

VIA FEDERAL EXPRESS

December 22, 1999

FILED

DEC 23 1999

Mr. Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
Truman Building
301 W. High Street, 5th Floor
Jefferson City, MO 65101

**Missouri Public
Service Commission**



EF-2000-385

Re: 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 \$750,000,000 aggregate principal amount of
additional long-term indebtedness

Dear Mr. Roberts:

Enclosed for filing with the Missouri Public Service Commission is the Application of Union Electric Company d/b/a AmerenUE in the above-referenced matter. An original and fourteen (14) copies of the public or nonproprietary version of the Application (with the confidential information redacted from Exhibit 1) and eight (8) copies of the Exhibit 1 containing confidential information (placed in a separate enveloped) are enclosed.

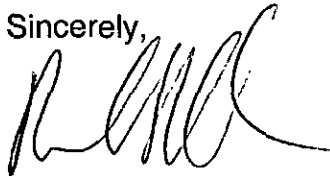
Also enclosed are an original and fourteen (14) copies of the Company's Motion For Protective Order which is being filed to protect against the public disclosure of the confidential information contained in Exhibit 1 to the enclosed Application as well as any confidential information which may be provided by the Company in this proceeding.

Union Electric is requesting the Commission to expedite its consideration of this matter by issuing an order effective on or before February 28, 2000. An original and fourteen (14) copies of the Company's Motion For Expedited Consideration is enclosed for filing.

Please send me twelve (12) certified copies of the order entered by the Commission in this proceeding and bill me for the cost thereof.

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 'R. Evans', written over a horizontal line.

Ronald K. Evans
Managing Associate General Counsel

RKE:dla
Enclosures

cc w/encl.: MPSC General Counsel
Office of Public Counsel
Mr. Ron Bible, MPSC
Financial Analysis Department

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED

DEC 23 1999

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 \$750,000,000 aggregate principal)
amount of additional long-term indebtedness.)

Missouri Public
Service Commission

Case No. EF-2000-385

APPLICATION

COMES NOW Union Electric Company d/b/a AmerenUE ("Applicant"), and in support of its Application for permission and 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 additional long-term indebtedness ("New Securities"), respectfully represents and states:

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, gas and steam heating utility services in portions of Missouri as a public utility under the jurisdiction of this Commission. It is also engaged in providing electric and gas utility services in portions of Illinois as a public utility under the jurisdiction of the Illinois Commerce Commission. Applicant is a subsidiary of Ameren Corporation which is a registered public utility holding company under the Public Utility Holding Company Act of 1935 ("PUHCA"). There is already on file with the Commission a certified copy of Applicant's Restated Articles of Incorporation (see Commission Case No. EO-96-431), a Certificate of Corporate Good Standing (see Commission Case No. EA-87-105), and Applicant's Fictitious Name Registration as filed with the Missouri Secretary of State's Office (see Commission Case No. GO-98-486) and said documents are incorporated herein by reference and made a part hereof for all purposes.

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2. Communications in regard to this Application should be addressed to: Ronald K. Evans, Managing Associate General Counsel, Ameren Services Company, whose address is Ameren Services Company, Post Office Box 66149, MC1310, St. Louis, Missouri 63166-6149.

3. Applicant proposes to issue and sell from time to time, in several transactions, up to \$750,000,000 aggregate principle amount of New Securities in one or a combination of the following forms with such terms and provisions as hereinafter described in this Application: First Mortgage Bonds or debentures (including subordinated deferrable interest debentures), promissory notes or other forms of unsecured indebtedness (the "Taxable New Securities"); or indebtedness to support the issuance and sale of tax exempt bonds or notes by the State Environmental Improvement and Energy Resources Authority of the State of Missouri (the "Authority") (the "Tax-Exempt Related New Securities").

4. Applicant proposes to use the proceeds from the issuance and sale of the New Securities to refund, discharge, or retire its outstanding indebtedness (including redemption premiums and expenses), as described in Exhibit 1 hereto (which has been designated as "Proprietary" under the Commission's standard protective order being sought in this proceeding). In addition, with proceeds from the New Securities, Applicant may seek to extend the existing maturity of outstanding long-term indebtedness. In the case of a refunding or redemption of outstanding long-term indebtedness, Applicant will issue a series of the New Securities only if, in its judgment, such issuance is expected to result in interest savings. Subsequent to such an issuance, Applicant will submit to the Commission's Financial Analysis Department a net present value savings calculation indicating the amount of savings resulting from the refunding or redemption.

Due to timing constraints, such as notice requirements to redeem outstanding debt, Applicant may not be able to immediately utilize the proceeds of an issuance of a series of the New Securities to retire or redeem outstanding debt. In such event, the proceeds from the issuance of the series of New Securities will be added to Applicant's general funds and temporarily utilized. When the timing constraints are satisfied, such funds will be used for the purposes specified herein.

