

## **MEMORANDUM**

TO: Missouri Public Service Commission Official Case File  
Case No. EF-2000-385

FROM: Ron Bible, Financial Analysis Department  
Lena Mantle, Energy Department  
Leasha Teel, Accounting Department

<u>/s/ Ron Bible 03/27/03</u> Ron Bible, Project Coordinator Utility Services Division/Date	<u>/s/ Steven Dottheim 03/27/03</u> Steven Dottheim, General Counsel's Office/Date
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SUBJECT: Staff's Recommendation for approval of the Application of Union Electric Company d/b/a AmerenUE for authority for a two (2) year extension to issue and sell up to \$750,000,000 long-term indebtedness

DATE: March 27, 2003

### **Union Electric Company d/b/a AmerenUE**

Union Electric Company d/b/a AmerenUE, (AmerenUE, Company) is a public utility engaged in providing services to customers in Missouri. On December 23, 1999 the Company filed an Application requesting the Missouri Public Service Commission (Commission) to authorize it to issue and sell up to \$750,000,000 aggregate principal amount of additional long-term indebtedness (New Securities).

The Company's Application stated that the Applicant proposes to issue and sell from time to time, in several transactions, up to \$750,000,000 aggregate principal amount of New Securities in one or a combination of the following forms: First Mortgage Bonds or debentures (including subordinated deferrable interest debentures); promissory notes or other forms of unsecured indebtedness (the "Taxable New Securities"); or indebtedness to support the issuance and sale of tax exempt bonds or notes by the State Environmental Improvement and Energy Resources Authority of the State of Missouri (the "Tax Exempt Related New Securities").

On February 17, 2000 the Commission issued an Order authorizing the Company to issue the New Securities and established March 1, 2003 as the deadline for completion of the issuance. The Commission also directed the Company to file a request for any required extension of time to complete the issuance on or before December 1, 2002.

On November 26, 2002 the Company filed an Application requesting an extension of the deadline for completion of the New Securities issuance activity to March 1, 2005. In the Application, the Company stated they had issued and sold \$359,500,000 aggregate principal amount of the New Securities, leaving \$390,500,000 aggregate principal amount of New Securities available for issuance under the Order by March 1, 2003.

The Staff has verified that the Company has filed its annual report and is not delinquent on any assessment. The Commission's Energy Department Staff has reviewed this filing and is unaware of any issue currently pending before the Commission that affects or is affected by this filing. The following open cases involving this Company are before the Commission at this time: EC-2002-1, EM-2002-351, EO-2003-0271, EO-96-14 and EM-96-149.

Based on its review of the information submitted by the Company, the Staff recommends that the Commission approve the Application submitted by Union Electric Company in Case No. EF-2000-385 for a two (2) year extension, to March 1, 2005, in order to complete the issuance of the New Securities, subject to the conditions set forth in the Commission's original February 17, 2000 order and including the following additional conditions:

1. All future funds acquired through issuance of securities under this application shall be used exclusively for the benefit of AmerenUE regulated operations, and not for the other operations of Ameren Corporation or any of its affiliates or non-regulated activities.
2. The amount of any and all other benefits that accrue to the funds acquired through issuance of securities under this application shall be used exclusively for the benefit of AmerenUE regulated operations, and not for the other operations of Ameren Corporation or any of its affiliates or non-regulated activities.
3. Ameren Corporation and AmerenUE shall make available to the Staff sufficient documentation to ensure that the funds, and the amount of any and all other benefits that accrue to the funds, acquired through issuance of securities under this application are used exclusively for the benefit of AmerenUE regulated operations, and not for the other operations of Ameren Corporation or any of its affiliates or non-regulated activities.

Upon further reflection, based on events that have occurred in the last two years respecting investor-owned utilities, the Staff believes that these additional conditions would have been appropriate in connection with the Company's original application. Given the heightened concerns and the resultant need for increased scrutiny in today's investor-owned utility environment, the Staff intends to recommend inclusion of such conditions in Commission orders approving financing requests in future cases involving utilities with a holding company structure.

**The Staff respectfully requests that this matter be placed on the Commission's Agenda as soon as possible.**