

Docket No.: 03-0154
Bench Date: 03-26-03
Deadline: 03-28-03

MEMORANDUM

TO: The Commission
FROM: Larry Jones, Administrative Law Judge
DATE: March 20, 2003
SUBJECT: Union Electric Company ("UE")

Request pursuant to Section 6-102 of the Illinois Public Utilities Act for an order authorizing UE to incur an indebtedness by undertaking the obligation to pay the principal, interest and redemption premium, if any, on up to \$114,000,000 principal amount of Senior Secured Notes for the purpose of refunding, redeeming and/or refinancing outstanding evidences of indebtedness.

RECOMMENDATION: Entry of the attached draft order approving the proposed financing, subject to certain conditions.

UE filed its "15-day" Informational Statement on March 12, 2003, and then amended it on March 13, 2003. UE seeks an order authorizing the issuance of up to \$114,000,000 principal amount of Senior Secured Notes ("Notes"). UE will use up to \$88.8 million of the proceeds from the sale of the Notes to refund through redemption certain first mortgage bonds, which have an interest rate of 8.00%, and pay related expenses. The remaining \$25.2 million of the proceeds from the sale of the Notes will be used to repay short-term debt and pay related expenses. This financing is proposed at this time due to the favorable interest rate environment.

Under Section 6-102(d), assuming certain conditions are met, the Commission is to enter an order "prior to the date of the issuance specified in the...filing." In this case, an order needs to be entered by March 28, 2003.

Staff reviewed UE's filing and its responses to Staff data requests. In its Answer filed March 19, 2003, Staff recommends approval of the proposed financing.

The attached draft order would approve the proposed financing, subject to certain conditions.

LMJ/js