

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

In the Matter of the Application of Union	)	
Electric Company d/b/a AmerenUE for an	)	
Order Authorizing the Issue and Sale of up	)	Case No. EF-2008-
to \$440,000,000 Aggregate Principal	)	
Amount of Additional Long-Term Indebtedness.	)	

**APPLICATION AND MOTION FOR EXPEDITED TREATMENT**

COMES NOW Union Electric Company d/b/a AmerenUE (“Applicant” or “Company”) and in support of its Application for permission and authority, under Sections 393.180 and 393.200 RSMo. 2000, 4 CSR 240-3.120 and 4 CSR 240-2.060, to issue and sell up to \$440,000,000 aggregate principal amount of additional long-term indebtedness (“New Indebtedness”), and for its Motion for Expedited Treatment pursuant to 4 CSR 240-2.080(16), respectfully represents and states:

**Financing Application**

1. Applicant is a corporation duly organized and existing under and by virtue of the laws of the State of Missouri, with its executive office at One Ameren Plaza, 1901 Chouteau Avenue, St. Louis, Missouri 63103. Applicant is engaged in providing electric and gas utility services in portions of Missouri as a public utility under the jurisdiction of this Commission. Applicant is a subsidiary of Ameren Corporation. Applicant has previously filed with the Commission, in Case No. GO-98-486, a Fictitious Name Registration as filed with the Missouri Secretary of State’s Office which is incorporated by reference herein. A copy of Applicant’s Certificate of Corporate Good Standing is attached hereto as Schedule 1. Other than cases that

have been docketed at the Commission, Applicant has no pending actions or final unsatisfied judgments or decisions against it from any state or federal court or agency within the past three (3) years which involve customer service or rates. Applicant has no annual report or assessment fees that are overdue.

2. Communications in regard to this Application should be addressed to:

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and

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3. Applicant proposes to issue and sell from time to time, in one or more transactions, up to \$440,000,000 aggregate principal amount of New Indebtedness in one or a combination of the following forms, with such terms and provisions as hereinafter described in this Application: first mortgage bonds or other forms of secured indebtedness, and promissory notes or other forms of unsecured indebtedness (including subordinated deferrable interest debentures). Applicant requests authorization to engage in the proposed financings to be in a position to quickly respond from time to time to increasingly volatile capital markets.

4. Applicant proposes to use the proceeds from the issuance and sale of the New Indebtedness as follows:

a. to refund, repay or refinance Applicant's obligations with respect to the following Environmental Improvement Revenue Refunding Bonds (the "Environmental Bonds"):

1991 Series due 2020	\$42,585,000
1992 Series due 2022	\$47,500,000
1998 Series A due 2033	\$60,000,000
1998 Series B due 2033	\$50,000,000
1998 Series C due 2033	\$50,000,000
2000 Series A due 2035	\$63,500,000
2000 Series B due 2035	\$63,000,000
2000 Series C due 2035	<u>\$60,000,000</u>

\$436,585,000

b. to repay or refinance any short-term debt which the Company may have incurred or may incur in the future to refinance the Applicant's obligations with respect to the Environmental Bonds; and

c. to pay related expenses, including but not limited to commissions or discounts paid to the initial purchasers or placement agents of the New Indebtedness.

5. Recent events in the capital markets, including the actual or potential downgrading from AAA of the credit ratings of bond insurance companies (which insure the payment of principal and interest on the Environmental Bonds) resulting in part from disruptions in the "sub-prime mortgage" markets, have resulted in actual or potential ratings downgrades on outstanding tax-exempt securities with variable interest rates determined by an auction process. As a result, recent interest rates on such securities, including the Environmental Bonds, have significantly exceeded historical levels. For example, the interest rate on certain of the Environmental Bonds has been as high as 18% - a failed auction maximum rate. The Company



is seeking flexibility to refinance the Environmental Bonds with New Indebtedness in an attempt to avoid or mitigate such increased interest expense. If market conditions permit, rather than refunding its obligations with respect to the Environmental Bonds with New Indebtedness, the Company may convert the interest rate setting mechanism on the Environmental Bonds as permitted under their terms to a mechanism that would be expected to result in lower interest costs and/or less rate volatility. If market conditions do not permit such conversion on reasonable terms, the Company wishes to have the ability to refinance its obligations with respect to the Environmental Bonds with New Indebtedness as requested herein. Due to the impact of the high interest rates on the Company's costs, the Company is requesting expedited treatment for this Application.

6. Due to timing constraints, Applicant may not be able to immediately utilize the proceeds of an issuance of a series of the New Indebtedness to refund outstanding debt. In such event, the proceeds from the issuance of the series of New Indebtedness will be segregated from Applicant's general funds and temporarily invested in highly liquid and highly secure short-term investments until such proceeds can be utilized as described herein.

