Electric Company is primarily an electric utility with 91% of its annual revenue coming from sales of electric energy.

The Company is regulated by three state commissions and the Federal Energy Regulatory Commission in approximately the following proportion based on jurisdictional revenue:

Missouri	83%
Illinois	11
Iowa	3
FERC	3

The regulatory environment varies between jurisdictions with the most favorable climate existing in Illinois where an automatic fuel adjustment provision is permitted (as is the case in Iowa and before the FERC). The Illinois Commerce Commission has adopted rules allowing a fully projected test year (as does the FERC) and Construction Work in Progress (CWIP) in rate base. However, since Missouri, which is the Company's primary jurisdiction, does not allow CWIP, Illinois has not permitted CWIP in rate base for Union Electric Company.

The regulatory environment in Missouri has not been particularly good as has been noted by several investment banking firms and rating agencies. Missouri law prohibits an automatic fuel adjustment clause and Construction Work in Progress in rate base. Further, while the Commission permits rate case filings on a projected basis, they have generally relied on an historic test year in determining revenue requirements. In recent years, however, the Commission has allowed the use of projected fuel prices which are subject to a true-up audit after rates are put in effect. The Missouri Public Service Commission has deducted construction-related deferred taxes from rate base, which will not be a significant issue after the Callaway Plant is placed in service, nor will the CWIP issue since the Company plans no major construction for the remainder of the 1980's.

According to these same investment bankers and rating agencies, the regulatory climate in Missouri is improving with most waiting for the litigation of Union Electric's Callaway and Kansas City Power & Light's Wolf Creek cases.

The makeup of the Commission has changed significantly in the past year with the appointment of four new members of the five seats. Recent appointments include a CPA and two attorneys.

The Company is confident that it will receive a favorable order in its current Callaway rate case which will permit a substantial increase in cash earnings.

For additional information, the February 1984 Regulatory FOCUS publication is provided with this response.

MISSOURI REGULATION--ANNUAL REVIEW - FEBRUARY 1984

Regulatory Agency: Missouri Public Service Commission (PSC)  
(RRA Evaluation Average/3)

No. of Commissioners: 5 full-time--minority party representation practiced, but not required.

Method of Selection: Appointed by the Governor, Senate confirmation.

Term of Office: 6 years--staggered terms.

Chairman: Appointed by the Governor and serves at his pleasure.

Comms. Salaries: \$40,000 annually.

Governor: Christopher S. Bond (Rep.). His current term expires in January 1985. He previously served as Governor from 1973 to 1977.

Commissioners

William D. Steinmeier - A 34 year old Republican attorney who was appointed to the Commission and simultaneously named Chairman in January 1984. (Chairman) He is serving a term which extends to April 1985. Prior to becoming a Commissioner, he served as a PSC Hearing Examiner for four years. Mr. Steinmeier also was Assistant Counsel for the Highway and Transportation Commission from 1978 to 1980.

Charlotte Musgrave - A 57 year old Republican who was appointed to the Commission in October 1981 and is serving a term that extends to April 1987. She was a member of the Jackson County Legislature prior to joining the PSC.

Connie B. Hendren - A 34 year old Democrat who was appointed to the Commission in July 1983 and is serving a term which extends to April 1989. Commissioner Hendren is a Certified Public Accountant.

Allan G. Mueller - A 41 year old Democrat who was appointed to the Commission in July 1983 and is serving a term which extends to April 1989. He served as a State Senator from 1977 to 1983 and as a State Representative from 1971 to 1977. He also has owned and operated a real estate business in the St. Louis area.

James Fischer - A 32 year old Republican attorney who became a Commissioner in January 1984 and is serving a term which extends to April 1985. Prior to his appointment to the PSC he served as Public Counsel of the State of Missouri for approximately two years.

Commission Staff: Approximately 250 members. They are selected by the PSC; policy level employees serve at the pleasure of the Commission.

Commission Budget: Fiscal 1984--approximately \$8.6 million, funded by assessments against the gross intrastate operating revenues of the state's utilities.



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**Services Regulated:** Investor-owned electric, gas, telephone, telegraph, and water and sewer companies, passenger and freight motor carriers, and railroads.

**Rate Base and Test Period:** The PSC generally relies on an original-cost year-end rate base but by law must consider fair value. The PSC adopted a fully-forecasted test year in the recent Southwestern Bell Telephone (SWBT) case; however, rate petitions are generally filed based upon partly-forecasted test period data which are updated during the course of the proceeding to reflect actual results. Traditionally, test periods are historical at the time of the PSC decisions, with data updated at "true-up proceedings" for certain post-test-period and limited post-operation-of-law-date "known and measurable" changes.

**CWIP Practice:** As a result of voter approval of a 1976 referendum, the PSC is prohibited from including electric construction work in progress (CWIP) in rate base. The PSC recently interpreted the law as prohibiting recovery from ratepayers of the investment in a cancelled facility. (See "Cancelled Plant Treatment" section of this report for additional detail.)

**Return on Equity:** Authorized equity returns during the past 12 months have varied considerably. Kansas City Power & Light (KCP&L) was granted a 16.25% return on equity which included a 40 basis point upward adjustment for its efforts designed at improving management efficiency. Empire District Electric's authorized equity return of 15.03% included a 40 basis point management efficiency adjustment. Telephone equity returns included 14.74% for Continental Telephone and 14.7% for SWBT. Numerous cases were decided based upon stipulated agreements and were silent with regard to rate of return. For more detailed information concerning the PSC's return findings since January 1980, refer to the table on pages 6-7. For data concerning the earned returns on average common equity for the state's major utilities, refer to the table on page 8.

**Rate Case Timing:** Utilities seeking rate increases must file tariffs 30 days prior to the proposed effective date. The PSC may initially suspend the effective date for 120 days and then it may suspend the proposed tariffs for an additional six months. If the Commission has not issued a final decision within the 11-month period, the proposed increase automatically becomes effective as filed and is not subject to refund.

**Interim Increases:** The PSC may authorize an interim increase, subject to refund, but has generally only done so upon the demonstration of the existence of a financial emergency which may impair a utility's ability to serve. In the 1982 Union Electric (UE) case, the Commission suggested there may be additional or alternative criteria upon which to base the approval of interim rates and established a separate docket to investigate the issue; however the docket was closed in January 1984 and no change in the financial emergency standard was adopted.

