

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION
JEFFERSON CITY
March 14, 2001**

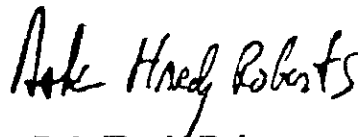
CASE NO: MX-2000-440

Office of the Public Counsel
P.O. Box 7800
Jefferson City, MO 65102

General Counsel
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102

Enclosed find certified copy of an ORDER of RULEMAKING in the above-numbered case(s).

Sincerely,

A handwritten signature in black ink, appearing to read "Dale Hardy Roberts". The signature is written in a cursive, flowing style.

**Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge**

2% of consumer complaint investigation workload was generated by RV regulation. Therefore, with only a minimal reduction in its workload, the Program basically continued to provide the same services that it provided before the removal of the RV program. With the staff and resources provided for in the current ongoing budget allocation, the Program could not adequately provide any new services.

COMMENT: Comments were received asserting that the proposed rules do not contain a "roll back" provision so as to reduce inspection fees to be charged in succeeding fiscal years, by the amount of inspection fees remaining unspent during the present fiscal year. RESPONSE: The inspection fee is calculated, set annually and approved by the Commission. The inspection fee will be strictly generated by the differences in the amount of generated revenue, the appropriated budget, and the total homes sold variables. If the Program does not spend its appropriations, then budget appropriation adjustments will likely result. Therefore, monies not spent will eventually lower the appropriations and subsequently, the inspection fee calculation.

COMMENT: Comments were received asserting that the proposed rules contain no sunset clause, which would provide for their termination at the expiration of a given period of time.

RESPONSE: A sunset clause would not be necessary, so long as the Program continues to need the funding that is generated by the proposed inspection fee. If current legislation and rulemaking proposals involving current fee structure increases are enacted, the commission will rescind the inspection fee rule.

COMMENT: Comments were received suggesting that neither the proposed rules nor existing rules require that sales of modular units be reported. The inspection fee calculation is based in part on the number of new and pre-owned manufactured homes and modular homes sold in a given fiscal year. The proposed rule provides no mechanism to determine the number of modular homes sold in a fiscal year and therefore no basis upon which to accurately calculate the inspection fee.

RESPONSE: Proposed rulemaking (4 CSR 240-123.070) is currently in progress that will require modular unit dealers to report monthly sales. The proposed rulemaking was issued an Order Finding Necessity in Case No. MX-2000-446 and is awaiting final Commission approval.

COMMENT: Comments were received indicating that the Association opposes adoption of the rule. However, in the alternative, should the Commission decide the proposed rules have some merit, the Association asks the Commission to delay consideration of the rules until the end of the 2001 Missouri Legislative session. This would give interested parties time to consider a solution to the funding needs created by Chapter 700. A delay in considering the proposed rules would allow consideration of the following:

(a) Does the PSC need to increase its staff given the fact that the manufactured housing industry's sales are declining and the number of consumer complaints in the last two years have declined? With fewer units being sold in the State of Missouri and consumer complaints on the decline, it is unlikely that additional field representatives are required.

(b) Consideration should be given to other reasonable ways to raise the funds necessary to implement the PSC's duties under Chapter 700. One such way would be to initiate a Complaint Inspection Fee. Inspections would be initiated on a consumer complaint. The reasonable cost of such inspections, in the Association's opinion, would be \$100.00 and that fee would be paid equally by the manufacturer and the dealer. Failure to pay the required inspection fee would place the dealer's or manufacturer's registration in jeopardy. This proposal has the benefit of having the inspection fee paid by parties who may not have manufactured or installed a home correctly, as opposed to assessing the industry

generally. It also has the benefit of not requiring an inspection for each home sold, therefore reducing cost.

(c) A program could be established which would require that each and every manufactured home be inspected prior to occupancy. A reasonable fee to cover the cost of these inspections would fund the program. This approach has been suggested by members of the PSC Staff.

RESPONSE: Other fee increases and funding recommendations have been discussed and incorporated in proposed rulemaking and legislation that will fund the Program without the use of the proposed inspection fee. As stated above, it has been agreed that if proposed legislation is enacted, and proposed rulemaking is approved and published, then the Commission will rescind the proposed inspection fee rules. The PSC currently has two FTE for the Manufactured Housing Program. However, the ongoing operating budget used in calculating the proposed inspection fee will not include those FTE. The proposed inspection fee will only supplement a fee structure that meets the ongoing budget mentioned above. Over the course of the past year and a half, consideration was given to several different ways to replace lost RV revenue. One consideration was to implement an "inspection charge," which would be issued upon each physical inspection. However, an "inspection charge" would not come close to filling the revenue void left by RV deregulation, unless the charge was extremely high. Thus, the idea of a fee per home sold was developed. Discussions have also been held pertaining to statewide inspection. A statewide inspection program would be advantageous in many ways, although it could be difficult to implement, due to an enormous workforce requirement. The Commission welcomes continued discussion and planning with the Association in an attempt to set reasonable fees and enforcement standards in the future.

MX-2000-440
Title 4—DEPARTMENT OF ECONOMIC
DEVELOPMENT
Division 240—Public Service Commission
Chapter 121—Pre-Owned Manufactured Homes

ORDER OF RULEMAKING

By the authority vested in the Missouri Public Service Commission under section 700.460, RSMo 2000, the commission amends a rule as follows:

4 CSR 240-121.180 Monthly Report Requirement for Registered Manufactured Home Dealers is amended.

A notice of proposed rulemaking containing the text of the proposed amendment was published in the *Missouri Register* on October 16, 2000 (25 MoReg 2523). No changes have been made to the text of the proposed amendment, so it is not reprinted here. This proposed amendment becomes effective thirty days after publication in the *Code of State Regulations*.

SUMMARY OF COMMENTS: No comments were received.

MX-2000-437
Title 4—DEPARTMENT OF ECONOMIC
DEVELOPMENT
Division 240—Public Service Commission
Chapter 121—Pre-Owned Manufactured Homes

ORDER OF RULEMAKING

By the authority vested in the Missouri Public Service Commission under sections 700.040 and 700.115, RSMo 2000, the commission adopts a rule as follows:

4 CSR 240-121.185 Pre-Owned Manufactured Home Inspection Fee is adopted.

STATE OF MISSOURI

OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and
I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at Jefferson City,
Missouri, this 14th day of March 2001.



A handwritten signature in dark ink, reading "Dale Hardy Roberts". The signature is written in a cursive style with a horizontal line underneath.

Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge