

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

In the Matter of the Joint Application of)	
Union Electric Company d/b/a AmerenUE,)	
Aquila, Inc., d/b/a Aquila Networks - MPS,)	
and Aquila Networks - L & P, for an Order)	
Authorizing the Sale and Transfer of)	
Certain Assets of Aquila, Inc., Located in)	
Missouri to AmerenUE, and Either)	Case No. GM-2004-_____
Authorizing the Transfer of Existing)	
Certificates of Public Convenience and)	
Necessity, or Granting a New Certificate of)	
Public Convenience and Necessity to)	
AmerenUE in Conjunction with Same.)	

JOINT APPLICATION

COME NOW Union Electric Company d/b/a AmerenUE (“AmerenUE”), Aquila, Inc., d/b/a Aquila Networks - MPS, and Aquila Networks - L & P (“Aquila”) (collectively “Joint Applicants”), by and through their counsel, and for their Application pursuant to Section 393.190, R.S.Mo. 2000, 4 CSR 240-2.060 and 4 CSR 240-3.210, hereby request authority for Aquila to sell and transfer to AmerenUE portions of its natural gas distribution system, and for AmerenUE to purchase and operate that system as part of its Missouri natural gas operations. In support thereof, Joint Applicants respectfully state as follows:

1. AmerenUE is a Missouri corporation with its principal office and place of business located at 1901 Chouteau Avenue, St. Louis, Missouri 63103. AmerenUE is authorized to conduct business in Missouri and is engaged in providing electric and natural gas utility services in Missouri in those areas certificated to it by the Commission. It is also currently engaged in providing electric and gas services in a portion of Illinois as a public utility under the jurisdiction of the Illinois Commerce Commission. AmerenUE is a subsidiary of Ameren Corporation, which is a registered public utility holding company under the Public Utility

Holding Company Act of 1935. A copy of the registration of the fictitious name of AmerenUE was filed in Case No. GO-98-486, and is incorporated herein by reference in accordance with 4 CSR 240-2.060(1)(G). In addition, a Certificate of Good Standing from the Secretary of State is attached hereto as Appendix 1 and incorporated herein by reference.

2. AmerenUE is an “electrical corporation,” a “gas corporation” and a “public utility” as those terms are defined in Section 386.020 R.S.Mo. 2000. Consequently, it is subject to the jurisdiction and supervision of the Commission as provided by law.

3. AmerenUE has no pending action or final unsatisfied judgments or decisions against it from a state or federal agency or court which involve customer service or rates, which action, judgment or decision has occurred within three (3) years of the date of this Application. However, it does currently have a natural gas rate case pending before this Commission - Case No. GR-2003-0517.

4. AmerenUE has no overdue Commission annual reports or assessment fees.

5. Aquila is a Delaware corporation with its principal office and place of business at 20 West Ninth Street, Kansas City, Missouri 64105. Aquila is authorized to conduct business in Missouri through its Aquila Networks - MPS and Aquila Networks - L & P operating divisions and, as such, is engaged in providing electrical, natural gas and heating company utility service in Missouri in those areas certificated to it by the Commission. A certified copy of Aquila’s Amended Certificate of Authority to do business in this state as a foreign corporation was filed with the Commission in Case No. EU-2002-1053 and said documents are incorporated herein by reference in accordance with 4 CSR 240-2.060(1)(G). Likewise, copies of the registrations of fictitious name of Aquila Networks - MPS and Aquila Networks - L&P were filed in Case

No. EU-2002-1053 and said documents are incorporated herein by reference in accordance with 4 CSR 240-2.060(1)(G).

6. Aquila is an “electrical corporation,” a “gas corporation,” a “heating company” and a “public utility” as those terms are defined in Section 386.020 R.S.Mo. 2000. Consequently, it is subject to the jurisdiction and supervision of the Commission as provided by law.

7. Aquila has no pending action or final unsatisfied judgments or decisions against it from a state or federal agency or court which involve customer service or rates, which action, judgment or decision has occurred within three (3) years of the date of this Application. However, it does currently have three rate cases pending before this Commission - Cases Nos. HR-2004-0024, ER- 2004-0034 and GR-2004-0072.

