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Witness: Michael Gorman
Type of Exhibit: Rebuttal Testimony
Issues: Revenue Requirement
Sponsoring Party: Missouri Industrial Energy Consumers
Case No.: ER-2010-0036

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 Revenues for Electric Service	**Case No. ER-2010-0036** Tariff Nos. YE-2010-0054 and YE-2010-0055

Rebuttal Testimony and Schedules of

Michael Gorman

On behalf of

Missouri Industrial Energy Consumers

February 11, 2010

BRUBAKER & ASSOCIATES, INC.
CHESTERFIELD, MO 63017

Project 9187

MIEC Exhibit No. 409
Date 3-18-10 Reporter KF
File No ER-2010-0036

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STATE OF MISSOURI)
) **SS**
COUNTY OF ST. LOUIS)

Affidavit of Michael Gorman

Michael Gorman, being first duly sworn, on his oath states:

1. My name is Michael Gorman. I am a consultant with Brubaker & Associates, Inc,, having its principal place of business at 16690 Swingley Ridge Road, Suite 140, Chesterfield, MO 63017. We have been retained by the Missouri Industrial Energy Consumers in this proceeding on their behalf.

2. Attached hereto and made a part hereof for all purposes are my rebuttal testimony and schedules which were prepared in written form for introduction into evidence in Missouri Public Service Commission Case No. ER-2010-0036.

3. I hereby swear and affirm that the testimony and schedules are true and correct and that they show the matters and things they purport to show.

Michael Gorman

Subscribed and sworn to before me this 10th day of February, 2010.

MARIA E. DECKER
Notary Public - Notary Seal
STATE OF MISSOURI
St. Louis City
My Commission Expires: May 5, 2013
Commission # 09706793

Notary Public

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Rebuttal Testimony of Michael Gorman

Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A Michael Gorman. My business address is 16690 Swingley Ridge Road, Suite 140, Chesterfield, MO 63017.

Q ARE YOU THE SAME MICHAEL GORMAN WHO FILED DIRECT TESTIMONY IN THIS PROCEEDING?

A Yes, I am.

Q WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

A I will respond to AmerenUE (AmerenUE or Company) witnesses Dr. Roger Morin concerning his proposed return on equity, and Michael O'Bryan and Gary Weiss concerning the cost of short-term debt.

Q PLEASE SUMMARIZE THE CONCLUSIONS AND RECOMMENDATIONS IN YOUR REBUTTAL TESTIMONY.

A Dr. Morin's recommended return on equity of 11.50% far exceeds a fair and reasonable return on equity for AmerenUE. Dr. Morin's studies, updated to reflect more current market information, and reflect appropriate growth rates for discounted

cash flow (DCF) and risk premium estimates, support a return on equity for AmerenUE in this proceeding of no higher than 10.00%.

Dr. Morin's *proposed flotation cost return on equity adder* should be rejected. Instead, to the extent the Company can show that a 2009 common equity issuance resulted in equity issuance cost that is reasonable and prudent, then that balance of equity issuance cost should be added to the common equity balance used to establish capital structure weights in deriving AmerenUE's overall rate of return in this proceeding. This methodology will provide full cost recognition of equity issuance cost but minimize the impact on customers' rates.

The Company is proposing to treat bank origination fees supporting its short-term borrowing facility as an amortization expense in this proceeding. That recommendation should be rejected. Instead, the bank origination fees should be amortized and included as a part of its cost of short-term debt.

Response to AmerenUE Witness Dr. Roger Morin

Q WHAT RATE OF RETURN ON COMMON EQUITY IS AMERENUE REQUESTING IN THIS PROCEEDING?

A AmerenUE is requesting a return on common equity of 11.50%, which is at the high end of Dr. Morin's range of 9.60% to 11.60% (Morin Direct Testimony at 4 and 58).

Q PLEASE DESCRIBE HOW DR. MORIN DEVELOPED HIS RETURN ON EQUITY RANGE FOR AMERENUE.

A Dr. Morin used a capital asset pricing model (CAPM), an empirical CAPM, a risk premium study, and several DCF studies to support his return on equity estimate for

AmerenUE. Dr. Morin employed these models to two proxy groups: (1) Integrated Electric Utilities; and (2) Standard & Poor's (S&P) Electric Utilities.

Dr. Morin's estimated return on equity for AmerenUE is shown below in Table 1 under column 1. Under column 2, I show adjustments to Dr. Morin's estimated return for AmerenUE. These adjustments are described in more detail below.

TABLE 1

Summary of Dr. Morin's ROE Estimates

Description	Morin Result (1)	Adjusted Result (2)
Traditional CAPM	9.60%	9.30%
Empirical CAPM	10.00%	Reject
Average CAPM	**9.80%**	**9.30%**
Historical Risk Premium Electric	11.30%	10.21%
Constant Growth DCF		
Integrated Electric Utilities (*Value Line* Growth)	12.20%	**10.77%**
Integrated Electric Utilities (Zacks Growth)	12.50%	**10.40%**
S&P Electric Utilities (*Value Line* Growth)	12.10%	**10.30%**
S&P Electric Utilities (Zacks Growth)	12.50%	**10.76%**
Average Constant Growth DCF	**12.33%**	**10.56%**
Multi-Stage Growth DCF		
Integrated Electric Utilities (*Value Line* Growth)		**10.05%**
Integrated Electric Utilities (Zacks Growth)		**9.89%**
S&P Electric Utilities (*Value Line* Growth)	N/A	**10.00%**
S&P Electric Utilities (Zacks Growth)		**9.97%**
Average Multi-Stage Growth DCF		**9.98%**
Recommended ROE	**11.50%**	
Adjusted ROE		**10.00%**

Source: Morin Direct Testimony at 56.

As described in detail below, Dr. Morin's ROE estimates should be adjusted as shown in column 2 of Table 1 above. Based on these adjustments, Dr. Morin's return on equity estimates support a return on equity for AmerenUE in the range of 9.30% to 10.60%, with a midpoint of 10.00%. Therefore, Dr. Morin's analyses, with reasonable adjustments, support my recommended return on equity of 10.00%.

CAPM

Q PLEASE DESCRIBE DR. MORIN'S TRADITIONAL CAPM ANALYSIS.

A Dr. Morin used a risk-free rate of 4.50%, a market risk premium of 6.50%, and a beta of 0.73. With this data, Dr. Morin derived a CAPM estimate of 9.30%. He then added a 30 basis point return premium for flotation cost. This flotation adjustment increased his CAPM return estimate to 9.60%. (Morin Direct Testimony at 32).

Q WHAT ISSUES DO YOU TAKE WITH DR. MORIN'S CAPM ANALYSIS?

A For the reasons set out later in this testimony, I reject Dr. Morin's flotation cost because it is not based on AmerenUE-specific cost. My main issue with Dr. Morin's CAPM analysis return estimate of 9.30% (excluding flotation cost) is his reliance on a market risk premium of 6.50%, which is based on the difference between the total return on the stock market (capital appreciation and income) and only the income return on Treasury bonds.

Q WHAT ISSUES DO YOU HAVE WITH DR. MORIN'S MARKET RISK PREMIUM ESTIMATE?

A Dr. Morin's market risk premium estimate is a high-end estimate and does not reflect a complete investigation of the market risk premium estimates made by Morningstar.

A complete consideration of Morningstar's estimate indicates that a market risk premium falls in the range of 5.70% to 6.50%, as discussed at pages 46-47 of my direct testimony.

Dr. Morin chose to rely on a market risk premium at the high end of Morningstar's range. As explained in my direct testimony, the Morningstar market risk premium is based on the Treasury bond income return, and stock market total return. This risk premium does not reflect a true investment option available to investors, and therefore does not produce a legitimate estimate of the expected premium of investing in the stock market versus that of Treasury bonds.

However, the market risk premium based on actual investment results of stock market versus Treasury bond investments, indicates the market risk premium at the end of 2008 decreased considerably from previous years. For example, at end of year 2007, the total investment return market risk premium was estimated to be 6.60%. I believe the market disruption created an aberration to the market risk premium estimated from historical data through year-end 2008.

