

October 12, 2000

VIA FEDERAL EXPRESS

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
Governor Office Building
200 Madison Street, Suite 100
Jefferson City, MO 65101

FILED

OCT 13 2000

**Missouri Public
Service Commission**

Re: In the Matter of the Application of Union Electric Company
(d/b/a AmerenUE) for an order to approve the change of
trustee for its Tax Qualified Nuclear Decommissioning
Trust Fund and to approve related changes to the Trust
Agreement—Case No. E0-2001-245



Dear Mr. Roberts:

Enclosed for filing in the above-referenced case are an original and eight (8) copies of:

- 1) Application of Union Electric Company (d/b/a AmerenUE) for an order to approve the change of trustee for its Tax Qualified Nuclear Decommissioning Trust Fund and to approve related changes to the Trust Agreement; and
- 2) Direct Testimony and schedules of Kevin L. Redhage.

Please kindly acknowledge receipt of this filing by stamping as filed a copy of this letter and returning it to the undersigned in the enclosed, self-addressed, stamped envelope.

Sincerely,

A handwritten signature in black ink, appearing to read "David B. Hennen".

David B. Hennen
Associate General Counsel

DBH:rd
enclosures
cc w/encl: General Counsel, Missouri Public Service Commission
Office of Public Counsel

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED

OCT 13 2000

In the matter of the Application of Union)
Electric Company (d/b/a AmerenUE) for)
an order to approve the change of trustee for its)
Tax Qualified Nuclear Decommissioning)
Trust Fund and to approve related)
changes to the Trust Agreement)

Missouri Public
Service Commission

Case No. E0-2001-245

APPLICATION OF UNION ELECTRIC COMPANY
FOR APPROVAL TO CHANGE THE TRUSTEE OF ITS
TAX QUALIFIED NUCLEAR DECOMMISSIONING TRUST FUND,
FOR APPROVAL OF RELATED CHANGES TO THE TRUST AGREEMENT,
FOR APPROVAL OF A NEW INVESTMENT MANAGER,
AND MOTION FOR EXPEDITED TREATMENT

COMES NOW Union Electric Company, d/b/a AmerenUE ("AmerenUE" or "Company"), and requests for its Application to the Missouri Public Service Commission ("Commission") pursuant to Rules 4 CSR 240-2.060 and 4 CSR 240-20.070(4)(A), approval to change the trustee of its tax qualified nuclear decommissioning trust fund ("Trust Fund"), approval of a related change to the trust agreement, approval of a new investment manager for the fixed income portion of the Trust Fund and approval of minor revisions to the Investment Guidelines for the Trust Fund assets, and in connection therewith, respectfully states the following:

1. UE is a Missouri corporation duly organized and existing under the laws of the State of Missouri, with its principal place of business located at 1901 Chouteau Avenue, St. Louis, Missouri 63103. Its principal business is supplying natural gas and electricity in parts of Missouri and Illinois.

2. Authority for the requests contained herein can be found in Rule 4 CSR 240-20.070(4)(A), which states, in part:

(A) . . . Any change in the trust agreement, trustee or investment manager shall also be submitted to the commission for approval;

3. Any correspondence concerning this Application should be addressed to:

David B. Hennen
Associate General Counsel
Ameren Services Company
P.O. Box 66149 (MC 1310)
St. Louis, Mo. 63166-6149

4. AmerenUE has no pending action or final unsatisfied judgments or decisions against it from any state or federal agency or court which involves customer service or retail rates.

5. AmerenUE does not have any overdue annual report or assessment fees.

6. In support of its Application, AmerenUE is hereby submitting the prepared, direct testimony of Kevin L. Redhage ("Redhage Testimony"), attached hereto as Appendix I.

REQUESTS

7. As stated above, AmerenUE is hereby seeking in this Application Commission approval of the following:

- A. Replacement of Banc of America Capital Management, Inc. ("Banc of America") (formerly Tradestreet Investment Associates, Inc.) with The Bank of New York ("BNY") as the fixed income investment manager for the Trust Fund. An approval of the corresponding "Investment Management Agreement" attached hereto as Schedule 1 of the Redhage Testimony, between the Company and BNY, also is requested;

- B. Changing Trustee of the Trust Fund from Bankers Trust Company ("BTrCo") to BNY. An approval of BNY's corresponding proposed "Schedule of Fees" for administering the Trust Fund, attached hereto as Schedule 2 of the Redhage Testimony, and approval of the "Third Amended and Restated Tax Qualified Decommissioning Trust Agreement" between the Company and BNY attached hereto as Schedule 6 of the Redhage Testimony, are also requested. (For your convenience, a redline version of the Tax Qualified Decommissioning Trust Agreement has been attached hereto as Schedule 7 of the Redhage Testimony.); and
- C. Changing the "Investment Guidelines for the Callaway Plant Tax Qualified and Non-Tax Qualified Nuclear Decommissioning Trust Funds" (the "Investment Guidelines"), attached hereto as Schedule 8 of the Redhage Testimony. (For your convenience, a redlined version of the same has been attached hereto as Schedule 9 of the Redhage Testimony.) .