5. Statement of the general terms and conditions of the Taxable New Securities:

a. The Taxable New Securities will be issued in a single or multiple series at prices and on terms to be determined at the times of sale. The principal amount, rate and time of payment of interest, maturity, initial public offering price, redemption provisions, if any, and other specific terms of each series of the Taxable New Securities will be determined based upon prevailing market conditions. The price to be paid to Applicant for the various series of the Taxable New Securities 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 Taxable New Securities are anticipated to be between 5 and 40 years, but will in no event exceed 40 years; the interest coupon rate will not exceed 9.00%; and one or more series of the Taxable New Securities may include terms providing that the series will not be redeemable at all for a certain period of time. Applicant presently anticipates that the aggregate principal amount of the Taxable New Securities will not exceed \$558,000,000.

b. The various series of the Taxable New Securities 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 Taxable New Securities 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 Taxable New Securities will be determined based on prevailing financial market conditions.

c. The Taxable New Securities, 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, and July 7, 1980, between Applicant and Boatmen's Trust Company (or its corporate trust successor), as 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; and a copy of the July 7, 1980 Amendment was filed with this Commission in Case No. EF-80-306; 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.

d. The Taxable New Securities, if subordinated deferrable interest debentures ("Debentures"), will be issued under documents similar to those previously described in Commission Case No. EF-95-421. Interest payments on the Debentures, unlike dividends on Preferred Stock, 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 First Mortgage Bonds and interest payments are deferrable at least five (5) years, then the

Debentures will be treated as essentially as if they were Preferred Stock within Applicant's capital structure for purposes of assessing Applicant's creditworthiness. Accordingly, the Debentures would provide Applicant with the benefit of tax deductions for its interest payments while having virtually no detrimental effect on its capital structure for purposes of assessing creditworthiness.

e. Applicant proposes to issue the Taxable New Securities under existing authority from the Securities and Exchange Commission or under new authority to be obtained in the form of a "shelf-registration" filed with that agency.

f. In Case No. EF-94-25, the Commission by Order Approving Financing effective October 8, 1993, authorized Applicant to issue and sell up to \$310,000,000 principal amount of First Mortgage Bonds for the purpose of refinancing and discharging outstanding debt. To date, Applicant has issued and sold \$100,000,000 principal amount of First Mortgage Bonds pursuant to said Order. By this Application, Applicant requests that the authority sought herein, if granted by the Commission, be ruled to supercede and terminate the \$210,000,000 of First Mortgage Bond authorization remaining under the Order issued in Case No. EF-94-25.

6. Statement of the general terms and conditions of the Tax Exempt Related New Securities:

a. Applicant seeks authority to incur indebtedness by undertaking the obligation to pay the principal, interest and redemption premium, if any, on new bonds or notes to be issued by the Authority for purposes of discharging outstanding financial indebtedness (the "New Pollution Control Bonds" or "New PC Bonds").

b. Pursuant to authority previously granted by this Commission, Applicant incurred indebtedness by undertaking the obligation to pay the principal, interest and redemption premium on certain revenue bonds identified on Exhibit 1 hereto as "Prior PC Bonds," all of which remain outstanding, for the purpose of financing pollution control equipment. If justified by market conditions for tax-exempt securities, Applicant will propose that the Authority redeem, refund, renew, defease, retire, or otherwise discharge all or a part of the Prior PC Bonds through the issuance of the New PC Bonds, the interest on which will be exempt from Missouri and federal income taxes under existing law. Applicant presently anticipates that the aggregate principal amount of such new bonds or notes will not exceed \$192,000,000.

c. Pursuant to Sections 260.005 et seq., RSMo. 1994, the Authority is authorized to provide for the conservation of air, land and water resources of the State of Missouri by preventing or reducing the pollution therefor and for proper methods of disposal of solid waste, all in furtherance of applicable federal state standards and regulations. To carry out its conservation programs, the Authority is authorized to acquire and construct pollution control projects and to issue revenue bonds or notes to pay the costs thereof.

d. The New PC Bonds will be issued and sold in one or more transactions, which may be either (a) in a public offering: (i) at competitive bidding or (ii) in a transaction to be negotiated with one or more underwriters or investment bankers (the "Underwriters"), or (b): in a private placement directly or through one or more investment bankers or agents. No registration statement is required to be filed with the Securities and Exchange Commission in connection with any issuance of the New PC Bonds. The terms and provisions of each New PC Bond series, including, but not limited to, price or prices, maturity date or dates, interest rate or rates (whether fixed or variable rate) and redemption provisions, will be determined prior to sale

based upon prevailing market conditions. The maturity date of each New PC Bond series will not be more than 40 years. The price to be paid for a New PC Bonds series will be not less than 95% (including any Underwriters' discount, placement fee or commission) or more than 105% of the principal amount, exclusive, in each case, of accrued interest. The New PC Bonds may be issued with fixed rates or variable rates with the ability to change such interest rate modes in the future depending on interest rate conditions.