While I believe the methodology that underlies the 2008 market risk premium estimate of 5.70% is more accurate, I believe that this point estimate was severely impacted by the 2008 market disruptions. Therefore, I will not take issue with the market risk premium of 6.50% used by Dr. Morin, because it appears to be in line with a normalized market risk premium.

Q PLEASE DESCRIBE DR. MORIN'S EMPIRICAL CAPM (ECAPM) ANALYSIS.

A His ECAPM analysis adds two weighted risk premiums to a risk-free rate: a 75% weighted risk premium based on a 0.73 utility beta, and a 25% weighted risk premium based on a beta equal to the overall market beta of 1.0. The theory of his ECAPM is

that a beta of less than 1.0 will increase toward the market beta of 1.0 over time, which is necessary because the risk of securities will be increasing over time.

Q WHAT ISSUES DO YOU TAKE WITH DR. MORIN'S ECAPM ANALYSIS?

A His ECAPM analysis should be rejected for several reasons. First, the practical result of Dr. Morin's ECAPM is that the CAPM return is based on a beta estimate of 0.80,[1] instead of his actual *Value Line* utility beta of 0.73. Indeed, his ECAPM analysis significantly overstates a utility company-specific risk premium for use in a risk premium analysis.

Second, the ECAPM produces the same mathematical adjustments to the result of a traditional CAPM return estimate as does the use of an adjusted *Value Line* beta relative to an unadjusted raw beta. Theoretical constructs of the ECAPM are based on a raw beta or unadjusted betas. Using a raw beta, the ECAPM will increase the CAPM return estimate when the raw betas are less than 1.0, and decrease the CAPM return estimate when the raw betas are greater than 1.0.

Value Line's adjusted beta creates the same impact on a CAPM return estimate as the ECAPM. Specifically, *Value Line*'s beta adjustment when used in a traditional CAPM return estimate, will increase a CAPM return estimate when the beta is less than 1.0, and decrease the CAPM return estimate when the beta is greater than 1.0. Therefore, an ECAPM with a raw beta produces the same impact on the CAPM return estimate as does a traditional CAPM using an adjusted beta estimate. Importantly, I am not aware of any research, that was subjected to peer review, that supports Dr. Morin's proposed use of an adjusted beta in an ECAPM study.

[1] Weighted at 75% utility proxy beta, plus the market beta of 1.0 weighted at 25%.

Dr. Morin's proposal to use an adjusted beta in an ECAPM is not based on sound principles, is not supported by the academic community, and should be rejected.

Further, using an adjusted beta in an ECAPM analysis, as Dr. Morin proposes, double-counts the increase in the CAPM return estimates for betas less than 1.0, and correspondingly would decrease the CAPM return estimates for companies that have betas greater than 1.0. Since utility companies have betas less than 1.0, Dr. Morin's application of an ECAPM with adjusted beta estimates, overstates the CAPM return estimate for a utility company.

For all these reasons, Dr. Morin's ECAPM analysis should be rejected.

Historical Risk Premium

Q PLEASE DESCRIBE DR. MORIN'S HISTORICAL RISK PREMIUM.

A Dr. Morin estimates the actual achieved return on electric utility stocks relative to that of long-term "A" rated utility bond securities over the period 1931 through end of year 2007. This produced an achieved return on electric utility stocks above the achieved return on Treasury bonds of 5.00%.[2]

Dr. Morin then adds the estimated electric equity risk premium of 5.00% to his current yield on "A" rated utility bonds of 6.00%, to arrive at a risk premium estimated return of 11.00%. Finally, he increased these results by 30 basis points to include a flotation cost adder that produced a risk premium return of 11.30%.[3]

[2] Schedule RAM-E3.
[3] Morin Direct Testimony at 39.

Q WHAT ISSUE DO YOU TAKE WITH DR. MORIN'S RISK PREMIUM STUDY?

A My main concern with Dr. Morin's analysis is that it was concluded in 2007 and has not been updated for the last two years. Consequently, it skews the results of this historical achieved return study.

Q HOW WOULD THE RISK PREMIUM METHODOLOGY USED BY DR. MORIN CHANGE IF IT IS UPDATED TO INCLUDE THE MOST RECENT DATA?

A Updating Dr. Morin's utility risk premium data for end of year 2008, and through year-end 2009, produces a risk premium of 4.50%. This updated utility risk premium is developed on my Schedule MPG-R-1.

Q DID DR. MORIN EXPRESS ANY CONCERN ABOUT UPDATING HIS RISK PREMIUM DATA THROUGH YEAR-END 2008?

A Yes. He stated concern that updating his data through year-end 2008 may produce skewed results because of the financial crisis that took place at year-end 2008.

Q DO YOU BELIEVE IT IS APPROPRIATE TO EXCLUDE 2008 DATA FROM DR. MORIN'S RISK PREMIUM STUDY?

A As noted above, I am concerned about the risk premium measurements relative to a Treasury bond or a risk-free rate. During the financial crisis, a flight to quality caused a substantial departure from normal valuations of low-risk Treasury bond securities. As such, market risk premiums relative to Treasury bonds (i.e., risk-free rate proxies), widened significantly at year-end 2008.

However, the same phenomenon is not reflected in the data for utility bond and utility equity securities. As shown on my Schedule MPG-R-1, in 2008 utility

bonds did hold their value better than utility stocks, but the significant negative risk premium measured from 2008 is not atypical for risk premiums during the study period. Indeed, it appears to reflect a normal corporate security valuation response to a distressed market. As such, I do not believe it is appropriate to exclude year-end 2008 data from Dr. Morin's risk premium study.

Q WHAT WOULD BE A RISK PREMIUM ESTIMATE USING DR. MORIN'S ANALYSIS, UPDATED, AND A CURRENT "A" RATED UTILITY BOND YIELD?

A Using a utility risk premium of 4.50%, and an updated "A" rated utility bond yield of 5.71%, as shown on my Schedule MPG-R-2, produces a market risk premium estimate of 10.21%.

DCF Analyses

Q PLEASE DESCRIBE DR. MORIN'S DCF ANALYSES.

A Dr. Morin performed a constant growth DCF analysis on two proxy groups: (1) Integrated Electric Utilities, and (2) S&P Electric Utilities. Dr. Morin constructed two DCF analyses for each of the utility groups using a consensus analysts' growth rate projection from Zacks for one DCF analysis and a second DCF analysis using *Value Line*'s projected growth rate.

As shown on Schedule RAM-E5 through Schedule RAM-E8, he relied on growth rate estimates in the range of 5.50% to 6.70% from both *Value Line* and Zacks to produce a DCF cost of equity in the range of 11.80% to 12.20%. He then added a 30 basis point flotation cost adjustment to arrive at adjusted returns on equity in the range of 12.10% to 12.50%, with a midpoint of 12.30%.

Q PLEASE DESCRIBE THE ISSUES YOU TAKE WITH DR. MORIN'S DCF ANALYSES.

A Dr. Morin's DCF analyses suffer from the same deficiencies in regard to my constant growth DCF model as discussed in my direct testimony. Specifically, he uses growth rate estimates that are not sustainable in the long run, and dividend yields that are significantly higher relative to historical standards.

Q WHY ARE THE GROWTH RATE ESTIMATES USED IN DR. MORIN'S DCF STUDY NOT REASONABLE?

A Dr. Morin's average growth rates from *Value Line* and Zacks fall in the range of 5.50% to 6.70%. These growth rate estimates exceed the projected GDP growth rate of 4.90% for the next 10 years. As explained in detail in my direct testimony, the GDP growth rate can be used as a proxy for long-term sustainable growth rate because it represents the maximum growth rate of the U.S. economy. The growth rate estimates used in Dr. Morin's DCF study exceed the projected GDP growth rate of 4.90% by 60 to 180 basis points, and inflate the DCF return on equity results for AmerenUE.

Q WHY DO YOU BELIEVE THAT THE DIVIDEND YIELD USED BY DR. MORIN IS SIGNIFICANTLY HIGHER RELATIVE TO HISTORICAL STANDARDS?

