

and South Carolina disposal sites. In addition, this revision provides costs for low-level radioactive waste disposition using waste vendors. Licensees can factor these numbers into the adjustment formula, as specified in 10 CFR 50.75(c)(2), to determine the minimum decommissioning fund requirement for their nuclear facilities.

Dated at Rockville, Maryland, this 8th day of November 2002.

For the Nuclear Regulatory Commission.
Dennis P. Allison,
Acting Section Chief, Policy and Rulemaking Program—Section B, Division of Regulatory Improvement Programs, Office of Nuclear Reactor Regulation.

[FR Doc. 02–29063 Filed 11–14–02; 8:45 am]
BILLING CODE 7590–01–P

PENSION BENEFIT GUARANTY CORPORATION

Required Interest Rate Assumption for Determining Variable-Rate Premium; Interest Assumptions for Multiemployer Plan Valuations Following Mass Withdrawal

AGENCY: Pension Benefit Guaranty Corporation.

ACTION: Notice of interest rates and assumptions.

SUMMARY: This notice informs the public of the interest rates and assumptions to be used under certain Pension Benefit Guaranty Corporation regulations. These rates and assumptions are published elsewhere (or can be derived from rates published elsewhere), but are collected and published in this notice for the convenience of the public. Interest rates are also published on the PBGC’s Web site (<http://www.pbgc.gov>).

DATES: The required interest rate for determining the variable-rate premium under part 4006 applies to premium payment years beginning in November 2002. The interest assumptions for performing multiemployer plan valuations following mass withdrawal under part 4281 apply to valuation dates occurring in December 2002.

FOR FURTHER INFORMATION CONTACT: Harold J. Ashner, Assistant General Counsel, Office of the General Counsel, Pension Benefit Guaranty Corporation, 1200 K Street, NW., Washington, DC 20005, 202–326–4024. (TTY/TDD users may call the Federal relay service toll-free at 1–800–877–8339 and ask to be connected to 202–326–4024.)

SUPPLEMENTARY INFORMATION:

Variable-Rate Premiums

Section 4006(a)(3)(E)(iii)(II) of the Employee Retirement Income Security

Act of 1974 (ERISA) and § 4006.4(b)(1) of the PBGC’s regulation on Premium Rates (29 CFR part 4006) prescribe use of an assumed interest rate (the “required interest rate”) in determining a single-employer plan’s variable-rate premium. The required interest rate is the “applicable percentage” (currently 100 percent) of the annual yield on 30-year Treasury securities for the month preceding the beginning of the plan year for which premiums are being paid (the “premium payment year”). (Although the Treasury Department has ceased issuing 30-year securities, the Internal Revenue Service announces a surrogate yield figure each month—based on the 30-year Treasury bond maturing in February 2031—which the PBGC uses to determine the required interest rate.)

The required interest rate to be used in determining variable-rate premiums for premium payment years beginning in November 2002 is 4.93 percent.

The following table lists the required interest rates to be used in determining variable-rate premiums for premium payment years beginning between December 2001 and November 2002.

For premium payment years beginning in—	The required interest rate is—
December 2001	4.35
January 2002	5.48
February 2002	5.45
March 2002	5.40
April 2002	5.71
May 2002	5.68
June 2002	5.65
July 2002	5.52
August 2002	5.39
September 2002	5.08
October 2002	4.76
November 2002	4.93

Multiemployer Plan Valuations Following Mass Withdrawal

The PBGC’s regulation on Duties of Plan Sponsor Following Mass Withdrawal (29 CFR part 4281) prescribes the use of interest assumptions under the PBGC’s regulation on Allocation of Assets in Single-Employer Plans (29 CFR part 4044). The interest assumptions applicable to valuation dates in December 2002 under part 4044 are contained in an amendment to part 4044 published elsewhere in today’s **Federal Register**. Tables showing the assumptions applicable to prior periods are codified in appendix B to 29 CFR part 4044.

Issued in Washington, DC on this 8th day of November 2002.

Joseph H. Grant,
Deputy Executive Director and Chief Operating Officer, Pension Benefit Guaranty Corporation.

[FR Doc. 02–29023 Filed 11–14–02; 8:45 am]
BILLING CODE 7708–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 35–27598]

Filings Under the Public Utility Holding Company Act of 1935, as amended (“Act”)

November 8, 2002.

