



MISSOURI PUBLIC SERVICE COMMISSION
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JEFF DAVIS
COMMISSIONER

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March 2, 2011

Mr. Steven Spinner
Director, Energy & Utilities Procurement
Anheuser-Busch
1 Busch Place
St. Louis, MO 63118

RE: Public Service Commission Quote from Missouri Chamber of Commerce Day

Dear Mr. Spinner:

This letter is in regard to a comment you made last Wednesday at the Missouri Chamber of Commerce's Chamber Day Panel entitled "Our Energy Future." I requested a copy of the videotape from the Missouri Chamber of Commerce to make sure I had the quote right. In response to a question from Dan Mehan, you represented to the audience that the Missouri Public Service Commission (PSC) has fewer employees now than it did when the first Callaway plant was built. Technically, your statement is true and I appreciate your concern for the PSC's staffing levels. However, I am very concerned that statements of this nature do not accurately portray the responsibilities of the Missouri Public Service Commission at the time the plant was being constructed.

For your statement to be true, you have to include the employees of the PSC's Transportation Division in those numbers. I believe a true "apples to apples" comparison of PSC staffing levels should exclude those numbers since those employees were not performing work on electric rate cases or utility services, but performing "transportation" functions. The PSC Transportation Division was transferred to the Department of Economic Development on or about July 1, 1985. The Transportation Division's statutory responsibilities and a corresponding number of employees were removed from the Public Service Commission's jurisdiction to the Department of Economic Development by the Missouri General Assembly at that time.

Given your impressive tenure with Anheuser-Busch, you should recall that the intra-state transportation of goods and services, including rail, buses and commercial trucking, was

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once regulated by the Missouri Public Service Commission. Page 45 of the PSC's 1984-1985 Annual Report indicates the Commission's Transportation Division regulated the rates and services of "**approximately 19,192 trucking companies, 439 bus companies and 14 Class I railroad companies.**" (Emphasis added) Page 58 of the 1984-1985 annual report states there were 269.66 FTEs listed for FY 1985. However, an important event occurred in 1985 as evidenced on page 46 of that same annual report:

"Effective July 1, 1985, the state legislature approved legislation which created a new agency and transferred the transportation functions (except mobile home regulation) of the Public Service Commission to the Department of Economic Development, Division of Transportation."

Thus, beginning on July 1, 1985, the PSC no longer performed such functions as performing inspections, licensing, verifying insurance for truckers as well as setting rates, investigating accidents and making safety recommendations for rail crossings. It is important to note that during the PSC's final year of handling these transportation duties the Commission handled more than 10,000 tariff filings, received more than 35,000 insurance filings and performed many other valuable services.

A corresponding number of employees who performed those services were transferred to the new division created within the Department of Economic Development and, beginning with the Commission's 1986 Annual Report, the Commission's FY 1985 and FY 1986 FTE numbers were adjusted to show the loss of the Transportation Division. Those numbers are found on page 11 of the 1986 Missouri Public Service Commission Annual Report. As you can see, the corrected total number of Commission FTE for FY 1985 is **200.16** and for FY 1986 is **203.16**. There is also a footnote stating that the "Totals" exclude "Transportation for FY 1985 and for FY 1986." I further verified this information with a phone call to Mr. Steven Walker, who was the last Director of the PSC's Transportation Division and the first director of the newly created division over at the Department of Economic Development.

I would ask you to compare the numbers listed on page 11 of the Missouri PSC's 1986 Annual Report with those listed on page 7 of the Missouri PSC's 2010 Annual Report, which states the Commission had 202 FTE last fiscal year. Thus, in terms of total overall FTE, the numbers are virtually the same. I have made no attempt to discover the number of agency vacancies we were carrying back then or to compare the amount of consultants we were using then as compared to now, but there are a few more points worthy of your consideration in this analysis:

- During the time of Callaway I's construction, it appears that the Commission required a greater number of clerical people because it does not appear that computers were widely used at the PSC until 1986.

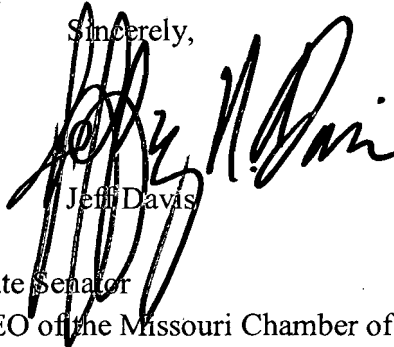
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- Since 1985, most telecommunications services have been deregulated and the only responsibilities left for the Commission in this area are arbitration of interconnection agreements and other acts that are almost solely ministerial.
- Including Commissioners and part-time employees, there are 31 attorneys, 31 auditors, 26 engineers, 12 economists and 2 accountants on the PSC payroll.
- 21 of the PSC's current FTE were hired prior to the completion of Callaway I and the majority of those employees are now in senior-level positions. All together, those employees have more than 500 years of regulatory experience.

