BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

In the Matter of a New Proposed Rule 4 CSR 240-50.050

Case No. WX-2006-0366

NOTICE OF FINDING OF NECESSITY **AND OPENING NEW CASE**

Issue Date: March 23, 2006

The Staff of the Commission is proposing that the Commission consider the possibility of a new rule, 4 CSR 240-50.050. The rule would create an affiliate transactions rule for water utilities, and is necessary in that the expansion of regulated utilities into unregulated areas gives utilities the opportunity and incentive to shift their non-regulated costs to their regulated operations with the effect of unnecessarily increasing the rates charged to the utilities' customers. Government participants in the rule-writing process believe the new rule will be beneficial.

This notice is being issued to create a case number in the Commission's electronic filing system. The parties in Case No. WR-2003-0500 are hereby made parties to this proceeding.

BY THE COMMISSION

Secretary

(SEAL)

Dated at Jefferson City, Missouri, on this 23rd day of March, 2006.

Dale, Chief Regulatory Law Judge