

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 1st day of
August, 2012.

In the Matter of the Application of Union Electric Company)	
d/b/a Ameren Missouri for an Order Authorizing the)	
Issuance of up to \$550,000,000 Aggregate Principal)	<u>Case No. EF-2012-0463</u>
Amount of Additional Long-Term Indebtedness)	

ORDER GRANTING APPLICATION

Issue Date: August 1, 2012

Effective Date: August 1, 2012

On June 29, 2012, Union Electric Company d/b/a Ameren Missouri ("Ameren Missouri") filed an application seeking authority from the Missouri Public Service Commission ("Commission") to issue and sell up to \$550,000,000 of additional indebtedness, the proceeds of which will be used to discharge, refund or retire outstanding indebtedness.¹ Ameren Missouri specifically proposes to use proceeds from the secured long-term indebtedness to pay at, or subsequent to, maturity \$173,000,000 of the Company's Senior Secured Notes that are due on September 1, 2012, and to refund principal amounts, and repurchase premiums for up to \$377,000,000 of other outstanding long-term indebtedness. If not used for the aforesaid specific purposes, then Ameren Missouri is requesting approval to use the proceeds to refinance short-term debt that may be outstanding during the period of the requested financing authority. Ameren Missouri

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

states that it wishes to take advantage of generally lower prevailing interest rates, and the refinancing will result in a net present value economic benefit to the company.

On July 20, 2012, the Staff of the Commission filed a recommendation that the Commission conditionally approve the application for authorization to issue long-term debt, subject to seven conditions, and deny the request for authority to refinance short-term debt. On July 25, 2012, Ameren Missouri filed its reply to the Staff recommendation. In its response Ameren amended its application stating:

It is apparent from the *Staff Recommendation* that Staff is concerned that Ameren Missouri might refinance some of its short-term debt in a manner that the Staff suggests would allow the proceeds of Ameren Missouri's debt issuances to provide financial support to Ameren Corporation's unregulated Illinois generating company, Ameren Energy Generating Company (the Staff Recommendation refers to this entity as GenCo). Given the concern voiced in the *Staff Recommendation*, although believing the concern to be without foundation or credibility, Ameren Missouri is withdrawing that part of its Application that requested the option to use some of the proceeds of the requested debt issuance to refinance short-term debt. Consequently, Ameren Missouri requests that the Commission treat this Response as an amendment to its *Application* to the extent necessary to remove any request for permission to use the proceeds from this financing to redeem a part of the Company's short-term debt. The primary purpose of this financing was never to redeem short-term debt, and the Company only included that request in the event that the tender offer was not as successful as expected and the Company had a sizable short-term debt balance. However, the potential advantages of redeeming short-term debt with these proceeds do not justify prolonging this financing case and perhaps delaying a Commission order approving the financing.

Staff responded to Ameren Missouri's amended application on July 27, 2012 and recommended its approval subject to five conditions; two of the prior suggested conditions no longer being necessary. 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;

2. That Ameren Missouri 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;
3. That Ameren Missouri files with the Commission, upon refinancing any outstanding debt, the net present value calculations indicating the amount of interest cost savings;
4. That Ameren Missouri files with the Commission any information concerning communication with credit rating agencies concerning the proposed financing;
5. That Ameren Missouri shall file with the Commission as a non-case related submission any credit rating agency reports published on Ameren Missouri's, Ameren's or GenCo's corporate credit quality or the credit quality of its securities.

Also on July 27, 2012, Ameren Missouri filed a reply to Staff's amended recommendation stating that it accepts these five conditions.

Neither the governing statute² nor any other law requires a hearing before approving the unopposed application.³ Because this is a non-contested case, the Commission acts on evidence that is not formally adduced and preserved.⁴ There is no evidentiary record.⁵ Consequently, the Commission bases its decision on the parties' verified filings.

The Commission has reviewed and considered the Company's verified application, its amended application and Staff's verified recommendations. Based on the Commission's independent and impartial review, the Commission finds that it is in the public interest to

² Section 393.200, RSMo. All sections are in the 2000 Revised Statutes of Missouri unless otherwise stated.

³ *State ex rel. Rex Deffenderfer Ent., Inc. v. Public Service Commission*, 776 S.W.2d 494, 496 (Mo. App., W.D. 1989).

⁴ *State ex rel. Public Counsel v. Public Service Comm'n*, 210 S.W.3d 344, 353-355 (Mo. App. 2006).

⁵ *Id.* The competent and substantial evidence standard of Article V, Section 18, does not apply to administrative cases in which a hearing is not required by law." *Id.*

grant Ameren Missouri's amended application. The Commission will require the Company to comply with the conditions requested by Staff. As required by Section 393.200, RSMo, the Commission finds that the proposed issuance of debt securities 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.

Ameren Missouri has also sought expedited approval of its application to allow it flexibility with respect to the issuance of the new indebtedness given dynamic and rapidly changing market conditions. Consequently, the Commission finds good cause to approve Ameren Missouri's amended application by an order effective on August 1, 2012.

THE COMMISSION ORDERS THAT:

1. Union Electric Company d/b/a Ameren Missouri's application filed on June 29, 2012, as amended on July 25, 2012, is granted subject to the conditions recommended by the Commission's Staff, which are delineated in the body of this order.
2. Union Electric Company d/b/a Ameren Missouri is authorized to execute all documents and take all actions necessary for the above-described transactions.
3. Nothing in this order shall constitute an opinion of prudence on the overall structure of Ameren Missouri and that company's current credit facility.
4. This order shall remain effective for one year from the effective date of the order. Union Electric Company d/b/a Ameren Missouri is authorized to request an extension of such terms by filing an application at least ninety days prior to the expiration of the one-year term. This condition shall only apply to the term of the authorization. If Ameren Missouri seeks a further increase in the authorized amount of financing, it shall file a new application.

5. This order shall become effective on August 1, 2012.
6. This file may be closed on August 2, 2012.

BY THE COMMISSION

A handwritten signature in black ink, appearing to read 'S. C. Reed', written over a horizontal line.

Steven C. Reed
Secretary

(S E A L)

Gunn, Chm., Jarrett, Kenney,
and Stoll, CC., concur.

Bushmann, Regulatory Law Judge