In conclusion, I do sincerely appreciate your concern for the staffing levels at the PSC and hope you will find this additional information useful in considering changes that have been made at the Commission. I want to assure you that we do have adequate resources to perform our duties and that we have many experienced conscientious employees who are dedicated to looking out for the taxpayers of this state.

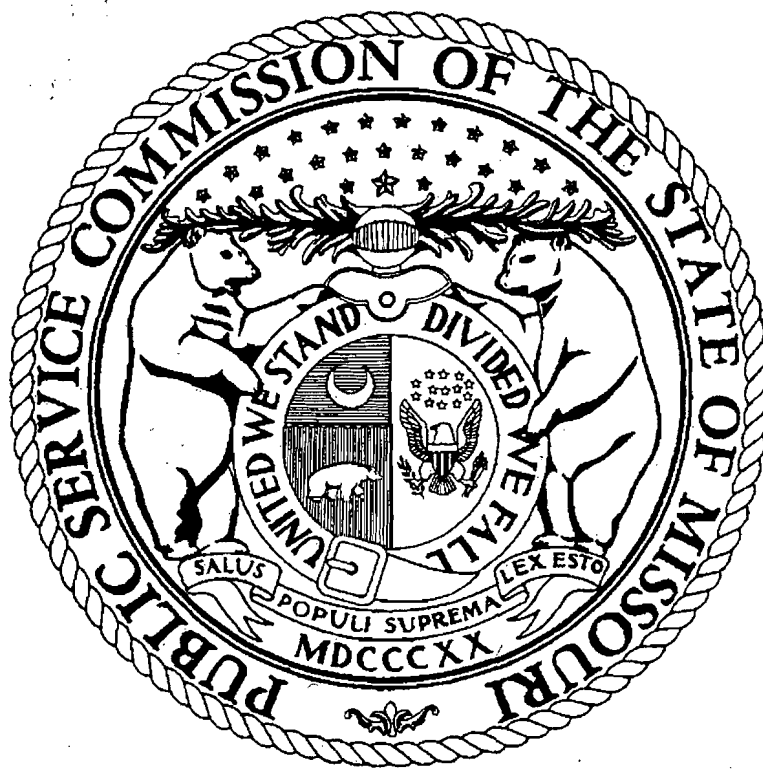
Thank you for your consideration in this matter. I am attaching the pertinent pages of our annual reports for your review. If you feel my calculations are in error, that I have missed something or would like to discuss these matters further, please do not hesitate to communicate your request in writing.

Sincerely,



Jeff Davis

cc: The Honorable Mike Kehoe, State Senator
Mr. Dan Mehan, President & CEO of the Missouri Chamber of Commerce
Mr. John Britton



**THE ANNUAL REPORT
OF THE
MISSOURI
PUBLIC SERVICE COMMISSION
1984-85**

TRANSPORTATION DIVISION

During 1985 fiscal year, the Public Service Commission set major and progressive precedents in motor carrier regulatory policy in Missouri and virtually eliminated a backlog of old truck cases which had built up over several years. The Commission established a system of maximum rates for general commodity carriers and made entry into the motor carrier business easier, consistent with principles of competition.

The Commission's Transportation Division regulates the rates and services of approximately 19,192 trucking companies, 439 bus companies and 14 Class I railroad companies. In addition to the regulation of bus, truck and railroad companies, the division also regulates the construction and sale of mobile homes, recreational vehicles and modular units.

The Commission generally only has authority over the intrastate activities of the companies or the routes they provide with service in Missouri. The interstate activities of the companies are subject to the jurisdiction of the Interstate Commerce Commission. Private carriers, farm-to-market operators, taxicabs, school buses, van pools, tow trucks, and other specific transporters are exempt from Commission regulation.

Through its various sections, the Transportation Division provides to the Commission recommendations on proposed operating authorities and rate relief requested by motor carriers. The division's staff also ensures truckers have adequate insurance coverage, are properly licensed to operate in Missouri and that state truck regulations are enforced. State bus laws also are enforced by the Transportation Division's staff. Staff members oversee bus companies to ensure passengers receive safe and adequate transportation. The Federal Bus Regulatory Reform Act of 1982 preempted much of the Commission's jurisdiction in the areas of rate regulation, regular route entry, and the abandonment of routes.

