BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

FILED[3]

APR 25 2007

Missouri Public Service Commission

In the Matter of the Application of)
Union Electric Company of Missouri )
for authorization to acquire addi- )
tional shares of capital stock of )
Electric Energy, Inc. )

Case No. 12,[illegible]

REPORT AND ORDER

This case is before the Commission on an application filed November 22, 1952 by Union Electric Company of Missouri (herein referred to as the "Petitioner"), for authority to acquire 10,800 additional shares of capital stock, of the par value of $100 per share, of Electric Energy, Inc., a corporation organized under the laws of the State of Illinois. The authority requested is pursuant to Section 393.190 RS Mo. 1949, which states, among other things, that no electrical corporation shall directly or indirectly acquire the stock or bonds of any other corporation incorporated for, or engaged in, the same or a similar business unless authorized so to do by the Commission.

On December 8, 1950, in Case No. 12,064, this Commission authorized Petitioner to acquire 14,000 shares of the capital stock of Electric Energy, Inc., which, together with purchases by four other sponsoring companies, viz., Central Illinois Public Service Company, 7,000 shares; Illinois Power Company, 7,000 shares; Kentucky Utilities Company, 3,500 shares; and Middle South Utilities, Inc., 3,500 shares, was for the purpose of providing Electric Energy, Inc. with $3,500,000 of equity capital to finance in part the cost of a new generating station to be built by Electric Energy, Inc., together with working capital, for the purpose of supplying up to 500,000 kw of power and energy to the Paducah Project of the Atomic Energy Commission.

Staff Exhibit No. 974
Date 3-21-07 Case No. ER-2007-0002
Reporter KF

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It appears from the verified petition that the Atomic Energy Commission has determined to expand its facilities at the Paducah Project and has requested an additional 235,000 kw of power and energy to be supplied by Electric Energy, Inc. which will require the addition of two large generating units and two transmission circuits to the four generating units and four transmission lines now under construction by Electric Energy, Inc., and that Electric Energy, Inc. has entered into an interim agreement with the Atomic Energy Commission providing, among other things, for the commencement of construction of such additional facilities and for the execution of an amended power contract covering the total supply of 735,000 kw on or before August 1, 1953, subject to adequate statutory authority for the Atomic Energy Commission so to do.

Petitioner states that the first four units of the generating station and related transmission line and other facilities are now estimated to cost approximately $106,300,000 (including $3,000,000 for working capital) and that the two additional units and related transmission line and other facilities will cost approximately $53,400,000 (including $1,400,000 for working capital); that Electric Energy, Inc. expects to finance such construction and working capital by the sale to two insurance companies of up to $100,000,000 of its 3 percent First Mortgage Sinking Fund Bonds and up to $65,000,000 of its 3-3/4 percent First Mortgage Sinking Fund Bonds, and by the sale to the above named sponsoring companies of an additional 27,000 shares of its capital stock. It also appears that to provide funds for cash outlays during the term of the interim agreement, Electric Energy, Inc. has arranged to borrow up to $2,000,000 from Guaranty Trust Company of New York and has agreed to assign to the bank, to the extent required for the repayment of such loan, amounts becoming due to Electric Energy, Inc. under the interim agreement and under the agreement of the sponsoring companies subscribing to the additional capital stock.

Under the Subscription Agreement, a copy of which was filed with the petition as Exhibit C, the sponsoring companies agree to purchase the additional capital stock of Electric Energy, Inc., subject to the terms of such agreement, in the following amounts: Central Illinois Public Service Company, 5,400 shares; Illinois Power Company, 5,400 shares; Kentucky Utilities Company, 2,700 shares; Middle South Utilities, Inc., 2,700 shares; and Union Electric Company of Missouri, the Petitioner herein, 10,800 shares; the same being in the same proportion as the purchases by such companies of the original 35,000 shares.

Petitioner further states that when the entire generating station of Electric Energy, Inc. is in full scale operation there will be available to Petitioner as its share of the surplus power from such station approximately 600,000,000 kwh of energy per annum at an economical cost which will provide an additional efficient and economic source of power to meet the expanding requirements of the public in the service areas of Petitioner's system.

The Commission is of the opinion that the granting of the petition will be in the public interest and the interest of the national defense program and that a hearing in this case is not necessary.

It is, therefore,

ORDERED: 1. That Union Electric Company of Missouri is hereby authorized to acquire for cash at the par value thereof 10,800 additional shares of the capital stock, of the par value of $100 per share, of Electric Energy, Inc., in accordance with and subject to the terms of the Subscription Agreement referred to above.

ORDERED: 2. That nothing in this order shall be considered as a finding by the Commission of the value for rate making purposes of the properties herein involved, nor as an acquiescence in the value placed upon said properties by the parties.

ORDERED: 3. That this order shall take effect on the date hereof and that the Secretary of the Commission shall forthwith mail certified copies of the same to all interested parties.

BY THE COMMISSION

Marvin P. Moore

MARVIN P. MOORE,
SECRETARY

(SEAL)

Burton, Chr., Henson, McClintock,
Cary and Covert, CC., Concur

Dated at Jefferson City, Missouri,
this 18th day of December, 1952.