**Consumer Interests:** Represented by the Office of Public Counsel, a Division of the Department of Consumer Affairs, Regulation, and Licensing. Several consumers groups are active in Missouri including: the Missouri Public Interest Research Group, the Coalition for the Environment and the Missourians for Safe Energy. In 1982,

Consumer Interests  
(cont.):

a referendum which would have required the establishment of a Citizens Utility Board was defeated by voters.

A consumer organization is currently gathering signatures in order to place a referendum on the November 1984 ballot which would prohibit the operation of nuclear plants within the state of Missouri. The referendum, as proposed, would not preclude the recovery of charges associated with the Callaway facility from ratepayers.

Accounting:

In 1983 the PSC proposed a Rule which provides that the Commission employ a full income tax normalization standard for ratemaking purposes. The Commission has traditionally used a cash-flow test, on a case-by-case basis, to determine whether or not to allow normalization accounting. Most major utilities had been required to flow through the benefits of tax timing differences not expressly prohibited by the Economic Recovery Tax Act of 1981; however KCP&L and Union Electric (UE) were allowed to normalize the tax benefits associated with the debt component of allowance for funds used during construction as well as pensions, payroll taxes and property taxes. In September 1982 the PSC authorized the telephone companies to change accounting practices from straight-line vintage group and whole life depreciation to equal life group and remaining life depreciation.

Adjustment Clauses:

In June 1979 the Missouri Supreme Court ruled that the PSC did not have statutory authority to allow automatic fuel-adjustment clauses. The fuel or purchased power component of electric tariffs is calculated at the time of a general rate case. The Commission has allowed certain projected fuel costs exclusive of interchange, with true-up proceedings to follow at a later date. The PSC has generally ruled that any over-recovery (including interest) be refunded to ratepayers and that any under-recovery be absorbed by the company. Purchased gas adjustments are in effect for the gas distribution companies. The difference between costs incurred and costs recovered are deferred and recovered from or credited to customers over a subsequent 12-month period.

Court Actions:

PSC decisions must initially be appealed to a Missouri Circuit Court, and then to the Court of Appeals, and ultimately to the Missouri Supreme Court. In June 1979, the Missouri Supreme Court determined that the PSC did not have the statutory authority to allow automatic fuel-adjustment clauses. The Court stated at that time that Missouri law required the PSC to set a fixed maximum rate which remained in effect until the establishment of a new rate.

Legislation:

The Missouri General Assembly is a bicameral body and meets annually beginning on the Wednesday after the first Monday in January and continues to mid-June in odd-numbered years and to April 30 in even numbered years. No significant utility-related legislation has been enacted in recent years. Legislation proposed during 1984 includes a bill that would allow the utilities to add a specific charge to customers' bills to finance the Office of Public Counsel. The Public Counsel is currently funded from general revenues appropriated by the General Assembly. A bill which would have limited the level of electric rate increases that an electric utility

could implement during a 12-month period appears unlikely to be enacted this year.

Regulatory  
Innovations:

Regulation in Missouri has been negatively affected by the absence of PSC authority to implement automatic fuel adjustment clauses and the law prohibiting the inclusion of CWIP in rate base for a cash return. Since mid-1981 the fuel component of base rates has been calculated based upon certain projected fuel costs. This procedure has improved the timeliness and adequacy of fuel cost recovery. Decisions in Missouri have generally been based upon historic test periods which are updated for certain known and measurable changes to a point several months beyond the end of the test period; however, the PSC adopted a fully-forecasted test period in the December 1983 SWBT case.

In the 1983 Empire District Electric and KCP&L decisions, the PSC provided each company a 40 basis point upward adjustment to the authorized equity return in recognition of management efficiency. The PSC noted that it "is committed to a ratemaking policy...wherein superior service by a utility which saves customers money due to lower operating expenses should be recognized by an upward adjustment to a utility's rate of return, while inferior performance should result in a downward adjustment." In 1982 the PSC reduced the overall rate of return of Missouri Public Service Company's water operations by one percent because of inefficient management.

Cancelled Plant  
Treatment:

In response to a request by UE to recover its investment in the cancelled Callaway Unit No. 2 over a five year period, the PSC determined that it could not legally allow UE to recover the cancellation costs owing to the provisions of Proposition I. Proposition I, a ballot issue approved by voters in 1976, states that any "cost associated with owning, operating, maintaining, or financing any property before it is fully operational and used for service, is unjust and unreasonable, and is prohibited." In making its ruling, the Commission acknowledged that the question will ultimately be decided by the Courts. UE has appealed this decision to the Missouri Circuit Court, and contends that Proposition I does not apply to a cancelled plant. If the Court rules that the law can be applied in this instance, UE claims that the PSC's decision constitutes a confiscation of UE's property without due process of law.

In 1977 the PSC allowed UE to amortize, over a five-year period, the cancellation costs associated with Rush Island Units 3 and 4. The Commission did not permit inclusion of the unamortized balances in rate base.

Other Developments:

On September 19, 1983, in an order regarding the ongoing construction of KCP&L's Wolf Creek and UE's Callaway No. 1 nuclear generating plants, the PSC ruled that "any issues relating to the propriety of building the subject nuclear plants, and therefore the inclusion of such in...rate base, should be considered when the companies request inclusion of said plant in...rate bases. At that time the Commission can...consider such issues as management prudence, excess capacity, cost overruns, load forecasting and rate impacts, and subsequently refuse to allow inclusion in rate base of unwarranted expenses."

Other Developments  
(cont.):

On November 22, 1983, in an Access Charge Rate Structure and Methodology and IntraLATA Toll Settlements Order, the PSC rejected intrastate end-user common line charges and adopted a carrier's carrier charge and a carrier's common line element mirroring the structure for such charges adopted on an interstate basis. The access charge rate levels established by the PSC in a December 20, 1983 order are approximately 12.6% higher than those proposed in federal tariffs. Carriers will be required to pay access charges based upon the number of calls placed through the local network with AT&T Communications being assessed a premium charge. The PSC ordered that statewide intralata toll and interlata access charge pools be established. The pooling procedures are being implemented on an interim basis for a period to end no later than June 30, 1985. The revenues will be divided by means of a separation mechanism closely resembling traditional separation procedures utilizing SWBT's authorized rate of return, capital structure, and income tax components.

