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State of Missouri

Mel Carnahan
Governor

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May 29, 1996

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

RE: Union Electric Company
Case No. EM-96-149

Dear Mr. Rauch:

Enclosed for filing in the above-referenced case please find the original and fourteen copies of Public Counsel's **Third Motion to Compel**. I have on this date mailed or hand-delivered copies to all counsel of record. Please "file" stamp the extra-enclosed copy and return it to this office.

Thank you for your attention to this matter.

Sincerely,

Lewis R. Mills, Jr.

Lewis R. Mills, Jr.
Deputy Public Counsel

LRM:bjr

Enclosures

cc: Counsel of Record

FILED

MAY 29 1996

**MISSOURI
PUBLIC SERVICE COMMISSION**

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

In the matter of the application of Union)
Electric Company for an order authorizing:)
(1) certain merger transactions involving)
Union Electric Company; (2) the transfer of)
certain assets, real estate, leased property,)
easements and contractual agreements to)
Central Illinois Public Service Company; and)
(3) in connection therewith, certain other)
related transactions.)

Case No. EM-96-149

FILED
MAY 29 1996
MISSOURI
PUBLIC SERVICE COMMISSION

THIRD MOTION TO COMPEL

COMES NOW The Office of the Public Counsel ("Public Counsel") and for its Third Motion to Compel states as follows:

1. On May 1, 1996, Public Counsel submitted Data Request (DR) numbers 667, 668, 671, 675, and 676 to Union Electric Company (UE). On May 8, 1996, Public Counsel received from UE objections to these DRs (the DRs and objections are attached hereto as Exhibit 1).

2. Public Counsel believes UE's objections to DRs 667 and 668 are well taken, and therefore does not contest them. However, Public Counsel believes DRs 671, 675, and 676 are valid and likely to lead to the discovery of relevant information.

3. Public Counsel made an attempt to resolve this discovery dispute before involving the Commission. A copy of a letter from Public Counsel to UE is attached hereto as Exhibit 2.

4. DR 671 seeks information that will allow Public Counsel to evaluate UE's perception of the future long-term power market in the region. This, in turn, will help with Public Counsel's analysis of the System Support Agreement, and related questions of stranded costs. Without knowledge of the offers UE has received, and thus its perception of this market, there is no way to put the System Support Agreement in context and evaluate its prudence.

Furthermore, UE used the MIDAS software model to estimate production cost savings from the merger. One of the most important inputs into that model is the cost of power in the future. DR 671 will give Public Counsel the information it needs to analyze whether UE's inputs -- and resulting merger savings estimates -- are reasonable.

5. DRs 675 and 676 seek information about how UE analyzed the costs and benefits of UE's new automated meter reading (AMR) system. While these costs and benefits are not specific merger issues, Public Counsel needs this information to determine whether UE's analysis of merger costs and benefits is consistent with its analysis of the costs and benefits of other long-term investments. Both the merger and the AMR system are expected to lower

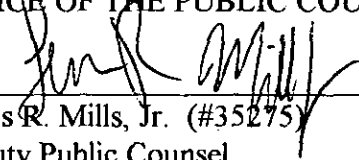
costs and enhance revenues¹, as well as position UE more favorably for the possibility of direct retail access. If UE has analyzed the merger in a different way than it has analyzed an investment in meter technology, these differences should be brought to the Commission's attention. If the analyses are the same, then one is faced with the question of why UE is asking for an exception from the alternative regulation plan for the merger costs but not for the meter costs. Either way, these DRs are likely to lead to the discovery of relevant information.

WHEREFORE, Public Counsel respectfully requests that the Commission order UE to immediately provide responses to Public Counsel DRs 671, 675, and 676.

Respectfully submitted,

OFFICE OF THE PUBLIC COUNSEL

By


Lewis R. Mills, Jr. (#35275)

Deputy Public Counsel

P. O. Box 7800

Jefferson City, MO 65102

(573) 751-4857

¹ In the October 1995 *Union Electric News*, UE notes that the AMR system "permits utilities to eliminate estimated meter reads, while making it possible for the company to develop ... enhanced services...." (*Id.*, page 8).

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed or hand-delivered to the following on this 29th day of May, 1996:

Steve Dottheim
Deputy General Counsel
Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

Richard W. French
French & Stewart
1001 Cherry St., Suite 302
Columbia, MO 65201

Gary W. Duffy
Brydon, Swearengen & England
P. O. Box 456
Jefferson City, MO 65102

Robert C. Johnson
Diana M. Schmidt
Peper, Martin, Jensen, et al.
720 Olive St., 24th Floor
St. Louis, MO 63101-2396

Jeremiah W. Nixon
Daryl R. Hylton
Office of the Attorney General
P. O. Box 899
Jefferson City, MO 65102

Daniel R. Devereaux
Attorney at Law
1215 Pine Street
St. Louis, MO 63101

James J. Cook
Joseph H. Raybuck
Union Electric Company
P. O. Box 149 (M/C 1310)
St. Louis, MO 63166

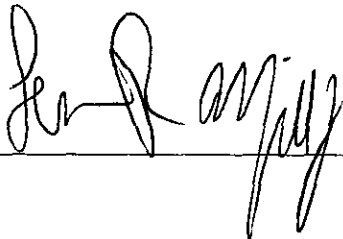
James C. Swearengen
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MAY 08 '96 11:56AM UE LEGAL

1901 L. ROUBEAU AVENUE
Post Office Box 149
St. Louis, Missouri 63106
314-621-3222

(314) 554-3611
FAX: 554-4014

P.2

EXHIBIT 1



May 8, 1996

VIA FACSIMILE & FEDERAL EXPRESS MAIL

Mr. Lewis R. Mills, Jr.
Office of the Public Counsel
P.O. Box 7800
Jefferson City, MO 65102

Re: UE/CIPSCO Merger
Objections to OPC Data Requests
Case No. EM-96-149

Dear Mr. Mills:

Enclosed please find Union Electric Company's objections to OPC Data Request Nos. 667, 668, 671, 675 and 676.

