

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

In the Matter of a Proposed Rule Regarding     )     **File No. AX-2018-0050**  
Staff Assisted Small Utility Rate Cases         )

**COMMENTS OF THE STAFF OF THE MISSOURI PUBLIC SERVICE COMMISSION**

**Overview**

This proposed rulemaking rescinds the current Small Utility Rate Case Procedure (4 CSR 240-3.050), replaces it with a new rule (4 CSR 240-10.075) and modifies the small rate case process. Following is a summary of proposed changes to the existing rule/processes.

- The title of the rule changes from “Small Utility Rate Case Procedure” to “Staff Assisted Rate Case Procedure” to emphasize the assistance Staff provides the small utility in processing a small rate case, which minimizes the need for an attorney for the utility and associated rate case expense.
- The majority of the proposed changes are designed to keep the small rate case process moving forward and to minimize rate case expense.
- Local public hearings: The proposed rule requires a local public hearing to be scheduled no later than 60 days after the opening of a case unless Staff files notice that the parties agree that a local public hearing is not necessary. The current rule allows The Office of the Public Counsel to request a local public hearing after the filing of a disposition agreement at day 150. This change will allow Staff to hear customer comments prior to the completion of its audit/investigation. Conducting a local public hearing sooner in the process will allow for customer concerns raised at local public hearings to be addressed in a more prompt manner.
- Customer notice: The proposed rule outlines requirements for customer notice to be included with the notice of local public hearing, or upon notice that a local public hearing is not necessary. The current rule requires multiple customer notices. Comments from customers suggest this is confusing and is viewed as either multiple rate increases in a short period of time or confusing as to the amount of increase.
- Effective Date of New Rates: The current rule states the proposed full resolution of a small utility rate case must be presented no later than (9) months (approximately 270

days) after the case is opened and the Commission's decision and order regarding case must be issued and effective no later than eleven (11) months (approximately 330 days) after the case was opened. The proposed rule shortens these dates to not later than 240 days and 270 days. This will allow the small utilities to receive rate relief more quickly to assist in their ability to provide safe and reliable service.

- Extensions: The current rule allows the rate case timeline to be extended for 60 days. The proposed rule shortens the extension time to 30 days. Since the overall amount of time contemplated by the rule is being shortened, the length of potential extensions needs to be shortened as well in case an evidentiary hearing is deemed necessary.
- Staff Audit:
  - The proposed rule clarifies that the Staff audit will follow Staff internal procedures to avoid a “one-size-fits-all” approach and allow for reasonable flexibility in determining use of ratemaking approaches among small utilities, while providing for general consistency in the ratemaking positions recommended by auditors in the various Public Service Commission offices in small utility rate cases.
  - The proposed rule allows expenses for normal expense items, plant-in-service and other rate base items for which documentation is not available to be estimated or based upon evidence that is available. However, this treatment is not required, and the decision as to whether to allow recovery of expenses of this nature will depend upon the specific circumstances of each rate proceeding.
  - Requires that Staff shall perform an evaluation of the utility's rate base valuation in every general rate proceeding, so that an appropriate value can be used as the starting point for rate base analysis in future rate cases. Over time, this provision should reduce the burden on all rate case parties by limiting the period of time in which documentation will need to be reviewed and audited in rate proceedings.
  - As part of the preliminary audit report due to be provided to the utility and OPC at 90 days, requires that Staff provide: (1) an evaluation of the utility's recordkeeping practices, and (2) a listing of any cost of service items for which Staff has not completed its review. The first item is beneficial in highlighting initial areas Staff identified where recordkeeping practices by the utility can be

improved during the pendency of the rate case or after its conclusion. The second item is beneficial in that it gives the parties notice that additional information may be required from the utility in order for Staff to reach a final ratemaking recommendation for the matter.

- Expands certain Staff audit requirements to OPC if OPC is conducting its own audit.
- Hearing: Adds a process for the utility to request not to participate in the hearing.
- Waiver: Adds a provision to request waiver of rule requirements.

Staff generally supports the proposed rulemaking, but provides comment on a specific section of the rulemaking.

#### **4 CSR 240-10.075 – Staff Assisted Rate Case Procedure**

##### **Section (1) Definitions**

Subsection (B) defines “disposition agreement”. Staff recommends the definition be revised to clarify that a “disposition agreement” has the same weight and effect as a Stipulation and Agreement as codified in 4 CSR 240-2.115. With this change, the definition now reads:

**(B) A disposition agreement is a document that sets forth the signatories' proposed resolution of some or all of the issues pertaining to a small utility rate case, and has the same weight as a stipulation and agreement as defined in 4 CSR 240-2.115.**

Changing the definition of Disposition Agreement would not have a negative effect upon the process of a small rate case. Staff views that the Commission ought to treat disposition Agreements as settlement documents binding upon the parties to effectively resolve cases and disputes. Staff supports the proposed section as modified.

#### **4 CSR 240-3.050 - Small Utility Rate Case Procedure**

This rule is being rescinded in its entirety because the requirements are proposed in new rule 4 CSR 240-10.075. Staff supports the rescission as proposed.

Respectfully submitted,

**/s/ Jacob T. Westen**

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**CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile, or electronically mailed to all parties and or counsel of record on this 15th day of December, 2017.

**/s/ Jacob T. Westen**