Phase-In Proposal:

On February 15, 1984, UE filed for an electric rate increase of approximately \$638 million (65%), effective upon the commercial operation of the Callaway No. 1 nuclear unit. In the alternative, the company has proposed a five-year phase-in plan, consisting of a first year increase of approximately \$246 million (25%) and increases of roughly 8% in each of the succeeding four years. UE's proposed phase-in is to be accomplished by: (1) delaying realization of a cash return on a portion of the common equity invested in the Callaway Plant; (2) accelerating amortization of certain Callaway-related deferred income taxes; (3) rapidly amortizing the nuclear fuel credits received from Westinghouse in a nuclear fuel supply contract settlement; and (4) substituting unit-of-production depreciation for straight-line depreciation during the first three years of Callaway's commercial operation.

Staff Contact:

Kevin Kelly, Public Information Officer (314) 751-2452

Mailing Address:

Missouri Public Service Commission  
P O Box 360  
Harry S Truman State Office Building  
Jefferson City, MO 65102

RRA Evaluation:

Regulation in Missouri had been highly politicized during the late 1970's and at the outset of this decade. We believe that the regulatory climate has undergone a defusing and is currently more stable. Recent Commission decisions have been more constructive from an investor viewpoint, and a more forward-looking approach to rate regulation has been demonstrated. We do not expect major changes in PSC policy, but note that four of the five Commissioners currently serving on the PSC were appointed within the last eight months and two of their terms expire in April 1985. The PSC will be faced with several complex decisions in the near future owing largely to the fact that two of the state's major electric utilities have significant investments in two nuclear generating units which are scheduled for commercial operation within the next 18 months. We recently raised our rating of Missouri regulation from Below Average/1 to Average/3 and are maintaining that evaluation at this time.

Dorothy French



## MAJOR RATE CASE DECISIONS IN MISSOURI SINCE JANUARY 1980

Company Case Identification	Type of Svc.	Increase Requested					Increase Authorized					Test Year & Rate Base	Rate Case Lag in Mos.
		Date	Amt. (\$mil.)	ROR %	ROE %	Common Equity % Cap.	Date	Amt. (\$mil.)	ROR %	ROE %	Common Equity % Cap.		
Arkansas Power & Lt.													
C-ER-80-32	EL	7/18/79	5.9	11.49	14.5	36.68	3/26/80	3.2(B)	--	--	--	8/79	8.5
C-ER-81-364	EL	6/2/81	9.2	12.38	18.96	30.42	4/20/82	5.6(B)	--	--	--	9/81	10.5
C-ER-83-206	EL	12/15/82	9.9	12.67	17.57	32.07	9/26/83	3.2(B)	--	--	--	12/82	9.5
Empire District Elec.													
C-ER-80-143	EL	11/9/79	16.1	10.7	15.6	34.4	7/29/80	7.0(1,B)	--	--	--	3/80	8.5
C-ER-81-209	EL	12/19/80	15.3	11.8	18.0	36.2	8/18/81	11.6(B)	--	--	--	3/81	8.0
C-ER-83-42	EL	7/30/82	5.0(S)	11.39	16.5	37.88	6/17/83	1.7	10.75	15.03(1)	37.66	12/82-YE	10.5
Kansas City Pwr. & Lt.													
C-ER-80-48	EL	8/3/79	70.0	10.73	15.0	36.9	6/19/80	45.7(1)	10.16	13.4	34.28	12/79-YE	10.5
C-ER-81-42	EL	8/6/80	81.2(S)	12.67	19.0	37.02	6/17/81	17.4(2)	10.67	14.4	35.48	12/80-YE	10.5
C-ER-82-66	EL	8/26/81	49.9(S)	13.14	18.0	40.0	7/14/82	14.4(3)	11.91	15.76	37.65	12/81-YE	10.5
C-ER-83-49	EL	8/26/82	51.3(S)	13.20	19.0	36.45	7/8/83	31.1(4)	12.19	16.25	36.45	9/82-YE	10.5
Missouri Pwr. & Lt.													
C-ER-80-286	EL	4/25/80	7.0	10.15	15.0	36.7	3/13/81	6.2	9.39	13.02	36.7	9/80-YE	10.5
C-ER-81-304	EL	1/2/81	12.0	10.68	16.25	35.45	12/3/81	6.7(1,B)	--	--	--	2/82	11.0
C-ER-82-180	EL	1/8/82	7.1(S)	11.21	17.25	39.7	10/29/82	5.6	10.56	15.54	39.95	9/82-YE	10.5
Missouri Public Svc.													
C-ER-80-118	EL	10/5/79	28.4	10.01	15.0	30.0	8/25/80	9.2(1)	9.66	13.75	27.4	6/79-YE	10.5
C-ER-81-85	EL	9/5/80	29.2	10.51	15.75	30.0	5/27/81	19.7(B)	--	--	--	5/81	8.5
C-ER-82-39	EL	7/31/81	21.9(S)	11.91	17.5	33.14	6/21/82	6.4	10.47	14.9	33.14	9/81-YE	10.5
C-ER-83-40	EL	8/13/82	32.8	12.07	17.35	32.2	7/1/83	11.8	11.24	14.9	33.43	9/82-YE	10.5
St. Joseph Light & Pwr.													
C-ER-80-53	EL	8/8/79	14.7	10.94	13.5	35.0	4/25/80	9.0(B)	--	--	--	4/80-YE	8.5
C-ER-81-43	EL	7/24/80	11.7	10.92	14.0	27.52	6/9/81	4.9(B)	--	--	--	12/80-YE	10.5
Union Electric													
C-ER-80-17	EL	7/6/79	55.6(R)	10.15	15.0	34.26	4/24/80	20.5(B)	--	--	--	3/80	9.5
C-ER-81-180	EL	11/26/80	91.1	10.88	15.5	36.07	7/13/81	50.0(B,5)	--	--	--	6/81	7.5
C-ER-82-52	EL	8/17/81	107.5(S)	12.2	17.0	35.46	7/2/82	65.2	11.71	15.62	35.46	10/81-YE	10.5
C-ER-83-163	EL	12/3/82	121.7	12.91	18.16	35.92	7/6/83	30.5(B,6)	--	--	--	6/83	7.0
Gas Service													
C-GR-80-173	GAS	12/28/79	11.2(R)	10.96(R)	15.5	36.77	9/5/80	4.9(B)	--	--	--	9/80	8.0
C-GR-81-155	GAS	11/14/80	14.9(R)	12.55	16.0	37.86	10/2/81	7.0	11.36	14.8	--	3/81-YE	10.5
C-GR-82-151	GAS	11/25/81	17.9	13.54	18.5	39.8	8/6/82	10.6(B,7)	--	--	--	8/82	8.5
C-GR-83-225	GAS	12/30/82	21.0	14.12	18.0	37.58	9/7/83	14.1(B,1)	--	--	--	9/83-YE	8.0
Laclede Gas													
C-GR-80-210	GAS	2/7/80	19.7	10.76	14.09	50.03	9/24/80	13.4(B)	--	--	--	9/80	7.5
C-GR-81-245	GAS	2/6/81	25.5	11.39	15.5	51.17	10/21/81	19.7(B)	--	--	--	9/81	8.5
C-GR-82-200	GAS	2/5/82	18.4	12.03	16.0	53.4	10/6/82	15.2(B)	--	--	--	5/82	8.0
C-GR-83-233	GAS	1/11/83	24.4	12.41	16.0	56.6	9/28/83	17.8(B)	--	--	--	2/83	10.5
Continental Telephone													
C-TR-82-223	TEL	3/12/82	10.8(S)	12.47	17.5	47.95	1/26/83	5.4(B)	10.8(B)	13.6(B)	48.95	6/82-YE	10.5

