SECURITIES AND EXCHANGE COMMISSION

(Release No. 35-28074; 70-10078)

***Ameren Corp., et al*.**

Supplemental Order Modifying a Term of a Prior Order and Authorizing Certain Transactions Designed to Allow the Realization of Certain Tax Benefits

December 13, 2005

Ameren Corporation ("Ameren"), a registered holding company, St. Louis, Missouri 63103, CILCORP Inc. ("CILCORP"), a wholly owned exempt holding company subsidiary of Ameren, AmernEnergy Resources Generating Company ("AERG"), a wholly owned indirect electric utility company subsidiary of Ameren, and CILCORP Investment Management, Inc. ("CIM") a wholly owned direct nonutility subsidiary of CILCORP, (collectively, "Applicants") all of Peoria, Illinois 61602, have filed a post-effective amendment ("Post-Effective Amendment") to an application-declaration under sections 6(a), 7, 9(a),10, 11(b)(1), 12(b) and 12(f) of the Act and rules 45 and 54 under the Act. On September 8, 2005, the Commission issued a notice of the Post-Effective Amendment (HCAR No. 28026). No requests for hearing were received.

I. Background

A. The Ameren System

Ameren directly owns all of the issued and outstanding common stock of Union Electric Company, dba "AmerenUE," Central Illinois Public Service Company, dba "AmerenCIPS," and Illinois Power Company dba "AmerenIP." Additionally, through CILCORP, Ameren owns all of the issued and outstanding common stock of Central Illinois Light Company, dba "AmerenCILCO." AmerenCILCO also holds all of the outstanding common stock of AERG, an electric utility generating subsidiary to which

AmerenCILCO transferred substantially all of its generating assets in October 2003. Together, AmerenUE, AmerenCIPS, AmerenIP and AmerenCILCO provide retail and wholesale electric service to approximately 2.3 million customers and retail natural gas service to approximately 935,000 customers in parts of Missouri and Illinois.

CIM holds investments in several leasing transactions, including those held through its wholly-owned subsidiaries: CIM Air Leasing, Inc. ("CIM Air"), CILCORP Lease Management Inc. ("CLM"), CIM Leasing, Inc. ("CIM Leasing") and CIM Energy Investments, Inc. ("CIM Energy"). CIM also owns interests in the following partnerships: Midwest Corporate Tax Credit Fund, LP; Midwest Corporate Tax Credit Fund II, LP; Provident Tax Credit Fund III, LP; Illinois Equity Fund 1992 Limited Partnership; Illinois Equity Fund 1994 Limited Partnership; Illinois Equity Fund 1996 Limited Partnership; and Illinois Equity Fund 1998 Limited Partnership (collectively, "Housing Credit Partnerships").

B. Prior Orders

By order dated January 29, 2003, (HCAR No. 27645, "Initial Order"), the Commission authorized Ameren to acquire all of the issued and outstanding common stock of CILCORP. Ameren completed the acquisition of CILCORP on January 31, 2003. In the Initial Order, the Commission reserved jurisdiction over Ameren's retention of certain indirect non-utility subsidiaries and investments of CILCORP under section 11(b)(1) of the Act, including the following:

- CIM's 40% interest -- held by CIM Air through a grantor trust -- in Freighter Express Partners ("FEP"), which owns a commercial aircraft that is leased to an unrelated third party under an agreement dated as of October 1, 1993 and subject to non-recourse lease debt ("FEP Partnership Interest").

- CIM's 100% interest -- held by CIM Leasing through a grantor trust -- in passenger railcars that are leased to an unrelated third party under an agreement dated as of September 1, 1993 and subject to non-recourse lease debt ("Railcars Interest").

- CLM's 7.4257% interest -- held through a grantor trust -- in Unit No. 1 of the Springerville Power Plant, which is leased to an unrelated third party under an agreement dated December 15, 1986 and subject to non-recourse lease debt ("Power Plant Interest").

- CLM's 49.9% interest -- held by two wholly-owned subsidiaries, CLM Inc., IV ("CLM IV") and CLM XII, Inc. ("CLM XII") -- in D.C.L. Leasing Partners Limited Partnership, Ltd.-IV ("DCL IV"), which owns an office building in California that is leased to an unrelated third party under an agreement dated November 10, 1982 and subject to a mortgage (the "California Office Building Interest").