Notice is hereby given that the following filing(s) has/have been made with the Commission pursuant to provisions of the Act and rules promulgated under the Act. All interested persons are referred to the application(s) and/or declaration(s) for complete statements of the proposed transaction(s) summarized below. The application(s) and/or declaration(s) and any amendment(s) is/are available for public inspection through the Commission’s Branch of Public Reference.

Interested persons wishing to comment or request a hearing on the application(s) and/or declaration(s) should submit their views in writing by December 3, 2002 to the Secretary, Securities and Exchange Commission, Washington, DC 20549–0609, and serve a copy on the relevant applicant(s) and/or declarant(s) at the address(es) specified below. Proof of service (by affidavit or, in the case of an attorney at law, by certificate) should be filed with the request. Any request for hearing should identify specifically the issues of facts or law that are disputed. A person who so requests will be notified of any hearing, if ordered, and will receive a copy of any notice or order issued in the matter. After December 3, 2002, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

Alliant Energy Corporation, et al. (70–9891)

Alliant Energy Corporation (“Alliant Energy”), a registered holding company, 4902 N. Biltmore Lane, Madison, Wisconsin 53718, and certain of its direct and indirect nonutility subsidiaries (collectively, “Applicants”) have filed with the Commission a post-effective amendment to a previously filed application-declaration under sections 6(a) and 7 of the Act and rule 54 under the Act.

I. Current Authority

By order dated October 3, 2001 (HCAR No. 27448) ("Prior Order"), the Commission authorized, among other things, Alliant Energy to issue and sell through December 31, 2004 ("Authorization Period"), directly or indirectly through one or more financing subsidiaries, common stock, long-term debt, and preferred stock and other forms of preferred or equity-linked securities in an aggregate amount at any time outstanding not to exceed \$1.5 billion. The issuances and sales of these securities are subject to certain conditions and restrictions, including the following ("Prior Order Limitations"):

(1) The interest rate on long-term debt securities and the dividend rate on preferred or equity-linked securities will not exceed at the time of issuance 500 basis points over the yield to maturity of a U.S. Treasury security having a remaining term equal to the term of such securities.

(2) All preferred and equity-linked securities will be redeemed no later than fifty years after issuance.

(3) Except in accordance with a further order of the Commission in this proceeding, Alliant Energy will not issue any long-term debt or preferred stock or other type of preferred or equity-linked securities unless such securities are rated at the investment grade level as established by at least one "nationally recognized statistical rating organization" ("NRSRO"), as that term is used in paragraphs (c)(2)(vi)(E), (F) and (H) of rule 15c3-1 under the Securities Exchange Act of 1934.

II. Requested Authority

Alliant Energy now requests that the Commission issue a supplemental order to modify the Prior Order by replacing the Prior Order Limitations with the following ones:

(1) The interest rate on long-term debt securities issued by Alliant Energy may not exceed at the time of issuance the greater of 500 basis points over the yield to maturity of comparable term U.S. Treasury securities or a gross spread over U.S. Treasury securities that is consistent with similar securities of comparable credit quality and maturities issued by other companies.

(2) The dividend or distribution rate on preferred stock or other preferred or equity-linked securities issued by Alliant Energy may not exceed at the time of issuance the greater of 500 basis points over the yield to maturity of comparable term U.S. Treasury securities or a gross spread over U.S. Treasury securities that is consistent with similar securities of comparable credit quality and maturities issued by other companies.

(3) Preferred stock or other preferred securities issued by Alliant Energy may be redeemable or perpetual in duration.

(4) Without further order of the Commission, Alliant Energy will not publicly issue any long-term debt securities, preferred stock or other types of preferred or equity-linked securities unless such securities are rated as investment grade by at least one NRSRO.

Applicants state that, since the Prior Order was issued, the credit markets have tightened significantly for energy companies in general and electric utilities and electric utility holding companies in particular. They state that spreads over U.S. Treasury securities have widened dramatically,¹ and Alliant Energy's current maximum interest rate and dividend spread (500 basis points) may limit the company's ability to access capital markets when necessary.

Applicants state that, except as specified above, no other modifications of the terms, conditions, or limitations imposed under the Prior Order are requested.