8. Aquila has no overdue Commission annual reports or assessment fees.

9. Pursuant to an Asset Purchase Agreement between AmerenUE and Aquila dated September 24, 2003 (the “Agreement”), which is attached hereto as Highly Confidential Appendix 2 and incorporated herein by reference, AmerenUE and Aquila have agreed upon the terms and conditions under which Aquila’s regulated gas utility business and operations conducted in and around the cities of Rolla, Salem and Owensville, Missouri (referred to herein as the “System”), will be sold and transferred to AmerenUE. The System serves approximately 4,200 customers and is more fully described in the Agreement. Following the sale, AmerenUE will operate the business formerly conducted by Aquila, and the manner of providing natural gas services to customers served by the System will remain largely unchanged.

10. A certified copy of the resolutions of the AmerenUE Board of Directors authorizing the consummation of the transaction contemplated by this Application is attached hereto as Appendix 3 and incorporated herein by reference.

11. By the verification attached hereto, Aquila states that it has proper authority to consummate the transaction contemplated by this Application.

12. The proposed sale of the System will not be detrimental to the public interest because the sale will not result in any reduced level of service or reliability for those customers presently being served by Aquila. AmerenUE will integrate the System with its natural gas operations in Missouri. AmerenUE proposes to retain the existing approved base rates of Aquila for the Missouri area presently served by the System. A copy of the proposed tariff sheets adopting those rates is attached hereto as Appendix 4 and is incorporated herein by reference. In all other respects, AmerenUE proposes to serve the System pursuant to the terms of its existing natural gas tariff applicable to its Missouri natural gas operations and its existing procedures applicable to such service. AmerenUE proposes to incorporate gas costs for the System into its Purchased Gas Adjustment Clause ("PGA") charges applicable to AmerenUE customers served from the Panhandle Eastern Pipe Line Company ("PEPL") interstate natural gas pipeline, from which this System is also served. In addition, AmerenUE proposes to integrate the property records and accounting records of the System with its existing property records and accounting records applicable to its Missouri natural gas system. To this end, the Joint Applicants request that the Commission rescind its previous requirement that separate accounting records be maintained for the Rolla and Salem portions of the System.

13. This transaction will provide benefits to customers of the System by:

(a) providing customers of the System with a substantial and immediate reduction in gas costs

recovered through AmerenUE's PGA; (b) creating operational efficiencies by combining the relatively small operations of the System with AmerenUE's more extensive Missouri gas operations; (c) creating the opportunity for additional efficiencies in gas supply, pipeline capacity acquisition and gas supply hedging through the integration of the System into AmerenUE's Missouri gas operations served by PEPL; and (d) creating administrative efficiencies through the integration of the property accounting records of the System with AmerenUE's existing property accounting records.

14. AmerenUE, through its operations in Missouri and Illinois, has demonstrated it is qualified both financially and managerially to carry on the business of a regulated gas corporation. There will be no interruption in service to any customers as a result of the sale.

15. A balance sheet and income statement of AmerenUE, with adjustments showing the result of the acquisition of the System, is attached as Appendix 5 and incorporated by reference herein.

16. No significant impact is expected on the tax revenues of the Missouri political subdivisions in which any structures, facilities or equipment of Aquila and AmerenUE are located.

17. Financing of this transaction will be from funds available in AmerenUE's treasury, a portion of which may be obtained by new financing. The amount and nature of any new financing subject to the jurisdiction of the Commission will be submitted to the Commission for approval.

WHEREFORE, AmerenUE and Aquila respectfully request the Commission to issue an Order approving the transaction described herein, including:

(a) the sale of the Missouri assets of Aquila comprising the System, as more fully described in the Agreement, to AmerenUE;

(b) the execution and performance of the Agreement and all other documents reasonably necessary and incidental to the performance of the sale which is the subject of this Application;

(c) authority for Aquila, through the sale, to transfer to AmerenUE all of the property rights, privileges, immunities and obligations of Aquila applicable to the System, including, but not limited to, the Certificates of Public Convenience and Necessity, works, or systems or franchises, as described in the Agreement, effective as of the date of the closing of the transaction;

