

**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-2006-
to \$449,000,000 Aggregate Principal)	
Amount of Additional Long-Term Indebtedness.)	

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. 2000, 4 CSR 240-3.120 and 4 CSR 240-2.060 to issue and sell up to \$449,000,000 aggregate principal amount of additional long-term indebtedness (“New Indebtedness”), 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 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 as well as a certified copy of Applicant’s Certificate of Corporate Good Standing in Case No. EF-2003-0514. Said documents are incorporated by reference herein. 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:

Thomas M. Byrne
Managing Associate General Counsel
1901 Chouteau Avenue, MC-1310
P.O. Box 66149, MC-131
St. Louis, Missouri 63101-6149
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3. Applicant proposes to issue and sell from time to time, in one or more transactions, up to \$449,000,000 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).

4. Applicant proposes to use the proceeds from the issuance and sale of the New Indebtedness to refinance short-term debt and pay related expenses, including but not limited to commissions or discounts paid to the initial purchasers of the New Indebtedness. The amount of Applicant's short-term debt outstanding as of March 31, 2006 is \$445,000,000. Applicant incurs short-term debt to fund its cash needs when and to the extent cash expenditures exceed cash receipts. The amount of short-term debt outstanding on March 31, 2006 represents an accumulation of such external short-term funding of the Applicant's cash requirements. Applicant often incurs such short-term debt to fund capital expenditures including investment in assets and facilities used to support its electric and gas utility operations. During March 2006, Applicant acquired 1,490 megawatts of combustion turbine generation facilities for a total price

of approximately \$290,000,000, and during 2005, Applicant's capital expenditures totaled \$787 million including such projects as: \$221 million for steam generators, low pressure rotor replacements and other upgrades at the Callaway nuclear plant; \$237 million for the purchase of combustion turbines from Ameren Energy Generating Company, \$65 million for three combustion turbines at the Venice, Illinois facility; \$60 million for numerous projects at its generating plants; and \$45 million for various upgrades to its transmission and distribution systems. In comparison, the level of capital expenditures for 2004 and 2003 were \$524 million and \$480 million, respectively.

5. Due to timing constraints, such as the period of time between the launch and pricing of New Indebtedness and the closing date of such issuance (the date Applicant receives the net proceeds from the issuance and is able to use these for the purposes stated herein) and the variability of short-term debt balances which can change from day-to-day, 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.

6. 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 \$1,920,000,000 principal amount of senior secured debt securities under this indenture pursuant to authorization from this Commission granted in Case Nos. EF-2000-385 and EF-2003-0514.

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 and EF-2003-0514.

e. The New Indebtedness, 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 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 or under new authority to be obtained in the form of a “shelf-registration” filed with that agency for such securities issued in public transactions.

7. 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.

8. 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.

9. 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 Exhibit 1 and made a part hereof.

10. The financial statements of Applicant as of March 31, 2006, as specified in 4 CSR 240-3.120(1)(E), are attached hereto as Exhibit 2 and made a part hereof.

11. The capitalization ratios of Applicant as of March 31, 2006, were: short-term debt, 7 percent; long-term debt and unamortized discount and premium, 43 percent; preferred stock, 2 percent; and common equity, 48 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 Exhibit 2, the capitalization ratios as of March 31, 2006, would be: short-term debt, 0 percent; long-term debt and unamortized discount and premium, 50 percent; preferred stock, 2 percent; and common equity, 48 percent.

12. 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.

13. 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.

14. 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.

15. 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 and EF-2003-0514.

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

- (i) Authorizing applicant to issue and sell up to \$449,000,000 aggregate principal amount of New Indebtedness, as hereinabove set forth, at any time after the effective date of the order or orders;
- (ii) authorizing Applicant to enter into, execute, deliver and perform the

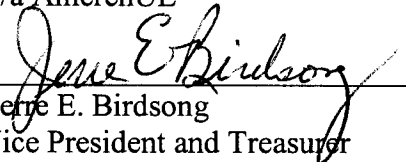
necessary agreements, indentures, notes and other documents relative to the New Indebtedness;

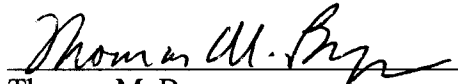
(iii) authorizing Applicant to do any and all other things not contrary to law or the rules and regulations of the Commission, incidental, necessary or appropriate to the performance of any and all acts specifically to be authorized in such order or orders; and

(iv) containing such other provisions as the Commission may deem just and proper.

Dated this 11th day of May, 2006.

UNION ELECTRIC COMPANY
d/b/a AmerenUE


By 
Jerre E. Birdsong
Vice President and Treasurer


Thomas M. Byrne
Managing Associate General Counsel
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VERIFICATION

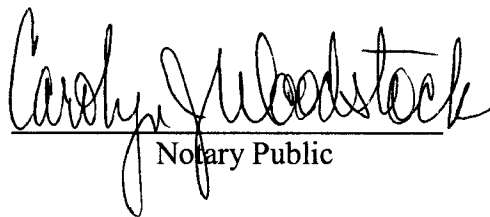
STATE OF MISSOURI)
) SS
CITY OF ST. LOUIS)

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 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 11th day of May, 2006.



Notary Public