Alliant Energy Corporation, et al. (70-10052)

Alliant Energy Corporation ("Alliant Energy"), a registered holding company, 4902 N. Biltmore Lane, Madison, Wisconsin 53718, and certain of its utility and nonutility subsidiary companies ("Applicants"), including Interstate Power and Light Company ("IP&L"), a direct public-utility company subsidiary of Alliant Energy, Alliant Tower, 200 First Street S.E., Cedar Rapids, Iowa 52401, have filed with the Commission a post-effective amendment to a previously filed application-declaration under sections 6(a) and 7 of the Act and rule 54 under the Act.

I. Existing Authority

By order dated June 21, 2002 (HCAR No. 27542) ("Prior Order"), the Commission authorized Alliant Energy and certain of its public-utility company and nonutility subsidiaries to operate two separate money pools, a money pool for its public-utility company subsidiaries and Alliant Energy Corporate Services, Inc. ("Utility Money Pool") and a money pool for certain of its direct and indirect nonutility subsidiaries ("Nonutility Money Pool"). To the extent required, participating subsidiaries were authorized to borrow

¹Applicants state that, at the time that the Prior Order was issued, the spreads over U.S. Treasury securities for a company of Alliant Energy's credit quality ranged between 165 and 205 basis points for long-term unsecured holding company debt, and now those spreads have widened in recent weeks to between 190 and 590 basis points.

from and extend credit to each other through the Utility Money Pool or Nonutility Money Pool, as applicable. In addition, the Commission authorized Alliant Energy to issue and sell, through December 31, 2004 ("Authorization Period"), commercial paper and/or unsecured notes evidencing short-term borrowings from banks or other institutional lenders ("Short-term Debt") in an aggregate amount at any time outstanding not to exceed \$1 billion.

Further, by order dated October 10, 2002 (HCAR No. 27575) ("Supplemental Order"), the Commission authorized IP&L, during the Authorization Period, to issue and sell Short-term Debt in an aggregate principal amount at any time outstanding which, when added to any borrowings by IP&L under the Utility Money Pool, will not exceed the lesser of the limit set by the Minnesota Public Utilities Commission ("MPUC") or \$300 million.²

II. Requested Authority

Applicants now request that the Commission issue another supplemental order modifying one condition imposed by the Prior Order. Specifically, by the Prior Order, the Commission specified that, for all Short-term Debt issued by Alliant Energy and IP&L, the effective cost of money at the time of issuance cannot exceed 300 basis points over the London Interbank Offered Rate ("LIBOR") for maturities of one year or less. Applicants request that the Commission authorize Alliant Energy and IP&L to issue Short-term Debt that, at the time of issuance, has an effective cost that does not exceed the greater of 500 basis points over comparable-term LIBOR or a gross spread over LIBOR that is consistent with similar securities of comparable credit quality and maturities issued by other companies.

Both Alliant Energy and IP&L maintain commercial paper programs that are back-stopped by 364-day credit facilities with banks. Applicants state that the interest rates charged on borrowings under these bank facilities are a function of the current ratings on Alliant Energy's or IP&L's long-term unsecured debt, as the case may be. Applicants further state that, since the date of the Prior Order, spreads over LIBOR on unsecured short-term bank borrowings have widened significantly, and the authorized 300 basis-point spread over LIBOR could limit Alliant Energy's and IP&L's ability to borrow under back-up credit lines if the need

²At the time the Supplemental Order was issued, IP&L was authorized to issue up to \$180 million through March 31, 2003.

should arise. Except as specified above, the terms, conditions, and limitations imposed under the Prior Order would remain unchanged.

Interstate Power and Light Company (70-10077)

Interstate Power and Light Company ("Applicant"), 200 First Street, Cedar Rapids, Iowa 52401, a wholly owned public utility subsidiary of Alliant Energy Corporation ("Alliant"), 4902 North Biltmore Lane, Madison, Wisconsin 53718, a registered holding company has filed an application-declaration ("Application") under sections 6(a), 7, 9(a), 10, and 12(b) and rules 23, 24, 45 and 53 under the Act.