Rail safety also is promoted by the Transportation Division. Through its contributions to Operation Lifesaver, a joint effort by industry, government and public officials, the division has tried to reduce the number of crossing-related deaths in Missouri.

Manufactured home regulation is also a responsibility of the Transportation Division. Division personnel ensure that manufactured homes sold in Missouri meet construction standards adopted by the Commission. These units are periodically inspected at dealer lots to ensure compliance with these standards. In addition, division personnel handle complaints and grievances by owners of manufactured homes regarding the construction of those units.

Effective July 1, 1985, the state legislature approved legislation which created a new agency and transferred the transportation functions (except mobile home regulation) of the Public Service Commission to the Department of Economic Development, Division of Transportation.

RATES, AUDITS, FINANCIAL ANALYSIS, AND RESEARCH DEPARTMENT

The Rates, Audits, Financial Analysis and Research Department is responsible for inspecting tariffs, auditing the financial reports submitted by carriers, performing financial analysis of data submitted for rate hearings and application cases, and conducting economic research to identify quantitative needs, to evaluate statistical sampling plans and to design procedures to facilitate necessary research.

The work of this department is detailed below:

<u>Carrier Financial Field Audit</u> <u>Type of Carrier</u>	<u>1983-84</u>	<u>1984-85</u>
Household Goods Carriers	25	4
Dump Trucks	33	73
Passenger Carriers	0(A)	0(A)
General Commodity Carriers	31	18
TOTAL FIELD AUDITS	89	95

PUBLIC SERVICE COMMISSION EXPENDITURES

Public Service Commission Fund

	<u>Fiscal Year 1984</u>	<u>Fiscal Year 1985</u>
Personal service	\$3,707,753	\$3,985,667
Expense and equipment	<u>1,603,897</u>	<u>2,797,959</u>
Total PSC Fund	\$5,311,650	\$6,783,626

State Highway Fund

Personal service	\$1,507,499	\$1,583,824
Expense and equipment	<u>612,341</u>	<u>519,497</u>
Total Highway Fund	\$2,119,840	\$2,103,321

General Revenue

Personal service	\$ 107,684	\$ 105,910
Expense and equipment	<u>25,545</u>	<u>21,769</u>
Total General Revenue	\$ 133,229	\$ 127,679

Other Expenditures

License refund	\$ 34,955	\$ 22,410
Grade Crossing Fund	238,298	325,851
Federal Funds	<u>-0-</u>	<u>67,962</u>
Total Expenditures	<u>\$7,837,972</u>	<u>\$9,430,849</u>

Authorized number of employees	261.66	269.66
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Missouri Public Service Commission

1986 Annual Report

Commission Resources

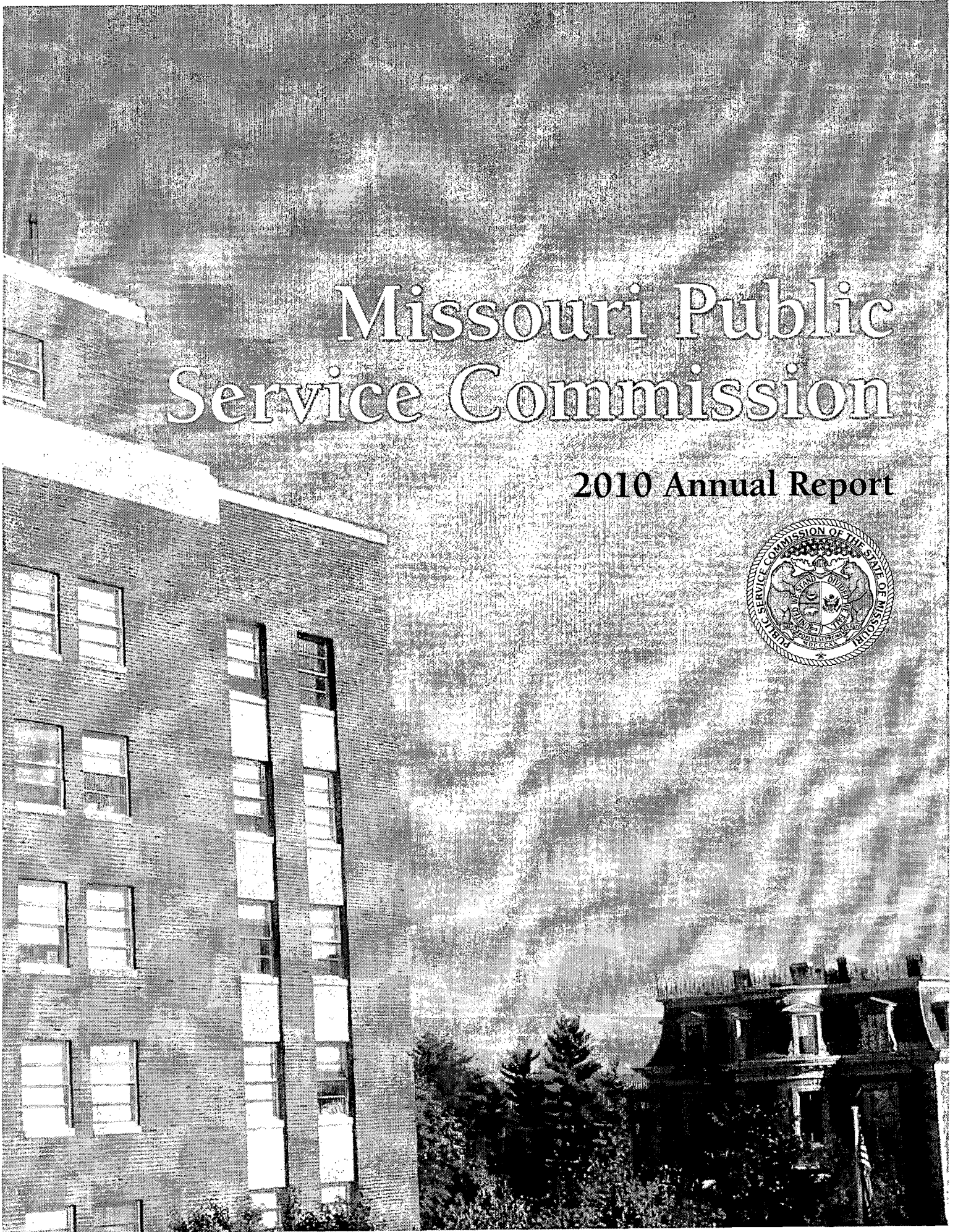
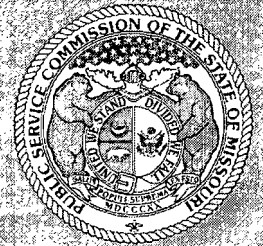
Budget

