Exhibit No.:	
Issues:	Updated Capital Structure
Witness:	Michael G. O'Bryan
Sponsoring Party:	Union Electric Company
Type of Exhibit:	Supplemental Direct Testimony
Case No.:	ER-2008-0318
Date Testimony Prepared:	June 16, 2008

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. ER-2008-0318

SUPPLEMENTAL DIRECT TESTIMONY

OF

MICHAEL G. O'BRYAN

ON

BEHALF OF

UNION ELECTRIC COMPANY
d/b/a AmerenUE

St. Louis, Missouri
June, 2008

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SUPPLEMENTAL DIRECT TESTIMONY

OF

MICHAEL G. O'BRYAN

CASE NO. ER-2008-0318

I. INTRODUCTION

Q. Please state your name and business address.

A. Michael G. O'Bryan, Ameren Services Company ("Ameren Services"), One Ameren Plaza, 1901 Chouteau Avenue, St. Louis, Missouri 63103.

Q. Are you the same Michael G. O'Bryan who previously filed testimony in this case?

A. Yes.

II. PURPOSE OF TESTIMONY

Q. What is the purpose of your supplemental direct testimony?

A. The purpose of this supplemental direct testimony is to update the capital structure and overall rate of return to reflect actual data for the test year consisting of the twelve months ended March 31, 2008. I am completing this update in accordance with the Commission's Order Adopting Procedural Schedule and Test Year issued on May 29, 2008.

III. UPDATED OVERALL FAIR RATE OF RETURN

Q. Have you prepared or has there been prepared under your direction and supervision any schedules relating to overall fair rate of return for purposes of this supplemental direct testimony?

A. Yes, I am sponsoring Schedules MGO-E5 through MGO-E8 for that purpose. These schedules are based upon the test year twelve months ended March 31, 2008, and are designated as follows:

Schedule MGO-E5	Capital Structure / Weighted Average Cost of Capital
Schedule MGO-E6	Embedded Cost of Long-Term Debt
Schedule MGO-E7	Cost of Short-Term Debt
Schedule MGO-E8	Embedded Cost of Preferred Stock

Scheduled MGO-E5 through E8, which use actual data for the entire test year, effectively replace Schedules MGO-E1 through E4 to my direct testimony, which were based in on data through December, 2007.

Q. How did you calculate the overall fair rate of return or weighted average cost of capital for AmerenUE?

A. I calculated these items in the same manner as that submitted in my direct testimony in this proceeding.

Q. Please describe the capital structure of AmerenUE.

A. As outlined on Schedule MGO-E5, the capital structure of AmerenUE on March 31, 2008 consisted of 46.558% long-term debt, 0.739% short-term debt, 1.776% preferred stock and 50.928% common equity.

Q. How were the balances of the components of AmerenUE's capital structure determined?

A. The balance of long-term debt, $3,001,633,545, is the total carrying value of the Company's long-term debt using the net proceeds method. The net proceeds method calculates the carrying value by taking the indebtedness principal amount outstanding and subtracting the unamortized discount, issuance expenses and any loss on reacquired debt.

The balance of short-term debt, $47,612,601, is the last twelve-month average of net short-term debt – see Schedule MGO-E7. This approach measures the average monthly short-term debt balance, less Construction Work in Progress ("CWIP"), over the 12 months in the test year. It recognizes that short-term debt balances can fluctuate substantially during the year and includes in the Company's capital structure only that portion of short-term debt which may represent permanent capital – i.e. the extent to which short-term debt plays a continual role on the financing of long-term assets.

The balance of preferred stock, $114,502,040, is also the carrying value or net proceeds amount of AmerenUE's preferred stock as found in the embedded cost calculation for this component of capitalization.

The balance of common equity, $3,283,398,137, represents AmerenUE's book value of common equity at March 31, 2008 adjusted to remove the effects of its investments in its formerly wholly-owned subsidiaries, Union Electric Development Corporation and Electric Energy, Inc. ("EEInc."). As of March 31, 2008, these subsidiaries are no longer owned by AmerenUE. I further adjusted the book value by removing AmerenUE's total other comprehensive income.

Q. What is the embedded cost of AmerenUE's long-term debt?

A. AmerenUE's embedded cost of long-term debt was 5.774% as of March 31, 2008. Schedule MGO-E6 provides the calculation of the embedded cost of long-term debt. AmerenUE has about $208 million principal amount of variable rate environmental improvement indebtedness (in various series) outstanding under which the interest rates are reset by a Dutch auction process every 7 or 35 days. The effective cost used for this indebtedness for purposes of this proceeding was derived using current rates for these securities including related auction broker/dealer fees.