- CLM's 49.9% interest in D.C.L. Leasing Partners Limited Partnership, Ltd.-VI ("DCL VI"), which owns an office building in Delaware that is leased to an unrelated third party under an agreement dated April 1, 1984 and subject to a mortgage ("Delaware Office Building Interest"). CLM XI, Inc. ("CLM XI") and CLM Inc., VI ("CLM VI"), each a wholly owned subsidiary of CLM X, Inc. ("CLM X"), together own the Delaware Office Building Interest. CLM X is a wholly-owned subsidiary of CLM.

- CLM's 14.95016611% interest -- held by CLM VI through a grantor trust -- in a waste-to-energy electric generating facility that is leased to an unrelated third party under an agreement dated July 21, 1997 and subject to non-recourse lease debt ("Generation Facility Interest").

- CLM's 50% interest -- held by CLM Inc.-VII ("CLM VII") and CLM Inc.-VIII ("CLM VIII"), each a wholly owned subsidiary of CLM, through a grantor trust -- in 24 commercial real estate properties, each of which is leased to an unrelated third party under an agreement dated as of December 1, 1986 and subject to non-recourse lease debt ("Commercial Real Estate Interest").

The Railcars Interest, the Power Plant Interest, and the Generation Facility Interest are referred to as the "Equipment Interests;" the FEP Partnership Interest, the California Office Building Interest, the Delaware Office Building Interest, and the Commercial Real

Estate Interest are referred to as the "Non-Equipment Interests;" the Equipment Interests and the Non-Equipment Interests are together referred to as the "Lease Interests."

By order dated April 15, 2004, (HCAR No. 27835, "Supplemental Order"), the Commission determined that certain nonutility interests and investments -- referred to as the "Non-Retainable Interests" -- of CILCORP, including the Lease Interests described above, are not retainable by Ameren under the standards of section 11(b)(1) of the Act. The Supplemental Order requires that Ameren cause CIM or any subsidiary to sell or otherwise dispose of the Non-Retainable Interests not later than January 31, 2006. Ameren committed that, within 24 months of receipt, it would either: (1) expend the net proceeds from any sale or disposition of a Non-Retainable Interest to either retire or cancel securities representing indebtedness of the transferor or otherwise purchase property other than "nonexempt property" within the meaning of section 1083 of the Internal Revenue Code of 1986, as amended ("Code"); or (2) invest such amount as a contribution to the capital, or as paid-in surplus, of another direct or indirect subsidiary of Ameren in a manner that satisfies the non-recognition provisions of Code section 1081.

C. Summary of Relevant Provisions of the Code

Code section 1081(b)(1) provides for the non-recognition of gain or loss from a sale or exchange of property made to comply with a Commission order. Code section 1082(a)(2) requires that any unrecognized gain under Code section 1081(b)(1) be applied to reduce the basis of the transferor's remaining assets in a specified manner.

An exception from this non-recognition treatment exists under Code section 1081(b)(1) where certain "nonexempt property" is received by the transferor. If any

"nonexempt property" is received,[1] the gain must be recognized unless, within 24 months of the transfer, the "nonexempt property" is expended for property other than "nonexempt property" or invested in accordance with Code section 1081(b)(2) and the Commission's order recites that such expenditure or investment is necessary or appropriate to the integration or simplification of the transferor's holding company system. Code section 1081(b)(3) provides that an appropriate expenditure for property other than "nonexempt property" for purposes of Code section 1081(b)(2) includes each of: (1) a payment in complete or partial retirement or cancellation of securities representing indebtedness of the transferor; and (2) the amount of any liability of the transferor that is assumed (or to which transferred property is subject) in connection with any transfer of property in obedience to a Commission order.

Code section 1081(d) provides for the non-recognition of gain or loss from certain inter-company transactions within the same system group if such transactions are effected to comply with a Commission order.

