

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

In the Matter of the Application of Union)
Electric Company d/b/a Ameren Missouri for)
an Order Authorizing the Issuance of up to)
\$500,000,000 Aggregate Principal Amount of)
Additional Long Term Indebtedness.)
)

File No. EF-2011-0266

STAFF RECOMMENDATION

COMES NOW, the Staff (“Staff”) of the Missouri Public Service Commission (“Commission”) and for its *Staff Recommendation* states as follows:

1. On February 18, 2011, Union Electric Company d/b/a Ameren Missouri (“Ameren Missouri” or “Company”) filed with the Missouri Public Service Commission (“Commission”) an *Application*, seeking authority to issue up to \$500 million of new long-term indebtedness.

2. On May 19, 2011, the Commission issued its *Order Granting Second Extension of Time*, ordering Staff to file no later than June 15, 2011, its recommendation regarding approval or denial of the Company’s *Application*.

3. The Commission has jurisdiction over Ameren Missouri’s issuance of debt pursuant to Sections 393.180 and 393.200, RSMo (2000).¹ Commission Rule 4 CSR 240-3.120, with which the Company’s *Application* complies, outlines the filing requirements for electric utility applications for authority to issue indebtedness.

¹ Unless otherwise noted, all references to statute refer to the Missouri Revised Statutes (2000), as currently supplemented.

4. Staff has engaged in an investigation related to the Company's request and in the Memorandum attached hereto as Appendix A, and incorporated by reference herein, Staff recommends the Commission conditionally approve Ameren Missouri's *Application*, subject to the following four (4) conditions:

1. That nothing in the Commission's order shall be considered a finding by the Commission of the value of this transaction for rate making purposes, which includes, but is not limited to the capital structure, and that the Commission reserves the right to consider the rate making treatment to be afforded these financing transactions and their effect on cost of capital, in any later proceeding or proceedings.
2. That the Company files with the Commission all final terms and conditions of debt issued under the credit facility that is outstanding for a period greater than 12 months, which shall include, but not be limited to, applicable interest rates and the purposes of those proceeds.
3. That the conditions cited in the 2010 Missouri Credit Agreement will apply to this authorization.
4. That the Commission's order shall not constitute an opinion of prudence on the overall structure of Ameren and Ameren Missouri's current credit facility.

5. Staff has verified that the Company has filed its annual report and is not delinquent on any Commission assessment. Staff is not aware of any other matter before the Commission that affects or is affected by this filing.

WHEREFORE, Staff recommends that the Commission conditionally approve Ameren Missouri's *Application* subject to the four conditions contained in the attached Memorandum and restated above.

Respectfully submitted,

/s/ Meghan McClowry

Meghan E. McClowry

Legal Counsel

Missouri Bar No. 63070

Attorney for the Staff of the

Missouri Public Service Commission

P. O. Box 360

Jefferson City, MO 65102

(573) 751-6651 (Telephone)

(573) 751-9285 (Fax)

meghan.mcclowry@psc.mo.gov

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 2nd day of June, 2011.

/s/ Meghan McClowry

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
Case No. EF-2011-0266, Union Electric Company d/b/a Ameren Missouri

FROM: Zephania Marevangeo, Financial Analysis Department

/s/ Zephania Marevangeo 06/02/11
Financial Analysis Department

/s/ Meghan McClowry 06/02/11
Staff Counsel's Office

SUBJECT: Staff Recommendation to approve, with conditions, the Application of Union Electric Company d/b/a Ameren Missouri (the Applicant) for authority to allow borrowings under its credit facility to remain outstanding for periods greater than one year, which will be allowed by extending the expiration and maturity of its credit facility from September 9, 2011 to September 10, 2013.

DATE: June 02, 2011

1. (a) **Type of Issue:** Either Direct Borrowings Under the 3-year Credit Facility or Indirect Borrowings through the Commercial Paper Market with Credit Facility Capacity Supporting Commercial Paper Borrowings

(b) **Amount:** Up to \$500,000,000.

(c) **Rate:** Variable – Prime Rate, Federal Funds Rate and Eurodollar Rate.
2. **Proposed Date of Transactions:** Beginning as soon as September 10, 2011.
3. (a) Statement of purpose of the Transaction: Ameren Missouri intends to carry forward some of its short-term debt balances over a period greater than 12 months.

(b) **From a financial perspective, does Staff deem this purpose reasonable?**
Yes X No
4. **Type of Transaction:** Execution of a 3-year Credit Agreement with a Syndicate of Commercial Banks.

5. Copies of executed instruments defining terms of the proposed transaction:

- ☐ (a) If such instruments have been previously filed with the Commission, a reference to the Case Number in which the instruments were furnished.
- ☒ (b) If such instruments have not been executed at the time of filing, a commitment to provide the terms and conditions of the instruments when they are available has been made.
- ☐ (c) If no such instruments are either executed or to be executed, a statement of how the securities are to be sold.

6. Certified copy of resolution of the directors of applicant, or other legal documents authorizing the proposed transaction reviewed:

Yes ☒ No ☐

7. Capital expenditure schedule reviewed:

Yes ☐ No ☒

8. Recommendation of the Staff:

- ☒ Grant by session order imposing conditions (see Comments)
- ☐ Conditional Approval granted pending receipt of definite terms of transaction (see Comments)
- ☐ Require additional and/or revised data before approval can be granted (see Comments)
- ☐ Formal hearing required (see Comments)
- ☐ Recommend dismissal (see Comments)

COMMENTS:

Ameren Missouri is a wholly-owned subsidiary of Ameren Corporation (“Ameren”) and also a Missouri corporation with its principal place of business at One Ameren Plaza, 1901 Chouteau Avenue, St. Louis, Missouri 63103. Ameren Missouri is engaged in providing electric and gas utility services in portions of Missouri under the jurisdiction of the Missouri Public Service Commission (“Commission”).

