

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

In the Matter of Union Electric Company, d/b/a     ) File No. ER-2011-0028  
Ameren Missouri's Tariff to Increase Its Annual     )  
Revenues for Electric Service                     )

**CONCURRING OPINION OF COMMISSIONER ROBERT M. CLAYTON III**

This Commissioner concurs in the Commission's Report and Order granting a rate increase to Ameren Missouri. Rate increases are never welcome by any stakeholders and involve difficult, complex decisions on the part of policy makers. This utility is the largest electric provider in the state with the greatest number of customers, which means that many fellow citizens will feel the impact of an increase in their monthly electric bills. That impact was not taken lightly by this Commissioner and it is my hope through this statement to set out the reasons why I am supporting the decision. There are two primary reasons supporting my vote in favor of the rate increase and both involve needed capital investments in the utility's infrastructure.

First, the bulk of the increase is to support the investments made at the Sioux Plant in which wet flue gas desulfurization units, or "scrubbers", were installed, thereby improving the environmental performance of the facility. These investments, which will benefit the entire region, remove sulfur dioxide from the flue gases, as well as removing oxidized mercury, sulfur trioxide, particulate, hydrogen chloride and hydrogen fluoride. Investments, totaling approximately \$574 million and involving hundreds of high-paying jobs, have been added to rate base. The investments will continue the operation of a relatively efficient and low cost facility while reducing its environmental impact. These are the types of investments which should be supported by the Commission as necessary and prudent. The Commission was unanimous in

including the \$31 million dollars of contested investments in rates. This environmental investment makes up the largest portion of the total rate increase.

Secondly, this Commissioner believes the Commission acted appropriately in disallowing and rejecting the additional investments made in the Taum Sauk pump-storage, hydro facility. Roughly \$89 million has been completely excluded from utility rates. This Commissioner participated in the prior investigation and litigation over the utility's errors and omissions associated with the Taum Sauk disaster in December 2006. It is not an overstatement to recognize the miracle of no deaths occurring from the man-made disaster that could and should have been avoided. While the utility has taken responsibility by paying millions in penalties to government agencies and millions in damages to injured parties, it is concerning that this request for passing on these investments to rate payers is brought to this Commission. The facility is an impressive engineering marvel and its performance is an important part of the utility's generation fleet. However, we should all be mindful of its power and the impact should the facility's safety equipment fail, as in 2006. Rate payers should not be burdened with this investment which came about entirely and solely because of mistakes made by the utility.

Lastly, this Commissioner must note some dissatisfaction with other aspects of the order. While my support stems from the two issues mentioned above, the Commission could have done better in addressing other issues. For example, the Commission could have taken the opportunity to reevaluate the utility's Fuel Adjustment Clause, which inappropriately shifts too much of a burden of risk on the rate payers with an inequitable 95% to 5% division of cost. The Commission could have taken a stronger stand on Demand Side Management opportunities to empower customers to reduce their energy costs. The Commission could have taken a closer look at various costs that are being passed along to customers, which would have slightly

lowered the impact of the rate increase. However, the total impact of these items is outweighed by the exclusion of Taum Sauk and support of environmental improvements at Sioux.

For the foregoing reasons, this Commissioner concurs.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Robert M. Clayton III". The signature is written in a cursive, flowing style with some overlapping letters.

Robert M. Clayton III  
Commissioner

Dated at Jefferson City, Missouri  
on this 13th day of July, 2011