

**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)
Thereof, Certain Other Related)
Transactions.)

Case No. EM-96-149

**CONCURRING OPINION OF COMMISSIONER HAROLD CRUMPTON
AND VICE CHAIR M. DIANNE DRAINER**

We concur with the Commission's decision in Case No. EM-96-149, which approved the Stipulation and Agreement and specified that the proposed merger transaction between Union Electric Company (UE) and CIPSCO Incorporated (CIPSCO) is not detrimental to the public interest. However, we respectfully do not agree with the majority that the additional conditions set out in the order are appropriate or necessary at this time. It is premature to state that participation in an independent system operator (ISO) company is a necessary condition in order to assure that the merger is not detrimental to the public interest. Although we would encourage UE to recognize that becoming a member of an ISO is a prudent move in the current pre-competitive electric environment, it is going too far to make it a necessary condition when, in fact, there is presently no Midwest ISO established for UE to join in Missouri. Additionally, although the Commission states "that joining an ISO at 'any cost' would be unwise," it does not define the criteria that UE should use to evaluate when the ISO concept has become too costly to join.

1022

With respect to the obligation placed on UE to complete a market power report in this docket, we agree with UE witness Rodney Frame that it was premature to require an analysis of the market power implications of the proposed merger, given the many uncertain and unknown changes facing the electric industry. It would be more prudent at this time to open a new docket to review the restructuring of the electric industry and retail wheeling in Missouri, in which all interested parties may participate. If and when competition and restructuring become a part of the electric utility environment in Missouri, there should be an assessment of all market power issues for all electric companies in the state. This was not the case to demand such an assessment. We should not be bureaucratic in demanding a report in this docket which will be incomplete because numerous variables needed for a future market power analysis are currently unknown. In addition, parties essential to providing a thorough market power report have not been given the opportunity to participate in the drafting of that report.

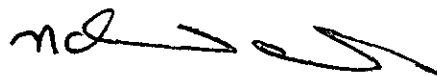
Finally, all companies have limited human resources to depend upon to gather data and write analytical reports. These resources place expense demands on companies that translate into increased revenue requirements. Therefore, we must be prudent when requesting additional reporting documents from companies.

(SEAL)

Respectfully Submitted,



Harold Crumpton
Commissioner



M. Dianne Drainer
Vice Chair

Dated at Jefferson City, Missouri,
on this 6th day of March, 1997.

**SERVICE LIST FOR
CASE NO: EM-96-149**

James J. Cook, William J. Niehoff, Joseph H. Raybuck, Attorneys, Union Electric Company, P.O. Box 149 (MC 1310), St. Louis, MO 63166
Richard W. French, French & Stewart, 1001 Cherry St., Suite 302, Columbia, MO 65201
James C. Swearingen, Brydon, Swearingen & England P.C., 312 E. Capitol Ave., P.O. Box 456, Jefferson City, MO 65102-0456
Gary W. Duffy, Brydon, Swearingen & England P.C., 312 E. Capitol Ave., P. O. Box 456, Jefferson City, MO 65102-0456
Michael C. Pendergast, Assistant General Counsel, Thomas M. Byrne, Laclede Gas Co., 720 Olive St., Room 1520, St. Louis, MO 63101
William A. Spencer, Attorney at Law, 215 E. Capitol Ave., P.O. Box 717, Jefferson City, MO 65102
Robert C. Johnson and Diana M. Schmidt, Peper, Martin, Jensen, Maichel and Hetlage, 720 Olive St., 24th Floor, St. Louis, MO 63101-2396
Susan B. Cunningham, Staff Attorney, Kansas City Power & Light Co., 1201 Walnut St., P.O. Box 418679, Kansas City, MO 64141-9679
Paul S. DeFord, Lathrop & Norquist, L.C., 2345 Grand Blvd., Suite 2500, Kansas City, MO 64108
Jeremiah W. Nixon, Attorney General, and **Daryl R. Hylton**, Assistant Attorney General, 221 W. High St., P.O. Box 899, Jefferson City, MO 65102
Marilyn S. Teitelbaum, Schuchat, Cook & Werner, 1221 Locust St., 2nd Floor, St. Louis, MO 63103-2364
James M. Fischer, Attorney at Law, 101 W. McCarty St., Suite 215, Jefferson City, MO 65101
Robin E. Fulton, Schnapp, Fulton, Fall, McNamara & Silvey, L.L.C., 135 E. Main St., P.O. Box 151, Fredericktown, MO 63645-0151
Lewis R. Mills, Jr., Deputy Public Counsel, Office of the Public Counsel, P.O. Box 7800, Jefferson City, MO 65102

Earl Eakins, 1649 State Highway N, Chaffee, MO 63740
Charles J. Fishman, President, Trigen-St. Louis Energy Corporation, One Ashley Place, St. Louis, MO 63102
Jim Berger, Asst. Business Manager, Local 309, IBEW, 2000 Mall St. (Rte 157), Collinsville, IL 62234
Dave White, Business Manager, Local 2, IBEW, 209 Flora Dr., P.O. Box 1045, Jefferson City, MO 65102
Michael Datillo, Business Manager, Local 1455, IBEW, 5570 Fyler Ave., St. Louis, MO 63139
Gary Roan, Business Manager, Local 702, IBEW, 106 N. Monroe, West Frankfort, IL 62896
John W. McKinney, Missouri Public Service, 10700 E. 350 Highway, P.O. Box 11739, Kansas City, MO 64138
Robert B. Fancher, Vice President-Finance, Empire District Electric Co., 602 Joplin, P.O. Box 127, Joplin, MO 64801
Kenneth J. Neises, Senior Vice President-Gas Supply & Regulatory Affairs, Laclede Gas Co., 720 Olive St., Room 1514, St. Louis, MO 63101
Joe Lakshmanan, Illinois Power Company, 500 South 27th St., P.O. Box 511, Decatur, Illinois 62525
F. Jay Cummings, Vice President, Rates & Regulatory Affairs, Southern Union Gas Co., 504 Lavaca, Suite 800, Austin, TX 78701