

UNION ELECTRIC COMPANY GAS SERVICE

Applying to MISSOURI SERVICE AREA

IV. Extension of Distribution Mains

Subject to Rule and Regulation III. F hereof, gas service will be supplied to customers within Company's authorized service area, by extension, modification or enlargement of the Company's gas distribution system in accordance with the following provisions:

A. Length of Extension

The length of the extension will be the distance along the installation route specified by Company. Such distance shall be measured from the nearest existing main having sufficient capacity to serve the customer to the point necessary to accommodate the connection to the service pipe to customer's premises. Within residential subdivisions and commercial or industrial tracts, the extension shall also include the additional length of the main to the property boundary between the customer being served and the next immediately adjacent premises. Company shall have the right to defer deployment of its construction resources for the installation of extensions in residential subdivisions and commercial or industrial tracts until the length of the extension is at least 500 feet or stretches to the end of the street or plat being developed.

*B. Cost of Extension

The total installed cost of line extensions, modifications and enlargements of the Company's distribution system will include the cost of all labor and materials, permits, cleared right-of-way and all other incidental costs, including indirect costs. The indirect costs will include, where applicable, the cost of engineering, supervision, inspection, insurance, payments for injury and damage awards, taxes, AFUDC (Allowance For Funds Used During Construction), legal and administrative and general expenses associated with the extension of the Company's distribution system. Charges to customers for extension costs will include additions for indirect costs based upon the indirect costs experienced by the Company, as a percentage of direct costs, during the preceding calendar year. The Company's main and service extension allowances and charges are based on normal, pre-development and unobstructed conditions. Cost estimates relative to guaranteed revenue or customer contributions are based on the conditions prevailing at the time the estimate is made and stated anticipated subsurface conditions (rock and underground conflicts). Additional costs due to changes in surface conditions or unanticipated subsurface conditions will be charged to the customer. A copy of the Company's estimated extension charges, including such indirect costs, shall be furnished to the customer upon request prior to construction. Company may install a distribution extension of greater length or capacity than initially required for the customer requesting service, due to general engineering, operating, or economic reasons, in which case the additional cost of such increases in distribution system length or capacity shall not be included in the cost of the extension applicable to customer.

* Indicates Change.

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ISSUED BY C. W. Mueller President & CEO St. Louis, Missouri
Name of Officer Title Address

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IV. Extension of Distribution Mains (Cont'd.)

* C. Extensions Not Exceeding 160 Feet Per Customer

Company will provide an extension of its distribution mains of up to 160 feet per individual and up to 160 feet per residential subdivision or commercial-industrial tract customer, subject to the provisions of this Section IV. In determining the actual main extension footage per customer, the extension length specified in paragraph A. shall be divided by the number of residential and/or commercial-industrial tract customers which, in the Company's sole judgment, will be connected and utilizing gas as their main source of space and/or process heating after completion of the main extension. All other customers, not meeting the above requirements, shall be provided gas service in accordance with the provisions of paragraphs D.-G. of this Section IV.

* D. Extensions Exceeding 160 Feet Per Customer

Company will provide an extension of its distribution mains in excess of 160 feet per customer to individual customers and for each gas connection within residential subdivisions and commercial or industrial tracts as follows:

- * 1. Residential subdivisions - Customer/developer will pay to Company an advance refundable contribution for all main extension footage requested in excess of 160 feet times the number of customers, as referenced in paragraph C. above, to which gas will be connected. The refundable contribution will be required from customer/developer prior to the commencement of construction by Company and will be determined in accordance with paragraph E. herein.
- * 2. All other extensions - For all extensions other than to residential subdivisions, Company's main extension allowance will be equal to the total net revenue anticipated to be realized from customer and commodity charges (excluding PGA and billing tax revenues) by Company, for additional gas service provided from the main extension, during the first three (3) years following the commencement of such service. Where the anticipated three (3) year net revenue to be received is less than the estimated main extension cost, customer/developer or other responsible party will be required to enter into a guarantee agreement with Company, prior to the commencement of construction by Company. Said guarantee will be applicable to the total cost of the extension requested in order to insure that the Company's extension is based upon sound economic principles.

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IV. Extension of Distribution Mains (Cont'd.)

