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October 24, 1996

VIA FEDERAL EXPRESS

Mr. Cecil I. Wright
Executive Secretary
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102

Re: MPSC Docket No. EM-96-149
UE/CIPSCO Merger

Dear Mr. Wright:

Enclosed for filing on behalf of Union Electric Company in the above matter is an original and fourteen (14) copies of its Reply to Staff Motion for Extension of Time to File Market Power Testimony.

Kindly acknowledge receipt of this filing by stamping as filed a copy of this letter and returning it to the undersigned in the enclosed envelope.

Sincerely,

A handwritten signature in cursive script that reads "James J. Cook".

James J. Cook
Associate General Counsel

JJC/bb
Enclosure(s)
cc: Counsel of Record

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BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

Union Electric Company

) Docket No. EM-96-149

REPLY OF UNION ELECTRIC COMPANY TO
STAFF MOTION FOR EXTENSION OF TIME
TO FILE MARKET POWER TESTIMONY

Union Electric Company ("Company") opposes the request by the Staff of the Missouri Public Service Commission ("Staff") to extend the filing date for submission of market power testimony in the instant case. In support of its position, the Company states as follows:

1. It is obvious that this extension will further delay a decision by this Commission on the requested merger. One of the significant reasons why the Company entered into the Stipulation and Agreement with the other parties in this matter was the fact that a Stipulation would normally result in an earlier final decision than would otherwise be the case following a lengthy hearing, briefing schedule and time required for the Commission to decide a host of difficult contested issues.

While the Company does not question the Commission's right to determine whether all relevant issues have been adequately addressed on the record before a decision is reached, the Company is concerned that the delay caused by that review can work to the Company's detriment and to the detriment of its customers. Delay in the final approval of the merger will result in a delay in the realization of the merger-related savings. Therefore, it is important that the additional proceedings requested by the

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Commission be conducted as expeditiously as possible, with appropriate concern for the adequacy of the record, the potentially vulnerable position of the Companies seeking to merge, and the ability of customers to benefit from the promised savings.

2. It should be noted that the issue to be addressed in the requested testimony is also being addressed at the Federal Energy Regulatory Commission ("FERC"). On October 16, 1996, the FERC issued its "Order Accepting for Filing and Suspending Proposed Agreements, Consolidating Dockets, and Establishing Hearing Procedures" in the Company's pending merger application and associated dockets (EC96-7-000, ER96-677-000 and ER96-679-000). One of the three issues set down for hearing is "the Applicants' post-merger market power, if any." (Order, p. 20.)

It has been suggested that the issue of "market power" in the electric utility industry may arise in two areas - wholesale and retail markets. Clearly, the FERC has been addressing the issue at the wholesale level in both a generic sense and in orders relating to individual companies. They will be doing so in the UE/CIPS merger request and the Missouri Commission is a party to that case.

The issue of "market power" at the retail level will not arise in Missouri unless and until some form of "retail wheeling" is approved by the appropriate authorities in Missouri. If, and when, the regulatory scheme in Missouri is changed, that will be the appropriate time to address market power in some detail and, if necessary, its mitigation as it relates to retail electric service. Until that time, Union Electric, even after the proposed merger,

will remain a fully regulated monopoly provider of retail electric service in its service territory, pursuant to the laws of the State of Missouri and the regulations of this Commission.

3. Accordingly, since the delay caused by the request can work a hardship on the Company, its merger partner and its customers, and the subject matter of the Commission's request is being addressed at the FERC (with MPSC participation), the Company suggests that the time already allowed by the Commission for the preparation and presentation of evidence on this issues is entirely adequate.

4. The Company sincerely requests that this Commission not delay its decision in this case under the belief that as long as it acts within the time-frame of other commissions' actions it will be timely in its decision. Even if other jurisdictions may not reach a decision until some months hence, it is extremely important for the Missouri Commission to act expeditiously. As the jurisdiction with the most significant authority over Union Electric, the uncertainty caused by the Commission's continued review of the Stipulation and Agreement can be very detrimental to both Union Electric and Central Illinois Public Service Company.

4. In the alternative to rejecting the Staff's request, if the Commission is inclined to grant it, the Company proposes the following: the Company will still plan on filing its testimony on November 1, 1996. The Staff, Office of Public Counsel and others would file by November 26, 1996. However, it would be understood

that this filing date would allow this later filed testimony to include responses, if any, to the Company's filing.

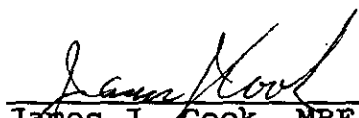
It is impossible to say at this time whether the Company, as the applicant in this case, will want to respond to the Staff, Public Counsel or others. Obviously, it is the Company's preference to expedite the matter. Therefore, such a request would only be made reluctantly, as would any request for a hearing on this issue. Therefore, in response to the Public Counsel's request concerning additional filing or hearing, the Company proposes that no additional filings or hearings be scheduled. However, if any party feels so prejudiced by the lack of such an opportunity, a request could be made by the Company immediately after the November 26th filing, or by another party immediately after a subsequent Company filing, if any. Such additional filings and/or hearing should be scheduled on an extremely expedited schedule.

WHEREFORE, for the reasons stated above, Union Electric Company requests that the Staff Motion for Extension of Time to File Market Power Testimony be denied.

Respectfully submitted,

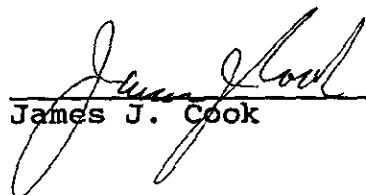
UNION ELECTRIC COMPANY

By


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CERTIFICATE OF SERVICE

I hereby certify that on this 24th day of October, 1996, a copy of the foregoing was served via facsimile upon All Parties of Record.



James J. Cook