



Missouri Public Service Commission

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December 6, 1995

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Director, Utility Services

DANIEL S. ROSS  
Director, Administration

CECIL J. WRIGHT  
Chief Administrative Law Judge

ROBERT J. HACK  
General Counsel

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

RE: Case No. EM-96-149 -- 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.

Dear Mr. Rauch:

Enclosed for filing in the above-captioned case are an original and fourteen (14) conformed copies of STAFF'S PROPOSED PROCEDURAL SCHEDULE AND MOTION FOR AN EARLY PREHEARING CONFERENCE TO SET A PROCEDURAL SCHEDULE.

This filing has been mailed or hand-delivered this date to all counsel of record.

Thank you for your attention to this matter.

Very truly yours,

Steven Dottheim  
Deputy General Counsel  
314-751-7489

SD:ceb  
Enclosure

cc: Counsel of Record

FILED

DEC 6 - 1995

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**

DEC 6 - 1995

MISSOURI  
PUBLIC SERVICE COMMISSION

**STAFF'S PROPOSED PROCEDURAL SCHEDULE AND  
MOTION FOR AN EARLY PREHEARING CONFERENCE  
TO SET A PROCEDURAL SCHEDULE**

Comes now the Staff of the Missouri Public Service Commission (Staff) (1) to propose a procedural schedule in response to the request in the Application of Union Electric Company (UE) in the instant case for a Missouri Public Service Commission (Commission) Report And Order no later than May 1, 1996 and (2) to request that an early prehearing conference be scheduled for the purpose of addressing the setting of a procedural schedule. The Staff believes that within reason an effort should be made to accommodate UE's request for expedition, although the Staff does not believe that UE's request for a Missouri Commission Report And Order by May 1, 1996 is reasonable. The Staff proposes herein a Procedural Schedule that it considers to be reasonable and the setting of an early prehearing conference for December 21, 1995 at 10:00 a.m. in Room 530B in the Truman State Office Building in Jefferson City. December 21, 1995 is reasonably soon after the December 15, 1995

close of the intervention period set by the Administrative Law Judge in this proceeding. The purpose of the Staff's suggested early prehearing conference is to address the matter of establishing a procedural schedule.

In an effort to accommodate, as much as reasonably possible, UE's request for the expedited issuance of a Missouri Commission Report And Order, and in order to facilitate the Missouri proceedings, the Staff has initiated contact with the Illinois Commerce Commission Staff (ICC Staff). UE, Central Illinois Public Service Company (CIPS), and CIPSCO Incorporated (CIPSCO) have requested expedited treatment from the Illinois Commerce Commission (ICC) respecting their Application filed with the ICC also on November 7, 1995. A prehearing conference has been set for this date, Wednesday, December 6, 1995, in Springfield, Illinois. It is the Staff's understanding that the purpose of the prehearing conference, at least in part, is to determine a procedural schedule before the ICC. The Staff has provided the dates of its proposed procedural schedule both to UE and the ICC Staff.

In support of the Staff's proposed procedural schedule and the Staff's request for the setting of an early prehearing conference for December 21, 1995, the Staff states as follows:

1. On August 14, 1995, UE announced that it and CIPSCO had signed a definitive merger agreement. Said parties also announced on August 14, 1995 that their anticipated completion of the transaction was by year-end 1996 and a filing would occur with the Missouri Commission, among others, in the Fall 1995. UE indicated

on August 14, 1995 that said filing would occur as early as the first week in September 1995, but if not at that time, then soon thereafter. Said filing did not occur until November 7, 1995. Although the date of UE's filing with the Commission moved approximately 60 days, there has been no apparent commensurate change in the time by which UE is expecting a Report And Order from the Commission authorizing the necessary transactions.

2. As previously noted, UE has requested a Report And Order with an effective date no later than May 1, 1996. Counting backwards from UE's requested effective date of a Report And Order no later than May 1, 1996, so as to construct a procedural schedule necessary for a Commission Report And Order with such an expedited effective date, gives perspective to UE's request. Providing for a 10 day effective date; a 42 day Commission deliberation period from the date of the filing of the reply briefs; a 10 day minimum period between the filing of initial and reply briefs; a 20 day minimum period for the filing of initial briefs from the date of the filing of the last transcript; a 7 day period for the preparation of the transcript from the last day of evidentiary hearings; and 5 days of evidentiary hearings, brings the date of the commencement of the evidentiary hearings to January 28, 1996.

