

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
File No. EF-2026-0106, Union Electric Company, d/b/a Ameren Missouri

FROM: Johnny Garcia, Financial Analyst, Financial Analysis Department

/s/ Seoung Joun Won 1/15/2026
Regulatory Compliance Manager / Date

SUBJECT: Staff Recommendation Concerning the Application of Union Electric Company, d/b/a Ameren Missouri (“Ameren Missouri,” “Company,” or “Applicant”), for Authority to Issue and Sell Additional Long-Term Indebtedness (“New Indebtedness”).

DATE: January 15, 2026

1. (a) **Type of Issue:** First Mortgage Bonds or other forms of Secured Indebtedness (including Senior Secured Debt Securities secured by a corresponding series of First Mortgage Bonds) issuing one or more new series of bonds or other form of secured indebtedness and/or by issuing additional bonds or other form of secured indebtedness of an existing series previously authorized by the Commission.¹
(b) **Amount:** Up to \$1,500,000,000.²
(c) **Rate:** The interest rate when issued will not exceed the greater of (i) 9.00%, or (ii) a rate that is consistent with similar securities of comparable credit quality and maturities issued by other issuers considering prevailing financial market conditions at the time.³ The proposed transactions are estimated to have interest rates of ** [REDACTED] **.⁴
(d) **Other Provisions:** The terms of maturity for the various series of secured indebtedness will not exceed 40 years (or longer tenor if comparable to maturities of similar securities issued by other issuers). One or more series of the New Indebtedness may include terms providing that the series will not be redeemable at all for a certain period of time.⁵

¹ Paragraph 9, The Application.

² Ibid.

³ Paragraph 11, Part a, The Application.

⁴ Response to Staff Data Request No. 0008.

⁵ Paragraph 11, Part a, The Application.

2. **Proposed Date of Transaction: ****

**⁶

(a) **Statement of Purpose of the Issue:** Company proposes to use the proceeds from the issuance and sale of the New Indebtedness to refinance short-term debt, which may consist of commercial paper borrowings, money pool borrowings, and/or credit facility borrowings, and/or to fund near-term capital expenditures. The proceeds will be used solely by Applicant.⁷

(b) **From a financial perspective, does Staff deem this Statement of Purpose of the Issue reasonable:**

Yes, with conditions imposed by the Commission as indicated below on pages 8-9.

4. **Copies of executed instruments defining terms of the proposed securities:**

Such instruments have not been executed.

5. **Certified copy of resolution of the directors of Applicant, or other legal documents authorizing the issuance of the securities reviewed:**

No. A certified copy of the resolutions will be provided as soon as it is obtained.⁸

6. **Pro-forma Balance Sheet and Income Statement reviewed:**

Yes.⁹

7. **Capital expenditure schedule reviewed:**

Yes, a five-year capitalization expenditure schedule has been reviewed.¹⁰

⁶ Response to Staff Data Request No. 0001.

⁷ Paragraph 10, The Application.

⁸ Paragraph 13, The Application; In a response to Staff Data Request No. 0002. The Company has indicated a certified copy of resolutions will be available the week of February 9th.

⁹ Schedule 3 and Schedule 4, The Application.

¹⁰ Schedule 5, The Application.

8. Journal entries required to be filed by Ameren Missouri to allow for the Fee Schedule to be applied:

Currently, no fee is required pursuant to §386.300, RSMo, because the proposed issuances of New Indebtedness will be used to discharge, refund or retire outstanding indebtedness. However, any proceeds from the issuance and sale of the New Indebtedness in an amount that exceeds the Applicant's short-term debt balance on the date prior to issuance will be used to fund near-term capital expenditures for which a fee will be required and paid to the Commission.¹¹

9. Recommendation of the Staff:

Conditional Approval (see Comments and Recommended Conditions below).