The Applicant proposes, from time to time through December 31, 2005 ("Authorization Period"):

(a) To organize and acquire the stock or other equity interests in one or more special purpose limited partnerships, statutory business trusts or limited liability companies ("Issuing Entities") for the sole purpose of issuing one or more series of preferred securities ("Entity Interests");

(b) For the Issuing Entities to issue and sell one or more series of preferred securities having a stated per share liquidation preference ("Entity Interests"). Applicant states that the issuance of the Entity Interests would also include the issuance of one or more series of the Applicant's subordinated debentures to Issuing Entities. Each series of subordinated debentures would be in an amount not to exceed the amount of the respective series of Entity Interests plus an equity contribution; and

(c) For the Applicant to issue one or more new series of the Applicant's preferred stock, par value \$0.01 per share ("Preferred Stock").

The Applicant proposes that the combined aggregate amount of Entity Interests and Preferred Stock issued under the authorization granted in the Application not exceed \$200 million ("Aggregate Limit") outstanding at any time. The Applicant anticipates that the issuance and sale of each series of Entity Interests and/or Preferred Stock will be by means of competitive bidding, negotiated public offering or private placement with institutional investors in order to secure the advantages of an advance marketing effort and/or the best available terms.

I. Issuing Entities

The Applicant proposes organize and acquire the Issuing Entities for the sole purpose of issuing Entity Interests. The Applicant requests authority to use Issuing Entities to issue preferred

securities because these securities are assigned more equity content by certain rating agencies. Additionally, the Applicant states that the use of Issuing Entities will afford it greater access to new sources of capital and may offer increased state and federal tax efficiency. The Applicant states that the Entity Interests will be reflected on its consolidated balance sheet in accordance with accounting principles generally accepted in the United States of America.³ One or more partners, trustees or members (individually and collectively, the "Manager") would conduct the business and affairs of the Issuing Entity. Provided that the Entity Interests are not then in default, the Applicant would, as a result of its ownership of all of the voting interests in the Issuing Entity, be entitled to appoint, remove or replace the Manager. In the case of a limited partnership, the Applicant proposes to either act as the general partner of the Issuing Entity or organize a special purpose, wholly owned corporation for the sole purpose of acting as the general partner ("Participating Subsidiary") of the Issuing Entity.⁴

II. Entity Interests, Entity Subordinated Debentures, Guarantees

The Applicant proposes to issue Entity Interests through the Issuing Entities in an amount up to the Aggregate Limit, when combined with Preferred Securities issued under this Application, through the Authorization Period. The Applicant states that the Entity Interests would have a stated per share liquidation preference and may be registered under the Securities Act of 1933, as amended ("Securities Act"). The holders of the Entity Interests would be either (a) the limited partners (in the case of a limited partnership); (b) the holders of preferred interests (in the case of a business trust) or (c) non-managing members (in the case of a limited liability company) of the Issuing Entity, and the amounts paid by the holders for the Entity Interests would be treated as capital contribution to the Issuing Entity.

³ The Company states that by organizing Issuing Entities in jurisdictions and/or in forms that have favorable terms, it can indirectly offer securities with features and terms that are attractive to a wider investor base. The Company further states that increased tax efficiency can result if an Issuing Entity is located in a state or country that has tax laws that make the proposed financing transaction more tax efficient relative to the sponsor company's existing taxing jurisdiction.

⁴ In the case of a limited liability company formed under the laws of a state in which a limited liability company is required to have at least two members, the Company may organize a Participating Subsidiary for the purpose of acquiring and holding a membership interest.

The Applicant proposes to issue, from time to time in one or more series, subordinated debentures ("Entity Subordinated Debentures") to the Issuing Entity. The Issuing Entity would use the proceeds from the sale of its Entity Interests, plus the equity contributions made to it, directly or indirectly, by the Applicant, to purchase the Entity Subordinated Debentures. If the corresponding series of Entity Interests were registered under the Securities Act, then the Entity Subordinated Debentures would also be registered under the Securities Act. The Entity Subordinated Debentures would be issued by the Applicant under a debenture indenture, which, if the corresponding series of Entity Interests and Entity Subordinated Debentures are registered, will be qualified under the Trust Indenture Act of 1939, as amended.

The Applicant states that the interest rate, maturity, payment dates, redemption terms and other terms of each series of Entity Subordinated Debentures would be designed to parallel the distribution rate, maturity, payment dates, redemption terms and other terms of the Entity Interests to which they relate and would be determined by the Applicant at the time of issuance. The Applicant states that Entity Interests may be redeemable or may be perpetual in duration and, prior to maturity, the Applicant would pay interest only on the Entity Subordinated Debentures, at either a fixed or adjustable rate as set forth in the Entity Subordinated Debenture indenture. The interest paid by the Applicant on the Entity Subordinated Debentures would constitute the only source of income for the Issuing Entity and would be used by the Issuing Entity to make regular scheduled distributions on the Entity Interests.