## General Tel. Midwest

C-TR-81-47	TEL	8/1/80	5.3	12.31	18.0	40.0	4/24/81	1.7(B)	--	--	--	12/80	9.0
C-TR-83-164	TEL	12/7/82	5.4	12.87	17.5	52.0	8/9/83	1.0(B)	--	--	--	3/83	2.0

## Southwestern Bell

C-TR-79-213	TEL	4/16/79	112.5(S)	9.7	14.2	46.23(9)	3/3/80	34.3	10.32	12.2	56.08(10)	8/79-YE	10.5
C-TR-80-256	TEL	4/18/80	144.5	12.42	16.8	50.65(9)	11/25/80	32.0(B)	--	--	--	--	7.0
C-TR-81-208	TEL	1/9/81	147.0(R)	12.75	16.8	48.45(9)	11/27/81	81.8	11.92	15.1(U)	48.45(U)	9/81-YE	10.5
C-TR-82-199	TEL	2/16/82	130.5(S)	13.09	17.1(U)	48.24(U)	12/30/82	43.8(11)	12.3	15.45(U)	48.24(U)	4/82-YE	10.5
C-TR-83-253	TEL	2/1/83	208.9(R)	13.3(R)	16.5(R)	55.0	12/20/83	181.6	12.3	14.7	55.0	12/84-A	10.5

## United Tel. Missouri

C-TR-80-235	TEL	3/17/80	9.1(R)	11.5	17.0	45.4	2/3/81	1.9(12)	10.29	11.9	52.2	6/80-YE	11.5
C-TR-81-302	TEL	3/31/81	8.1	13.4E	18.0	52.97	12/14/81	0.7(B)	9.39	13.25	55.1	11/81-YE	8.5
C-TR-83-135	TEL	11/10/82	11.2	12.89	17.2	54.43	6/10/83	2.0(B)	11.65	15.41(U)	43.92(U)	2/83-YE	7.0

## MAJOR RATE CASES IN PROGRESS IN MISSOURI

Company Case Identification	Type of Svc.	Increase Requested			Return Sought on		Com. Eq. as % of Cap.	Req. Test Year End Mo/Yr	AVG/ YE Rate Base Val.	Action Likely By/Or End of Suspension Period
		Date	\$ Mil	% of Rev.	Orig Cost Rate Base %	Com. Eq. %				
Union Electric C-ER-84-168	EL	2/15/84	638.0(13)	65.0	11.98	15.62	38.16*	2/84	YE	1/15/85
Laclede Gas C-GR-84-161	GAS	2/3/84	14.2	2.3	--	--	--	--	--	1/84

- Footnotes:
- (1) Includes a 40 basis point adjustment to reflect PSC's recognition of "management efficiency."
  - (2) Revised to \$17.2 million on 7/23/81.
  - (3) Revised to \$14.5 million on 7/21/82.
  - (4) \$20.2 million authorized on permanent basis; and \$10.9 million on interim basis. On 8/30/83 permanent increase revised to \$19.9 million and interim reduced to \$4.2 million.
  - (5) An additional \$14.9 million fuel-related increase authorized 8/11/81.
  - (6) Recovery of Callaway No. 2 cancelled plant balances denied on 10/21/83.
  - (7) In addition, PSC ordered the company to return \$3 million to general service customers as a result of the PSC's rejection of proposed weatherization program.
  - (8) Additional \$0.7 million increase authorized on 7/20/83 based upon 14.74% ROE and 11.36% ROR.
  - (9) Based on AT&T consolidated capital structure.
  - (10) Southwestern Bell Telephone capital structure.
  - (11) Equal to \$57.8 million net of settlements. Revised to \$64.1 million 1/12/83 (equal to \$58.1 million net of settlements).
  - (12) Authorized increase reduced to \$1.1 million on 2/11/81.
  - (13) As a "phase-in" alternative, UE proposed a \$245 million (25%) first year increase, with 8% annual increases to follow in each of the four succeeding years.

B - Order followed stipulation or settlement by the parties. Decision particulars not necessarily precedent setting or specifically adopted by the regulatory body.

C - Case number

I - Interim increase implemented prior to issuance of final order (normally, under bond and subject to refund).

R - Revised ROE - Return on book common equity

ROR - Overall rate of return on rate base or on capital.

S - Amount of increase supported by company.

