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STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held at its office
in Jefferson City on the 21st
day of April, 1998.

In the Matter of a Rulemaking to Govern)
Interaffiliate Transactions Among Electric,) Case No. OX-98-183
Gas, Heating, Sewer and Water Companies.)
)

ORDER CLOSING CASE

The Commission established this case in order to determine whether a rule should be promulgated to govern affiliate transactions among regulated electric, gas, heating, sewer, and water companies. The parties participated in technical workshops after which Staff filed a proposed rule. The parties submitted comments and Staff filed its proposed affiliate transactions rule with the Commission on February 20. Staff's rule addresses information filings as well as proper costing and accounting procedures. Staff did not submit a rule to address a standard of conduct for affiliated transactions on the grounds that formulating a universal standard of conduct applicable to all electric, gas, heating, sewer, and water companies would be unworkable due to the differences in operations and structures of these utilities. Staff also pointed out the differences in the possibilities for development of competition from industry to industry. Staff proposed that rules regarding a standard of conduct for affiliates are needed but should be implemented on an industry-specific basis. Staff recommended that the Commission close this case and begin a rulemaking process in order to adopt its proposed rule for affiliate costing and accounting procedures and information filings. Staff

recommended that a standard of conduct be developed in the context of utility-specific workshops.

A number of parties filed comments in this case; the Office of the Public Counsel and West Elm Place Corporation both filed alternative proposed rules. The gist of the comments filed by water companies is that affiliate transactions rules are not needed and not appropriate in the water and sewer industries. In addition, there was considerable opposition to certain aspects of the filing requirements included in Staff's proposed rule.

The Commission has reviewed all three proposed rules and the comments in this case, and concludes that it would be inappropriate to attempt to develop affiliate transactions rules that would apply to all regulated electric, gas, heating, sewer, and water companies. The lack of agreement among the parties leads the Commission to conclude that, even where costing and accounting procedures and filing requirements are concerned, these issues must be resolved on an industry-specific basis. Accordingly, the Commission finds that the rules proposed in this case are premature and that the impact of each of these rules on each of the affected industries has not been fully explored, and cannot be fully explored, in this multi-industry docket. The Commission wishes to commend the parties on their efforts and encourages them to make use of these efforts in a more appropriate industry-specific setting. The Commission has directed its Staff to begin an informal process to develop affiliate transaction rules that are industry-specific. This case shall be closed and, at this time, the Commission declines to initiate a rulemaking case for Staff's proposed affiliate transactions rule.

IT IS THEREFORE ORDERED:

1. That all of the proposed rules filed in this case are rejected as premature.
2. That this case is closed.
3. That this order shall become effective on May 1, 1998.

BY THE COMMISSION



Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Lumpe, Ch., Crumpton, Drainer,
Murray and Schemenauer, CC.,
concur.

Wickliffe, Deputy Chief Regulatory Law Judge