Between January 28, 1996 and the end of the intervention period on December 15, 1995, there are 44 days left in which to provide for an early prehearing conference; the filing of rebuttal testimony by the Staff, the Office of the Public Counsel (OPC), and intervenors; the filing of surrebuttal testimony by UE and cross-

surrebuttal testimony of the Staff, OPC and intervenors to each other; the holding of a prehearing conference; and the filing of a hearing memorandum. Clearly, the May 1, 1996 date for a Commission Report And Order as requested by UE is not realistic, nor appropriate given the statutory charge to the Commission.

3. In attempting to determine what is a reasonable procedural schedule, the Staff would suggest that even a superficial review of UE's November 7, 1995 filing indicates that said filing is not complete. Schedule 1 to Gary L. Rainwater's direct testimony is the Agreement And Plan Of Merger. A table of contents in front of the Agreement And Plan Of Merger identifies that there are documents denominated as "CIPSCO Disclosure Schedules" and "Union Electric Disclosure Schedules." These documents, which are indicated in the Table Of Contents as appearing after a document entitled "Form Of Affiliate Letter" and before a document entitled "CIPSCO Stock Option Agreement," are not in UE's November 7, 1995 filing. (The UE and CIPSCO disclosure schedules also are not in the substitute Schedule 1 to Mr. Rainwater's direct testimony which UE filed with the Commission on November 30, 1995.)

In UE's, CIPS's and CIPSCO's November 7, 1995 filing with the ICC, the Agreement And Plan Of Merger is Exhibit WAK-2 to the direct testimony of William A. Koertner (Vice President-Finance and Secretary, CIPS). Just as with the same document in the Missouri filing, a Table Of Contents in front of the Agreement And Plan Of Merger identifies that there are documents denominated as "CIPSCO Disclosure Schedules" and "Union Electric Disclosure Schedules."

Also as with the Missouri filing, these documents are indicated in the Table Of Contents as appearing after a document entitled "Form Of Affiliate Letter" and before a document entitled "CIPSCO Stock Option Agreement." These UE and CIPSCO disclosure schedules are not in UE's, CIPS's and CIPSCO's November 7, 1995 filing with the ICC. After the Form Of Affiliate Agreement and before the CIPSCO Stock Option Agreement are two separate single pages, on each of which appears the word "Redacted." (In Missouri on November 30, 1995, UE filed a Motion For Protective Order in the instant docket.)

4. Furthermore respecting the completeness of UE's Missouri filing, the Staff notes that Mr. Gary L. Rainwater states in his direct testimony at page 8, lines 8 through 14, that the need for management and structural changes in order to achieve the planned economies of operations is recognized by UE and "a Transition Management Task Force...made up of eighteen transition teams, each assigned to address specific aspects of the merger" has been created "[t]o address this issue and many more detailed questions related to the merger." Mr. Rainwater goes on to state that "[w]e expect to complete this transition planning work by March, 1996." If the Commission sets a procedural schedule that meets UE's request for a Report And Order by May 1, 1996, then the Staff, OPC and intervenors will not be provided an opportunity to review the results of the Transition Management Task Force, let alone present an evaluation thereof to the Commission. It is the Staff's view that a schedule which would accommodate UE's request for a Report

And Order by no later than May 1, 1996 would unduly impair the Commission's ability to carry out its statutory responsibilities.

5. The Staff has not been dilatory in its conduct regarding UE's request for expedition. The first data requests submitted to UE were sent prior to Thanksgiving and were received by UE on November 27, 1995 the first business day after the Thanksgiving Holiday.

