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STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held at its office
in Jefferson City on the 17th
day of February, 2000.

In the Matter of the Application of Union)
Electric Company d/b/a AmerenUE for an Order)
Authorizing the Issue and Sale of up to) Case No. EF-2000-385
\$750,000,000 Aggregate Principal Amount of)
Additional Long-term Debt.)

In the Matter of the Application of Union)
Electric Company for an Order Authorizing the)
Issue and Sale of up to \$310,000,000 Principal) Case No. EF-94-25
Amount of First Mortgage Bonds for the Purpose)
of Discharging Outstanding Long-Term Indebted-)
ness.)

ORDER APPROVING FINANCING

On December 23, 1999, Union Electric Company, d/b/a AmerenUE (UE, Applicant or Company), filed an application with the Commission requesting authority under Sections 393.180 and 393.200, RSMo 1994, and 4 CSR 240-2.060, to issue and sell up to \$750,000,000 aggregate principal amount of long-term debt for the purpose of obtaining economic savings by refunding prior debt issues. In a separate motion, UE requested the Commission's approval on an expedited basis by February 28, 2000, in order to have the flexibility to respond to favorable market conditions when and as they arise to redeem and refinance existing debt.

On January 11, 2000, UE filed a motion to consolidate a prior financing case, Case No. EF-94-25, with this case. In the latter case, the Commission authorized UE to issue and sell up to \$310,000,000 principal

amount of First Mortgage Bonds. UE has \$210,000,000 remaining unissued First Mortgage Bonds under that authority and UE requested that, in the event the Commission approves the current financing, the remaining authorization under EF-94-25 be canceled. The authorization under EF-94-25 would then be effective only with respect to the \$100,000,000 principal amount of First Mortgage Bonds previously issued and sold.

On January 21, 2000, the Commission's Staff filed its memorandum, recommending that the Commission issue an order approving UE's application. The Staff stated that the Company's application meets the requirements of Sections 393.180 and 393.200, RSMo 1994, and 4 CSR 240-2.060(8). The Staff also suggested certain conditions be stated in the Commission's order. On February 2, 2000, Staff filed a revised memorandum to revise the fourth of four conditions proposed.

On February 4, 2000, the Commission issued a notice to expedite responses, if any, to the Staff's revised memorandum. On February 7, 2000, UE filed a response stating that UE concurs with the revised memorandum, including the revised statement of condition number 4.

UE's Application

UE proposes to issue and sell, from time to time, and in several transactions, up to \$750,000,000 aggregate principle amount of new securities. The securities will generally be taxable First Mortgage Bonds, unsecured debentures or notes. Or, they will be tax exempt bonds or notes issued through the State Environmental Improvement and Energy Resources Authority. UE proposes to use the proceeds from the new securities to discharge or refund its outstanding debt. Existing maturity dates of debt

may be extended. Refunding issues will be to obtain interest savings which the Applicant will document with a net present value savings analysis submitted to the Commission's Financial Analysis Department.

The application provides a detailed explanation of the form, terms, and conditions of the securities, conditions of sale, and anticipated amounts of the various securities for which UE seeks the Commission's approval. Interest rates will be according to market conditions, but not greater than 9 percent.

The application indicates that no fee will be paid pursuant to Section 386.300, RSMo 1994, because the proposed securities will be used to refund existing debt and will not represent additional debt. The debt authorized on Case No. EF-94-25 was, likewise, also for the purpose of refunding existing debt. UE indicates that it will promptly report the final terms and conditions of each issue or series of securities issued under the application after the issuance and sale of each series. Corporate authorization for the proposed securities was filed with the application.

Staff Analysis and Conditions

Based on the pro forma financial statements filed by UE, the capital structure of the Company consists of 57.52 percent common equity, 3.5 percent preferred stock, and 38.98 percent long-term debt. With the pro forma adjustments, the Company's capital structure is estimated to be 57.54 percent common equity, 2.56 percent preferred stock and 39.90 percent long-term debt. Staff stated that these capitalization ratios are

consistent with "A" or better rating according to Standard and Poor's Utilities Rating Service.