A As I discussed at pages 25-26 of my direct testimony, the current dividend yields are influenced by the financial crisis, which led to declining stock prices in the overall market, including the utility industry. Dr. Morin's DCF results are based on an expected dividend yield of approximately 6.00%, which is significantly higher than the five-year average dividend yield of 3.74% as shown on page 25 of my direct testimony.

The recent decline in stock prices, which triggered abnormally high dividend yields, relates to the expectations of reduced growth affected by the recent economic environment. Therefore, the current growth and dividend estimates represent contradictory market outlooks caused by the significant market decline at the end of 2008 and the beginning of 2009. Hence, the current constant growth DCF returns are not reliable and produce an inflated return for AmerenUE.

Q DID DR. MORIN RECOGNIZE THE PROBLEMS WITH THE CONSTANT DCF MODEL IN THE CURRENT MARKET ENVIRONMENT?

A Yes. At pages 10 and 37 of his direct testimony, Dr. Morin emphasized the fact that the current dividend yields are significantly higher, due to the stock price decline triggered by the financial crisis.

Q CAN DR. MORIN'S DCF MODEL BE MODIFIED TO REFLECT MORE REASONABLE GROWTH RATE ESTIMATES?

A Yes. To minimize the impact of the financial crisis, Dr. Morin's DCF analysis should be updated to reflect more current information. The market for utility securities has largely recovered since the market turbulence, and current market utility valuations and costs are more reflective of normal ongoing utility cost of capital. Further, the relatively high short-term growth outlooks of security analysts can be included in a multi-stage DCF analysis to produce a more reasonable and sustainable long-term growth outlook.

Q HOW WILL DR. MORIN'S DCF RESULT CHANGE IF IT IS UPDATED FOR MORE RECENT INFORMATION?

A I used stock price data, current dividends, and recent analysts' growth rate estimates, as shown on my Schedule MPG-R-3, and applied a constant growth and a multi-stage growth DCF analysis. Excluding Dr. Morin's flotation cost adjustment, the average DCF return will be reduced from 12.33% to approximately 10.56% (constant growth) and 10.00% (multi-stage growth) as shown on Schedule MPG-R-3 and Table 1 above.

Flotation Cost Adjustment

Q IS DR. MORIN'S PROPOSED FLOTATION COST ADJUSTMENT REASONABLE?

A No. Flotation cost is a legitimate cost of issuing stock to the public. Actual book cost, however, should be used for this adjustment so the Missouri Public Service Commission (Commission) Staff, and other interested intervenors, can audit the Company's actual common stock flotation expense for reasonableness and amount. Any adjustment to AmerenUE's cost of service for flotation cost expense should be based only on known and measurable common stock flotation expense.

In significant contrast, Dr. Morin's proposed flotation cost adjustment is not based on AmerenUE's known, measurable, prudent, and reasonable common stock flotation cost. Rather, it is based on a general study of market flotation cost that may or may not have any relationship to AmerenUE's actual cost of issuing stock to the public. Indeed, Dr. Morin acknowledges that AmerenUE is not a publicly traded company, and therefore it is unclear what, if any, AmerenUE's common stock flotation cost expense might be. Further, while AmerenUE receives its incremental equity capital from its parent company, it is not clear whether that equity capital is being

funded by public common stock issuances, debt issuances, or internally generated funds. Hence, it simply is not known and measurable what, if any, common stock flotation cost should be properly allocated to AmerenUE and should be reflected in its cost of service in this proceeding. For these reasons, Dr. Morin's proposed flotation cost adjustment is not based on known and measurable expenses and should be rejected.

Q HAS AMEREN CORP. ISSUED NEW STOCKS, AND IN PART USED THE PROCEEDS OF THAT NEW STOCK ISSUANCE TO MAKE AN EQUITY INFUSION IN AMERENUE?

A Yes. In September 2009, Ameren Corp. issued additional stock to the public. Ameren Corp. then infused approximately $436 million of that equity into AmerenUE, with $14 million of issuance cost.[4] Common stock flotation cost Ameren Corp. incurred could reasonably be allocated to AmerenUE in accordance with the amount of the equity issuance that was then infused in AmerenUE. If this equity issuance cost is shown to be reasonable and prudent, then it would be appropriate to recognize this equity issuance cost in the development of AmerenUE's rates in this proceeding. This would increase AmerenUE's common equity balance from this equity infusion by $450 million ($436 million infusion, increased by $14 million for flotation cost).

[4] Ameren Corp. SEC 10-Q, September 30, 2009 at 14 and 36.

Q HOW COULD AMERENUE REFLECT THIS ACTUAL AMEREN CORP. EQUITY ISSUANCE COST IN THE DEVELOPMENT OF ITS RATES?

A Reflecting this equity issuance cost in AmerenUE's rates should be done in a manner that minimizes the impact on rates, and provides full cost recognition of this equity issuance cost. Toward this objective, I recommend that the amount of equity issuance cost found to be reasonable and prudent, associated with the amount of this recent stock issuance that funded an equity infusion in AmerenUE, be included as an adjustment to the common equity balance in the capital structure used to develop AmerenUE's overall rate of return. This methodology will allow for a return on the equity issuance cost in setting AmerenUE's rates in this proceeding, with no amortization.

Since common equity stock is an indefinite perpetual security, it is not necessary to amortize this cost. Rather, it is simply reasonable to allow for a return on this cost. This treatment for common equity flotation cost, would be the equivalent of Ameren Corp. incurring zero flotation cost, and infusing 100% of the gross proceeds of common stock sold into AmerenUE. I believe this treatment would provide fair consideration of this cost to AmerenUE, while minimizing the cost to AmerenUE's retail customers.

Cost of Short-Term Debt

Q DO YOU HAVE ANY COMMENTS CONCERNING THE COMPANY'S COST OF SHORT-TERM DEBT CALCULATION?

A Yes. In AmerenUE witness Michael G. O'Bryan's testimony on his Schedule MGO-E3, he develops AmerenUE's cost of short-term debt over the 12-month period ending March 2009. The concern I have with Mr. O'Bryan's development of cost of

short-term debt is he is not including an amortization for bank origination fees which are outlined in part in the testimony of AmerenUE witness Gary Weiss.

Mr. Weiss identified a bank origination fee of $10.3 million, which he proposes to amortize over the two-year term of the new bank facility (Weiss Direct Testimony at 24). However, Mr. Weiss proposes to amortize this bank origination fee to its cost of service.

Q IS MR. WEISS'S PROPOSED BANK AMORTIZATION COST REASONABLE?

A No. I recommend Mr. Weiss's proposed treatment of this bank origination fee be rejected. Instead, I recommend that the bank origination fee be included as a component of AmerenUE's short-term debt cost, and be recovered in the manner that short-term debt is used to provide utility service. I would note, that including bank origination fees as a component of short-term debt cost is consistent with the traditional treatment for short-term debt. Indeed, Ameren witness Lee Nickloy at page 8 of his direct testimony recognized that bank fees are a cost of short-term debt. Therefore, Mr. O'Bryan's cost of short-term debt should be revised to include this bank fee cost, and Mr. Weiss's proposed amortization should be rejected.

Q DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

A Yes, it does.