In addition to the above requirements, for any category of customer, where extensions are requested to an individual customer or multiple customer tracts, which in Company's judgment may not be fully developed and occupied by potential gas consuming customers, as referenced in paragraph C. above, within three (3) years after the extension is completed, an advance refundable contribution as described below will be required from customer/developer or other responsible party prior to the commencement of construction by Company.

* E. Advance Refundable Contribution

Advance refundable contributions will be required from customer/developer or other responsible party for main extensions to multiple customer tracts which, in Company's sole judgment, will not be fully occupied by gas customers, as referenced in paragraph C. above, within three (3) years after the extension is completed by Company. The contribution will be paid to Company prior to the commencement of construction of the main extension by Company. The amount of the contribution will be based upon the total project cost less an allowance for the Company's estimate of the number of active gas customers being served on the customer/developer tract by the end of the three (3) year period following the completion of the extension. This allowance will be equal to the average per foot cost of the project times the main extension allowance of 160 feet times the estimated number of customers as described above. The amount of the contribution will be determined in accordance with the following expression.

$$DC = PC - (PC/FT) \times (CTY \times 160')$$

Where:

DC = Developer/customer advance refundable contribution toward project

PC = Total project cost

FT = Total feet of main to be constructed

CTY = Projected number of space heating/process customers which will be attached to the main within three (3) years after the completion of the main extension.

The advance refundable contribution provided to Company will begin to be refunded to customer/developer or other responsible party only after the number of customers connected exceeds the three-year projected customer connections used in the calculation of the refundable contribution. The amount of the refund for each connection in excess of the three-year projection shall be determined by the following expression:

$$\text{Refund per extra connection} = PC/FT \times 160'$$

All refunds will be made without interest and in no instance will the total refunds paid ever exceed the original contribution. Such refunds will be made at annual intervals from the date the main extension agreement was completed. Any amounts remaining unrefunded after five years from the agreement date will be credited to the Company's appropriate plant account.

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Extension of Distribution Main (Cont'd.)

F. Guarantee Agreement

*For all main extensions other than to residential subdivisions, a guarantee agreement will be required for any extension which exceeds 160 feet per customer in length and the cost of which exceeds the net customer and commodity charge revenue anticipated to be received by the Company for the additional gas service provided during the first three years following completion of the extension or in Company's opinion, developer/customer revenues cannot be established with certainty, or customer credit standing acceptable to Company cannot be established. The net customer and commodity charge revenue applicable to such extension costs shall be exclusive of both purchased gas adjustment (PGA) revenue and any revenue taxes applicable to customer's total bill for service. Said guarantee will be applicable to the total cost of the main extension, with the required guarantee agreement being entered into by the customer and the Company prior to the commencement of construction of the extension by Company. The guarantee agreement will provide the following:

1. The monthly guarantee payment to be made by customer will be a minimum of one thirty-sixth (1/36) of the total cost of the extension being guaranteed. Such guarantee payment will be in addition to PGA revenue and any revenue taxes applicable to customer's total bill for service.
2. Deficiency revenue is defined as that portion of any monthly guarantee payment which exceeds the net customer and commodity charge revenue for customer's gas service, exclusive of PGA and revenue taxes.
3. A guarantee will terminate within the 36-month guarantee period whenever the total net customer and commodity charge revenue realized from the gas service provided to the premises served by the extension exclusive of PGA and revenue taxes equals or exceeds the total cost of the extension.
4. Whenever the total net customer and commodity charge revenue for gas service to the premises served by the extension, exclusive of PGA and revenue taxes, equals or exceeds the total cost of the extension at any time

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during the 36-month guarantee term, any deficiency revenue paid by customer will be refunded to the customer.

G. Supplementary Extensions of Mains or Services

Supplementary extensions of mains, or additional services extended from mains previously installed and covered under existing guarantee agreements initiated by other customers, will be made in accordance with the provisions of this Section IV. In such instances of supplementary extensions, the guarantee amounts of the current customers served from the original main extension will be revised based upon the current and additional, if any, facilities and number of customers being served. Such revised guarantee amounts will be applicable to all customers, prior and new, served from the facilities being guaranteed for the remainder of the term of the prior guarantee agreement.

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