The Commission's Staff recommended approval of the application with four conditions (Revised Memorandum) as follows:

1. That nothing in the Commission's order shall be considered a finding by the Commission of the value of the proposed transactions for ratemaking purposes, and that the Commission reserves the right to consider the ratemaking treatment to be afforded these financing transactions and their results in cost of capital, in any later proceeding.
2. That the Company be required to report the final terms and conditions of each series of new securities as they are issued.
3. That the Company be required, upon issuing the various New Securities, to provide the Commission a net present value savings calculation indicating the amount of interest saved as a result of each refinancing.
4. That in its order, the Commission: a) establish March 1, 2003 as the deadline for completion by the Company of the New Securities issuance activity, for which Commission authorization is being sought in this docket; and b) direct that, in the event AmerenUE desires an extension of the March 1, 2003 deadline for completion of its New Securities issuance activity, the Company file an application for such extension on or before December 1, 2002.

Findings and Conclusions

The application and the Staff recommendation show that UE is in sound financial condition. UE's capital structure will not be significantly affected by the issuance of the proposed securities. The issuance of the securities and the terms proposed are reasonable and should generally result in savings for the Company and resulting benefits to shareholders and ratepayers.

The Commission finds that the proposed financing is not detrimental to the public interest and is reasonably required and should be approved upon the terms presented in the Company's application and the conditions stated in the Staff's recommendation. Furthermore, the remaining \$210,000,000 authority under Case No. EF-94-25 shall be canceled and that case shall be closed.

Both UE and Staff shall maintain necessary records to ensure that the authorization of this order is not exceeded. The information to be provided to the Commission shall be provided to Staff and to the Director of the Utilities Services Division. This case may be closed. In the event that any modification, investigation, or other action related to the subject securities and financing is required, this case may be reopened or a new case may be filed as appropriate.

IT IS THEREFORE ORDERED:

1. That Union Electric Company, d/b/a AmerenUE, is authorized to issue and sell up to \$750,000,000 aggregate principal amount of taxable and tax exempt securities as described in the application.

2. That Union Electric Company, d/b/a AmerenUE, is authorized to execute and deliver such instruments and to undertake such other acts as are necessary to consummate the issuance and sale of the new securities as presented in the application and described in this order.

3. That Union Electric Company, d/b/a AmerenUE, shall submit to the Director of the Commission's Financial Analysis Department the final terms and conditions of each series of securities as they are issued.

4. That Union Electric Company, d/b/a AmerenUE, shall submit to the Director of the Commission's Financial Analysis Department a net present value savings calculation indicating the amount of interest saved as a result of refinancing outstanding debt upon the issuance of each series of new securities.

5. That nothing in this order shall be considered as a finding of the value or the proposed transactions for ratemaking or for other matters before the Commission.

6. That the Commission reserves the right to consider the ratemaking or other treatment to be afforded the transactions herein approved, and the resulting cost of capital, in any later proceeding.

7. That the remaining and unissued authority of \$210,000,000 approved by the Commission in Case No. EF-94-25 is canceled and that Case No. EF-94-25 shall be closed.

8. That the new securities issuance activity approved in this order shall be completed by March 1, 2003, and in the event an extension is required, Union Electric Company, d/b/a AmerenUE, shall apply for an extension on or before December 1, 2002.

9. That Union Electric Company, d/b/a AmerenUE, and Staff shall maintain the necessary records to ensure that the authorization of this order is not exceeded.

10. That in the event that any modification, investigation, or other action related to the subject securities and financing is required, this case may be reopened or a new case opened as appropriate.

11. That this order shall become effective on February 29, 2000.

12. That this case may be closed effective March 1, 2000.

BY THE COMMISSION



Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Lumpe, Ch., Crumpton, Drainer,
Murray, and Schemenauer, CC., concur.

Thornburg, Regulatory Law Judge