U - Underlying common equity of parent in subsidiary as a percent of capitalization, and rate of return calculated on such underlying equity. YE - Year-end



Major Utilities in Missouri	Tot. Rev.	Tot. Cap. Incl. S.T. Debt	Com. Eq. as %	Return Earned on Average of Beg. & End of Yr. Com. Eq.			ROE	Pre-Tax		AFC as %		Approx.		Avg.
	1982	12/31/82	Tot. Cap.	12 months ended			Last	Coverage		Balance		Eff. Tax		Rev./KWH
	(\$Mil.)	(\$Mil.)	12/31/82	12/81	12/82	6/83	Auto-	1981	1982	1981	1982	Rate	Res.Cust.	
							rized							(cents) 1982
<u>ELECTRIC</u>														
Kansas City Power & Light	\$486(a)	\$1,521	35.2%	14.8%	12.6%	14.4%	16.25	2.8x	2.7x	82%	121%	37%	33%	6.74
Missouri Public Service	188(b)	326	30.3	15.4	13.2	13.8	14.9	2.3	2.6	36	34	25	37	7.46
Union Electric	1,218(c)	3,862	32.4	11.6	13.3	15.9	15.62	2.3	2.5	122	120	2.3	2.5	5.39
<u>GAS</u>														
Gas Service Company	812	221	37.0	9.3	3.7	1.7	14.8	2.7	1.6	--	--	37	27	--
Laclede Gas (d)	651	249	58.5	10.9	14.1	12.0	--	4.2	4.0	--	--	39	39	--
<u>TELEPHONE</u>														
Southwestern Bell Telephone	7,711(e)	13,050	56.2	11.8	12.0	12.2	14.7	4.0	3.8	--	--	41	40	--
United Telephone of Missouri(f)	92	158	55.7	14.8	15.6	--	14.2	2.8	3.0	--	--	35	35	--

(a) Approximately 73% of revenue derived from service in Missouri and 27% from service in Kansas.

(b) 82% of revenue derived from electric service and 17.5% from gas service.

(c) Approximately 86% of revenue derived from service in Missouri; 11% from Illinois; and 3% from Iowa.

(d) Fiscal year ends September 30. Data for September 30, 1983. Returns on average equity for 12 months ended 9/30/81, 9/30/82, and 9/30/83.

(e) Data is for pre-divested entity. Approximately 16% of 1983 revenue of derived from service in Missouri.

(f) A subsidiary of United Telecommunications.

SNUPPS-C

Question 8. Provide citations and relevant excerpts from state and/or Federal statutes, rules or regulations (if any) that designate and require regulatory authorities to establish rates such that the applicant may recover all reasonable costs of operation incurred in the providing of utility service to customers. Also provide the citations and relevant excerpts from any administrative rulings or court decisions interpreting such statutes, rules, or regulations in the establishing of rates to allow recovery of costs incurred in the providing of utility service.

Response: See attached memo dated May 2, 1984

May 2, 1984

Mr. W. E. Jaudes:

RE: Citation and relevant excerpts from state and Federal statutes, rules, regulations and cases which establish that utilities may recover all reasonable costs of operation incurred in providing service to customers.

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I. Missouri

Missouri Statutes

Chapter 393.135 Mo. Rev. Stat. 1978

"Any charge made . . . or any costs . . . (for) property before it is fully operational and used for service, is unjust and unreasonable, and is prohibited."

Chapter 393.270(4)

"In determining the price to be charged for . . . electricity . . . the commission may consider all facts which in its judgment have any bearing on the proper determination . . . among other things, to a reasonable average return upon capital actually expended and to the necessity of making reservations out of income for surplus and contingencies."

Missouri Citations

State ex. rel. Missouri Public Service Co. v. Fraas, 627

S.W. 2d 882 (Mo. Ct. App. 1981):

There can be no argument but that the Company and its stockholders have a constitutional right to a fair and reasonable return upon their investment. That right carries as a corollary the duty by the Commission to consider all relevant factors (including the effects of inflation.) Id. at 886.

Rather, the real question is whether the stockholders shall be permitted a fair return on the money which they have expended on these common

facilities and which during the test year were in full use. As a matter of constitutional as well as statutory right, these stockholders of the Company are so entitled. Id. at 889.

State of Missouri ex rel. Missouri Water Company v. Public Service Commission of Missouri, 308 S.W. 2d 704 (Mo. 1957):

In discussing whether original cost or reproduction cost less depreciation should be used to value property used in service:

Thus it is that the courts do not and should not circumscribe regulatory agencies by any hard and fast formula. Each case must be determined upon its own facts and, oftentimes, varying factors that may be peculiarly relevant to a reasoned determination of the issue of "just and reasonable" rates under conditions then existing. It follows as a matter of course that neither the rate base nor the return to the company is to be fixed by "rule of thumb" or in the interest of expediency. Id. at 718. (Emphasis added)

RE Kansas City Power & Light Co., 43 P.U.R. 4th 559 (Mo.P.S.C. 1981):

All of the aspects of test-year operations may be adjusted upward or downward (normalized) to exclude unusual or unreasonable items in order to arrive at a proper, allowable level of all of the elements of a utility's operations; it is appropriate to adjust an historical test year for known and measurable changes. (Emphasis added)

## II. Illinois

### Illinois Statutes

Chapter 111 2/3 36 Ill. Rev. Stat. 1983 Change of rates

- Notice - Suspension of Rates - Taxes

". . . Commission shall establish rates . . . which it shall find to be just and reasonable."

The Commission may exclude the excess of the . . . amount required for a reasonable return upon the value of said public utility's property used and useful in rendering its service to the public. . .

Illinois Citations

Re Union Electric Company, 81 P.U.R. 3d 85 (Ill. Comm. Comm. 1969)

The test year is used to enable investment, revenues, expenses, fair value, rate of return, etcetera, to be determined and to ascertain whether the proposed change in rates (which are prospectively applied) result in a fair and reasonable rate of return. Id. at 87. (Emphasis Added)

Re Commonwealth Edison Co; (Ill. Comm. Comm. 43 P.U.R. 4th 503 (Ill. Comm. Comm. 1981)

A test year based on seven months actual and five months forecasted data as adjusted for certain unusual and nonrecurring revenues and expenses as well as operating and maintenance expense other than fuel, and as normalized by certain pro forma expense adjustments, provided a fair and sufficiently forward-looking test year on which to judge the reasonableness of proposed rates. Id. at 508. (Emphasis added)

III. Iowa

Iowa Statutes

Iowa Code, Chapter 476.8 - Utility Charges and Services

In determining reasonable and just rates, the Commission shall consider all factors relating to value. . .