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AmerenUE

Utility Industry Historical Risk Premium

Line	Year	Utility A-Rated Bond Yield (1)	20-Year Maturity Bond Value (2)	Gain/Loss (3)	Interest (4)	Bond Total Return (5)	S&P Utility Index Return (6)	Utility Equity Risk Premium Over Bond Returns (7)	Utility Equity Risk Premium Over Bond Yields (8)
1	1931	5.12%	1,000.00						
2	1932	6.46%	850.73	-149.27	51.20	-9.81%	-0.54%	9.27%	-7.00%
3	1933	6.32%	1,015.77	15.77	64.60	8.04%	-21.87%	-29.91%	-28.19%
4	1934	5.50%	1,098.72	98.72	63.20	16.19%	-20.41%	-36.60%	-25.91%
5	1935	4.61%	1,115.47	115.47	55.00	17.05%	76.63%	59.58%	72.02%
6	1936	4.08%	1,071.99	71.99	46.10	11.81%	20.69%	8.88%	16.61%
7	1937	3.98%	1,013.70	13.70	40.80	5.45%	-37.04%	-42.49%	-41.02%
8	1938	3.90%	1,011.04	11.04	39.80	5.08%	22.45%	17.37%	18.55%
9	1939	3.52%	1,054.23	54.23	39.00	9.32%	11.26%	1.94%	7.74%
10	1940	3.24%	1,040.98	40.98	35.20	7.62%	-17.15%	-24.77%	-20.39%
11	1941	3.07%	1,025.27	25.27	32.40	5.77%	-31.57%	-37.34%	-34.64%
12	1942	3.09%	997.03	-2.97	30.70	2.77%	15.39%	12.62%	12.30%
13	1943	2.99%	1,014.97	14.97	30.90	4.59%	46.07%	41.48%	43.08%
14	1944	2.97%	1,003.00	3.00	29.90	3.29%	18.03%	14.74%	15.06%
15	1945	2.87%	1,015.14	15.14	29.70	4.48%	53.33%	48.85%	50.48%
16	1946	2.71%	1,024.58	24.58	28.70	5.33%	1.26%	-4.07%	-1.45%
17	1947	2.78%	989.32	-10.68	27.10	1.64%	-13.16%	-14.80%	-15.94%
18	1948	3.02%	964.17	-35.83	27.80	-0.80%	4.01%	4.81%	0.99%
19	1949	2.90%	1,018.11	18.11	30.20	4.83%	31.39%	26.56%	28.49%
20	1950	2.79%	1,016.77	16.77	29.00	4.58%	3.25%	-1.33%	0.46%
21	1951	3.11%	952.61	-47.39	27.90	-1.95%	18.63%	20.58%	15.52%
22	1952	3.24%	980.97	-19.03	31.10	1.21%	19.25%	18.04%	16.01%
23	1953	3.49%	964.23	-35.77	32.40	-0.34%	7.85%	8.19%	4.36%
24	1954	3.16%	1,048.65	48.65	34.90	8.35%	24.72%	16.37%	21.56%
25	1955	3.22%	991.20	-8.80	31.60	2.28%	11.26%	8.98%	8.04%
26	1956	3.56%	951.65	-48.35	32.20	-1.62%	5.06%	6.68%	1.50%
27	1957	4.24%	908.92	-91.08	35.60	-5.55%	6.36%	11.91%	2.12%
28	1958	4.20%	1,005.38	5.38	42.40	4.78%	40.70%	35.92%	36.50%
29	1959	4.78%	925.83	-74.17	42.00	-3.22%	7.49%	10.71%	2.71%
30	1960	4.78%	1,000.00	0.00	47.80	4.78%	20.26%	15.48%	15.48%
31	1961	4.62%	1,020.74	20.74	47.80	6.85%	29.33%	22.48%	24.71%
32	1962	4.54%	1,010.44	10.44	46.20	5.66%	-2.44%	-8.10%	-6.98%
33	1963	4.39%	1,019.83	19.83	45.40	6.52%	12.36%	5.84%	7.97%
34	1964	4.52%	983.00	-17.00	43.90	2.69%	15.91%	13.22%	11.39%
35	1965	4.58%	992.20	-7.80	45.20	3.74%	4.67%	0.93%	0.09%
36	1966	5.39%	901.59	-98.41	45.80	-5.26%	-4.48%	0.78%	-9.87%
37	1967	5.87%	943.94	-56.06	53.90	-0.22%	-0.63%	-0.41%	-6.50%
38	1968	6.51%	928.99	-71.01	58.70	-1.23%	10.32%	11.55%	3.81%
39	1969	7.54%	894.48	-105.52	65.10	-4.04%	-15.42%	-11.38%	-22.96%
40	1970	8.69%	891.81	-108.19	75.40	-3.28%	16.56%	19.84%	7.87%
41	1971	8.16%	1,051.83	51.83	86.90	13.87%	2.41%	-11.46%	-5.75%
42	1972	7.72%	1,044.47	44.47	81.60	12.61%	8.15%	-4.46%	0.43%
43	1973	7.84%	987.98	-12.02	77.20	6.52%	-18.07%	-24.59%	-25.91%
44	1974	9.50%	852.57	-147.43	78.40	-6.90%	-21.55%	-14.65%	-31.05%
45	1975	10.09%	949.69	-50.31	95.00	4.47%	44.49%	40.02%	34.40%
46	1976	9.29%	1,072.11	72.11	100.90	17.30%	31.81%	14.51%	22.52%
47	1977	8.61%	1,064.35	64.35	92.90	15.72%	8.64%	-7.08%	0.03%
48	1978	9.29%	938.71	-61.29	86.10	2.48%	-3.71%	-6.19%	-13.00%
49	1979	10.49%	900.41	-99.59	92.90	-0.67%	13.58%	14.25%	3.09%
50	1980	13.34%	802.50	-197.50	104.90	-9.26%	15.08%	24.34%	1.74%
51	1981	15.95%	843.97	-156.03	133.40	-2.26%	11.74%	14.00%	-4.21%
52	1982	15.86%	1,005.41	5.41	159.50	16.49%	26.52%	10.03%	10.66%
53	1983	13.66%	1,149.59	149.59	158.60	30.82%	20.01%	-10.81%	6.35%
54	1984	14.03%	975.38	-24.62	136.60	11.20%	26.04%	14.84%	12.01%
55	1985	12.47%	1,113.97	113.97	140.30	25.43%	33.05%	7.62%	20.58%
56	1986	9.58%	1,255.25	255.25	124.70	37.99%	28.53%	-9.46%	18.95%
57	1987	10.10%	955.69	-44.31	95.80	5.15%	-2.92%	-8.07%	-13.02%
58	1988	10.49%	967.63	-32.37	101.00	6.86%	18.27%	11.41%	7.78%
59	1989	9.77%	1,062.76	62.76	104.90	16.77%	47.80%	31.03%	38.03%
60	1990	9.86%	992.20	-7.80	97.70	8.98%	-2.57%	-11.56%	-12.43%
61	1991	9.36%	1,044.85	44.85	98.60	14.34%	14.61%	0.27%	5.25%
62	1992	8.69%	1,063.03	63.03	93.60	15.66%	8.10%	-7.56%	-0.59%
63	1993	7.59%	1,112.26	112.26	86.90	19.92%	14.41%	-5.51%	6.82%
64	1994	8.31%	930.36	-69.64	75.90	0.63%	-7.94%	-8.57%	-16.25%
65	1995	7.89%	1,041.91	41.91	83.10	12.50%	42.15%	29.65%	34.26%
66	1996	7.75%	1,014.12	14.12	78.90	9.30%	3.14%	-6.16%	-4.61%
67	1997	7.60%	1,015.30	15.30	77.50	9.28%	24.69%	15.41%	17.09%
68	1998	7.04%	1,059.61	59.61	76.00	13.56%	14.82%	1.26%	7.78%
69	1999	7.62%	940.94	-59.06	70.40	1.13%	-8.85%	-9.98%	-16.47%
70	2000	8.24%	939.72	-60.28	76.20	1.59%	59.70%	58.11%	51.46%
71	2001	7.78%	1,046.28	46.28	82.40	12.87%	-30.41%	-43.28%	-38.19%
72	2002	7.37%	1,042.55	42.55	77.80	12.03%	-30.04%	-42.07%	-37.41%
73	2003	6.58%	1,087.17	87.17	73.70	16.09%	26.11%	10.02%	19.53%
74	2004	6.16%	1,047.92	47.92	65.80	11.37%	24.22%	12.85%	18.06%
75	2005	5.65%	1,060.65	60.65	61.60	12.22%	16.79%	4.57%	11.14%
76	2006	6.07%	951.73	-48.27	56.50	0.82%	20.95%	20.13%	14.88%
77	2007	6.07%	1,000.00	0.00	60.70	6.07%	19.36%	13.29%	13.29%
78	2008	6.53%	949.04	-50.96	60.70	0.97%	-28.99%	-29.96%	-35.52%
47	2009	6.04%	1,056.45	56.45	65.30	12.17%	11.91%	-0.26%	5.87%
80	**Average (1931-2008)**							**4.5%**	**4.5%**
81	**Average (1931-2009)**							**4.5%**	**4.5%**

Sources:
AmerenUE Response to Data Request MIEC 8-9 and SNL Financial.