The Applicant also proposes to enter into a guarantee ("Guarantee") under which it will unconditionally guarantee (a) payment of distributions on the Entity Interests, if and to the extent the Issuing Entity has funds legally available therefore; (b) payments to the holders of Entity Interests of certain amounts due upon liquidation of the Issuing Entity or redemption of the Entity Interests and (c) certain additional "gross up" amounts that may be payable in respect of the Entity Interests.⁵

The Applicant states that the Entity Subordinated Debentures and any related Guarantee issued by the

⁵ Any Guarantee will be registered under the Securities Act if the corresponding Entity Interests are registered under the Securities Act.

Applicant will be expressly subordinated to senior indebtedness of the Applicant. The payment of interest on any Entity Subordinated Debentures may be deferred for specified periods without creating a default with respect thereto, so long as no dividends are being paid on, or certain actions are being taken with respect to the retirement of, the common or Preferred Stock of the Applicant during the period of deferral.

The Applicant states that distributions on the Entity Interests will be paid at regularly scheduled times as determined at the time of sale of each series and will be mandatory to the extent that the Issuing Entity has legally available funds sufficient for these purposes. The availability of funds will depend entirely upon the Issuing Entity's receipt of the amounts due under the Entity Subordinated Debentures. The Applicant states that the Issuing Entity would have the right to defer distributions on the Entity Interests for a specified period, but only if and to the extent that the Applicant defers the interest payments on the Entity Subordinated Debentures as described below. The Applicant states that if distributions on the Entity Interests (including all previously deferred distributions, if any) are deferred beyond a specified period, then the holders of Entity Interests may have the right to appoint a special representative to enforce the Issuing Entity's rights under the Entity Subordinated Debentures indenture and Guarantee (if issued), including the right to accelerate the maturity of the Entity Subordinated Debentures.

The Applicant anticipates that interest payments on the Entity Subordinated Debentures made by the Applicant will be deductible by it for federal and state income tax purposes and that the Issuing Entity will be treated as either a partnership or a trust, as the case may be, for federal income tax purposes. Consequently, the holders of Entity Interests will be deemed to have received interest income rather than dividends, and will not be entitled to any "dividends received deduction" under the Internal Revenue Code.

The Applicant states that if, as a result of (a) the Entity Subordinated Debentures not being treated as indebtedness for federal income tax purposes, or (b) the Issuing Entity not being treated as either a partnership or a trust, as the case may be, for federal income tax purposes, the Issuing Entity is required under applicable tax laws to withhold or deduct from payments on the Entity Interests amounts that otherwise would not be required to be

withheld or deducted, the Issuing Entity may also have the obligation to increase or "gross up" such payments so that the holders of Entity Interests will receive the same payment after the withholding or deduction as they would have received if no withholding or deduction were required.

The Applicant states that in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Issuing Entity, holders of Entity Interests would be entitled to receive, an amount equal to the stated liquidation preference of the Entity Interests plus any accrued and unpaid distributions out of the assets of the Issuing Entity available for distribution before any distribution of assets to the Applicant.

Applicant propose that the distribution rate or interest rate payable on each series of Entity Interests (and any corresponding series of Entity Subordinated Debentures) would be determined at the time of sale and would be consistent with rates on similar securities of comparable credit quality and maturities issued by other companies, provided that, if no comparable securities have been issued recently, the Entity Interests (and corresponding series of Entity Subordinated Debentures) may have a fixed rate or initial adjustable rate thereon at the time of issuance not greater than (a) 500 basis points over the yield to maturity of a U.S. Treasury security having a remaining term comparable to the average life of such series ("Treasury Rate"), if issued at a fixed rate, or 500 basis points over the London Interbank Offered Rate ("LIBOR") for the relevant interest rate period, if issued at an adjustable rate.

