

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 7th day of July,
2005.

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)
\$1,500,000,000 Aggregate Principal Amount)
of Additional Long-Term Indebtedness)

Case No. EF-2003-0514

**ORDER GRANTING APPLICATION TO SUPPLEMENT AUTHORITY TO
ISSUE AND SELL ADDITIONAL INDEBTEDNESS**

Issue Date: July 7, 2005

Effective Date: July 17, 2005

On June 24, 2003, the Commission granted an application by Union Electric Company d/b/a AmerenUE for authority to issue and sell up to \$1,050,000,000 aggregate principal amount of additional long-term indebtedness. AmerenUE was required to use the proceeds from the new indebtedness to refinance its existing debt at a more favorable interest rate. On May 10, 2005, AmerenUE filed an application to supplement the previously approved borrowing authority.

AmerenUE's application indicates that since the 2003 order, it has issued, sold, or relinquished most of the authorized indebtedness, leaving \$41,000,000 of the authorized amount available for issuance. AmerenUE requests that the Commission supplement the 2003 authorization by increasing the principal amount of the new indebtedness available by \$778,000,000. That would increase the total indebtedness authorized by the 2003 order to

\$1,828,000,000, of which \$1,009,000,000 has previously been issued or is no longer available for issuance, leaving an authorized indebtedness amount of \$819,000,000.

The 2003 order included a three-year term, after which the additional borrowing authority granted to AmerenUE would expire. That three-year term is due to expire on July 4, 2006. The 2003 order, however, allowed AmerenUE to apply for an extension of that term by filing an application at least 90 days before the expiration of the term. AmerenUE's new application requests a two-year extension of the term so that it will expire on July 4, 2008.

Staff filed its recommendation regarding AmerenUE's application to supplement its borrowing authority on June 23. Staff recommends that the Commission approve the supplemental application, subject to twelve specified conditions. These are the same twelve conditions imposed in the 2003 order approving the original application with one exception. Staff's recommended Condition "9" (condition "I" in this order) provides that if AmerenUE wants to extend the term of this authorization beyond July 4, 2008, it may request such an extension by filing an application at least 90 days before the expiration of the term. The condition has been modified to add that if AmerenUE wants to request an increase in the amount of the authorized financing it must file a new application, rather than another request to supplement the existing order.

On June 27, AmerenUE filed a response to Staff's recommendation in which it agrees to the conditions set out in Staff's recommendation. The Office of the Public Counsel filed a response on July 6, indicating that it concurs with Staff's recommendation.

Staff, Public Counsel, and AmerenUE agree that AmerenUE's application for authority to incur additional indebtedness for the purpose of refinancing its debt, subject to the conditions stated in Staff's recommendation, should be granted. The Commission finds that the money to be procured through the process described in the application is reasonably required for the purposes specified in the application. The Commission will approve the application, subject to the conditions recommended by Staff and accepted by AmerenUE.

IT IS THEREFORE ORDERED:

1. That Union Electric Company d/b/a AmerenUE's application for authority to issue and sell additional long-term indebtedness is granted, with the following conditions:

A. That the Company is authorized to issue up to \$819,000,000 in debt securities, and that the Company is not authorized to use any portion of the \$819,000,000 in debt securities for any purpose other than refinancing, refunding, discharging and/or retiring of existing AmerenUE securities as outlined on page 3 of Exhibit 1 attached to the Supplemental Application, and for the purpose and amount classified as proprietary in Staff's recommendation.

B. That the fee schedule required by Section 386.300.2, RSMo 2000, shall be applied to the amount of long-term debt used for the purpose and in the amount classified as proprietary in Staff's recommendation.

C. That the Company shall file with the Commission all final terms and conditions on this financing including, but not limited to, the aggregate principal amount to be sold or borrowed, price information, estimated expenses, portion

subject to the fee schedule, and the loan or indenture agreement concerning each issuance.

D. That the interest rate for this debt issuance is not to exceed the greater of (i) 9 percent or (ii) a rate that is consistent with similar securities of comparable credit quality and maturities issued by other issuers.

E. That the Company shall file with the Commission any information concerning communication with credit rating agencies concerning this issuance(s).

F. That the Company's total borrowings, including all instruments, shall, at no time, exceed its regulated rate base.

G. That nothing in this order shall be considered a finding by the Commission of the value of these 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.

H. That the Company shall file with the Commission any information concerning the use of the funds from the issuance(s) with regard to redemption of any outstanding long-term debt, including Net Present Value calculations indicating the amount of interest cost savings.

I. That this order shall remain effective until July 4, 2008, with the Applicant authorized to request an extension of that term by filing an application at least ninety days before the expiration of the term. This condition shall only apply to the term of the authority. If the Applicant seeks a further increase in the amount of financing authorized in this case, then the Applicant shall file a new application.

J. That all future funds acquired through issuance of securities under this application shall be used exclusively for the benefit of AmerenUE's regulated operations, and not for the other operations of Ameren Corporation or any of its affiliates or non-regulated activities.

K. That the amount of any and all benefits that accrue to the funds acquired through issuance of securities under this application shall be used exclusively for the benefit of AmerenUE's regulated operations, and not for the other operations of Ameren Corporation or any of its affiliates or non-regulated activities.

L. That Ameren Corporation and AmerenUE shall make available to Staff sufficient documentation to ensure that the funds, and the amount of any and all other benefits that accrue to the funds, acquired through issuance of securities under this application, are being used exclusively for the benefit of AmerenUE's regulated operations, and not for the other operations of Ameren Corporation or any of its affiliates or non-regulated activities.

2. That this order shall become effective on July 17, 2005.

3. That this case may be closed on July 18, 2005.

BY THE COMMISSION

A handwritten signature in black ink, appearing to read 'Colleen M. Dale', is positioned above the printed name and title.

Colleen M. Dale
Secretary

(S E A L)

Davis, Chm., Murray, Gaw, Clayton and Appling, CC., concur

Woodruff, Senior Regulatory Law Judge