Schedule MPG-R-1

AmerenUE

Utility Bond Yields

Line	Date	"A" Rated Utility Bond Yield (1)	"Baa" Rated Utility Bond Yield (2)
1	01/29/10	5.73%	6.09%
2	01/22/10	5.68%	6.04%
3	01/15/10	5.71%	6.09%
4	01/08/10	5.83%	6.26%
5	12/31/09	5.86%	6.31%
6	12/24/09	5.94%	6.39%
7	12/18/09	5.74%	6.18%
8	12/11/09	5.53%	6.31%
9	12/03/09	5.67%	6.17%
10	11/27/09	5.55%	6.05%
11	11/20/09	5.63%	6.14%
12	11/13/09	5.64%	6.21%
13	11/06/09	5.70%	6.26%
14	**13-Wk Average**	**5.71%**	**6.19%**

Source:
www.moodys.com, Bond Yields and Key Indicators.

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Adjusted Morin DCF

Line	Description	Average (1)	Median (2)
	Constant Growth DCF		
	Integrated Electric Utilities		
1	*Value Line* Growth Rates	10.8%	10.8%
2	Analysts' Growth Rates	10.6%	10.4%
	S&P Electric Utilities		
3	*Value Line* Growth Rates	10.5%	10.3%
4	Analysts' Growth Rates	10.5%	10.8%
	Multi-Stage DCF		
	Integrated Electric Utilities		
5	*Value Line* Growth Rates	10.1%	10.0%
6	Analysts' Growth Rates	10.1%	9.9%
	S&P Electric Utilities		
7	*Value Line* Growth Rates	10.0%	10.0%
8	Analysts' Growth Rates	10.1%	10.0%

AmerenUE

Constant Growth DCF Model
Value Line Growth Rates
(Integrated Electric Utilities)

Line	Company	Recent Stock Price (1)	Annual Dividend[1] (2)	Dividend Yield[1] (3)	EPS Growth[1] (4)	Expected Dividend Yield (5)	Cost of Equity (6)
1	Allegheny Energy	$22.22	$0.60	2.7%	7.0%	2.9%	9.9%
2	Alliant Energy	$28.85	$1.50	5.2%	4.0%	5.4%	9.4%
3	Amer. Elec. Power	$34.89	$1.64	4.7%	3.0%	4.8%	7.8%
4	Ameren Corp.	$28.00	$1.54	5.5%	1.0%	5.6%	6.6%
5	CMS Energy Corp.	$12.82	$0.50	3.9%	10.0%	4.3%	14.3%
6	Cleco Corp.	$24.32	$0.90	3.7%	9.5%	4.1%	13.6%
7	DPL Inc.	$27.80	$1.14	4.1%	9.0%	4.5%	13.5%
8	DTE Energy	$44.17	$2.12	4.8%	8.5%	5.2%	13.7%
9	Duke Energy	$15.41	$0.94	6.1%	5.0%	6.4%	11.4%
10	Edison Int'l	$32.05	$1.25	3.9%	4.5%	4.1%	8.6%
11	Empire Dist. Elec.	$19.10	$1.28	6.7%	6.0%	7.1%	13.1%
12	Entergy Corp.	$83.33	$3.00	3.6%	6.0%	3.8%	9.8%
13	Exelon Corp.	$46.67	$2.10	4.5%	4.5%	4.7%	9.2%
14	FPL Group	$48.46	$1.89	3.9%	8.0%	4.2%	12.2%
15	FirstEnergy Corp.	$42.31	$2.20	5.2%	3.0%	5.4%	8.4%
16	Hawaiian Elec.	$21.75	$1.24	5.7%	7.0%	6.1%	13.1%
17	IDACORP Inc.	$31.58	$1.20	3.8%	4.5%	4.0%	8.5%
18	PG&E Corp.	$39.07	$1.68	4.3%	6.5%	4.6%	11.1%
19	Pepco Holdings	$15.65	$1.08	6.9%	NMF	N/A	N/A
20	Portland General	$19.06	$1.01	5.3%	3.5%	5.5%	9.0%
21	Progress Energy	$38.15	$2.48	6.5%	6.0%	6.9%	12.9%
22	Public Serv. Enterprise	$30.23	$1.33	4.4%	7.5%	4.7%	12.2%
23	Southern Co.	$30.35	$1.73	5.7%	4.5%	6.0%	10.5%
24	TECO Energy	$14.81	$0.80	5.4%	4.5%	5.6%	10.1%
25	Westar Energy	$21.43	$1.20	5.6%	4.0%	5.8%	9.8%
26	Wisconsin Energy	$42.19	$1.35	3.2%	8.0%	3.5%	11.5%
27	Xcel Energy Inc.	$18.65	$0.97	5.2%	6.5%	5.5%	12.0%
28	**Average**	**$30.86**	**$1.43**	**4.8%**	**5.8%**	**5.0%**	**10.8%**
29	**Median**						**10.8%**

Sources:
Schedule RAM-5.
[1] *The Value Line Investment Survey,* November 6, November 27, and December 25, 2009.

AmerenUE

Constant Growth DCF Model
Analysts' Growth Rates
(Integrated Electric Utilities)

Line	Company	Recent Stock Price (1)	Annual Dividend[1] (2)	Dividend Yield[1] (3)	EPS Growth[2] (4)	Expected Dividend Yield (5)	Cost of Equity (6)
1	ALLETE	$33.85	$1.76	5.2%	4.0%	5.4%	9.4%
2	Allegheny Energy	$22.22	$0.60	2.7%	12.8%	3.0%	15.8%
3	Alliant Energy	$28.85	$1.50	5.2%	3.0%	5.4%	8.4%
4	Amer. Elec. Power	$34.89	$1.64	4.7%	3.6%	4.9%	8.5%
5	Ameren Corp.	$28.00	$1.54	5.5%	3.5%	5.7%	9.2%
6	CMS Energy Corp.	$12.82	$0.50	3.9%	5.6%	4.1%	9.7%
7	Cleco Corp.	$24.32	$0.90	3.7%	9.0%	4.0%	13.0%
8	DPL Inc.	$27.80	$1.14	4.1%	5.0%	4.3%	9.3%
9	DTE Energy	$44.17	$2.12	4.8%	5.0%	5.0%	10.0%
10	Duke Energy	$15.41	$0.94	6.1%	4.4%	6.4%	10.8%
11	Edison Int'l	$32.05	$1.25	3.9%	5.0%	4.1%	9.1%
12	Entergy Corp.	$83.33	$3.00	3.6%	4.0%	3.7%	7.7%
13	Exelon Corp.	$46.67	$2.10	4.5%	0.5%	4.5%	5.0%
14	FPL Group	$48.46	$1.89	3.9%	6.9%	4.2%	11.1%
15	FirstEnergy Corp.	$42.31	$2.20	5.2%	3.5%	5.4%	8.9%
16	G't Plains Energy	$18.86	$0.83	4.4%	5.0%	4.6%	9.6%
17	Hawaiian Elec.	$21.75	$1.24	5.7%	11.1%	6.3%	17.4%
18	IDACORP Inc.	$31.58	$1.20	3.8%	5.0%	4.0%	9.0%
19	PG&E Corp.	$39.07	$1.68	4.3%	7.7%	4.6%	12.3%
20	Pepco Holdings	$15.65	$1.08	6.9%	5.3%	7.3%	12.6%
21	Portland General	$19.06	$1.01	5.3%	6.7%	5.7%	12.3%
22	Progress Energy	$38.15	$2.48	6.5%	4.0%	6.8%	10.8%
23	Public Serv. Enterprise	$30.23	$1.33	4.4%	3.5%	4.6%	8.1%
24	Southern Co.	$30.35	$1.73	5.7%	7.1%	6.1%	13.2%
25	TECO Energy	$14.81	$0.80	5.4%	6.3%	5.7%	12.0%
26	Westar Energy	$21.43	$1.20	5.6%	5.0%	5.9%	10.9%
27	Wisconsin Energy	$42.19	$1.35	3.2%	8.7%	3.5%	12.1%
28	Xcel Energy Inc.	$18.65	$0.97	5.2%	5.5%	5.5%	11.0%
29	**Average**	**$30.96**	**$1.43**	**4.8%**	**5.6%**	**5.0%**	**10.6%**
30	**Median**						**10.4%**

Sources:
Schedule RAM-6.
[1] *The Value Line Investment Survey,* November 6, November 27, and December 25, 2009.
[2] Zacks Elite, http://www.zackselite.com/, downloaded on February 3, 2010.