Iowa Admin. Code, Chapter 250

20.10 Ratemaking Standards

20.10(2) Cost of Service

Rates charged by an electric utility providing electric service to each class of electric customers shall be designed, to the maximum extent practicable, to reasonably reflect the costs of providing electric service to the class. The design of rates should reasonably approximate a pricing methodology for any individual utility that would reflect the price system that would exist in a competitive market environment.

Iowa Citations

Re Iowa Power and Light Co., 20 P.U.R. 4th 397 (Iowa State Comm. Comm. 1977):

In the determination of a just and reasonable rate, the Commission considered valuation of rate base, return on equity capital, the cost of doing business and allowed those prudently incurred expenses on which the Company had sustained its burden of proof.

IV. Federal

Federal Statutes

16 USCA 824d - Rates and charges; schedules; suspension of new rates

(a) All rates and charges . . . shall be just and reasonable . . .

16 USCA 824e - Power of Commission to fix rates and charges; determination of cost of production or transmission.



(a) . . . the Commission shall determine the just and reasonable rate, charges, classification. . .

Federal Citations

State of Mo. ex rel. Southwestern Bell Telephone Co. v. P.S.C. of Mo., 262 U.S. 276 (1923): The state Commission cannot "ignore items charged by the utilities as operating expenses unless there is an abuse of discretion in that regard by the corporate officers." Id. at 289.

Bluefield Water Works Co. v. Public Service Commission of W. Va., 262 U.S. 679 (1923): A public utility is entitled to such rates, as will permit it to earn a return on the value of the property which it employs for the convenience of the public.


"The ascertainment of that value is not controlled by artificial rules. It is not a matter of formulas, but there must be a reasonable judgment having its basis in a proper consideration of all relevant facts." Id. at 690.

Federal Power Commission v. Hope Natural Gas Co., 320 U.S. 591 (1944):

It is important that there be enough revenue not only for operating expenses but also for the capital costs of the business, which includes service on the debt and dividends on stock, and by such standard the return to the equity owner should be commensurate with the terms on investment in other enterprises having corresponding risks, and such returns should be sufficient to assure confidence in the financial integrity of the enterprise so as to maintain its credit and to attract capital. Id. at 603.

Anaheim, Riverside, et al. v. Federal Energy Regulatory Commission, 669 F.2d 799 (1981) holds that just and reasonable

rates must meet the requirements of Hope and Bluefield. 16  
U.S.C.A. 824 and 824d are construed by this standard.

  
Juanita Feigenbaum

JF/jp

cc: P. A. Agathen

Question 9.

Describe the nature and amount of its most recent rate relief action(s). In addition, indicate the nature and amount of any pending rate relief action(s). Use the attached form to provide this information. Provide copies of the submitted, financially related testimony and exhibits of the staff and company in the most recent rate relief action or pending action. Furnish copies of the hearing examiner's report and recommendation, and final opinion last issued with respect to each participant, including all financially related exhibits referred to therein.

Response:

See attached Tables 9-1 through 9-7. Additional information is provided in the enclosures to this response. All data refer to Union Electric's primary business of electric generation.

Table 9-1

## ATTACHMENT FOR ITEM NO. 9

RATE DEVELOPMENTS

Electric

Granted

Test year utilized  
 Annual amount of revenue increase requested -  
     test year basis (000's)  
 Date petition filed  
 Annual amount of revenue increase allowed -  
     test year basis (000's)  
 Percent increase in revenues allowed  
 Date of final order  
 Effective date  
 Rate base finding (000's)  
 Construction work in progress included in  
     Rate base (000's)  
 Rate of return on rate base authorized  
 Rate of return on common equity authorized

Revenue Effect (000's)

Amount received in year granted  
 Amount received in subsequent year  
 (If not available, annualize amounts  
     received in year granted)

Pending Requests

Test year utilized	12 mos. ending 12/31/84 (1)
Amount (000's) (excluding revenue taxes)	\$638,590
Percent increase	65.0%
Date petition filed	2/15/84
Date by which decision must be issued	1/15/85
Rate of return on rate base requested	11.98%
Rate of return on common equity requested	15.62%
Amount of rate base requested (000)	\$3914169
Amount of construction work in progress requested for inclusion in rate base	--- (1)

(1) including pro forma adjustments to reflect the Callaway Plant in service

Table 9-2

## ATTACHMENT FOR ITEM NO. 9

RATE DEVELOPMENTS

Electric

Granted

Test year utilized  
 Annual amount of revenue increase requested -  
     test year basis (000's)  
 Date petition filed  
 Annual amount of revenue increase allowed -  
     test year basis (000's)  
 Percent increase in revenues allowed  
 Date of final order  
 Effective date  
 Rate base finding (000's)  
 Construction work in progress included in  
     Rate base (000's)  
 Rate of return on rate base authorized  
 Rate of return on common equity authorized

Revenue Effect (000's)

Amount received in year granted  
 Amount received in subsequent year  
 (If not available, annualize amounts  
     received in year granted)

Pending Requests

Test year utilized	12 mos. ending 12/31/84 (1)
Amount (000's) (excluding revenue taxes)	\$77,955
Percent increase	58.8%
Date petition filed	2/15/84
Date by which decision must be issued	1/15/85
Rate of return on rate base requested	11.98%
Rate of return on common equity requested	15.62%
Amount of rate base requested (000)	\$470,918
Amount of construction work in progress requested for inclusion in rate base	--- (1)

(1) including pro forma adjustments to reflect the Callaway Plant in service

Table 9-3

## ATTACHMENT FOR ITEM NO. 9

RATE DEVELOPMENTS

## Electric

Granted

Test year utilized	12 months 9/30/83
Annual amount of revenue increase requested - test year basis (000's)	\$121,703 12/3/82
Date petition filed	
Annual amount of revenue increase allowed - test year basis (000's)	\$ 30,500
Percent increase in revenues allowed	4.94%
Date of final order	7/06/83
Effective date	7/10/83
Rate base finding (000's)	*
Construction work in progress included in Rate base (000's)	None
Rate of return on rate base authorized	*
Rate of return on common equity authorized	*

Revenue Effect (000's)

Amount received in year granted  
 Amount received in subsequent year  
 (If not available, annualize amounts  
 received in year granted)

Pending Requests

Test year utilized  
 Amount (000's)  
 Percent increase  
 Date petition filed  
 Date by which decision must be issued  
 Rate of return on rate base requested  
 Rate of return on common equity requested  
 Amount of rate base requested  
 Amount of construction work in progress  
 requested for inclusion in rate base

\* Increase was based on a stipulated settlement of all parties. No determination of rate base, return on rate base or return on common equity was made.