On February 18, 2011, Ameren Missouri filed an application with the Commission requesting approval to issue up to \$500 million aggregate principal amount of additional long-term indebtedness. During a conference call between Staff and Ameren Missouri representatives held on May 11, 2011, Ameren revealed that it wants authority to allow for the possibility that the maturity and expiration of certain borrowings under the Company's current credit facility sublimit may be extended beyond September 9, 2011 and up to September 10, 2013; and not permission to issue new long-term indebtedness. Therefore, by no means should the Commission view the requested transaction(s) as a "traditional" long-term debt issuance as Ameren Missouri states in the following paragraphs of its application:

On September 10, 2010, Ameren Corporation ("Ameren"), the Company, JPMorgan Chase Bank, N.A., as agent, and the lenders thereto ("Lenders") entered into an \$800 million multi-year revolving credit facility (the "2010 Missouri Credit Agreement").

Pursuant to the terms of the 2010 Missouri Credit Agreement, the Lenders will provide a loan or loans to the Company in an aggregate principal amount not to exceed \$500 million outstanding at any time (the "Company Borrowing Sublimit") and to Ameren in an aggregate principal amount not to exceed \$500 million outstanding at any time (the "Ameren Borrowing Sublimit"); provided, that the cumulative amount of loans outstanding to the Company and Ameren under the 2010 Missouri Credit Agreement may not exceed \$800 million at any time (the "Facility Limit").

Under the 2010 Missouri Credit Agreement, the Company may only borrow on a short-term basis, as the Company Borrowing Sublimit will mature and expire on September 9, 2011, subject to extension thereof on a 364-day basis, as requested by the Company and approved by the Lenders, through a date no later than September 10, 2013 (the "Termination Date"). Upon approval of the Commission, the Company may extend the maturity and expiration of the Company Borrowing Sublimit to September 10, 2013, at which date all amounts due shall be repaid and no borrowings shall be made thereafter. In addition, through the Termination Date the Company will be able to request that one or more of the Lenders issue letters of credit of up to \$200 million on the Company's behalf to support the Company's business obligations. Outstanding letters of credit and amounts drawn under letters of credit, if not immediately reimbursed by the Company, will constitute obligations under the 2010 Credit Missouri Agreement and are subject to the Facility Limit.

Although the terms of the 2010 Missouri Credit Agreement allows Ameren and Ameren Missouri aggregate borrowing of up to \$800 million under the existing shared credit facility, Ameren Missouri is limited to a \$500 million sublimit. Ameren can borrow on a multi-year basis and Ameren Missouri on a 1-year basis. Consequently, Ameren Missouri is seeking permission to extend the maturity and expiration of its borrowings under the sublimit to greater than 1-year, but no longer than 3-years. Ameren Missouri attested in its response to

Staff Data Request No. 0001 that it will not incur additional costs by securing a multi-year term, rather than continuing with 1-year terms, on the credit facility

Ameren Missouri has been able to directly borrow on a short-term basis under the credit facility for several years without requesting Commission Authority. However, Ameren Missouri filed this Application out of an abundance of caution in case some of its short-term borrowings under the 3-year credit facility extend beyond 364-days, which under a strict legal interpretation of Section 393.200 constitutes long-term debt. Therefore, Ameren Missouri believes that extending the maturity and expiration date of its credit facility to 3 years from 1 year requires Commission Authorization.

Even though Ameren Missouri stated in its application that the \$800 million credit facility is a shared facility between Ameren Missouri and Ameren, Staff is not providing a recommendation as to the reasonableness of the overall structure of the credit facility, as this is outside the scope of the requested authority.

Considering the uncertainty of how Ameren Missouri will actually execute borrowings under its credit facility, Staff believes it is reasonable to require Ameren Missouri to notify the Commission when borrowings under its credit facility extend beyond 364-days. Staff's proposed conditions address this matter.

RECOMMENDED CONDITIONS:

Staff recommends that this Application be approved with the following conditions:

1. That nothing in the Commission's order shall be considered a finding by the Commission of the value of this transaction for rate making purposes, which includes, but is not limited to the capital structure, and that the Commission reserves the right to consider the rate making treatment to be afforded these financing transactions and their effect on cost of capital, in any later proceeding or proceedings.
2. That the Company files with the Commission all final terms and conditions of debt issued under the credit facility that is outstanding for a period greater than 12 months, which shall include, but not be limited to, applicable interest rates and the purposes of those proceeds.
3. That the conditions cited in the 2010 Missouri Credit Agreement will apply to this authorization.
4. That the Commission's order shall not constitute an opinion of prudence on the overall structure of Ameren and Ameren Missouri's current credit facility.

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AFFIDAVIT OF ZEPHANIA MAREVANGEPO

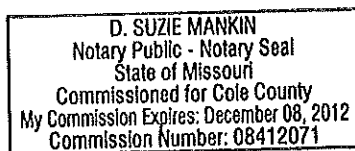
STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

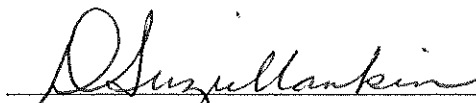
Zephania Marevangepo, of lawful age, on his oath states: that he has participated in the preparation of the foregoing Staff Recommendation in memorandum form, to be presented in the above case; that the information in the Staff Recommendation was developed by him; that he has knowledge of the matters set forth in such Staff Recommendation; and that such matters are true and correct to the best of his knowledge and belief.



Zephania Marevangepo
Utility Regulatory Auditor III
Financial Analysis Department

Subscribed and sworn to before me this 2nd day of June, 2011.





Notary Public