COMMENTS:

Ameren Missouri is a public utility engaged in providing electric and gas utility services in portions of Missouri under the jurisdiction of this Commission and is a subsidiary of Ameren Corporation. Ameren Missouri supplies electric service to a 24,000 square mile area in central and eastern Missouri and to approximately 1.3 million customers.¹² Ameren Missouri and Ameren Corporation are currently rated by both Moody's and S&P, with both receiving the same corresponding ratings of Baa1 and BBB+ by each agency, respectively.¹³

On December 15, 2025, Ameren Missouri filed a *Motion for Expedited Treatment and Application for Financing Authority* ("Application") with the Commission requesting approval for authority to issue and sell up to \$1,500,000,000 aggregate principal amount of secured indebtedness. Ameren Missouri states in its Application at page 5, Paragraph 11, item b.:

The New Indebtedness will be offered to the public or privately placed (or a combination of both) through commercial or investment banking firms or groups of firms selected through negotiation and/or competitive bidding. Sales of the New Indebtedness could be through underwriters or dealers, directly to a limited number of purchasers or to a single purchaser, or through agents designated by Applicant. Compensation to be paid for underwriting or privately placing the New Indebtedness will be determined based on prevailing financial market conditions.

The Applicant further states in its Application at page 7, Paragraph 11, item e. that:

Applicant proposes to issue the New Indebtedness under its existing authority from the Securities and Exchange Commission ("SEC"), for such securities issued in public transactions, or pursuant to private placement with or without registration

¹¹ Paragraph 15, The Application.

¹² SEC 10-K, Filed on 2/18/2025.

¹³ S&P Capital IQ Pro.

rights. In October 2023, Applicant filed a Form S-3 registration statement with the SEC registering, among other things, the issuance of an unspecified amount of the New Indebtedness which such registration statement expires in October 2026.

Staff applies the “not detrimental to the public interest” standard to financing applications. In reviewing requests for long-term financing authority, Staff analyzes the requested amount as it relates to the stated uses to ensure that the amount requested is reasonable and generally supports long-term capital investment. Staff also analyzes the pro forma impact the requested financing may have on the company’s credit metrics, which may include the estimated impact on the parent company’s credit metrics if the subject company’s rating is influenced by the parent company’s financial risk.

Ameren Missouri states in its Application at page 4, Paragraph 10 that the proceeds will be used:

After deduction of commissions or discounts paid to commercial or investment banking firms in connection with the New Indebtedness, to refinance short-term debt, which may consist of commercial paper borrowings, money pool borrowings and/or credit facility borrowings, and/or fund near-term capital expenditures.

Staff’s review of Ameren Missouri’s projected capital expenditure plan indicates that the Company anticipates the need for approximately \$1.5 billion in additional long-term debt.¹⁴ Ameren Missouri’s 2026 total projected capital expenditures totaled approximately ** [REDACTED]**, equating to roughly over ** [REDACTED]** of expenditures per month.¹⁵ Ameren Missouri currently projects that it needs approximately ** [REDACTED]** over the period of 2026 to 2030.¹⁶ This amount approximates ** [REDACTED]** each year for the next 5 years.¹⁷

The pro-forma impact of Ameren Missouri’s proposed debt financing on Ameren Missouri’s and Ameren Corporation’s Capitalization Ratios as of September 30, 2025, are as follows:

Ameren Missouri:¹⁸

	<u>As of September 30, 2025</u>		<u>Pro Forma</u>	
Common Equity	**	[REDACTED]	**	[REDACTED] **
Preferred Stock	**	[REDACTED]	**	[REDACTED] **
Long-Term Debt	**	[REDACTED]	**	[REDACTED] **
Short-Term Debt	**	[REDACTED]	**	[REDACTED] **

¹⁴ Paragraph 9, The Application.

¹⁵ Schedule 5, The Application.

¹⁶ Ibid.

¹⁷ Ibid.

¹⁸ Response to Staff Data Request No. 0004.1; Response to Staff Data Request No. 0013.

Ameren Corporation:¹⁹

	<u>As of September 30, 2025</u>		<u>Pro Forma</u>	
Common Equity	**	[REDACTED]	**	[REDACTED] **
Preferred Stock	**	[REDACTED]	**	[REDACTED] **
Long-Term Debt	**	[REDACTED]	**	[REDACTED] **
Short-Term Debt	**	[REDACTED]	**	[REDACTED] **

The above capitalization ratios imply a net decrease of (0.67%) in total debt for Ameren Missouri and a net decrease of (1.33%) for Ameren Corporation. Staff also considered Ameren Missouri maintains an appropriate balance of debt and equity in its capital structure, with the debt typically ranging from 47% to 49% debt.²⁰ The Company has also indicated the planned debt issuance is expected to be balanced with incremental equity creation throughout the year, provided through retained earnings of Ameren Missouri as well as equity contributions sourced from external investors via Ameren Corporation.²¹

As part of assessing a utility's financial capability and credit profile, Staff reviews key credit-supportive financial ratios, including:

- **Debt/Earnings Before Interest, Taxes, & Depreciation/Amortization (“EBITDA”)**, which measures Ameren Missouri and Ameren Corporation's leverage relative to its operating earnings.
- **Funds From Operations (“FFO”)/Debt**, which reflects Ameren Missouri and Ameren Corporation's ability to meet its debt obligations from ongoing cash flow; and
- **Debt/Capital**, which indicates the balance between debt and equity used to finance Ameren Missouri and Ameren Corporation's operations.