Table 9-4

## ATTACHMENT FOR ITEM NO. 9

RATE DEVELOPMENTS

## Electric

Granted

Test year utilized		*
Annual amount of revenue increase requested - test year basis (000's)	\$ 127,685	8/17/81
Date petition filed		
Annual amount of revenue increase allowed - test year basis (000's)	\$ 65,502	
Percent increase in revenues allowed	9.8%	
Date of final order	7/02/82	
Effective date	7/14/82	
Rate base finding (000's)	\$1,331,399	
Construction work in progress included in Rate base (000's)	None	
Rate of return on rate base authorized	11.71%	
Rate of return on common equity authorized	15.62%	

Revenue Effect (000's)

Amount received in year granted  
 Amount received in subsequent year  
 (If not available, annualize amounts  
 received in year granted)

Pending Requests

Test year utilized  
 Amount (000's)  
 Percent increase  
 Date petition filed  
 Date by which decision must be issued  
 Rate of return on rate base requested  
 Rate of return on common equity requested  
 Amount of rate base requested  
 Amount of construction work in progress  
 requested for inclusion in rate base

\* Company filed based on 12 months ended 6/30/82.

Commission utilized the 12 months ended 10/31/81 with a true-up of known  
 and measurable changes at 4/30/82.

Table 9-5

## ATTACHMENT FOR ITEM NO. 9

RATE DEVELOPMENTS

## Electric

Granted

Test year utilized	1983	
Annual amount of revenue increase requested -	\$ 20,406	
test year basis (000's) Excl. All Rev. Taxes	July 9, 1982	
Date petition filed		Rehearing
Annual amount of revenue increase allowed -		
test year basis (000's)	\$ 8,813	\$677
Percent increase in revenues allowed	7.07%	.51%
Date of final order	May 25, 1983	Sept. 21, 1983
Effective date	June 1, 1983	Sept. 27, 1983
Rate base finding (000's)	\$193,448	
Construction work in progress included in		
Rate base (000's)	None	
Rate of return on rate base authorized	11.9%	
Rate of return on common equity authorized	15.50%	

Revenue Effect (000's)

Amount received in year granted	Unknown
Amount received in subsequent year	\$ 9,490
(If not available, annualize amounts	
received in year granted)	

Pending Requests

Test year utilized  
 Amount (000's)  
 Percent increase  
 Date petition filed  
 Date by which decision must be issued  
 Rate of return on rate base requested  
 Rate of return on common equity requested  
 Amount of rate base requested  
 Amount of construction work in progress  
 requested for inclusion in rate base

Table 9-6

## ATTACHMENT FOR ITEM NO. 9

RATE DEVELOPMENTS

## Electric

Granted

Test year utilized	1982
Annual amount of revenue increase requested - test year basis (000's)	\$ 6,170 May 4, 1983
Date petition filed	
Annual amount of revenue increase allowed - test year basis (000's)	\$ 2,374
Percent increase in revenues allowed	7.53%
Date of final order	May 26, 1984
Effective date	April 2, 1984
Rate base finding (000's)	\$60,081
Construction work in progress included in Rate base (000's)	None
Rate of return on rate base authorized	11.3%
Rate of return on common equity authorized	14.8%

Revenue Effect (000's)

Amount received in year granted	Unknown
Amount received in subsequent year (If not available, annualize amounts received in year granted)	\$ 2,374

Pending Requests

Test year utilized	
Amount (000's)	
Percent increase	
Date petition filed	
Date by which decision must be issued	
Rate of return on rate base requested	
Rate of return on common equity requested	
Amount of rate base requested	
Amount of construction work in progress requested for inclusion in rate base	

Table 9-7

ATTACHMENT FOR ITEM NO. 9

RATE DEVELOPMENTS

Electric

Granted

Test year utilized	1983
Annual amount of revenue increase requested - test year basis (000's)	\$4,030 (1) July 29, 1983
Date petition filed	
Annual amount of revenue increase allowed - test year basis (000's)	\$2,000 (2)
Percent increase in revenues allowed	5.33%
Date of final order	Not Issued to Date
Effective date	February 27, 1984
Rate base finding (000's)	(2)
Construction work in progress included in Rate base (000's)	None
Rate of return on rate base authorized	(2)
Rate of return on common equity authorized	(2)

Revenue Effect (000's)

Amount received in year granted	Unknown
Amount received in subsequent year (If not available, annualize amounts received in year granted)	\$2,000

Pending Requests

Test year utilized  
Amount (000's)  
Percent increase  
Date petition filed  
Date by which decision must be issued  
Rate of return on rate base requested  
Rate of return on common equity requested  
Amount of rate base requested  
Amount of construction work in progress  
requested for inclusion in rate base

(1) Revised to \$3,339,000 on September 9, 1983.

(2) This was a stipulated settlement for dollar amount only.

SNUPPS-C

Question 10. Complete the enclosed form entitled, "Financial Statistics," for the most recent twelve-month period and for the previous three calendar years.

Response: See Tables 10-1 thru 10-4

Table 10-1  
ATTACHMENT FOR ITEM NO. 10  
FINANCIAL STATISTICS

12 months' ended December 31, 1981

(dollars in millions)

	<u>12/31/81</u>	
Earnings available to common equity	\$	127.6
Average common equity	\$1,054.0	12.1%
Rate of return on average common equity		
Times total interest earned before FIT:		
Gross income (both including and excluding AFDC) + current and deferred FIT + total interest charges + amortization of debt discount and expense	Including AFDC	1.77
	Excluding AFDC	1.41
Times long-term interest earned before FIT:		
Gross income (both including and excluding AFDC) + current and deferred FIT + long-term interest charges + amortization of debt discount and expense	Including AFDC	2.11
	Excluding AFDC	1.68
Bond ratings (end of period)		
Standard and Poor's	BBB+	
Moody's	Baa	
Times interest and preferred dividends earned after FIT:		
Gross income (both including and excluding AFDC) + total interest charges + amortization of debt discount and expense + preferred dividends	Including AFDC	1.18
	Excluding AFDC	1.08
AFUDC (net)	\$111.5	
Net income after preferred dividends	\$127.6	
%	87.4%	
Market price of common	\$10.875	
Book value of common	\$ 15.55	
Market-book ratio (end of period)*	70.0%	
Earnings avail. for common less AFDC + depreciation and amortization, deferred taxes, and invest. tax credit adjust.-deferred	\$137.2	
Common dividends	\$101.7	
Ratio	1.35	
Short-term debt	\$120.4	
Bank loans	\$ 66.4	
Commercial paper	\$ 54.0	
Capitalization (Amount & Percent)	\$3,274.1	100.0%
Long-term debt	\$1,719.9	52.5
Preferred stock	\$ 391.4	12.0
Common equity	\$1,162.8	35.5

\* If subsidiary company, use parent's data.



