

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 15th day of
June, 2011.

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)	<u>Case No. EF-2011-0266</u>
Aggregate Principal Amount of Additional Long -)	
Term Indebtedness.)	

ORDER GRANTING FINANCING APPLICATION

Issue Date: June 15, 2011

Effective Date: June 24, 2011

On February 18, 2011, Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri") filed an application seeking authority to issue up to \$500,000,000 of new long-term indebtedness under its 2010 Missouri Credit Agreement.¹ The Company proposes to use the proceeds from the issuance and sale of the new indebtedness for general corporate purposes, including for working capital and short-term and intermediate term funding needs.

Ameren Missouri explains its 2010 Missouri Credit Agreement in paragraphs 5 through 9 of its application as follows:

5. On September 10, 2010, Ameren Corporation ("Ameren"), the Company, JP Morgan 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"). The 2010 Missouri Credit Agreement and Pricing Schedule are attached to this Application as Schedule 2 and Schedule 3 HC. 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

¹ Ameren Missouri's application was filed pursuant to Sections 393.180, 393.200, RSMo, 2000, and 4 CSR 240-2.060, and 4 CSR 240-3.120.

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”).² 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.

6. Each loan under the 2010 Missouri Credit Agreement will bear interest at a rate or rates per annum based on market interest rates for similar loans and borrowers with credit and other characteristics similar to the Company. Interest rates will be: (i) based on the highest of (x) the Lenders’ prime rate, (y) the Federal funds rate plus 50 basis points or (z) a rate equal to the Eurodollar rate then applicable to a thirty (30) day borrowing period plus 1.00%; or (ii) based on the Eurodollar rate then in effect for the applicable borrowing period (i.e., one, two, three or six months), plus in the case of (i) or (ii) a “spread” (additional interest rate) based on the Company’s applicable credit ratings; or (iii) based on fixed rates offered by Lenders under a competitive bid procedure for fixed rate advances. The Company will be authorized to prepay any loan under the 2010 Missouri Credit Agreement at any time without premium or penalty (except for loans such as Eurodollar loans that have a specific interest period identified at the time of borrowing, in which case breakage costs may be due).

7. The Company will pay facility and other fees and expenses under the 2010 Missouri Credit Agreement based on negotiations with Lenders at a level comparable to amounts paid by similarly situated borrowers. The 2010 Missouri Credit Agreement provides for an increased interest rate on

² The 2010 Credit Agreement includes a discretionary “accordion” provision allowing for the increase of the Facility Limit to up to \$1,000,000,000 with the consent of the Borrowers and any eligible Lender willing to enter into additional or supplemental commitments thereunder; provided that no increase in the Facility Limit shall result in an increase in either the Company Borrowing Sublimit or the Ameren Borrowing Sublimit.

outstanding obligations thereunder in the event such amounts are not paid when due.

8. The Company's obligations to the Lenders under the 2010 Missouri Credit Agreement will be general unsecured obligations. The Company will not issue any mortgage bonds as security for its obligations under the 2010 Missouri Credit Agreement.

9. To facilitate the Company's access to multiple Lenders and to take advantage of possibly lower fees and more favorable terms than the Company could obtain on its own, the 2010 Missouri Credit Agreement, similar to prior credit agreement, allows for borrowings thereunder by Ameren. The obligations of the Company and Ameren will be several, and not joint. The Company will not have any liability for paying obligations of Ameren under the 2010 Missouri Credit Agreement, and a default by Ameren will not constitute a default by the Company or have any impact on borrowing capacity under the Company Borrowing Sublimit. The Company will not provide credit support to Lenders for obligations of Ameren or any other person. Accordingly, there will be no opportunity for cross-subsidization by the Company of affiliated interests under the 2010 Missouri Credit Agreement. Ameren Energy Generating Company is not a borrower under the 2010 Missouri Credit Agreement.

Ameren Missouri acknowledges the entire \$500,000,000 is subject to the fee schedule found in Section 386.300, RSMo 2000.

On June 2, 2011 the Commission's Staff filed a verified Recommendation and Memorandum regarding Ameren Missouri's application. Staff stated:

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 . . .

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.

Staff recommends that the Commission approve the application subject to 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.

On June 6, 2011, Ameren Missouri filed a response to Staff's recommendation advising the Commission it accepted Staff's proposed conditions. No other party has responded to Ameren Missouri's application or Staff's recommendation.

The Commission has reviewed and considered Ameren Missouri's verified application and response and the Staff's verified recommendation and memorandum and concludes that the application should be granted. The Commission will require Ameren Missouri to comply with the conditions requested by Staff. The final terms and conditions of the proposed debt issuance under the credit facility, as described in Staff's second condition, shall be provided to Staff and to Public Counsel, but need not be filed under this file number. As required by Section 393.200, RSMo 2000, the Commission finds that the purchase of the financial instruments proposed in Ameren Missouri'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. Union Electric Company d/b/a Ameren Missouri's ("Ameren Missouri") February 18, 2011 "Application" is granted subject to the conditions recommended by the Commission's Staff, which are delineated in the body of this order.

2. Ameren Missouri is authorized to enter into all documents necessary for the above-described transactions.

3. The conditions cited in the 2010 Missouri Credit Agreement will apply to this authorization.

4. Ameren Missouri shall submit to the Commission's Staff and the Office of the Public Counsel 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.

5. Nothing in this 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 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.

6. Nothing in this order shall constitute an opinion of prudence on the overall structure of Ameren Missouri and Ameren Missouri's current credit facility.

7. Ameren Missouri shall remit the fee required in the schedule outlined in Section 386.300, RSMo 2000, within ten days of the issuance of this order. Ameren Missouri shall file notice of having paid the fee in this file number immediately following payment.

8. This order shall become effective on June 25, 2011.

9. This file shall close on June 28, 2011.

BY THE COMMISSION



Steven C. Reed
Secretary

(S E A L)

Gunn, Chm., Clayton, Davis, Jarrett,
and Kenney, CC., concur.

Stearley, Senior Regulatory Law Judge