7. The general terms and conditions of the New Indebtedness are as follows:

a. The New Indebtedness will be issued at prices and on terms to be determined at the time(s) of sale. The principal amount, rate and date of payment of interest, maturity, initial public offering price, redemption provisions, if any, and other specific terms of each series of the New Indebtedness will be determined based upon prevailing market conditions. The price to be paid to Applicant for the various series of the New Indebtedness will not be less than 95% nor more than 105% of the principal amount thereof; the terms of maturity for the various series of the New Indebtedness will not exceed 40 years; the interest rate when

issued will not exceed the greater of (i) 9.00%, or (ii) a rate that is consistent with similar securities of comparable credit quality and maturities issued by other issuers; and one or more series of the New Indebtedness may include terms providing that the series will not be redeemable at all for a certain period of time.

b. The series of the New Indebtedness will be offered to the public or privately placed (or a combination of both) through commercial or investment banking firms or groups of firms selected through negotiation and/or competitive bidding. Sales of the series of the New Indebtedness could be through underwriters or dealers, directly to a limited number of purchasers or to a single purchaser, or through agents designated by Applicant. Compensation to be paid for underwriting or privately placing the New Indebtedness will be determined based on prevailing financial market conditions.

c. The New Indebtedness, if senior secured debt securities, will be issued under an indenture dated August 15, 2002, between Applicant and The Bank of New York, as trustee, a copy of which was filed with the Commission in Case Nos. EF-2000-385 and EF-2003-0514 and is incorporated by reference herein. To date, Applicant has issued a total of \$2,345,000,000 principal amount of senior secured debt securities under this indenture pursuant to authorization from this Commission granted in Case Nos. EF-2000-385, EF-2003-0514 and EF-2006-0432.

d. The New Indebtedness, if first mortgage bonds, will be issued under the Indenture of Mortgage and Deed of Trust dated June 15, 1937, as amended May 1, 1941, April 1, 1971, February 1, 1974, July 7, 1980, February 1, 2000 and August 15, 2002, between Applicant and The Bank of New York, as successor trustee, as supplemented by one or more supplemental indentures relating to the first mortgage bonds (collectively the "Mortgage"). A copy of

Applicant's Indenture of Mortgage and Deed of Trust was filed with this Commission in Case No. 9,632; a copy of the May 1, 1941 Amendment was filed with this Commission in Case No. 10,050; a copy of the April 1, 1971 Amendment was filed with this Commission in Case No. 17,177; a copy of the February 1, 1974 Amendment was filed with this Commission in Case No. 17,960; a copy of the July 7, 1980 Amendment was filed with this Commission in Case No. EF-80-306; and a copy of the February 1, 2000 Amendment and the August 15, 2002 Amendment were filed with this Commission in Case No. EF-2003-0514; all of which are incorporated herein by reference. Applicant may issue first mortgage bonds with a "fall-away" provision, which allows at some future date for the bonds to no longer be secured by the Mortgage and become unsecured obligations, a feature of the first mortgage bonds which have been issued pursuant to authorization from this Commission granted in Case Nos. EF-2000-385, EF-2003-0514 and EF-2006-0432.

e. The New Indebtedness, if subordinated deferrable interest debentures ("Debentures"), may be issued under documents similar to those previously described in Commission Case No. EF-95-421. Interest payments on the Debentures will be fully tax deductible. In addition, Applicant anticipates, based on its prior experience with this form of security, that as long as the Debentures are subordinate to its senior indebtedness and interest payments are deferrable at least five (5) years, then the Debentures should receive some degree of equity treatment for purposes of assessing Applicant's creditworthiness by one or more of the credit rating agencies. Accordingly, the Debentures would provide Applicant with the benefit of tax deductions for its interest payments while enhancing the Applicant's creditworthiness and supporting its ability to maintain solid credit ratings.



f. Applicant proposes to issue the New Indebtedness under its existing authority from the Securities and Exchange Commission, under new authority to be obtained in the form of a registration statement filed with that agency for such securities issued in public transactions, or pursuant to private placement with or without registration rights.

8. Applicant believes that from time to time it is appropriate to increase or decrease indebtedness which carries floating rates of interest. Interest rates periodically experience broadening and narrowing of the spread between short- and long-term interest rates. Applicant responds to this market opportunity by increasing or decreasing its use of debt securities with variable (floating) short-term interest rates. Depending on future economic conditions, Applicant may need to replace existing securities with more or less floating rate securities. Therefore, Applicant requests that flexibility to issue the New Indebtedness in either fixed or floating rate modes or to provide such flexibility in the terms and conditions of each series.

9. Promptly after the issuance and sale of each series of New Indebtedness, Applicant will submit to the Commission's Financial Analysis Department a report of the final terms and conditions of each series.

10. A certified copy of the resolutions of Applicant's Board of Directors authorizing the issuance and sale of the New Indebtedness is attached hereto as Schedule 2 and made a part hereof.

11. The financial statements of Applicant as of December 31, 2007, as specified in 4 CSR 240-3.120(1)(E), are attached hereto as Schedule 3 and made a part hereof.