These ratios help Staff evaluate whether the proposed acquisition would materially weaken Ameren Missouri's or Ameren Corporation's financial position or impair its ability to meet long-term obligations.

The pro-forma impact of Ameren Missouri's proposed debt financing on Ameren Missouri's and Ameren Corporation's Financial Ratios as of September 30, 2025, are as follows:

¹⁹ Response to Staff Data Request No. 0004.1; Response to Staff Data Request No. 0013.

²⁰ Response to Staff Data Request No. 0004.

²¹ Ibid.

Ameren Missouri:²²

	<u>As of September 30, 2025</u>		<u>Pro Forma</u>	
Debt/EBITDA (x)	**	[REDACTED]	**	[REDACTED] **
Debt/Capital (%)	**	[REDACTED]	**	[REDACTED] **
FFO/Debt (%)	**	[REDACTED]	**	[REDACTED] **

Ameren Corporation:²³

	<u>As of September 30, 2025</u>		<u>Pro Forma</u>	
Debt/EBITDA (x)	**	[REDACTED]	**	[REDACTED] **
Debt/Capital (%)	**	[REDACTED]	**	[REDACTED] **
FFO/Debt (%)	**	[REDACTED]	**	[REDACTED] **

The changes to financial ratios, such as FFO to Total Debt; Total Debt to Total Capital; and Debt to EBITDA, indicate that all ratios for Ameren Missouri and Ameren Corporation's financial risk profile are modestly changed by the approval of the Application, as shown above.²⁴ Although Ameren Missouri and Ameren Corporation's financial risk has shifted, both companies remain considered an "Investment Grade Company" for their first mortgage bonds.²⁵ Therefore, the impact of the proposed long-term financing on Ameren Missouri's and Ameren Corporation's financial risk is expected to be manageable, given the company's indication of a series of equity infusions throughout 2026.²⁶

Staff also considered recent and ongoing expansion in data center development within Missouri. Large-scale data centers are capital-intensive customers that typically require significant upfront investments in transmission, distribution, and related infrastructure to ensure system reliability and service quality.²⁷ While the timing and magnitude of data center load growth may vary, such development can contribute to increased near-term capital expenditure requirements for electric utilities. Accordingly, Staff finds that the Company's projected capital expenditure plan, and the associated need for long-term financing, is reasonable considering evolving load characteristics and infrastructure demands within the state.²⁸

Staff also considered the Company's plan to mitigate liquidity risk. Ameren Missouri typically accumulates short-term debt over time by funding day-to-day cash needs, including capital expenditures, with less costly commercial paper. As this short-term debt balance increases,

²² Schedule 3 – CF Ratios, The Application; Response to Staff Data Request No. 0013.

²³ Schedule 4 – CF Ratios, The Application; Response to Staff Data Request No. 0013.

²⁴ Schedule 3 – CF Ratios and Schedule 4 – CF Ratios, The Application.

²⁵ Response to Staff Data Request No. 0005; Ameren Investors| Investors| Credit Ratings| <https://www.amereninvestors.com/investors/credit-ratings/default.aspx>.

²⁶ Response to Staff Data Request No. 0004.

²⁷ Brookings| Research| The Future of Data Centers: <https://www.brookings.edu/articles/the-future-of-data-centers/>.

²⁸ Order Approving Tariff Revision ET-2025-0184.

the Company's liquidity decreases, thereby increasing risk.²⁹ With the proposed issuance, long term debt balances would increase causing the short-term debt balance to decrease, thus improving liquidity for the company. Removing short-term debt from the balance sheet allows a company to save some liquidity in the near term and operate efficiently.³⁰

Current records indicate an average public utility bond yield of approximately 5.88% for bonds rated at Baa.³¹ Ameren Missouri's proposed new indebtedness reflects projected interest rates of approximately ** [REDACTED] **, both of which are below the prevailing average utility bond yields reported for the month of December for public utilities of similar credit ratings.