(d) authority for AmerenUE to provide service in the service areas presently served by Aquila through the System by transfer of such Certificates of Public Convenience and Necessity or pursuant to a new Certificate or Certificates of Public Convenience and Necessity, if necessary as a public utility subject to the jurisdiction of the Commission;

(e) authority for AmerenUE to provide gas service in the areas served by the System in accordance with the rules, regulations, rates and tariffs of AmerenUE as may be on file with and approved by the Commission on the effective date of the closing of the transaction, including the tariff sheets reflecting the existing base rates of Aquila which comprise Appendix 4 hereto;

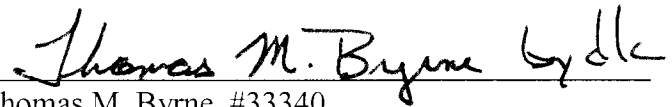
(f) Authority for AmerenUE to integrate its recovery of gas costs incurred to serve the System with its PGA charges applicable to existing AmerenUE customers served through PEPL;

(g) authority for AmerenUE to integrate the property accounting records associated with the System with AmerenUE's property accounting records, and to adopt AmerenUE's authorized depreciation rates for assets of the System;

(h) rescission of the requirement that separate accounting records must be maintained for the Rolla and Salem portions of the System; and

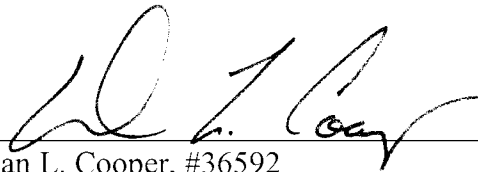
(i) such other relief as may be deemed necessary to accomplish the purpose of this Joint Application and to consummate the sale.

Respectfully submitted,



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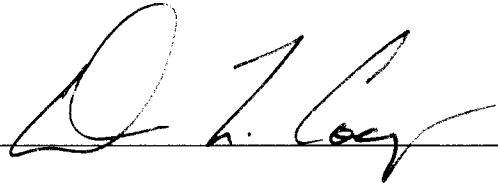
Attorney for Aquila, Inc.,
d/b/a Aquila Networks - MPS, and
Aquila Networks - L & P

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing *Joint Application* was hand-delivered or mailed, via first-class United States mail, postage pre-paid, on this 3RD day of December, 2003, to:

Office of the Public Counsel
P.O. Box 2230
Jefferson City, Missouri 65102-2230

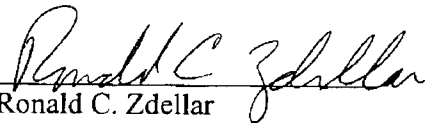
General Counsel
P.O. Box 360
Jefferson City, MO 65102




A handwritten signature in black ink, appearing to read "D. J. Coyle", is written over a horizontal line.

VERIFICATION

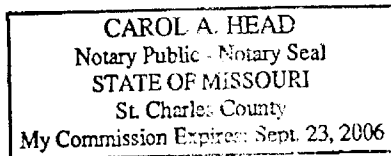
I, Ronald C. Zdellar, Vice President of Union Electric Company d/b/a AmerenUE, being first duly sworn, state that I have authority to sign this verification on behalf of AmerenUE, that I have read the foregoing Application, that I am familiar with the statements therein, and that the statements therein are true and correct to the best of my knowledge, information and belief.


Ronald C. Zdellar

Subscribed and sworn to before me this 3rd day of December, 2003

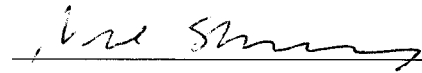

Notary Public

My Commission Expires:



VERIFICATION

I, Neal Shumway, Senior Vice President of Aquila, Inc., being first duly sworn, state that I have authority to sign this verification on behalf of Aquila, that I have read the foregoing Application, that I am familiar with the statements therein, and that the statements therein are true and correct to the best of my knowledge, information and belief.



Neal Shumway

Subscribe and sworn to before me this 19th day of November, 2003



My Commission Expires:



Notary Public

SARA L. HENNING
Notary Public-Notary Seal
STATE OF MISSOURI
County of Jackson
My Commission Exp. 12/28/2005