EQUITY INVESTMENT MANAGER NAME CHANGE

8. The Company also is hereby notifying the Commission of the change in name applicable to the Trust Fund's equity investment manager. Mississippi Valley Advisors ("MVA"), the current equity investment manager for the Trust Fund, was added as an additional investment manager for the Trust Fund on July 10, 1992. MVA was a subsidiary of Mercantile Bank, which was recently acquired by Firststar. On February 29, 2000, MVA was merged into the Firststar investment management

subsidiary with "Firstar Investment Research & Management Company, LLC" ("FIRMCO") as the surviving entity. The investment management agreement in place with MVA remains in place under the surviving company, FIRMCO. Essentially the change has been in name only.

CHANGE FIXED INCOME INVESTMENT MANAGER

9. In support of the requested change in the fixed income investment manager from Banc of America to BNY, the Company offers the following:

- A. BNY is one of the largest bank holding companies in the United States, with total assets of \$67 billion and total shareholder equity exceeding \$5.2 billion.
- B. BNY serves as banker to some of the largest corporations in America, and is prominent in special industries such as telecommunications and energy.
- C. One of BNY's primary businesses is the administration of trusts and is recognized as one of the largest global processors of securities.
- D. There has been some recent slippage in Banc of America's performance; and it does not appear to the Company that Banc of America is aggressively pursuing the management of nuclear decommissioning trust fund assets as a significant segment of its business.
- E. BNY investment portfolio has been consistently outperforming an index used to reflect the approximate make-up of the Company's fund while Banc of America has been unable to in recent periods.
- F. BNY's fee on the market value of all fixed income assets under management is one basis point less than that currently charged by Banc of America. The

Company estimates that it will immediately save approximately \$6,300 per year with annual savings continuing to grow as the value of the fixed income portion of the Trust Fund continues to grow over the life of the Trust Fund.

CHANGE TRUSTEE OF THE TRUST FUND

10. In support of the requested change to the trustee of the Trust Fund from BTCo to BNY, the Company offers the following:

- A. By allowing BNY to provide custodial and fixed income investment management services, total fees can be reduced, resulting in significant savings to the Trust Fund;
- B. BNY has the necessary expertise, resources, experience and reporting capabilities to assume fiduciary responsibility for the Trust Fund;
- C. BNY's net worth is of sufficient size to satisfy the minimum net worth requirements imposed by the Federal Energy Regulatory Commission; and
- D. It does not appear that BTCo is placing emphasis on growing or expanding its nuclear decommissioning trust business, while BNY is actively pursuing this business segment.

CHANGES TO THE INVESTMENT GUIDELINES

11. In support of the minor changes to the Investment Guidelines, the Company states the following:

- A. The changes made to the Investment Guidelines are not material in nature and

only serve to clarify and better define certain aspects of the guidelines; and

- B. None of the changes made to the Investment Guidelines will affect the purpose, intent or scope of the Investment Guidelines.

REQUEST FOR EXPIDITED TREATMENT

12. AmerenUE respectfully requests the Commission grant expedited treatment to this Application. Specifically, AmerenUE requests that the Commission issue an Order authorizing the changes requested herein by December 15, 2000. Action by this date is required to provide AmerenUE with sufficient time to execute the changes herein requested with an effective date of January 1, 2001. If no Commission action is received by December 15, 2000, the Company will incur additional administrative and financial burdens due to the duplicate record keeping requirements that will have to be maintained throughout year 2001 if an Order is later received.

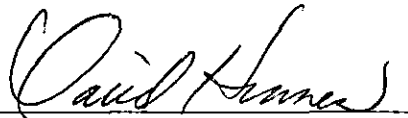
WHEREFORE, for the reasons hereinbefore cited, AmerenUE requests that this Commission issue its Order:

- A. Approving the replacement of Banc of America with the BNY as the fixed income investment manager for the Trust Fund;
- B. Approving the corresponding Investment Management Agreement between Company and BNY;
- C. Approving the replacement of BTCo with BNY as trustee of its Third Amended and Restated Tax Qualified Decommissioning Trust;
- D. Approving the corresponding Schedule of Fees to be charged by BNY for

- administering the Trust Fund;
- E. Approving the amendments to the Third Amended and Restated Tax Qualified Decommissioning Trust;
 - F. Approving the minor changes to the Investment Guidelines for the Callaway Plant Tax Qualified and Non-Tax Qualified Nuclear Decommissioning Trust Funds;
 - G. Conditioning the approval of the aforementioned requests upon the approval of the same by the Illinois Commerce Commission; and
 - H. Grant such other and further relief as the Commission deems necessary and proper.

Respectfully submitted

UNION ELECTRIC COMPANY d/b/a AmerenUE



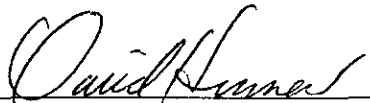
David B. Hennen
MBE# 0046776
Ameren Services Company
P.O. Box 66149 (MC 1310)
St. Louis, Mo. 63166-6149
(314) 554-4673
(314) 554-4014 - fax
DHennen@ameren.com

Dated: October 12, 2000

VERIFICATION


STATE OF MISSOURI)
) SS
CITY OF ST. LOUIS)

I, David B. Hennen, being first duly sworn, state that I am an attorney for Union Electric Company, that I am authorized to submit this Application, and that the facts set out therein are true to the best of my knowledge, information and belief.



David B. Hennen

Subscribed and sworn to before me, a Notary Public, on this 12 day of October, 2000.



Notary Public