The Applicant states that the initial distribution or interest rate on Entity Interests of each series having an adjustable rate will be determined in negotiations between the Applicant and the underwriters or purchasers of the series. The Applicant further states that thereafter, the distribution or interest rate on the Entity Interests ("Adjustable Rate Entity Interests" and on any corresponding series of Entity Subordinated Debentures) would be adjusted according to a pre-established formula or method of determination or would be that rate which, at the time of remarketing, would be sufficient to remarket the Entity Interests of the series ("Remarketed Interests") at their principal amount, provided that the distribution or interest rate on Remarketed Entity Interests after the initial distribution or interest rate period will not exceed 500 basis points over LIBOR.

The Applicant proposes that the holders of Remarketed Interests will have the right to tender, or can be required to tender, their Remarketed Interests and have them purchased at a price equal to the liquidation preference plus accrued and unpaid distributions, if any, on dates specified in, or established in accordance with the instruments creating the Remarketed Interests. The Applicant proposes that a tender agent ("Tender Agent") may be appointed to facilitate the tender of Remarketed Interests by holders. Any holder of Remarketed Interests wishing to have them purchased may be required to deliver the Remarketed Interests during a specified period of time preceding the purchase date to the Tender Agent, if one shall be appointed, or to the remarketing agent ("Remarketing Agent") appointed to reoffer the tendered Remarketed Interests for sale.

The Applicant states that the Issuing Entity would be obligated to pay amounts equal to the amounts to be paid to the Remarketing Agent or the Tender Agent for the purchase of Remarketed Interests tendered (on the dates the payments by the Remarketing Agent or the Tender Agent are to be made), reduced by the amount of any other moneys available, including the proceeds of the sale of the tendered Entity Interests by the Remarketing Agent. Upon the delivery of the Entity Interests by holders to the Remarketing Agent or the Tender Agent for purchase, the Remarketing Agent would use its best efforts to sell the Remarketed Interests at a price equal to the liquidation amount of the Remarketed Interests.

III. Preferred Stock

The Applicant proposes to directly issue Preferred Securities in an amount up to the Aggregate Limit, when combined with Preferred Securities issued under this Application, through the Authorization Period. The Applicant states that as of June 30, 2002, it had 24,000,000 authorized shares of common stock, 13,370,788 of which were issued and outstanding, and 1,927,787 authorized shares of Preferred Stock, 1,127,787 of which were issued and outstanding. In September 2002, the Applicant redeemed all of its outstanding shares of preferred stock according to rule 42. The Applicant states that its parent company, Alliant Energy, as the sole holder of the Applicant's common stock, has approved a restatement ("Restatement") of its Articles of Incorporation and the Applicant now requests authorization to act on the Restatement to authorize

16,000,000 shares of Preferred Stock. The Applicant proposes that Preferred Stock be issued in one or more series with rights and preferences as the Applicant's board of directors may fix and determine from time to time during the Authorization Period, including, without limitation, the voting power (if any) of any series of Preferred Stock; the redemption price; the dividend rate; the right (if any) of the holders of any series of Preferred Stock to convert the same into, or exchange the same for, other classes of stock of the Applicant; liquidation preferences and sinking fund provisions.

Applicant proposes that the price, exclusive of accumulated dividends, to be paid to the Applicant for each series of Preferred Stock will be fixed from time to time by the board of directors. The dividend rate on each series of Preferred Stock would be consistent with the dividend rate on similar securities of comparable credit quality and maturities issued by other companies. If no comparable securities have been issued recently, the Applicant proposes that the series of Preferred Stock may have a dividend rate at the time of issuance not greater than 500 basis points over the applicable Treasury Rate, if issued at a fixed rate, or 500 basis points over LIBOR for the relevant interest rate period, if issued at a floating rate.

The Applicant proposes that each series of Preferred Stock may be redeemable at specified redemption prices, subject to a restriction on optional redemption for a given number of years, or may be perpetual in duration. The Applicant proposes to include, for any series of Preferred Stock, provisions for a sinking fund designed to redeem annually, commencing a specified number of years, at the stated value per share of the series, plus accumulated dividends, a number of shares equal to a stated percentage of the total number of shares of the series. In the case of the sinking fund provision, the Applicant proposes to have an option to redeem an additional number of shares annually up to a certain percentage of the total number of shares of the series.