e. Evidence of Applicant's long-term indebtedness with respect to the Authority's New PC Bonds, that is Applicant's Tax Exempt Related New Securities, will be in the form of a Loan Agreement(s) similar to that previously filed with the Commission in Case No. EF-99-5. Pursuant to the Loan Agreement(s), the Authority will loan to Applicant the funds for the redemption or refunding of the Prior PC Bonds. The Loan Agreement will also provide for Applicant's payment of interest equal to the amount of interest on the Authority's New PC Bonds (except to the extent provision may be made for the payment of accrued interest), will require payments of principal equal to the maturity payments on the New PC Bonds, will contain provisions in respect of the prepayment of principal and premium, if any, corresponding to the redemption, repurchasing, call and sinking fund provisions of the New PC Bonds, and will require all payments to be made by the due date for the corresponding payment made on the New PC Bonds. The issuance and delivery of the Loan Agreement(s) and compliance therewith will satisfy Applicant's aforesaid obligations to the Authority. Applicant may also secure its obligations to the Authority with the issuance of its First Mortgage Bonds, letters of credit or insurance for credit support.

7. Applicant believes that from time to time it is appropriate to increase or decrease long-term 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 long-term 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 the flexibility to issue the New Securities in either fixed or floating rate modes or to provide such flexibility in the terms and conditions of each series.

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

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

10. The financial statements of Applicant as of September 30, 1999, as specified in 4 CSR 240-2.060(8)(E), are attached hereto as Exhibit 3 and made a part hereof.

11. The capitalization ratios of Applicant as of September 30, 1999, were: long-term debt and unamortized discount and premium, 40.2 percent; preferred stock, 3.4 percent; and common equity, 56.4 percent. Giving effect to the financial transactions noted in Applicant's Exhibit 3, the capitalization ratios as of September 30, 1999, would be: long-term debt and unamortized discount and premium – 41.2 percent; preferred stock – 2.5 percent; and common equity – 56.3 percent.

12. A five-year capitalization expenditure schedule is not being filed with this Application because the proceeds of the New Securities will be used to discharge, refund or retire indebtedness and not to reimburse Applicant for prior expenditures.

13. No fee will be required pursuant to Section 386.300, RSMo. 1994 because the proposed issuances of New Securities will be used to discharge, refund or retire indebtedness.

14. The issuance and sale of the New Securities, as proposed and described herein, will be in the public interest, and the public will be inconvenienced thereby.

15. Recognizing the timing of the maturities and earliest redemption dates of the debt described in Exhibit 1 hereto, plus to provide Applicant flexibility with respect to the issuance of the New Securities given dynamic and rapidly changing market conditions, Applicant requests that the order or orders of this Commission in this proceeding remain effective for an indefinite term.

WHEREFORE, for all the foregoing reasons, Applicant respectfully requests the Commission to issue its order as follows:

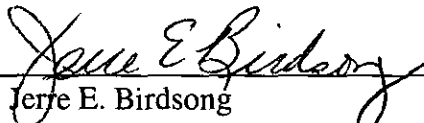
- (i) authorize Applicant to issue and sell up to \$750,000,000 aggregate principal amount of New Securities, as hereinabove set forth, at any time after the effective date of the order or orders;
- (ii) authorize Applicant to enter into, execute, deliver and perform the necessary agreements, indentures, notes and other documents relative to the New Securities;
- (iii) order the substitution of this authorization for Applicant's remaining authorization to issue and sell up to \$210,000,000 principal amount of

First Mortgage Bonds under the Order Approving Financing issued
effective October 8, 1993 in Case No. EF-94-25; and

- (iv) authorize 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

that the Commission make such other order or orders as it may deem just and proper.

UNION ELECTRIC COMPANY
d/b/a AmerenUE

By 
Jerre E. Birdsong
Treasurer



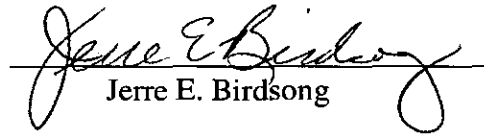
Ronald K. Evans, MBE #22597
Attorney for Applicant
Ameren Services Company
One Ameren Plaza
1901 Chouteau Avenue
P.O. Box 66149 (MC 1310)
St. Louis, MO 63166-6149
(314) 554-2156
(314) 554-4014 (fax)

Dated at St. Louis, Missouri, this 22nd day of December, 1999.

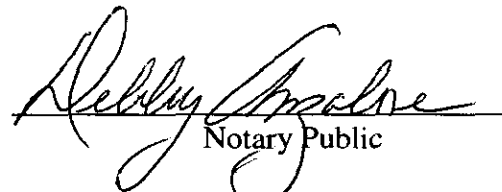
VERIFICATION

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

I, Jerre E. Birdsong, first being duly sworn upon oath, depose and say that I am Treasurer of UNION ELECTRIC COMPANY d/b/a AmerenUE, a Missouri corporation; that I have read the above and foregoing Application by me subscribed 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 22nd day of December, 1999.


Notary Public

DEBBY ANZALONE
Notary Public - Notary Seal
STATE OF MISSOURI
St. Louis County
My Commission Expires: April 18, 2002