D. Sale of the Lease Interests

CILCORP states that it intends to enter into one or more definitive agreements to sell all of the Lease Interests. The sale of the Lease Interests will result in a significant amount of gain for federal income tax purposes. Ameren will structure the sale transaction(s) in a manner that will enable it to utilize the non-recognition provisions of Code section 1081, as contemplated by the Supplemental Order. To achieve this result, Ameren will cause CILCORP, CIM, and certain of its other direct and indirect

[1] Under section 1083(e) of the Code, "nonexempt property" is defined to include, among other things, cash indebtedness of the transferor that is cancelled or assumed by the purchaser in the exchange.

subsidiaries (as described below) to engage in a series of essentially simultaneous inter-company transactions the purposes of which will be: (1) to transfer certain investments of CIM that are not among the Non-Retainable Interests (and are thus not part of the assets being sold) to other direct or indirect subsidiaries of Ameren; and (2) to structure the sale(s) of the Lease Interests to occur from a subsidiary or subsidiaries of Ameren with sufficient tax basis in similar classes of property to absorb the basis reductions required by Code section 1082(b).

More specifically, to comply with the Supplemental Order, Ameren and its subsidiaries intend to engage in the following transactions (collectively, "Proposed Transactions"):

1. On or prior to the earliest closing date with respect to the sale(s) of any or all of the Lease Interests ("Closing Date"), Ameren Energy Resources Company ("Resources"), an intermediate subsidiary that is owned directly by Ameren, will contribute the stock of certain of its direct nonutility subsidiaries to Ameren Energy Development Company ("Development"),[2] which is also a direct wholly-owned nonutility subsidiary of Resources.

2. On or prior to the Closing Date: (a) CIM will distribute the stock of CIM Energy to CILCORP; (b) CIM will transfer its interests in the Housing Credit Partnerships to an affiliated entity by a combination of distributions and contributions; and (c) CIM Leasing will transfer its interest in SunAmerica 51 to an affiliated entity by a combination of distributions and contributions.

3. On or prior to the Closing Date, CLM VI will distribute the Generation Facility Interest to CLM X, and CLM X will distribute the Generation Facility Interest to CLM. On or prior to the Closing Date, CLM will

[2] Resources will contribute to Development the stock that it holds in Illinois Materials Supply Co., Ameren Energy Marketing Company, and Ameren Energy Fuels and Services Company, which are "energy-related companies" under rule 58, and Electric Energy, Inc. and AmerenEnergy Medina Valley Cogen (No. 4), which are "exempt wholesale generators" under section 32 of the Act. By order dated December 18, 2003 (HCAR No. 27777, "December 2003 Order"), the Commission authorized Ameren to reorganize its ownership interest in exempt and nonexempt nonutility subsidiaries under intermediate subsidiaries.

distribute the Power Plant Interest and the Generation Facility Interest to CIM, and CIM will contribute the Power Plant Interest and the Generation Facility Interest to CIM Leasing.

4. On or prior to the Closing Date, CIM will transfer the stock of CIM Leasing to AERG in exchange for a promissory note ("AERG Note") and possibly cash (together with the AERG Note, "AERG Consideration").

5. On or prior to the Closing Date, CIM will distribute the AERG Consideration to CILCORP.

6. On or prior to the Closing Date, CILCORP will transfer the stock of CIM to Resources in exchange for a promissory note ("Resources Note") and possibly cash (together with the Resources Note, "Resources Consideration").

7. On or prior to the Closing Date, Ameren will cause each of CIM Air, CLM, CIM Leasing, CLM IV, CLM VI, CLM VII, CLM VIII, CLM X, CLM XI, and CLM XII to convert into Delaware limited liability companies and will cause CIM to convert into an Illinois limited liability company.[3]

8. On the Closing Date with respect to the applicable Lease Interests, AERG will sell the CIM Leasing membership interest and/or any of the Equipment Interests to a buyer or buyers, in each case in exchange for cash, which will be treated for federal income tax purposes as a deemed sale of the Equipment Interests.

9. On the Closing Date with respect to the applicable Lease Interests, Resources will sell the CIM membership interest and/or any of the Non-Equipment Interests to a buyer or buyers, in each case in exchange for cash, which will be treated for federal income tax purposes as a deemed sale of the Non-Equipment Interests.

