

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED²
NOV 15 2000
Missouri Public
Service Commission

In the matter of Proposed Rule 4 CSR 240-120.135) Case No. MX-2000-438

In the matter of Proposed Rule 4 CSR 240-121.185) Case No. MX-2000-437

In the matter of Proposed Rule 4 CSR 240-123.075) Case No. MX-2000-439

MISSOURI MANUFACTURED HOUSING ASSOCIATION'S STATEMENT IN
OPPOSITION TO PROPOSED RULES FOR ESTABLISHING INSPECTION
FEEES FOR NEW MANUFACTURED HOMES, PRE-OWNED
MANUFACTURED HOMES AND MODULAR HOMES

COMES NOW, the Missouri Manufactured Housing Association by and through its attorney, James W. Gallaher and for its Statement in Opposition to proposed Rules 4CSR240-120.135, 4CSR240-121.185 and 4CSR240-123.075 states as follows:

1. The proposed Rules place no upper limit on the amount of inspection fees. Without a cap on the amount of inspection fees that can be assessed, dealers and manufacturers will be unable to accurately predict the cost of their product.
2. The proposed Rules increase fees without stating which, if any, new services will be provided to the public, to dealers or to manufacturers. Such fees are required by statute to be reasonable and without an accounting as to why the increase in fees is necessary, such fees are unreasonable.
3. 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.
4. The proposed Rules contain no sunset clause which would provide for their termination at the expiration of a given period of time.
5. 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

6

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.

6. For the reasons stated above the Association opposes the proposed Rules. 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 has 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 PCS's duties under Chapter 700. One such way would be to initiate a Complaint Inspection Fee. Inspections would be initiated based on consumer complaint. The reasonable cost of such inspections, in the Associations 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 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 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.

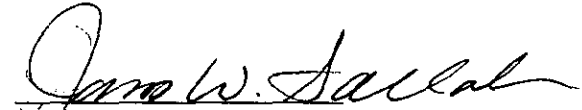
7. The Association requests the opportunity to provide comments and to answer questions posed by the Commission at its November 17, 200, hearing on these matters.

CONCLUSION

The Association desires to work with the Commission in the upcoming legislative session to propose legislation which will meet the PCS's reasonable funding requirements.

Respectfully submitted,

CARSON & COIL, P. C.

A handwritten signature in dark ink, appearing to read "James W. Gallaher", is written over a horizontal line.

James W. Gallaher #22085

515 East High Street

P. O. Box 28

Jefferson City, Missouri 65102

Telephone: (573) 636-2177

Facsimile: (573) 636-7119

ATTORNEY FOR MISSOURI
MANUFACTURED HOUSING
ASSOCIATION