

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of New Proposed Small)
Company Rate Increase Procedure Rules)

Case No. AX-2005-0363

COMMENTS IN SUPPORT OF PROPOSED RULEMAKINGS

The Staff of the Commission is proposing that the Commission rescind and readopt the four following rules: 4 CSR 240-3.240; 4 CSR 240-3.330; 4 CSR 240-3.440; and 4 CSR 240-3.635. The subject rules are the Commission's rules pertaining to the submission and processing of rate increase requests by "small" regulated gas utilities, sewer utilities, steam heating utilities and water utilities, respectively. The Staff is proposing the subject rulemakings for the reasons set out below.

1. Because of the extent of the changes proposed to the subject rules, rescinding the current rules and publishing new rules would most likely accomplish the proposed rulemaking process in the best manner.¹

2. As currently written, the subject rules are cumbersome and difficult to understand, in that multiple topics are dealt with in single sections of the rules. As a result, the subject rules need to be rewritten for clarity.

3. The subject rules were the topic of a working group study conducted in conjunction with the Commission's recent case efficiency roundtables, and it was decided by that working group that several changes to the rules would be beneficial.²

¹ Based on a discussion with a representative of the Secretary of State's Administrative Rules Division, the "rescind and readopt" approach is the recommended approach for this type of rulemaking project.

² The members of the case efficiency working group that studied the small company rate increase procedure rules included representatives from five small sewer and water utilities, two attorneys that represent small sewer and water utilities before the Commission, representatives of the Office of the Public Counsel, and several Staff members involved with the processing and resolution of small company rate increase requests.

4. The proposed rewrites of the subject rules address the existing clarity problem in that the rules would now be broken down into more sections, with each section only addressing one topic, rather than multiple topics being addressed in a single section.

5. The proposed rewrites of the subject rules reflect several agreed-upon changes resulting from the case efficiency small company rate case working group. Most notably, the proposed rewrites include provisions whereby a formal case would be established near the beginning of the small company rate increase process, and include provisions for the resolution of an agreed-upon list of issues of significance to the subject utility's rate case through an arbitration process.

6. Suggestions received from the Commissioners, the Regulatory Law Judges and the Division Directors, based on their reviews of several drafts of the proposed rewrite of the small sewer utility rule, have been incorporated into the proposed rewrites of all the subject rules.

Respectfully submitted,

DANA K. JOYCE
General Counsel

/s/ Keith R. Krueger

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Certificate of Service


I hereby certify that copies of the foregoing have been mailed or hand-delivered, transmitted by facsimile or e-mailed to all counsel of record as shown on the attached service list this 15th day of August 2005.

/s/Keith R. Krueger

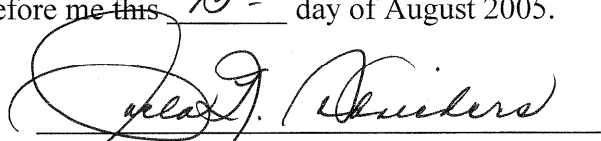
AFFIDAVIT OF DALE W. JOHANSEN

STATE OF MISSOURI)
)
COUNTY OF COLE)

Dale W. Johansen, of lawful age, on his oath states: that he is a member of the Staff of the Missouri Public Service Commission; that he participated in the development of the proposed rewrites of the Commission rules that are the subject of this case; that he participated in the preparation of the foregoing comments in support of the proposed rulemakings that are the subject of this case; that he has knowledge of the matters set forth in the foregoing comments in support of the proposed rulemakings; and that such matters are true and correct to the best of his knowledge and belief.


**Dale W. Johansen – Manager
Water & Sewer Department
Utility Operations Division**

Subscribed and sworn to before me this 15th day of August 2005.


Notary Public

My Commission Expires: June 7, 2008