10. On the Closing Date with respect to the applicable Lease Interests, or within 24 months after that date, AERG will expend the cash received from the buyer(s) to reduce the AERG Note or will otherwise expend or invest such cash in accordance with Code section 1081(b).

[3] By the December 2003 Order, the Commission authorized Ameren to convert its nonutility subsidiaries from one business form to another.

11. On the Closing Date with respect to the applicable Lease Interests, or within 24 months after that date, Resources will expend the cash received from the buyer(s) to reduce the Resources Note.[4]

Applicants state that the Proposed Transactions are intended in part to allow Ameren to match the unrecognized gain from the sale of the Lease Interests under Code section 1081(b) to certain subsidiaries of Ameren that have a sufficiently high tax basis in other similar classes of property so that the unrecognized gain can be fully absorbed by the basis reductions required by Code section 1082(a)(2).

II. Requests for Authority

Ameren requests that the Commission extend from January 31, 2006 to February 8, 2006 the date established under the Supplemental Order by which Ameren must complete the sale or other disposition of the Non-Retainable Interests. In support of such request, Ameren states that it has entered into negotiations of definitive agreements for the sale of the Lease Interests and expects that it can complete the sale of most of the Lease Interests before the effective date of repeal of the Act.[5]

AERG requests authorization to issue the AERG Note to CIM in consideration for the stock of CIM Leasing.[6]

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[4] Applicants expect that the AERG Note and the Resources Note will be retired on or shortly after the latest applicable closing date.

[5] On August 8, 2005, the President signed the Energy Policy Act of 2005, P.L. 109-58, 119 Stat. 594, into law which, among other things, repeals the Act effective six months after the date of enactment (*i.e.*, February 8, 2006). The transactions described in this Post-Effective Amendment incidental to the divestiture of the Aircraft Lease Interest may, in fact, be carried out after the effective date of repeal of the Act.

[6] Although the issuance of the AERG Note by AERG and the acquisition of the stock of CIM Leasing by AERG are not exempt under the Act, or otherwise approved under the terms of the December 2003 Order, such transactions are merely transitory steps in the sale of the Lease Interests to the Buyer and will have no permanent effect on the business or capital structure of AERG.

III. Analysis/Conclusion

The Commission finds that: (1) the proposed disposition of the Lease Interests through the Proposed Transactions will be a disposition for cash or cash equivalents in compliance with the Supplemental Order; (2) the application of the net proceeds to retire all or part of the AERG Note and the Resources Note will be a complete or partial retirement of securities representing indebtedness of AERG and Resources (3) the amount of liabilities assumed and the amount of liabilities to which transferred property is subject upon the disposition of the Lease Interests through the Proposed Transactions will be an expenditure for property other than "nonexempt property" in compliance with the Supplemental Order, and (4) accordingly, each of the Proposed Transactions is necessary or appropriate to the integration or simplification of the Ameren holding company system, will effectuate the provisions of section 11(b)(1) of the Act, and will be made in obedience to the Supplemental Order and the further supplemental order in this matter.

Applicants state, for purposes of rule 54, that the conditions specified in rule 53(a) are satisfied and that none of the adverse conditions specified in rule 53(b) exist. As a result, the Commission will not consider the effect on the Ameren system of the capitalization or earnings of any of its subsidiaries that is an exempt wholesale generator or foreign utility company (as those terms are defined in sections 32 and 33 of the Act, respectively) in determining whether to approve the proposed transactions.

Applicants estimate that the fees, commissions and expenses associated with the preparation and filing of the post-effective amendment will not exceed $15,000. They

state that no State or federal commission, other than this Commission, has jurisdiction over any of the proposed transactions.

Due notice of the filing of the Post-Effective Amendment has been given in the manner prescribed, and no hearing has been requested of or ordered by the Commission. Upon the basis of the facts in the record, it is found that the applicable standards of the Act and rules are satisfied, and that no adverse findings are necessary.

IT IS ORDERED, that the Post-Effective Amendment in *Ameren Corp., et al.* (70-10078), as amended, is granted and permitted to become effective immediately, subject to the terms and conditions contained in rule 24 under the Act.

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

Jonathan G. Katz
Secretary