The Applicant commits that it will not publicly issue any Preferred Stock or Equity Interests unless the securities are rated at the investment grade level as established by at least one nationally recognized statistical rating organization, as that term is used in paragraphs (c)(2)(vi)(E), (F) and (H) of rule 15c3-1 under the Securities Exchange Act of 1934 and that it will maintain its common equity as a percentage of capitalization (inclusive of

short-term debt) at no less than thirty percent.

Union Electric Company (70-10089)

Union Electric Company ("AmerenUE"), 1901 Chouteau Avenue, St. Louis, Missouri 63103 ("Declarant"), an electric and gas utility subsidiary of Ameren Corporation ("Ameren"), a registered holding company, has filed a declaration under section 12(d) of the Act and rules 44 and 54 under the Act.

Declarant requests authority to sell its ownership interest in new electric generating facilities to the City of Bowling Green, Missouri ("Bowling Green"), and then lease back the facilities from Bowling Green for a term of approximately 20 years.

AmerenUE supplies electric service to approximately 1.2 million customers in a 24,500 square-mile area of Missouri and Illinois, including the greater St. Louis area. AmerenUE also provides retail gas service to approximately 130,000 customers in 90 Missouri communities and in the City of Alton, Illinois and vicinity. In 2001, AmerenUE derived approximately 95% of its revenues from electric operations and 5% from the sale of natural gas. At June 30, 2002, AmerenUE had \$7.3 billion in total assets, including net property, plant and equipment of \$5.8 billion. AmerenUE's consolidated capitalization at June 30, 2002, consisted of 55.7% common equity, 3.3% preferred stock, 33.5% long-term debt (excluding current maturities), and 7.5% of short-term debt (including current portion of long-term debt). AmerenUE's senior secured long-term debt is currently rated A+ by Standard & Poor's and Aa3 by Moody's Investors Service.

AmerenUE has constructed a new electric generating facility consisting of four 47 megawatt combustion turbine generating units, fueled primarily by natural gas with fuel oil as a back-up, in Bowling Green (the "Project"). In order to provide a financing structure and economic incentives to construct the Project in Bowling Green, AmerenUE has entered into a Pre-Annexation and Development Agreement (the "Grant Agreement") dated as of November 9, 2001, with the City, which provides, among other things, that (a) AmerenUE will convey certain land (the "Site") and any improvements located on the site, including the four combustion turbine generating units to Bowling Green in exchange for the issuance by Bowling Green of its taxable industrial development revenue bond in a principal amount not to exceed \$125,000,000 (the "Bond"), and (b) Bowling Green will lease the Site and

the Project to AmerenUE for a term of approximately 20 years.

The Trust Indenture will provide the specific terms of the Bond, including a final maturity of twenty years and an interest rate of 5.15%. The Trust Indenture will also specify the terms and details of the Bond and will contain various provisions, covenants and agreements to protect the security of the bondholders (initially AmerenUE). The Bond will be a special limited obligation of Bowling Green payable solely from the rental payments to be made by AmerenUE pursuant to a facility lease agreement, and in the event of a default by AmerenUE under such lease agreement, the rents, revenues and receipts of Bowling Green derived from the Site and the Project. The Bond will also be secured by a Deed of Trust and Security Agreement granted by Bowling Green encumbering the Site and the Project.

AmerenUE will transfer the Site and the Project to Bowling Green under to a Special Warranty Deed and a Bill of Sale. Concurrently with the issuance of the Bond, Bowling Green will lease the Site and Project constructed on the Site to AmerenUE pursuant to a Lease Agreement (the "Lease") between the City and AmerenUE. The Lease term will be the same as the final maturity of the Bond and will be a net lease, with AmerenUE being responsible for rental payments in an amount sufficient to pay the debt service on the Bond, equal to approximately \$9.2 million per year. Under the Lease, AmerenUE will be responsible for maintaining, insuring, operating and paying any taxes related to the Project. AmerenUE will have the option, at any time during the term of the Lease, at the expiration of the twenty-year Lease, or if there is an early termination of the Grant Agreement, to purchase Bowling Green's interest in the Project and the Site upon providing for the payment of the principal balance of and interest on the Bond and the payment of a nominal fee to Bowling Green. AmerenUE will record the Lease as a capital lease on its accounting books and records.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

J. Lynn Taylor,

Assistant Secretary.

[FR Doc. 02-28987 Filed 11-14-02; 8:45 am]

BILLING CODE 8010-01-P