Staff additionally investigated the pro forma embedded cost of long-term debt for Ameren Missouri, which is projected to increase to ** [REDACTED] **, compared to the embedded cost of long-term debt as of September 30, 2025, which was ** [REDACTED] **.³²

Financial markets entered 2026 amid heightened volatility in U.S. Treasury yields, reflecting uncertainty related to inflation, fiscal policy, and the anticipated path of monetary policy.³³ Recent movements in Treasury yields indicate a steepening yield curve.³⁴ Despite expectations for some further interest-rate cuts, yields on longer-term U.S. Treasurys remain stubbornly high.³⁵ In this environment, a projected increase of less than 0.2% in Ameren Missouri's embedded cost of long-term debt is reasonable and consistent with prevailing market conditions.³⁶

Staff concludes, with current uncertainty in the market Ameren Missouri's plan to replace existing short-term debt with long-term debt is expected to be nondetrimental to public interest.

RECOMMENDED CONDITIONS:

Staff recommends that the Commission approve the Application submitted by Ameren Missouri in this case as not detrimental to the public interest as Ameren Missouri states in its Application at page 8, Paragraph 18, first sentence, 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, and that the Commission reserve the right to consider the rate making treatment to be

²⁹ Response to Staff Data Request No. 0016.

³⁰ Investopedia | <https://www.investopedia.com/ask/answers/011215/how-can-company-quickly-increase-its-liquidity-ratio.asp>.

³¹ January 2026 Merchant Bond Record Book Baa Rating.

³² Response to Staff Data Request No. 0006.

³³ The Wall Street Journal | https://www.wsj.com/finance/investing/wall-street-is-making-bullish-bets-on-the-economy-c39c3cf8?mod=finance_lead_story.

³⁴ Ibid.

³⁵ Ibid.

³⁶ Response to Staff Data Request No. 0006.

afforded the financing transaction and its impact on cost of capital, in any later rate proceeding;

2. That the Company shall file with the Commission within thirty (30) 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. In addition, the Company shall also provide the analysis, to include but not be limited to, indicative pricing information provided by investment banks it performed to determine that the terms for the debt it decided to issue were the most reasonable at the time;
3. That the Company shall file with the Commission any information concerning communication with credit rating agencies concerning any such issuance;
4. That the Company be required to file a five-year capitalization expenditure schedule in future finance cases;
5. That the Company be required to file in future finance cases, whereby the use of proceeds includes the repayment of short-term debt which cannot be linked to the repayment of long-term debt, a schedule that reconciles short-term debt incurred for purposes of long-term capital projects specifically and individually disclosed in quarterly and annual filings with the Securities and Exchange Commission. For those capital expenditures not categorized in Securities and Exchange Commission filings, Ameren Missouri shall provide an aggregate sum of the miscellaneous expenditures;
6. Should any proceeds from the issuance and sale of the New Indebtedness exceed the Applicant's short-term debt balance on the date prior to issuance and be used to fund near-term capital expenditures, the Company will pay appropriate fees to the Commission; and
7. That the Commission's grant of authority shall expire one year from the effective date of the order in this proceeding.

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

In the Matter of the Application of Union Electric)
Company d/b/a Ameren Missouri for an Order) **File No. EF-2026-0106**
Authorizing the Issue and Sale of Additional)
Long-Term Indebtedness)

AFFIDAVIT OF JOHNNY GARCIA

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

COMES NOW JOHNNY GARCIA, and on his oath states that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Recommendation, in Memorandum form*; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

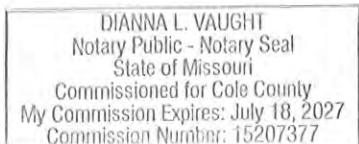


JOHNNY GARCIA

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 14th day of January 2026.

Dianna L. Vaughn
Notary Public



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

In the Matter of the Application of Union Electric)
Company d/b/a Ameren Missouri for an Order) **File No. EF-2026-0106**
Authorizing the Issue and Sale of Additional)
Long-Term Indebtedness)

AFFIDAVIT OF SEOUNG JOUN WON, PhD

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

COMES NOW SEOUNG JOUN WON, PhD, and on his oath states that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Recommendation, in Memorandum form*; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

Seoung Joun Won
SEOUNG JOUN WON, PhD

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 14th day of January 2026.

Dianne L. Vaughn
Notary Public