If you have any questions, please call me.

Sincerely,

A handwritten signature in cursive script that reads "Eileen M. Bauman".

Eileen M. Bauman
Legal Assistant

Enclosures

cc: Mr. Robert Johnson
Peper, Martin

No. 667

**Data Information Request
from Office of Public Counsel to
Union Electric
Case No. EM-96-149**

Information Requested:

Please provide a copy of all documents created by or for UE or CIPSCO that address any of the following topics associated with the retention of sensitive or confidential documents:

- a) Company or division or department policies for retention of documents;
- b) Document retention policies or strategies that pertain specifically to certain subjects (e.g., mergers or acquisitions, marketing, etc.) or pertain specifically to certain legal or regulatory issues (e.g., Case No. EM-96-149, "merger premium" issue, etc.)
- c) UE or CIPSCO document retention policies applicable to consultants, investment bankers, etc.

Information Provided:

Union Electric Company objects to this data request as it is vague, overbroad and seeks information which is not relevant nor reasonably calculated to lead to the discovery of relevant evidence. Moreover, it would be unduly burdensome, expensive and time consuming to attempt to formulate a response. This request is not limited to any reasonable period of time nor to departments or information concerning merger issues. Instead, the request extends far beyond legitimate areas of inquiry and potentially includes all business operations of Union Electric Company and CIPSCO, for example, coal purchasing, claims, security, employment and others.

No. 668

**Data Information Request
from Office of Public Counsel to
Union Electric
Case No. EM-96-149**

Information Requested:

Please specify each individual who has input to the decisions for each document retention policy that UE has in effect (specify which individuals have input for which policies), and specify the individual(s) who have final responsibility for determining document retention policy (specify which individuals have final determination responsibility for each policy).

Information Provided:

Union Electric Company objects to this data request as it is vague, overbroad and seeks information which is not relevant nor reasonably calculated to lead to the discovery of relevant evidence. Moreover, it would be unduly burdensome, expensive and time consuming to attempt to formulate a response. This request is not limited to any reasonable period of time nor to departments or information concerning merger issues. Instead, the request extends far beyond legitimate areas of inquiry and potentially includes all business operations of Union Electric Company, for example, coal purchasing, claims, security, employment and others.

No. 671

**Data Information Request
from Office of Public Counsel to
Union Electric
Case No. EM-96-149**

Information Requested:

Please provide a copy of all documents created by or for UE that include descriptions or analyses of long-term purchase power offers (covering time periods of one year or more) that UE has received in the last three years.

Information Provided:

Union Electric Company objects to this data request as it seeks material which is neither relevant nor reasonably calculated to lead to the discovery of evidence relevant to the merger proceeding.

No. 675

**Data Information Request
from Office of Public Counsel to
Union Electric
Case No. EM-96-149**

Information Requested:

Please provide a copy of all documents created by or for UE that include descriptions or analyses of the costs and benefits of installing a new automated meter reading (AMR) system. This DR should be interpreted to include documents pertaining to the specific AMR system that UE has decided to install, as well as documents pertaining to the costs and benefits of AMR systems in general.

Information Provided:

Union Electric Company objects to this data request as it seeks material which is neither relevant nor reasonably calculated to lead to the discovery of evidence relevant to the merger proceeding.

No. 676

**Data Information Request
from Office of Public Counsel to
Union Electric
Case No. EM-96-149**

Information Requested:

How much will UE's new AMR system cost and how long will it take to recoup that cost? Please provide a copy of all workpapers that support your answer.

Information Provided:

Union Electric Company objects to this data request as it seeks material which is neither relevant nor reasonably calculated to lead to the discovery of evidence relevant to the merger proceeding.



Martha S. Hogerty
Public Counsel

State of Missouri

Mel Carnahan
Governor

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Jefferson City, Missouri 65102

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May 28, 1996

Mr. Jim Cook
Union Electric Company
P.O. Box 149 (M/C 1310)
St. Louis, MO 63166


VIA FAX

RE: Case No. EM-96-149

Dear Mr. Cook:

Enclosed herewith please find a draft of a Motion to Compel that I propose to file at the end of the day tomorrow (May 29, 1996), unless we can reach some agreement on the information we are seeking. I think this information is relevant and I am reasonably confident that the Commission will agree. Nonetheless, I am reluctant to bring another discovery dispute before them unless I have to, so I hope that we can resolve this without having to file another round of pleadings. Please give me a call if you have any room to move from the position you outlined in your objections to these DRs.

Sincerely,


Lewis R. Mills, Jr.
Deputy Public Counsel