12. The capitalization ratios of Applicant as of December 31, 2007, were: short-term debt, 1.3 percent; long-term debt and unamortized discount and premium, 43.9 percent; preferred stock, 1.7 percent; and common equity, 53.1 percent. Giving effect to the proposed financial

transactions described in paragraph 4 above and the assumptions used to develop the pro-forma accounting entries noted in Applicant's Schedule 3, the capitalization ratios as of December 31, 2007, would be: short-term debt, 1.3 percent; long-term debt and unamortized discount and premium, 44.0 percent; preferred stock, 1.7 percent; and common equity, 53.0 percent.

13. A five-year capitalization expenditure schedule is not being filed with this Application because the proceeds of the New Indebtedness will be used to discharge, refund or retire outstanding indebtedness.

14. No fee will be required pursuant to Section 386.300, RSMo. 2000 because the proposed issuances of New Indebtedness will be used to discharge, refund or retire indebtedness.

15. The issuance and sale of the New Indebtedness, as proposed and described herein, will not be detrimental to the public interest, and is reasonably required.

16. To provide Applicant flexibility with respect to the issuance of the New Indebtedness given dynamic and rapidly changing market conditions, Applicant requests that the order or orders of this Commission in this proceeding remain effective for a three-year term with Applicant authorized to request an extension of such term by filing an application ninety (90) days prior to the expiration of the three-year term. The Commission authorized similar time periods in Case Nos. EF-2000-385, EF-2003-0514 and EF-2006-0432.

#### **MOTION FOR EXPEDITED TREATMENT**

17. As noted above, recent events in the capital markets, including the actual or potential downgrading from AAA of the credit ratings of bond insurance companies (which insure the Environmental Bonds) due in part to disruptions in the "sub-prime mortgage" markets, have resulted in actual or potential ratings downgrades on outstanding tax exempt securities with variable rates determined by an auction process. As a result, recent interest rates on such



securities, including the Environmental Bonds, have significantly exceeded historical levels. For example, because of the failure of the auction process, the interest rate on some of the Environmental Bonds has been as high as 18% per annum. Consequently, it is critically important the Company be authorized to refinance this debt promptly in order to realize interest expense savings resulting from the refinancing, and AmerenUE respectfully requests that the Commission expedite its approval of this Application by approving it on or before April 2, 2008. AmerenUE has discussed this request for expedited treatment with the Staff and the Office of the Public Counsel and they have not expressed an objection. Staff indicated that it would endeavor to provide its recommendation to the Commission with regard to this application by March 21, 2008.

18. Expediting this proceeding as requested herein will avoid the harm to the Company and ultimately ratepayers that could occur from paying higher rates of interest on the Company's debt. This benefits the public interest by lowering the Company's financing costs. This Application was filed as soon as it reasonably could have been under the circumstances. The substantial increase in interest rates caused by the disruptions in the "sub-prime mortgage" markets discussed herein has only recently occurred, and AmerenUE has diligently been working with its financial advisors to address these issues.

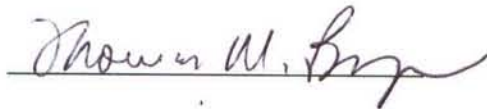
WHEREFORE, for the foregoing reasons, Applicant respectfully requests the Commission to grant expedited treatment of this Application and issue its order:

- a. Authorizing Applicant to issue and sell up to \$440,000,000 aggregate principal amount of New Indebtedness, as hereinabove set forth, at any time after the effective date of the order or orders;
- b. authorizing Applicant to enter into, execute, deliver and perform the

- necessary agreements, indentures, notes and other documents relative to the New Indebtedness;
- c. authorizing Applicant to do any and all other things not contrary to law or the rules and regulations of the Commission, incidental, necessary or appropriate to the performance of any and all acts specifically to be authorized in such order or orders; and
  - d. containing such other provisions as the Commission may deem just and proper.

Dated this 6th day of March, 2008.

Union Electric Company d/b/a AmerenUE



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**Attorneys for Union Electric Company d/b/a AmerenUE**

**VERIFICATION**

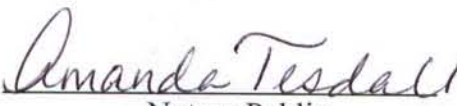
STATE OF MISSOURI     )  
                                  )     SS  
CITY OF ST. LOUIS     )

I, Jerre E. Birdsong, first being duly sworn upon oath, depose and say that I am Vice President and Treasurer of UNION ELECTRIC COMPANY d/b/a AmerenUE, a Missouri corporation; that I have read the above and foregoing Application and Motion for Expedited Treatment and know the contents thereof; that said contents are true in substance and in fact, except as to those matters stated upon information and belief, and as to those, I believe same to be true.

  
Jerre E. Birdsong

Subscribed and sworn to before me this 6th day of March, 2008.



  
Notary Public

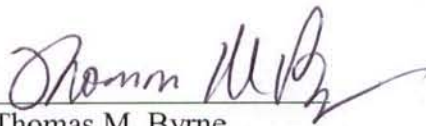


**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the foregoing was served via e-mail, to the following parties on the 6th day of March, 2008.

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Thomas M. Byrne