Table 10-2  
ATTACHMENT FOR ITEM NO. 10  
FINANCIAL STATISTICS

12 months' ended December 31, 1982

(dollars in millions)

	<u>12/31/82</u>	
Earnings available to common equity	\$ 165.5	
Average common equity	\$1,187.7	
Rate of return on average common equity	13.9%	
Times total interest earned before FIT:		
Gross income (both including and excluding AFDC) + current and deferred FIT + total interest charges + amortization of debt discount and expense Including AFDC	1.86	
Excluding AFDC	1.39	
Times long-term interest earned before FIT:		
Gross income (both including and excluding AFDC) + current and deferred FIT + long-term interest charges + amortization of debt discount and expense Including AFDC	2.11	
Excluding AFDC	1.58	
Bond ratings (end of period)		
Standard and Poor's	BBB-	
Moody's	Baa-2	
Times interest and preferred dividends earned after FIT:		
Gross income (both including and excluding AFDC) + total interest charges + amortization of debt discount and expense + preferred dividends Including AFDC	1.26	
Excluding AFDC	1.07	
AFUDC (net)	\$148.7	
Net income after preferred dividends	\$165.5	
%	89.8%	
Market price of common	\$13.75	
Book value of common	\$15.73	
Market-book ratio (end of period)*	87.4%	
Earnings avail. for common less AFDC + depreciation and amortization, deferred taxes, and invest. tax credit adjust.-deferred	\$119.9	
Common dividends	\$120.2	
Ratio	1.00	
Short-term debt	\$ 67.1	
Bank loans	\$ 42.1	
Commercial paper	\$ 25.0	
Capitalization (Amount & Percent)	\$3,792.8	100.0%
Long-term debt	\$2,000.4	52.8
Preferred stock	\$ 464.3	12.2
Common equity	\$1,328.1	35.0

\* If subsidiary company, use parent's data.

Table 10-3  
ATTACHMENT FOR ITEM NO. 10  
FINANCIAL STATISTICS

12 months' ended December 31, 1983

(dollars in millions)

	<u>12/31/83</u>	
Earnings available to common equity	\$	230.4
Average common equity	\$	1,397.0
Rate of return on average common equity		16.5%
Times total interest earned before FIT:		
Gross income (both including and excluding AFDC) + current and deferred FIT + total interest charges + amortization of debt discount and expense		
Including AFDC	2.34	
Excluding AFDC	1.72	
Times long-term interest earned before FIT:		
Gross income (both including and excluding AFDC) + current and deferred FIT + long-term interest charges + amortization of debt discount and expense		
Including AFDC	2.61	
Excluding AFDC	1.91	
Bond ratings (end of period)		
Standard and Poor's	BBB-	
Moody's	Baa-2	
Times interest and preferred dividends earned after FIT:		
Gross income (both including and excluding AFDC) + total interest charges + amortization of debt discount and expense + preferred dividends		
Including AFDC	1.44	
Excluding AFDC	1.12	
AFUDC (net)	\$	198.9
Net income after preferred dividends	\$	230.4
%		86.3%
Market price of common	\$	12.875
Book value of common	\$	16.43
Market-book ratio (end of period)*		78.4%
Earnings avail. for common less AFDC + depreciation and amortization, deferred taxes, and invest. tax credit adjust.-deferred	\$	200.1
Common dividends	\$	145.7
Ratio		1.37
Short-term debt	\$	31.5
Bank loans	\$	31.5
Commercial paper	\$	---
Capitalization (Amount & Percent)	\$	
Long-term debt	\$	2,108.0
Preferred stock	\$	537.2
Common equity	\$	1,555.5
		100.0%
		50.2
		12.8
		37.0

\* If subsidiary company, use parent's data.

SNUPPS-C

Table 10-4  
ATTACHMENT FOR ITEM NO. 10  
FINANCIAL STATISTICS

12 months' ended March 31, 1984

(dollars in millions)

	3/31/84	
Earnings available to common equity	\$	242.9
Average common equity	\$1,451.9	
Rate of return on average common equity		16.7%
Times total interest earned before FIT:		
Gross income (both including and excluding AFDC) + current and deferred FIT + total interest charges + amortization of debt discount and expense	Including AFDC	2.39
	Excluding AFDC	1.73
Times long-term interest earned before FIT:		
Gross income (both including and excluding AFDC) + current and deferred FIT + long-term interest charges + amortization of debt discount and expense	Including AFDC	2.65
	Excluding AFDC	1.91
Bond ratings (end of period)		
Standard and Poor's	BBB-	
Moody's	Baa-2	
Times interest and preferred dividends earned after FIT:		
Gross income (both including and excluding AFDC) + total interest charges + amortization of debt discount and expense + preferred dividends	Including AFDC	1.45
	Excluding AFDC	1.10
AFUDC (net)	\$216.9	
Net income after preferred dividends	\$242.9	
%		89.3%
Market price of common	\$12.50	
Book value of common	\$16.54	
Market-book ratio (end of period)*		75.6%
Earnings avail. for common less AFDC + depreciation and amortization, deferred taxes, and invest. tax credit adjust.-deferred	\$204.8	
Common dividends	\$151.9	
Ratio		1.35
Short-term debt	\$117.7	
Bank loans	\$ 84.5	
Commercial paper	\$ 33.2	
Capitalization (Amount & Percent)	\$4,295.6	100.0%
Long-term debt	\$2,174.1	50.6
Preferred stock	\$ 537.2	12.5
Common equity	\$1,584.3	36.9

\* If subsidiary company, use parent's data.