AmerenUE

Constant Growth DCF Model
Value Line Growth Rates
(S&P Electric Utilities)

Line	Company	Recent Stock Price (1)	Annual Dividend[1] (2)	Dividend Yield[1] (3)	EPS Growth[1] (4)	Expected Dividend Yield (5)	Cost of Equity (6)
1	Allegheny Energy	$22.22	$0.60	2.7%	7.0%	2.9%	9.9%
2	Amer. Elec. Power	$34.89	$1.64	4.7%	3.0%	4.8%	7.8%
3	Ameren Corp.	$28.00	$1.54	5.5%	1.0%	5.6%	6.6%
4	CMS Energy Corp.	$12.82	$0.50	3.9%	10.0%	4.3%	14.3%
5	Consol. Edison	$42.14	$2.36	5.6%	3.0%	5.8%	8.8%
6	DTE Energy	$44.17	$2.12	4.8%	8.5%	5.2%	13.7%
7	Duke Energy	$15.41	$0.94	6.1%	5.0%	6.4%	11.4%
8	Edison Int'l	$32.05	$1.25	3.9%	4.5%	4.1%	8.6%
9	Entergy Corp.	$83.33	$3.00	3.6%	6.0%	3.8%	9.8%
10	Exelon Corp.	$46.67	$2.10	4.5%	4.5%	4.7%	9.2%
11	FPL Group	$48.46	$1.89	3.9%	8.0%	4.2%	12.2%
12	FirstEnergy Corp.	$42.31	$2.20	5.2%	3.0%	5.4%	8.4%
13	PG&E Corp.	$39.07	$1.68	4.3%	6.5%	4.6%	11.1%
14	Pepco Holdings	$15.65	$1.08	6.9%	NMF	N/A	N/A
15	Pinnacle West Capital	$33.33	$2.10	6.3%	3.0%	6.5%	9.5%
16	Progress Energy	$38.15	$2.48	6.5%	6.0%	6.9%	12.9%
17	Public Serv. Enterprise	$30.23	$1.33	4.4%	7.5%	4.7%	12.2%
18	Southern Co.	$30.35	$1.73	5.7%	4.5%	6.0%	10.5%
19	TECO Energy	$14.81	$0.80	5.4%	4.5%	5.6%	10.1%
20	Wisconsin Energy	$42.19	$1.35	3.2%	8.0%	3.5%	11.5%
21	Xcel Energy Inc.	$18.65	$0.97	5.2%	6.5%	5.5%	12.0%
22	**Average**	**$34.04**	**$1.60**	**4.9%**	**5.5%**	**5.0%**	**10.5%**
23	**Median**						**10.3%**

Sources:
Schedule RAM-7.
[1] *The Value Line Investment Survey,* November 6, November 27, and December 25, 2009.

AmerenUE

Constant Growth DCF Model
Analysts' Growth Rates
(S&P Electric Utilities)

Line	Company	Recent Stock Price (1)	Annual Dividend[1] (2)	Dividend Yield[1] (3)	EPS Growth[2] (4)	Expected Dividend Yield (5)	Cost of Equity (6)
1	Allegheny Energy	$22.22	$0.60	2.7%	12.8%	3.0%	15.8%
2	Amer. Elec. Power	$34.89	$1.64	4.7%	3.6%	4.9%	8.5%
3	Ameren Corp.	$28.00	$1.54	5.5%	3.5%	5.7%	9.2%
4	CMS Energy Corp.	$12.82	$0.50	3.9%	5.6%	4.1%	9.7%
5	Consol. Edison	$42.14	$2.36	5.6%	3.2%	5.8%	9.0%
6	DTE Energy	$44.17	$2.12	4.8%	5.0%	5.0%	10.0%
7	Duke Energy	$15.41	$0.94	6.1%	4.4%	6.4%	10.8%
8	Edison Int'l	$32.05	$1.25	3.9%	5.0%	4.1%	9.1%
9	Entergy Corp.	$83.33	$3.00	3.6%	4.0%	3.7%	7.7%
10	Exelon Corp.	$46.67	$2.10	4.5%	0.5%	4.5%	5.0%
11	FPL Group	$48.46	$1.89	3.9%	6.9%	4.2%	11.1%
12	FirstEnergy Corp.	$42.31	$2.20	5.2%	3.5%	5.4%	8.9%
13	PG&E Corp.	$39.07	$1.68	4.3%	7.7%	4.6%	12.3%
14	Pepco Holdings	$15.65	$1.08	6.9%	5.3%	7.3%	12.6%
15	Pinnacle West Capital	$33.33	$2.10	6.3%	7.0%	6.7%	13.7%
16	Progress Energy	$38.15	$2.48	6.5%	4.0%	6.8%	10.8%
17	Public Serv. Enterprise	$30.23	$1.33	4.4%	3.5%	4.6%	8.1%
18	Southern Co.	$30.35	$1.73	5.7%	7.1%	6.1%	13.2%
19	TECO Energy	$14.81	$0.80	5.4%	6.3%	5.7%	12.0%
20	Wisconsin Energy	$42.19	$1.35	3.2%	8.7%	3.5%	12.1%
21	Xcel Energy Inc.	$18.65	$0.97	5.2%	5.5%	5.5%	11.0%
22	**Average**	**$34.04**	**$1.60**	**4.9%**	**5.4%**	**5.1%**	**10.5%**
23	**Median**						**10.8%**

Sources:
Schedule RAM-8.
[1] *The Value Line Investment Survey,* November 6, November 27, and December 25, 2009.
[2] Zacks Elite, http://www.zackselite.com/, downloaded on February 3, 2010.

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Multi-Stage Growth DCF Model
Value Line Growth Rates
(Integrated Electric Utilities)