Q. Did you make any adjustments to AmerenUE's long-term debt balance?

A. Yes, I did. First, I included AmerenUE's April 8, 2008 $250 million issuance of senior secured notes that refinanced the early redemption of the Company's Series 1991 and Series 2000 A, B and C Environmental Improvement auction rate securities. These auction rate securities were redeemed between April 30, 2008, and May 6, 2008. Also, I did not include the Company's obligations under capital leases related to the Chapter 100 "financing" of its Peno Creek (City of Bowling Green) and Audrain County gas-fired generating facilities. These transactions and the related capital leases did not generate any proceeds nor were they a source of capital for the Company.

Q. What is the cost of AmerenUE's short-term debt?

A. AmerenUE's cost of short-term debt was 3.384% based on the Company's borrowing rates as of May 31, 2008 on outstanding bank loans, commercial paper and a direct loan from Ameren Corporation.

Q. What is the embedded cost of AmerenUE's preferred stock?

A. AmerenUE's embedded cost of preferred stock was 5.189% as of March 31, 2008. Schedule MGO-E8 provides the calculation of the embedded cost of preferred stock.

Using the net proceeds method of calculating the balance of preferred stock, the balance outstanding as of March 31, 2008 was $114,502,040.

Q. Did you consider expenses associated with AmerenUE's issuance of preferred stock in developing the embedded cost of this component of the Company's capital structure?

A. Yes, I did. I included expenses in the same manner as that reflected in my earlier direct testimony.

Q. Please describe your calculation of AmerenUE's balance of common equity.

A. I derived AmerenUE's balance of common equity, $3,283,398,137, by adjusting the Company's book value of common equity at March 31, 2008 of $3,421,823,617 by the unappropriated undistributed subsidiary earnings associated with AmerenUE's investment in its formerly wholly-owned subsidiaries, Union Electric Development Corporation -- ($6,944,266) and EEInc. -- $152,125,791. Further, I adjusted the stated book value by removing AmerenUE's March 31, 2008 total other comprehensive income -- ($6,756,045).

Q. What is the cost of common equity for AmerenUE?

A. I used the same returns on common equity as that used in my earlier direct testimony in this proceeding – 10.9% (with a fuel adjustment clause ("FAC")) and 11.15% (without an FAC).

Q. What is the overall fair rate of return for AmerenUE for this proceeding?

A. As shown on Schedule MGO-E5, as of March 31, 2008, the overall fair rate of return for AmerenUE is 8.356% (with an FAC) and 8.483% (without an FAC). I derived this result by using the capital structure and embedded costs of long-term debt, short-term debt and preferred stock discussed above, and shown on the various Schedules attached, along with the costs of common equity for AmerenUE developed by Dr. Morin in his direct testimony.

Q. Does this conclude your supplemental direct testimony?

A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of Union Electric Company d/b/a AmerenUE for Authority to File Tariffs Increasing Rates for Electric Service Provided to Customers in the Company's Missouri Service Area.	)))))	Case No. ER-2008-0318

AFFIDAVIT OF MICHAEL G. O'BRYAN

STATE OF MISSOURI)
) **ss**
CITY OF ST. LOUIS)

Michael G. O'Bryan, being first duly sworn on his oath, states:

1. My name is Michael G. O'Bryan. I work in the City of St. Louis, Missouri, and I am employed by Ameren Services Company as Senior Capital Markets Specialist.

2. Attached hereto and made a part hereof for all purposes is my Supplemental Direct Testimony on behalf of Union Electric Company d/b/a AmerenUE consisting of 6 pages, and Schedules MGO-E5 through MGO-E8, all of which have been prepared in written form for introduction into evidence in the above-referenced docket.

3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct.

Michael G. O'Bryan

Subscribed and sworn to before me this 16th day of June, 2008.

Notary Public

My commission expires:

Danielle R. Moskop
Notary Public - Notary Seal
STATE OF MISSOURI
St. Louis County
My Commission Expires: July 21, 2009
Commission # 05745027

Union Electric Company d/b/a AmerenUE
Weighted Average Cost of Capital

With Fuel Adjustment Clause
at 3/31/2008:

CAPITAL COMPONENT	AMOUNT	PERCENT OF TOTAL	COST	WEIGHTED COST
Long-Term Debt	$3,001,633,545	46.558%	5.774%	2.688%
Short-Term Debt	$47,612,601	0.739%	3.384%	0.025%
Preferred Stock	$114,502,040	1.776%	5.189%	0.092%
Common Equity	$3,283,398,137	50.928%	10.900%	5.551%
TOTAL	**$6,447,146,323**	**100.000%**		**8.356%**

Without Fuel Adjustment Clause
at 3/31/2008:

