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May 17, 1996

MO. PUBLIC SERVICE COMMISSION

David L. Rauch
Executive Secretary
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102

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RE: UE/CIPSCO - Case No. EM-96-149

Dear Mr. Rauch:

A prehearing conference in the above matter will be held in less than one month. We believe that prior to the prehearing conference there is a reasonable prospect that efforts will be made to resolve or settle certain or even all of the issues in the above merger proceeding. Should any such effort be made by Staff we would appreciate prompt and timely notification thereof in advance of any settlement negotiations or meetings between or among Staff and one or more parties to the case. Such notice should be adequate so that our clients, the Missouri Industrial Energy Consumers, would have the opportunity to fully participate in any such negotiations or meetings.

This letter has been prompted by a recent situation which the terms of a settlement were essentially agreed to and fixed by certain parties without benefit of participation by our clients who were confronted with *fait accompli*. We believe that this approach is inconsistent with due process and fair play. As I am sure you are aware, our client group has been active in virtually every matter involving utilities serving the St. Louis area industries for well over forty years and is fully prepared to participate responsibly in all future relevant rate and rate-related matters. It is not our intent to inhibit discussion of positions by and

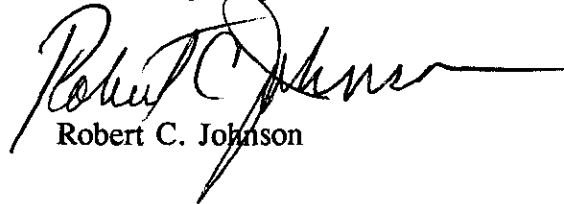
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among parties. It is our position that all parties should have the opportunity to participate in settlement negotiations prior to finalization of any settlement agreement.

While it is too early to determine whether or not any of the issues in this case can be resolved by settlement, we firmly believe that an effort should be made to resolve as many as possible prior to the hearing in this case. Furthermore, we believe that all active parties to the case should have notice and a right to fully participate in any negotiations related to settlement of any issues in this matter.

Yours very truly,



Robert C. Johnson

cs

cc: Steve Dottheim, Esq.
Martha Hogerty, Esq.
William Jaudes, Esq.