

**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

In the Matter of Union Electric Company, d/b/a                    )  
AmerenUE's Tariffs to Increase Its Annual                    ) **Case No. ER-2008-0318**  
Revenues for Electric Service                                    ) **Tariff Nos. YE-2008-0605**

**CONCURRING OPINION OF  
COMMISSIONER JEFF DAVIS**

Time constraints associated with the issuance of the order do not permit me to offer any further comment at this time. I chose to spend my time helping write an order based on the law and the facts in this case, not the fear of public perception.

Questions have been raised about the inherent reasonableness of the order and I wish to offer one more brief analogy in support of the Commission decision:

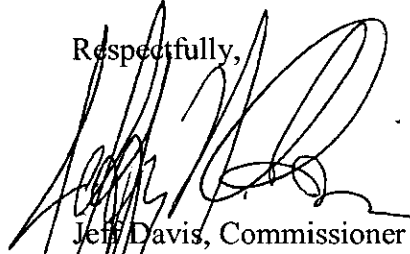
- Last year, the Illinois Commerce Commission voted to award AmerenUE's Illinois affiliates approximately \$163.5 million predicated on a 10.65% return on equity decision. All five Illinois Commissioners voted for decision.
- AmerenUE is comparable in size and customer base to its Illinois affiliates.
- AmerenUE requires a much greater degree of management skill than its Illinois affiliates because the company owns and operates its own fleet of electric generation plants, including a nuclear unit. Accordingly, a higher return is commensurate with the greater risk involved.
- One of AmerenUE's Illinois affiliates issued senior secured debt at a cost of approximately 8.75%. Equity is much more expensive than that debt because there is no security for your investment and no guaranteed repayment schedule.
- This Commission independently reached a decision on all of the issues in this rate case that is approximately \$1 million different than that reached unanimously by all five Illinois Commerce Commissioners less than six months ago.

The Commission majority independently reached a decision that is close to the national average for return on equity and is nearly identical in outcome to the result reached by all five

Illinois Commissioners. Our decisions should not unthinkingly mirror national trends or the decisions issued by neighboring state commissions, but these facts should be considered when reasonable people are trying to determine who is the most enlightened – the majority or the minority – in this case.

I respectfully concur with the majority opinion in all respects.

Respectfully,

A handwritten signature in black ink, appearing to read "Jeff Davis", written over the printed name below it.

Jeff Davis, Commissioner

Dated at Jefferson City, Missouri  
on this 27<sup>th</sup> day of January, 2009.