Line	Company	Recent Stock Price (1)	Annual Dividend[1] (2)	First Stage Growth[1] (3)	Second Stage Growth Year 6 (4)	Year 7 (5)	Year 8 (6)	Year 9 (7)	Year 10 (8)	Third Stage Growth[2] (9)	Multi-Stage Growth DCF (10)
1	Allegheny Energy	$22.22	$0.60	7.0%	6.7%	6.3%	6.0%	5.6%	5.3%	4.9%	8.1%
2	Alliant Energy	$28.85	$1.50	4.0%	4.2%	4.3%	4.5%	4.6%	4.8%	4.9%	10.1%
3	Amer. Elec. Power	$34.89	$1.64	3.0%	3.3%	3.6%	4.0%	4.3%	4.6%	4.9%	9.3%
4	Ameren Corp.	$28.00	$1.54	1.0%	1.7%	2.3%	3.0%	3.6%	4.3%	4.9%	9.4%
5	CMS Energy Corp.	$12.82	$0.50	10.0%	9.2%	8.3%	7.5%	6.6%	5.8%	4.9%	10.5%
6	Cleco Corp.	$24.32	$0.90	9.5%	8.7%	8.0%	7.2%	6.4%	5.7%	4.9%	10.0%
7	DPL Inc.	$27.80	$1.14	9.0%	8.3%	7.6%	7.0%	6.3%	5.6%	4.9%	10.4%
8	DTE Energy	$44.17	$2.12	8.5%	7.9%	7.3%	6.7%	6.1%	5.5%	4.9%	11.1%
9	Duke Energy	$15.41	$0.94	5.0%	5.0%	5.0%	5.0%	4.9%	4.9%	4.9%	11.3%
10	Edison Int'l	$32.05	$1.25	4.5%	4.6%	4.6%	4.7%	4.8%	4.8%	4.9%	8.9%
11	Empire Dist. Elec.	$19.10	$1.28	6.0%	5.8%	5.6%	5.5%	5.3%	5.1%	4.9%	12.4%
12	Entergy Corp.	$83.33	$3.00	6.0%	5.8%	5.6%	5.5%	5.3%	5.1%	4.9%	8.9%
13	Exelon Corp.	$46.67	$2.10	4.5%	4.6%	4.6%	4.7%	4.8%	4.8%	4.9%	9.5%
14	FPL Group	$48.46	$1.89	8.0%	7.5%	7.0%	6.5%	5.9%	5.4%	4.9%	9.8%
15	FirstEnergy Corp.	$42.31	$2.20	3.0%	3.3%	3.6%	4.0%	4.3%	4.6%	4.9%	9.8%
16	Hawaiian Elec.	$21.75	$1.24	7.0%	6.7%	6.3%	6.0%	5.6%	5.3%	4.9%	11.7%
17	IDACORP Inc.	$31.58	$1.20	4.5%	4.6%	4.6%	4.7%	4.8%	4.8%	4.9%	8.8%
18	PG&E Corp.	$39.07	$1.68	6.5%	6.2%	6.0%	5.7%	5.4%	5.2%	4.9%	9.9%
19	Pepco Holdings	$15.65	$1.08	NMF	N/A	N/A	N/A	N/A	N/A	4.9%	N/A
20	Portland General	$19.06	$1.01	3.5%	3.7%	4.0%	4.2%	4.4%	4.7%	4.9%	10.0%
21	Progress Energy	$38.15	$2.48	6.0%	5.8%	5.6%	5.5%	5.3%	5.1%	4.9%	12.2%
22	Public Serv. Enterprise	$30.23	$1.33	7.5%	7.1%	6.6%	6.2%	5.8%	5.3%	4.9%	10.3%
23	Southern Co.	$30.35	$1.73	4.5%	4.6%	4.6%	4.7%	4.8%	4.8%	4.9%	10.7%
24	TECO Energy	$14.81	$0.80	4.5%	4.6%	4.6%	4.7%	4.8%	4.8%	4.9%	10.4%
25	Westar Energy	$21.43	$1.20	4.0%	4.2%	4.3%	4.5%	4.6%	4.8%	4.9%	10.5%
26	Wisconsin Energy	$42.19	$1.35	8.0%	7.5%	7.0%	6.5%	5.9%	5.4%	4.9%	9.0%
27	Xcel Energy Inc.	$18.65	$0.97	6.5%	6.2%	6.0%	5.7%	5.4%	5.2%	4.9%	10.9%
28	**Average**	**$30.86**	**$1.43**	**5.8%**	**5.7%**	**5.5%**	**5.4%**	**5.2%**	**5.1%**	**4.9%**	**10.1%**
29	**Median**										**10.0%**

Sources:

[1] *The Value Line Investment Survey*, November 6, November 27, and December 25, 2009.

[2] *Blue Chip Financial Forecasts*, December 1, 2009 at 14.

AmerenUE

Multi-Stage Growth DCF Model
Analysts' Growth Rates
(Integrated Electric Utilities)

Line	Company	Recent Stock Price (1)	Annual Dividend[1] (2)	First Stage Growth[2] (3)	Second Stage Growth Year 6 (4)	Year 7 (5)	Year 8 (6)	Year 9 (7)	Year 10 (8)	Third Stage Growth[3] (9)	Multi-Stage Growth DCF (10)
1	ALLETE	$33.85	$1.76	4.0%	4.2%	4.3%	4.5%	4.6%	4.8%	4.9%	10.1%
2	Allegheny Energy	$22.22	$0.60	12.8%	11.4%	10.1%	8.8%	7.5%	6.2%	4.9%	9.5%
3	Alliant Energy	$28.85	$1.50	3.0%	3.3%	3.6%	4.0%	4.3%	4.6%	4.9%	9.8%
4	Amer. Elec. Power	$34.89	$1.64	3.6%	3.8%	4.0%	4.3%	4.5%	4.7%	4.9%	9.4%
5	Ameren Corp.	$28.00	$1.54	3.5%	3.7%	4.0%	4.2%	4.4%	4.7%	4.9%	10.2%
6	CMS Energy Corp.	$12.82	$0.50	5.6%	5.5%	5.4%	5.3%	5.1%	5.0%	4.9%	9.2%
7	Cleco Corp.	$24.32	$0.90	9.0%	8.3%	7.6%	7.0%	6.3%	5.6%	4.9%	9.9%
8	DPL Inc.	$27.80	$1.14	5.0%	5.0%	5.0%	5.0%	4.9%	4.9%	4.9%	9.2%
9	DTE Energy	$44.17	$2.12	5.0%	5.0%	5.0%	5.0%	4.9%	4.9%	4.9%	10.0%
10	Duke Energy	$15.41	$0.94	4.4%	4.5%	4.6%	4.7%	4.7%	4.8%	4.9%	11.1%
11	Edison Int'l	$32.05	$1.25	5.0%	5.0%	5.0%	5.0%	4.9%	4.9%	4.9%	9.0%
12	Entergy Corp.	$83.33	$3.00	4.0%	4.2%	4.3%	4.5%	4.6%	4.8%	4.9%	8.5%
13	Exelon Corp.	$46.67	$2.10	0.5%	1.2%	2.0%	2.7%	3.4%	4.2%	4.9%	8.4%
14	FPL Group	$48.46	$1.89	6.9%	6.6%	6.3%	5.9%	5.6%	5.2%	4.9%	9.5%
15	FirstEnergy Corp.	$42.31	$2.20	3.5%	3.7%	4.0%	4.2%	4.4%	4.7%	4.9%	9.9%
16	G't Plains Energy	$18.86	$0.83	5.0%	5.0%	5.0%	5.0%	4.9%	4.9%	4.9%	9.5%
17	Hawaiian Elec.	$21.75	$1.24	11.1%	10.1%	9.0%	8.0%	7.0%	5.9%	4.9%	13.3%
18	IDACORP Inc.	$31.58	$1.20	5.0%	5.0%	5.0%	5.0%	4.9%	4.9%	4.9%	8.9%
19	PG&E Corp.	$39.07	$1.68	7.7%	7.2%	6.7%	6.3%	5.8%	5.4%	4.9%	10.2%
20	Pepco Holdings	$15.65	$1.08	5.3%	5.3%	5.2%	5.1%	5.0%	5.0%	4.9%	12.3%
21	Portland General	$19.06	$1.01	6.7%	6.4%	6.1%	5.8%	5.5%	5.2%	4.9%	11.1%
22	Progress Energy	$38.15	$2.48	4.0%	4.2%	4.3%	4.5%	4.6%	4.8%	4.9%	11.4%
23	Public Serv. Enterprise	$30.23	$1.33	3.5%	3.7%	4.0%	4.2%	4.4%	4.7%	4.9%	9.1%
24	Southern Co.	$30.35	$1.73	7.1%	6.7%	6.4%	6.0%	5.6%	5.3%	4.9%	11.7%
25	TECO Energy	$14.81	$0.80	6.3%	6.0%	5.8%	5.6%	5.4%	5.1%	4.9%	11.0%
26	Westar Energy	$21.43	$1.20	5.0%	5.0%	5.0%	5.0%	4.9%	4.9%	4.9%	10.8%
27	Wisconsin Energy	$42.19	$1.35	8.7%	8.0%	7.4%	6.8%	6.2%	5.5%	4.9%	9.1%
28	Xcel Energy Inc.	$18.65	$0.97	5.5%	5.4%	5.3%	5.2%	5.1%	5.0%	4.9%	10.6%
29	**Average**	**$30.96**	**$1.43**	**5.6%**	**5.5%**	**5.4%**	**5.2%**	**5.1%**	**5.0%**	**4.9%**	**10.1%**
30	**Median**										**9.9%**

Sources:

[1] *The Value Line Investment Survey*, November 6, November 27, and December 25, 2009.