CAPITAL COMPONENT	AMOUNT	PERCENT OF TOTAL	COST	WEIGHTED COST
Long-Term Debt	$3,001,633,545	46.558%	5.774%	2.688%
Short-Term Debt	$47,612,601	0.739%	3.384%	0.025%
Preferred Stock	$114,502,040	1.776%	5.189%	0.092%
Common Equity	$3,283,398,137	50.928%	11.150%	5.678%
TOTAL	**$6,447,146,323**	**100.000%**		**8.483%**

Union Electric Company d/b/a AmerenUE
Embedded Cost of Long-Term Debt

At March 31, 2008

					FACE AMOUNT	UNAMORTIZED BALANCES			CARRYING	ANNUALIZED	ANNUALIZED AMORTIZATION			ANNUALIZED	EMBEDDED
SERIES	COUPON (a)	ISSUED	MATURITY	PRINCIPAL	OUTSTANDING	DISC/(PREM)	ISSUE EXP.	LOSS	VALUE	COUPON INT.	DISC/(PREM)	ISSUE EXP	LOSS	INT. EXP.	COST
C1	C2	C3	C4	C5	C6	C7	C8	C9	C10	C11	C12	C13	C14	C15	C16
First Mortgage Bonds	6.750%	01-May-93	01-May-08	$148,000,000	$148,000,000	$3,490	$6,762			$9,990,000	$41,880	$81,144			
Senior Secured Notes	5.250%	22-Aug-02	01-Sep-12	$173,000,000	$173,000,000	$89,411	$540,971			$9,082,500	$20,244	$122,484			
Senior Secured Notes	4.650%	07-Oct-03	01-Oct-13	$200,000,000	$200,000,000	$218,526	$872,850			$9,300,000	$39,732	$158,700			
Senior Secured Notes	5.500%	18-May-04	15-May-14	$104,000,000	$104,000,000	$218,670	$460,428			$5,720,000	$35,460	$74,664			
Senior Secured Notes	4.750%	09-Apr-03	01-Apr-15	$114,000,000	$114,000,000	$108,444	$529,368			$5,415,000	$15,492	$75,624			
Senior Secured Notes	5.400%	08-Dec-05	01-Feb-16	$260,000,000	$260,000,000	$574,940	$1,495,015			$14,040,000	$72,624	$188,844			
Senior Secured Notes	6.400%	15-Jun-07	15-Jun-17	$425,000,000	$425,000,000	$345,876	$2,904,981			$27,200,000	$37,392	$314,052			
Senior Secured Notes (b)	6.000%	08-Apr-08	01-Apr-18	$250,000,000	$250,000,000	$755,000	$1,875,000			$15,000,000	$75,500	$187,500			
Senior Secured Notes	5.100%	28-Jul-03	01-Aug-18	$200,000,000	$200,000,000	$73,036	$1,186,060			$10,200,000	$7,068	$114,780			
Senior Secured Notes	5.100%	23-Sep-04	01-Oct-19	$300,000,000	$300,000,000	$98,808	$1,847,958			$15,300,000	$8,592	$160,692			
Senior Secured Notes	5.000%	27-Jan-05	01-Feb-20	$85,000,000	$85,000,000	$531,080	$563,882			$4,250,000	$44,880	$47,652			
First Mortgage Bonds	5.450%	15-Oct-93	01-Oct-28	$44,000,000	$44,000,000	$199,998	$367,278			$2,398,000	$9,756	$17,916			
Senior Secured Notes	5.500%	10-Mar-03	15-Mar-34	$184,000,000	$184,000,000	$1,719,120	$1,508,832			$10,120,000	$66,120	$58,032			
Senior Secured Notes	5.300%	21-Jul-05	01-Aug-37	$300,000,000	$300,000,000	$932,096	$2,733,280			$15,900,000	$31,776	$93,180			
Subordinated Debentures	7.690%	16-Dec-96	15-Dec-36	$65,500,000	$65,500,000	$411,930	$95,220			$5,036,950	$14,328	$3,312			
Environmental Improvement, Series 1992	3.505%	01-Dec-92	01-Dec-22	$47,500,000	$47,500,000		$541,447			$1,664,875		$97,800			
Environmental Improvement, Series 1998 ABC	3.936%	04-Sep-98	01-Sep-33	$160,000,000	$160,000,000		$2,361,405			$6,297,800		$391,452			
TOTAL LONG-TERM DEBT				**$3,060,000,000**	**$3,060,000,000**	**$6,280,425**	**$19,890,737**	**$32,195,293**	**$3,001,633,545**	**$166,915,125**	**$520,844**	**$2,187,828**	**$3,702,828**	**$173,326,625**	**5.774%**

Carrying Value = Face Amount Outstanding less Unamortized Discount, Issuance Expenses, and Loss on Reacquired Debt

C10 = C6 - C7 - C8 - C9

Annualized Interest Expense = Annual Coupon Interest plus Annual Amortization of Discount, Issuance Expenses, and Loss on Reacquired Debt

C15 = C11 + C12 + C13 + C14

Embedded Cost = Annualized Interest Expense divided by Carrying Value

C16 = C15 / C10

(a) Coupon rate for variable rate auction securities reflects prevailing rates as of 5/31/08 and includes ongoing broker dealer fees.

