

**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) Case No. ER-2010-0036
Annual Revenues for Electric Service.)

In the Matter of Laclede Gas Company's Tariff)
to Revise Natural Gas Rate Schedules) Case No. GR-2010-0171
)

In the Matter of Missouri-American Water)
Company's Request for Authority to Implement a) Case No. WR-2010-0131
General Rate Increase for Water and Sewer)
Services Provided in Missouri Service Areas)

NOTICE REGARDING EXTERNAL COMMUNICATION

Issue Date: December 18, 2009

On December 15, 2009, I received telephone calls from John Coffman, attorney for AARP and the Missouri Consumer's Council, and from Diana Vuylsteke, attorney for the Missouri Industrial Energy Consumers. On December 17, 2009, I additionally received a telephone call from Lisa Langenekerdt, who represents the Missouri Energy Group. Since each is participating in some or all of the above-referenced cases, I am filing this notice of contact for the information of all interested parties.

The phone calls focused exclusively on proposed legislation discussed by the commission in recent public agenda meetings regarding what is known as the "credit metrics" method of ratemaking and finance. The commission discussed this ratemaking concept at public agenda meetings on November 23, 2009, and again on December 2, 2009, in whether there was consensus on supporting such a legislative proposal. The "credit metrics" method of financing has been utilized by the commission in the alternative ratemaking treatment assigned to Kansas City Power and Light to construct environmental improvements at their generation facility known as Iatan 1 and complete construction of Iatan 2. While the commission has already utilized this concept as part of a nearly unanimous stipulation and agreement, some parties have suggested that it may not be a lawful method of finance. The legislative proposal expressly makes the concept legal. **THIS PROPOSAL IS NOT A REPEAL OF THE PROHIBITION ON CONSTRUCTION WORK IN PROGRESS or CWIP.**

Each of the callers expressed concern with the "credit metrics" proposal and asked for an opportunity to address the commission regarding the subject. I agreed to make time available during an upcoming public agenda session to address the issue and allow for that discussion. In order to provide for such a discussion prior to the filing of a bill in the general assembly, I have

requested that the legislative leaders chairing the relevant committees in both the House of Representatives and the Senate delay filing of this proposal until we have had time to receive this additional feedback from stakeholders.

During these conversations, additional concerns were raised regarding the source of this legislative proposal. Considering the difficulties in finding common ground among stakeholders involved in utility regulation, any opportunity to identify any concepts in which there is unanimity among commissioners is important. I have publicly brought up several legislative concepts for discussion at our public agenda meetings for discussion. This proposal as well as proposals to fund the Office of Public Counsel through assessment funding are among two of the concepts discussed. Stemming from these public discussions, the utility trade association, Missouri Energy Development Association (MEDA) appeared on December 2, 2009, at a public agenda to provide additional feedback. No other party asked for time to address this issue at agenda.

I look forward to the continued discussion and dialogue on this subject, which will be conducted in open session or fully disclosed through filings in any relevant case. It is my hope that the parties and stakeholders will redouble their efforts at finding common ground on the many issues affecting Missouri consumers. The proposal at issue in this notice was a concept utilized to find such common ground on the western side of the state. Aside from this issue, I hope that the parties will embrace compromise which will provide legitimacy and public support for the many difficult decisions in energy that will have to be made in the future.

Respectfully Submitted,



Robert M. Clayton III
Chairman

cc: Commissioners
Executive Director
Secretary/Chief Regulatory Law Judge
General Counsel

Dated at Jefferson City, Missouri,
On this 18th day of December, 2009.