

**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 Issue and Sale of Up to)	<u>File No. EF-2018-0213</u>
\$425,000,000 Aggregate Principal Amount)	
of Additional Long-term Indebtedness)	

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission, through Staff Counsel's Office, and submits its recommendation regarding the February 1, 2018, filing of a financing Application by Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri"), for authority to issue and sell up to \$425 million aggregate principal amount of additional long-term indebtedness ("New Indebtedness") with such terms and conditions as described in its Application. The Staff in its Memorandum Recommendation supports the granting of the requested authority with conditions as noted below. In explanation thereof, the Staff states as follows:

1. Ameren Missouri filed its Application pursuant to Sections 393.180 and 393.200 RSMo., 4 CSR 240-3.120, 4 CSR 240-3.220, and 4 CSR 240-2.060. The Staff believes that the Commission also has jurisdiction under Section 393.190.1 RSMo.

2. To provide Ameren Missouri flexibility with respect to the issuance of the New Indebtedness, Ameren Missouri requests a Commission Order authorizing its Application that will become effective no later than April 2, 2018 and also requests that the Commission Order be effective for a one-year term after its effective date.

3. Paragraph 4 of Ameren Missouri's Application states in part that Applicant proposes to use the proceeds from the issuance and sale of the New Indebtedness to pay shortly after maturity short-term debt incurred as a result of paying at maturity,

\$178.52 million principal amount of the Applicant's 6.25% Senior Secured Notes due April 1, 2018, and (2) to refinance other short-term debt consisting of commercial paper borrowings and potentially money pool borrowings.

4. Ameren Missouri states at page 6, Paragraph 12 of its Application that no fee is required pursuant to Section 386.300 RSMo. because the proposed New Indebtedness will be used to discharge, refund, or retire outstanding indebtedness. Ameren Missouri states further in its Application at page 6, Paragraph 13 that the issuance and sale of the New Indebtedness will not be detrimental to the public interest and is reasonably required.

5. The Commission directed the Staff to file a Recommendation no later than February 26, 2018. On pages 5-6, in Paragraph 9 of the Application, Ameren Missouri states that no later than March 2, 2018, Ameren Missouri will file with the Commission its January 31, 2018 financial statements, (with pro forma adjustments consistent with the proposed transactions described in Paragraph 4 of its Application) and its January 31, 2018 capitalization ratios, including such ratios with pro forma adjustments. As a consequence, the Staff on February 21, 2018, filed a Staff Request For Additional Time To File Recommendation to no later than March 9, 2018. On February 21, 2018, the Commission issued an Order Extending Time for the Staff to file its recommendation until no later than March 9, 2018.

6. On March 2, 2018, Ameren Missouri filed a Supplement To Application stating it was providing the January 31, 2018, financial statements that it had said in its February 1, 2018, Application it would file by March 2, 2018. On March 6, 2018, Ameren Missouri filed a Motion To Accept Corrections To Ameren Missouri's Supplement To Application.

7. The Staff's Memorandum Recommendation filed this date, as an attachment hereto, notes that the impact of the proposed financing on Ameren Missouri's and Ameren's credit metrics is minimal because the proposed financing addressed in the Application is to refinance current short-term debt and maturing long-term debt. The Staff finds that the proposed financing will not affect Ameren's or Ameren Missouri's credit ratings, or therefore either entity's ability to attract capital. The Staff also determines that the proposed financing is not detrimental to the public interest. The Staff's recommendation is that the Commission approve the Application submitted by Ameren Missouri in this case subject to the following conditions:

(A) That nothing in the Commission's Order authorizing the Application shall be considered a finding by the Commission of the value of this transaction for rate making purposes, and that the Commission reserve the right to consider the rate making treatment to be afforded the financing transaction and its impact on cost of capital, in a later rate proceeding;

(B) That the Company shall file with the Commission within 10 days of issuance of any financing authorized pursuant to a Commission Order in this proceeding, a report including the amount of secured indebtedness issued, date of issuance, interest rate (initial rate if variable), maturity date, redemption schedules or special terms, if any, use of proceeds, estimated expenses, and loan or indenture agreement concerning each issuance. In addition, Ameren Missouri shall also provide the analysis, to include but not be limited to indicative pricing information provided by investment banks, it performed to determine that the terms for the debt it decided to issue were the most reasonable at the time;

(C) That Ameren Missouri shall file with the Commission any information concerning communication with credit rating agencies concerning any such issuance;

(D) That Ameren Missouri shall file with the Commission as a non-case related submission in EFIS under "Resources" - "Non-Case Related Query" - "Ordered Submission" any credit rating agency reports published on Ameren Missouri's or Ameren's corporate credit quality or the credit quality of its securities;

(E) That Ameren Missouri be required to file a five-year capitalization expenditure schedule in future finance cases;

(F) That Ameren Missouri be required to file in future finance cases whereby the use of proceeds includes the repayment of short-term debt which cannot be linked to the repayment of long-term debt, a schedule that reconciles short-term debt incurred for purposes of long-term capital projects specifically and individually disclosed in quarterly and annual filings with the Securities and Exchange Commission. For those capital expenditures not categorized in Securities and Exchange Commission filings, Ameren Missouri shall provide an aggregate sum of the miscellaneous expenditures;

(G) That the Commission's grant of authority shall expire one year from the effective date of the Order in this proceeding.

WHEREFORE the Staff files its Memorandum Recommendation suggesting that the Commission grant Ameren Missouri's Application pursuant to the conditions contained in the Staff's Memorandum Recommendation and noted above.

Respectfully submitted,

/s/ Steven Dottheim

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served via e-mail on counsel for the parties of record to this case, on this 9th day of March, 2018.

/s/ Steven Dottheim