6. UE states in its Application that "an Order of this Commission no later than May 1, 1996" will facilitate a 1996 closing. Nowhere in UE's Application, nor anywhere in its direct testimony other than in the Agreement And Plan Of Merger itself which is Schedule 1 to Mr. Rainwater's direct testimony, does UE note certain time frames found in "Article IX. Termination, Amendment And Merger" in the Agreement And Plan Of Merger. Section 9.1(b) at page 68 of the Agreement And Plan Of Merger provides, in part, that said Agreement may be terminated at any time prior to the closing date by UE or CIPSCO if the necessary certificates of merger are not issued by the Secretaries of State of the States of Missouri and Illinois by August 11, 1997 ("the 'Initial Termination Date'"). Section 9.1(b), referencing sections in "Article VIII. Conditions," further provides that if on August 11, 1997 the CIPSCO required statutory approvals, the UE required statutory approvals, the CIPSCO required consents and/or the UE required consents shall not have been fulfilled, but all other conditions to the closing shall be fulfilled or shall be capable of being fulfilled, then the August 11, 1997 termination date shall be extended six months.

There is also a waiver provision, Section 9.5, allowing extension of the time for the performance of any of the obligations or other acts of the parties.

7. The Staff recommends the following procedural schedule and notes several significant dates regarding certain related past actions:

EVENT	DATE	DAY	#DAYS BETW.
Mueller/Greenwalt Meeting	6/19/95	Mon.	-----
UE/CIPSCO Bds. Approve Merger	8/11/95	Mon.	53
UE Direct Testimony Filed	11/7/95	Tues.	88
Early Prehearing Conference	12/21/95	Thurs.	44
Staff/OPC/Etc. File Rebuttal	4/15/96	Mon.	116
UE Files Surrebuttal Testimony Others File Cross-Surrebuttal	5/15/96	Wed.	30
Prehearing Conference	5/21-23/96	Tue.-Thur.	6
Hearing Memorandum Filed	6/7/96	Fri.	15
Evidentiary Hearings	6/17-21/96	Mon.-Fri.	10
Last Transcript Filed	6/28/96	Fri.	7
Initial Briefs Filed	7/22/96	Mon.	24
Reply Briefs Filed	8/5/96	Mon.	14
Report & Order Issued	9/20/96	Fri.	46
Report & Order Effective Date	9/30/96	Mon.	10

The Staff is aware that the Commission in setting procedural schedules in the past has not set procedural schedules beyond the dates for the evidentiary hearings. The Staff has merely addressed the matter of dates for these necessary items which occur after the conclusion of the evidentiary hearings in order to project when a



Report And Order might be expected from the Commission, given the other procedural dates suggested by the Staff.

8. As a courtesy, a copy of this pleading is being sent to counsel for the signatories to the Stipulation And Agreement in Case No. ER-95-411, In the matter of a Stipulation And Agreement respecting Union Electric Company's effectuating a one-time credit, a reduction in annual Missouri retail electric revenues, and a three-year experimental alternative regulation plan. A copy is being sent to counsel for Trigen-St. Louis Energy Corporation, which filed an Application To Intervene in this docket on November 20, 1995; copies are being sent to counsel for Locals 2, 1455, 309 and 702, International Brotherhood of Electrical Workers, AFL-CIO and UtiliCorp United Inc., all of which filed Applications To Intervene on December 4, 1995; a copy is being sent to counsel for Laclede Gas Company, which filed an Application To Intervene on December 5, 1995; and copies will be sent to all other entities that file for intervention in the instant proceeding.

WHEREFORE, the Staff hereby proposes the procedural schedule set out above and requests that the Commission schedule an early prehearing conference for Thursday, December 21, 1995 commencing at 10:00 a.m. in Room 530B in the Truman State Office Building in Jefferson City for the purpose of establishing a procedural schedule in this docket.

Respectfully submitted,



Steven Dottheim  
Deputy General Counsel

Attorney for the Staff of the  
Missouri Public Service Commission  
P. O. Box 360  
Jefferson City, Missouri 65102  
(314) 751-7489

**CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed or hand-delivered to all counsel of record as shown on the attached service list this 6th day of December, 1995.



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Additional  
Service List for  
Case No. ER-95-411  
Updated: 12-5-95

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Service list for:  
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Updated: 12-5-95

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