

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 6th day of
July, 2006.

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 \$449,000,000 Aggregate)
Principal Amount of Additional Long-Term Indebted-)
ness.)

Case No. EF-2006-0432

ORDER GRANTING APPLICATION

Issue Date: July 6, 2006

Effective Date: July 16, 2006

On May 11, 2006, Union Electric Company d/b/a AmerenUE filed an application asking the Commission to authorize the issuance and sale of up to \$449,000,000 aggregate principal amount of additional long-term indebtedness, pursuant to Section 393.180, 393.200, 4 CSR 240-2.060 and 4 CSR 240-3.120. AmerenUE proposes to use the proceeds from the issuance and sale of 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 AmerenUE's short-term debt outstanding as of March 31, 2006, is \$445,000,000. AmerenUE incurs short-term debt to fund its cash needs when and to the extent cash expenditures exceed cash receipts. AmerenUE 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.

On June 5, the Commission's Staff filed a verified Recommendation and Memorandum regarding AmerenUE's application. On June 13, Staff filed a verified Revised Staff Response which made minor typographical corrections to Staff's earlier recommendation. In its recommendation and revised response Staff recommends that the Commission approve the application subject to five conditions. Specifically, Staff recommends that the Commission impose 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 ratemaking purposes, and that the Commission reserves the right to consider the rate making treatment to be afforded these financing transactions and their results in cost of capital, in any later proceeding.
- 2) That AmerenUE file with the Commission all final terms and conditions of the proposed financing, including, but not limited to, the aggregate principal amount to be sold or borrowed, price information, estimated expenses, and loan or indenture agreement concerning each issuance.
- 3) That AmerenUE file with the Commission, upon refunding of any outstanding debt, the net present value calculations indicating the amount of interest cost savings, as applicable.
- 4) That the Commission's order in this proceeding shall remain effective for three (3) years from the date of the order, with AmerenUE authorized to request an extension of such term by filing an application at least ninety (90) days prior to the expiration of the three-year term. This condition shall only apply to the term of the authorization. If AmerenUE seeks a further increase in the amount of financing authorized in this case, then AmerenUE shall file a new Application.
- 5) That AmerenUE is authorized the 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.

On June 15, 2006, AmerenUE filed a response to Staff's recommendation advising the Commission it accepted the conditions contained in the Revised Staff Response. No other party has responded to Staff's recommendation or its revised response.

The Commission has reviewed and considered AmerenUE's verified application and response and the Staff's verified recommendation and verified revised response, which are hereby admitted into evidence, and concludes that the application should be granted. The Commission will require AmerenUE to comply with the conditions requested by Staff. The final terms and conditions of the proposed financing concerning each issuance, as well as any reports of interest cost saving resulting from refunding outstanding debt required as part of those conditions shall be provided to Staff and to Public Counsel, but need not be filed in this case.

As required by Section 393.200, RSMo 2000, the Commission finds that the purchase of the financial instruments proposed in AmerenUE's application is or will be reasonably required for the purposes specified in the application and that such purposes are not in whole, or in part, reasonably chargeable to operating expenses or to income.

IT IS ORDERED THAT:

1. For three years from the effective date of this order, Union Electric Company d/b/a AmerenUE is granted authority to issue and sell up to \$449,000,000 aggregate principal amount of additional long-term indebtedness, pursuant to Section 393.280, 393.200, 4 CSR 240-2.060 and 4 CSR 240-3.120.
2. Union Electric Company d/b/a AmerenUE is authorized to enter into all documents necessary for the above-described transactions.
3. Union Electric Company d/b/a AmerenUE shall submit to the Commission's Staff and the Office of the Public Counsel any information concerning communication with credit rating agencies concerning credit rating changes as a result of the transactions approved in this order.

4. Union Electric Company d/b/a Ameren UE shall file with the Commission, upon refunding of any outstanding debt, the net present value calculations indicating the amount of interest cost savings, as applicable.

5. Union Electric Company d/b/a AmerenUE shall file with the Commission all final terms and conditions of the proposed financing, including, but not limited to, the aggregate principal amount to be sold or borrowed, price information, estimated expenses, and loan or indenture agreement concerning each issuance.

6. The Commission's order in this proceeding shall remain effective for three (3) years from the date of the order, with Union Electric Company d/b/a AmerenUE authorized to request an extension of such term by filing an application at least ninety (90) days prior to the expiration of the three-year term. This condition shall only apply to the term of the authorization. If Union Electric Company d/b/a Ameren UE seeks a further increase in the amount of financing authorized in this case, it shall file a new Application.

7. Union Electric Company d/b/a Ameren UE is authorized the 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. 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.

9. This order shall become effective on July 16, 2006.

BY THE COMMISSION

A handwritten signature in black ink, appearing to read 'Colleen M. Dale', written over a horizontal line.

Colleen M. Dale
Secretary

(S E A L)

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

Voss, Regulatory Law Judge