[2] Zacks Elite, http://www.zackselite.com/, downloaded on February 3, 2010.

[3] *Blue Chip Financial Forecasts*, December 1, 2009 at 14.

AmerenUE

Multi-Stage Growth DCF Model
Value Line Growth Rates
(S&P Electric Utilities)

Line	Company	Recent Stock Price (1)	Annual Dividend[1] (2)	First Stage Growth[1] (3)	Second Stage Growth Year 6 (4)	Year 7 (5)	Year 8 (6)	Year 9 (7)	Year 10 (8)	Third Stage Growth[2] (9)	Multi-Stage Growth DCF (10)
1	Allegheny Energy	$22.22	$0.60	7.0%	6.7%	6.3%	6.0%	5.6%	5.3%	4.9%	8.1%
2	Amer. Elec. Power	$34.89	$1.64	3.0%	3.3%	3.6%	4.0%	4.3%	4.6%	4.9%	9.3%
3	Ameren Corp.	$28.00	$1.54	1.0%	1.7%	2.3%	3.0%	3.6%	4.3%	4.9%	9.4%
4	CMS Energy Corp.	$12.82	$0.50	10.0%	9.2%	8.3%	7.5%	6.6%	5.8%	4.9%	10.5%
5	Consol. Edison	$42.14	$2.36	3.0%	3.3%	3.6%	4.0%	4.3%	4.6%	4.9%	10.1%
6	DTE Energy	$44.17	$2.12	8.5%	7.9%	7.3%	6.7%	6.1%	5.5%	4.9%	11.1%
7	Duke Energy	$15.41	$0.94	5.0%	5.0%	5.0%	5.0%	4.9%	4.9%	4.9%	11.3%
8	Edison Int'l	$32.05	$1.25	4.5%	4.6%	4.6%	4.7%	4.8%	4.8%	4.9%	8.9%
9	Entergy Corp.	$83.33	$3.00	6.0%	5.8%	5.6%	5.5%	5.3%	5.1%	4.9%	8.9%
10	Exelon Corp.	$46.67	$2.10	4.5%	4.6%	4.6%	4.7%	4.8%	4.8%	4.9%	9.5%
11	FPL Group	$48.46	$1.89	8.0%	7.5%	7.0%	6.5%	5.9%	5.4%	4.9%	9.8%
12	FirstEnergy Corp.	$42.31	$2.20	3.0%	3.3%	3.6%	4.0%	4.3%	4.6%	4.9%	9.8%
13	PG&E Corp.	$39.07	$1.68	6.5%	6.2%	6.0%	5.7%	5.4%	5.2%	4.9%	9.9%
14	Pepco Holdings	$15.65	$1.08	NMF	N/A	N/A	N/A	N/A	N/A	4.9%	N/A
15	Pinnacle West Capital	$33.33	$2.10	3.0%	3.3%	3.6%	4.0%	4.3%	4.6%	4.9%	10.8%
16	Progress Energy	$38.15	$2.48	6.0%	5.8%	5.6%	5.5%	5.3%	5.1%	4.9%	12.2%
17	Public Serv. Enterprise	$30.23	$1.33	7.5%	7.1%	6.6%	6.2%	5.8%	5.3%	4.9%	10.3%
18	Southern Co.	$30.35	$1.73	4.5%	4.6%	4.6%	4.7%	4.8%	4.8%	4.9%	10.7%
19	TECO Energy	$14.81	$0.80	4.5%	4.6%	4.6%	4.7%	4.8%	4.8%	4.9%	10.4%
20	Wisconsin Energy	$42.19	$1.35	8.0%	7.5%	7.0%	6.5%	5.9%	5.4%	4.9%	9.0%
21	Xcel Energy Inc.	$18.65	$0.97	6.5%	6.2%	6.0%	5.7%	5.4%	5.2%	4.9%	10.9%
22	**Average**	**$34.04**	**$1.60**	**5.5%**	**5.4%**	**5.3%**	**5.2%**	**5.1%**	**5.0%**	**4.9%**	**10.0%**
23	**Median**										**10.0%**

Sources:

[1] *The Value Line Investment Survey*, November 6, November 27, and December 25, 2009.

[2] *Blue Chip Financial Forecasts*, December 1, 2009 at 14.

AmerenUE

Multi-Stage Growth DCF Model
Analysts' Growth Rates
(S&P Electric Utilities)

Line	Company	Recent Stock Price (1)	Annual Dividend[1] (2)	First Stage Growth[2] (3)	Second Stage Growth Year 6 (4)	Year 7 (5)	Year 8 (6)	Year 9 (7)	Year 10 (8)	Third Stage Growth[3] (9)	Multi-Stage Growth DCF (10)
1	Allegheny Energy	$22.22	$0.60	12.8%	11.4%	10.1%	8.8%	7.5%	6.2%	4.9%	9.5%
2	Amer. Elec. Power	$34.89	$1.64	3.6%	3.8%	4.0%	4.3%	4.5%	4.7%	4.9%	9.4%
3	Ameren Corp.	$28.00	$1.54	3.5%	3.7%	4.0%	4.2%	4.4%	4.7%	4.9%	10.2%
4	CMS Energy Corp.	$12.82	$0.50	5.6%	5.5%	5.4%	5.3%	5.1%	5.0%	4.9%	9.2%
5	Consol. Edison	$42.14	$2.36	3.2%	3.5%	3.8%	4.1%	4.3%	4.6%	4.9%	10.2%
6	DTE Energy	$44.17	$2.12	5.0%	5.0%	5.0%	5.0%	4.9%	4.9%	4.9%	10.0%
7	Duke Energy	$15.41	$0.94	4.4%	4.5%	4.6%	4.7%	4.7%	4.8%	4.9%	11.1%
8	Edison Int'l	$32.05	$1.25	5.0%	5.0%	5.0%	5.0%	4.9%	4.9%	4.9%	9.0%
9	Entergy Corp.	$83.33	$3.00	4.0%	4.2%	4.3%	4.5%	4.6%	4.8%	4.9%	8.5%
10	Exelon Corp.	$46.67	$2.10	0.5%	1.2%	2.0%	2.7%	3.4%	4.2%	4.9%	8.4%
11	FPL Group	$48.46	$1.89	6.9%	6.6%	6.3%	5.9%	5.6%	5.2%	4.9%	9.5%
12	FirstEnergy Corp.	$42.31	$2.20	3.5%	3.7%	4.0%	4.2%	4.4%	4.7%	4.9%	9.9%
13	PG&E Corp.	$39.07	$1.68	7.7%	7.2%	6.7%	6.3%	5.8%	5.4%	4.9%	10.2%
14	Pepco Holdings	$15.65	$1.08	5.3%	5.3%	5.2%	5.1%	5.0%	5.0%	4.9%	12.3%
15	Pinnacle West Capital	$33.33	$2.10	7.0%	6.7%	6.3%	6.0%	5.6%	5.3%	4.9%	12.4%
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17	Public Serv. Enterprise	$30.23	$1.33	3.5%	3.7%	4.0%	4.2%	4.4%	4.7%	4.9%	9.1%
18	Southern Co.	$30.35	$1.73	7.1%	6.7%	6.4%	6.0%	5.6%	5.3%	4.9%	11.7%
19	TECO Energy	$14.81	$0.80	6.3%	6.0%	5.8%	5.6%	5.4%	5.1%	4.9%	11.0%
20	Wisconsin Energy	$42.19	$1.35	8.7%	8.0%	7.4%	6.8%	6.2%	5.5%	4.9%	9.1%
21	Xcel Energy Inc.	$18.65	$0.97	5.5%	5.4%	5.3%	5.2%	5.1%	5.0%	4.9%	10.6%
22	**Average**	**$34.04**	**$1.60**	**5.4%**	**5.3%**	**5.2%**	**5.1%**	**5.1%**	**5.0%**	**4.9%**	**10.1%**
23	**Median**										**10.0%**

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