	FY 1985	FY 1986	FY 1987
EXECUTIVE DIVISION			
Personal Service	\$ 693,679	\$ 883,320	\$ 819,987
Expense and Equipment	37,140	42,535	129,277
F.T.E.	24.00	29.00	25.00
OFFICE OF THE SECRETARY			
Personal Service	\$ 519,408	\$ 458,519	\$ 366,348
Expense and Equipment	375,027	395,360	334,882
F.T.E.	29.16	23.16	17.00
GENERAL COUNSEL			
Personal Service	\$ 418,739	\$ 455,605	\$ 462,785
Expense and Equipment	58,954	67,754	77,753
F.T.E.	18.00	18.00	17.75
UTILITY DIVISION			
Personal Service	\$ 3,037,854	\$ 3,427,417	\$ 3,490,100
Expense and Equipment	3,186,275	2,545,351	2,038,213
F.T.E.	122.50	126.50	124.50
MOBILE HOMES			
Personal Service	\$ 127,675	\$ 138,262	\$ 151,381
Expense and Equipment	27,279	27,279	45,159
F.T.E.	6.50	6.50	7.00
*TOTALS			
Personal Service	\$ 4,797,355	\$ 5,363,123	\$ 5,290,601
Expense and Equipment	3,684,675	3,078,279	2,625,284
Total	\$ 8,482,030	\$ 8,441,402	\$ 7,915,885
F.T.E.	200.16	203.16	191.25
Annual Assessment	\$ 8,396,000	\$ 9,520,000	\$ 7,298,731

*Excludes Transportation for FY 1985 and FY 1986

Missouri Public Service Commission

2010 Annual Report



BUDGET

Fiscal Year 2011

Public Service Commission

Personal Service	\$10,436,668
Expense & Equipment	\$2,577,477
Refunds*	<u>\$10,000</u>
Total	\$13,024,145

Full-Time Employees (F.T.E.) 194.00

Deaf Relay Service and Equipment Distribution Program

Expense & Equipment Appropriation	<u>\$2,500,000</u>
Total	\$2,500,000

F.T.E. 0.00

Manufactured Housing Department

Personal Service	\$341,404
Expense & Equipment	\$179,123
Program Specific Distribution & Refunds (MH)*	\$17,935
Subtotal	<u>\$538,462</u>

Program Specific Distribution MH Consumer
Recovery** \$192,000

Total \$730,462

F.T.E. 8.00

TOTAL BUDGET \$16,254,607

TOTAL FTE 202.00

*These program specific distributions and
refunds are estimated appropriations.

**Consumer Recovery Fund Appropriation