

## MEMORANDUM

TO: Missouri Public Service Commission Official Case File  
Request for Extension of Authority in Case No. EF-2003-0514  
Union Electric Company d/b/a AmerenUE

FROM: David Murray, Financial Analysis Department

/s/ David Murray 04/24/08                      /s/ Dennis L. Frey 04/24/08  
Project Coordinator / Date                      General Counsel's Office / Date

SUBJECT: Staff Recommendation to Grant AmerenUE's Request for Extension of Authority in  
Case No. EF-2003-0514

DATE: April 24, 2008

### **COMMENTS:**

Union Electric Company d/b/a AmerenUE (AmerenUE or Company) is a public utility engaged in providing electric and gas utility services in portions of Missouri under the jurisdiction of the Missouri Public Service Commission (Commission). AmerenUE is a subsidiary of Ameren Corporation.

On March 24, 2008, AmerenUE filed a *Request for Extension of Authority Granted by Commission in its Order Issued July 7, 2005 (Request for Extension)*. In this instance, AmerenUE is simply requesting an extension of authority to issue funds that had been previously authorized by the Commission in this finance case. In AmerenUE's May 10, 2005 *Application to Supplement the Authorization Granted by the Commission in its Order Issued June 24, 2003 (Supplement to Original Application)*, AmerenUE had requested not only an extension to its existing authority, but also the ability to issue additional funds over those previously authorized. Although Staff accommodated and the Commission granted this request, the Authority granted in the *Supplement to Original Application*, was conditioned on any requested extensions of authority being restricted to already approved funds and not additional funds. The current *Request for Extension* complies with this condition. Additionally, AmerenUE is not proposing a change to its intended use of funds, which Staff deemed reasonable in its June 23, 2005 recommendation to the Commission. Because, apart from the requested time extension, this request does not seek to amend the previous application, Staff did not perform a detailed analysis of this request, since it had already assessed the impact of the requested refinancing in its June 23, 2005 recommendation. However, Staff is aware that the credit markets have tightened since the Staff made its recommendation in 2005. Although Staff believes it is appropriate to grant AmerenUE's *Request for Extension*, Staff also believes it is appropriate to ensure that AmerenUE only refinances if conditions make it economical to do so. Condition H in the Commission's July 7, 2005 *Order Granting Application to Supplement Authority to Issue and Sell Additional Indebtedness* clearly addresses this concern with regard to the securities identified as debt on page 1 of Schedule 1 attached to AmerenUE's *Request for Extension*. However, Staff believes it is appropriate to clarify that this condition also covers the preferred stock

listed on the same page. Accordingly, Staff includes this clarification in its recommended conditions below.

The Staff notes that extended authority is not needed for the refinancing of all three securities identified on page 1 of Schedule 1 attached to AmerenUE's March 24, 2008 *Request for Extension*. Because the \$148 million of First Mortgage Bonds mature on May 1, 2008, the refinancing of this security will occur before the current Commission Authority expires on July 4, 2008. Consequently, the extended authority should apply only to the other two securities identified on page 1 of Schedule 1 attached to AmerenUE's *Request for Extension*; i.e., the \$65,500,000 of Unsecured Subordinated Debt and the \$33,000,000 of Preferred Stock.

The Staff recommends that the Commission grant AmerenUE's *Request for Extension* of its current authority until July 4, 2010, subject to the following conditions (in addition to the conditions already imposed on AmerenUE in the aforementioned July 7, 2005 order authorizing financing):

1. That the extension be granted only for refinancing the Unsecured Subordinated Debt and the Preferred Stock identified on page 1 of Schedule 1 attached to AmerenUE's March 24, 2008, *Request for Extension of Authority Granted by Commission in its Order Issued July 7, 2005*.
2. That, within thirty days of the execution of each transaction, AmerenUE be required to file with the Commission any information concerning the use of the funds from the issuance(s) with regard to redemption of securities, including Net Present Value calculations indicating the amount of interest/dividend cost savings.

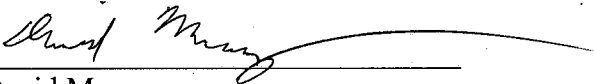
**BEFORE THE PUBLIC SERVICE COMMISSION**  
**OF THE STATE OF MISSOURI**

In the Matter of the Application of Union                     )  
Electric Company d/b/a AmerenUE for an                     ) Case No. EF-2003-0514  
Order authorizing the issue and sale of up to                     )  
\$1,500,000,000 aggregate principal amount                     )  
of additional long-term indebtedness                     )

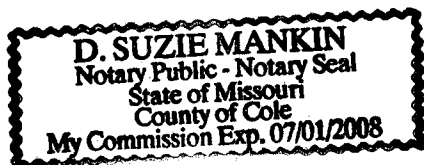
**AFFIDAVIT OF DAVID MURRAY**

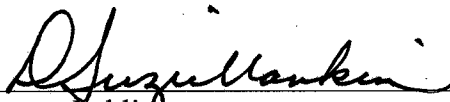
STATE OF MISSOURI             )  
   )             ss.  
COUNTY OF COLE             )

David Murray, 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.

  
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David Murray

Subscribed and sworn to before me this 24<sup>th</sup> day of April, 2008.



  
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Notary Public