(b) The 6% Senior Notes issued on April 8, 2008 refinanced the Environmental Improvement auction rate bonds, Series 1991 and 2000 Series A, B and C.
The redemptions of these bonds happened in April and May 2008.

Union Electric Company d/b/a AmerenUE
Cost of Short-term Debt

April 1, 2007 - March 31, 2008

MONTH C1	BALANCE OF SHORT-TERM DEBT (a) C2	BALANCE OF TOTAL CWIP C3	BALANCE OF CWIP ACCRUING AFUDC C4	NET AMOUNT OUTSTANDING C5	INTEREST RATE C6
April 2007	$710,800,000	$341,513,402	$432,843,662	$277,956,338	5.449%
May	669,500,000	302,036,513	376,105,131	293,394,869	5.790%
June	254,600,000	332,516,228	361,064,128	0	5.870%
July	176,600,000	341,269,174	349,650,018	0	5.688%
August	99,100,000	388,043,452	340,236,201	0	5.934%
September	148,700,000	411,983,830	364,211,544	0	5.744%
October	219,200,000	445,251,694	383,638,947	0	5.231%
November	230,700,000	467,042,905	472,855,882	0	4.864%
December	0	545,901,947	517,979,394	0	5.399%
January 2008	98,000,000	557,789,442	563,410,698	0	4.397%
February	193,800,000	632,388,934	551,775,422	0	3.728%
March	329,900,000	681,225,285	664,764,084	0	3.450%
AVERAGE	**$260,908,333**	**$453,913,567**	**$448,211,259**	**$47,612,601**	

C5 Net Amount Outstanding = Balance of Short-Term Debt less Balance of CWIP Accruing AFUDC
C5 = C2 - C4

(a) Short-term debt amounts are net of cash. Negative amounts are excluded.

Union Electric Company d/b/a AmerenUE
Embedded Cost of Preferred Stock

at March 31, 2008

SERIES, TYPE, PAR C1	DIVIDEND C2	ISSUED C3	MATURITY C4	SHARES OUTSTANDING C5	PAR ISSUED/ OUTSTANDING C6	PREMIUM C7	ISSUANCE EXPENSE/DISCOUNT C8	NET PROCEEDS C9	ANNUAL DIVIDEND C10	EMBEDDED COST C11
$4.50 Series, Perpetual, $100 par	$4.500	01-May-41	-	213,595	$21,359,500	($825,000)	$440,294	$21,744,206	$961,178	
$5.50 Series, Perpetual, $100 par	$5.500	01-Oct-41	-	14,000	$1,400,000			$1,400,000	$77,000	
$3.70 Series, Perpetual, $100 par	$3.700	01-Oct-45	-	40,000	$4,000,000	($70,000)	$69,396	$4,000,604	$148,000	
$3.50 Series, Perpetual, $100 par	$3.500	01-May-46	-	130,000	$13,000,000	($910,000)	$252,772	$13,657,228	$455,000	
$4.30 Series, Perpetual, $100 par	$4.300	01-Jul-46	-	40,000	$4,000,000			$4,000,000	$172,000	
$4.75 Series, Perpetual, $100 par	$4.750	01-Oct-49	-	20,000	$2,000,000			$2,000,000	$95,000	
$4.00 Series, Perpetual, $100 par	$4.000	01-Nov-49	-	150,000	$15,000,000	($384,000)	$326,896	$15,057,104	$600,000	
$4.56 Series, Perpetual, $100 par	$4.560	01-Nov-63	-	200,000	$20,000,000	($266,000)	$297,633	$19,968,367	$912,000	
$7.64 Series, Perpetual, $100 par	$7.640	01-Jan-93	-	330,000	$33,000,000		$325,469	$32,674,531	$2,521,200	
TOTAL PREFERRED STOCK					**$113,759,500**	**($2,455,000)**	**$1,712,460**	**$114,502,040**	**$5,941,378**	**5.189%**

issuance expenses, discount/premium, and any loss incurred in acquiring/redeeming prior series are not amortized due to the perpetual nature of the company's preferred stock

Net Proceeds = Par Value Outstanding plus Premium less Issuance Expense and Discount

C9 = C6 + C7 - C8

Embedded Cost = Annual Dividend divided by Net Proceeds

C11 = C10 / C9