



Liberty Utilities (Missouri Water) LLC. d.b.a. Liberty

Case No. WR-2024-0104

Office Public Counsel Data Request - 8520

Data Request Received: 2024-09-24

Response Date: 2024-10-04

Request No. 8520

Witness/Respondent: Dane Watson

Submitted by: John Robinett, John.Robinett@opc.mo.gov

REQUEST:

Please provide all notes or documentation provide by Liberty subject matter experts in discussion of operations and plant life expectation provided to MR. Watson as part of his depreciation study.

RESPONSE:

Mr. Watson's interview notes are provided in the attached file "8520 Attachment 1.pdf". Also attached are the Commission's rules regarding meter replacement as "8520 Attachment 2.pdf".

Liberty MO Water/Wastewater Interviews 3-11-2022

Paul Carlson, Stephanie Varner, Jessica Snow, Darin Mahaffey, Jill Schwartz KP, DW

3110 – Supply Structures – Currently 40 years. Well house structures will only last 20-30 years. Most are metal, with some being cement blocks. The high moisture in the building will create issues shortening the life of the structure. Chlorine in the buildings will also cause corrosion. Moving to 30 years would be more reasonable.

3140 – Wells – Currently 50 years. They have them inspected periodically. When they pull the well, they will replace motors, pumps, wires, pipe, etc... They will inspect the head and do a capital rebuild if necessary. They wells are holding up well. They yield will drop off on some wells – depending on where the well is. The well itself may last longer than 80 years. They may be able to get 15 years out of the pumps, motors, wiring, etc. 70 years seems more reasonable as an average.

3160 – Supply mains – same life as T&D Mains of 70 years.

3200 – Water treatment equipment – Chlorine analyzers, feed pumps, etc.. Process equipment is no longer repaired – it is replaced. would only last 10 years.

3210 – Pumping Structures – a comparable life to 3110 would be expected – 30 years.

3250 – Pumping – electric – They have tried different pumps to try get a longer life with limited success. They used to have brass impellers which would have had a longer life. Newer models have a shorter life. The electronics or motors or pumps are what is likely to fail. They are just starting to install VFDs – which may help to extend the life as they become more prevalent. They see around a 10-year life for pumps of all kinds.

3251 – Pumping – submersible – same as 3250

3252 Pumping – High service/booster – same as 3250

3322 – Chemical feeders – They can get very little life out of these. 5 years would be reasonable.

3410 – Structures – a comparable life to 3110 would be expected – 30 years.

3420 Distr Reservoirs – There are mostly ground storage tanks and some concrete structures. Many are bolt together tanks from the 1980s- 2000s. Noel tanks may be 30-40 years old. Aurora – around 20 years old. Smaller systems will not have ground storage tanks – only larger systems. 40 years seems short. When they do maintenance, they may put liners that will extend the life and will strip down to metal, paint the outside, new hatches, etc... Will rehab to DNR current requirements. 60 years would be more reasonable (perhaps even a little longer but there are increasing requirements that would possibly limit the life).

3430 T&D Mains - Currently 50 years. Lakeland heights is a new subdivision and may be an outlier. There are some mains that were put in around the 1940s – most are newer. 50 years is too short. Older

cast iron or galvanized (those are starting to wear out – put in 1940-1950). Moved to PVC in the 1970s. They will still use ductile iron in certain situations (creek crossings, heavy traffic areas, etc.). Most are PVC though. Suggest moving out to 70 years.

3450 Services – Currently 40 years. They are not getting as long a life as expected. Copper will get holes. PVC will start cracking at 20 years. Brass will not last as long as it used to when they switched from lead to tin in the mix. A shorter life than 40 years is a reasonable – 30 years would be a better life.

3460/1 – Meters – Following PSC recommendations. They will replace 5/8 and 3/4 - 8-10 years, 1" – 6 years, 2" – 4 years. All meters have been changed out in the last 2 years. The smaller the meter, the longer the life. There are some companies that are trying to extend that guidance. In 2019, after the 2018 rate case, the PSC send guidance as discussed above. At this point, moving to a 10-year life would be reasonable.

(37) No water service meter shall be allowed in service which has an incorrect gear ratio or dial train or is mechanically defective or shows an error in measurement in excess of five percent (5%) when registering water at stream flow equivalent to approximately one-tenth (1/10) and full normal rating under the average service pressure. When adjustment is necessary, the adjustment shall be made as accurately as practical for average rate of flow under actual conditions of installation. Tests for accuracy shall be made with a suitable testing device in accordance with the best modern water meter practice and at rates of flow which will properly reflect the accuracy of meters over each meter's range of minimum to maximum flow.

(38) Unless otherwise ordered by the commission, each water service meter installed shall be periodically removed, inspected and tested in accordance with the following schedule, or as often as the results obtained may warrant to insure compliance with the provisions of section (37) of this rule:

(A) Five-eighths inch (5/8") meter—ten (10) years or two hundred thousand (200,000) cubic feet whichever occurs first;

(B) Three-fourths inch (3/4") meter—eight (8) years or three hundred thousand (300,000) cubic feet whichever occurs first;

(C) One inch (1") meter—six (6) years or four hundred thousand (400,000) cubic feet which ever occurs first; and

(D) All meters above one inch (1")—every four (4) years.

[2:36 PM] Brent Smith

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[2:36 PM] Brent Smith

Page 8 has the rule from Bruce above.

3470 – Meter Installation – Currently, 40 year life. The life would be closely tied to the services. Suggest setting to the services recommended life of 30 years.

3480 – Hydrants – Currently, 50-year life. They flush every year and test. They would expect a 40–50-year life. Cars can hit them, and older hydrants don't have as large a connection for hoses and would be replaced. Leaving at existing is reasonable.

3900 – Structures – Currently, 33 years. It should match other structure lives of 30 years.

3910 – Office Furniture – Currently, 20-year life. \$1k capitalization threshold. Suggest moving to AR-15 – subject to approval from Company.

3911 – Computers – talk to IT. Mostly laptops and tough books. Look at other Empire entities – consistent treatment across the Company.

3920 – Transportation - Most are kept at the Shared Services level. Match this life to what is determined in the SS analysis.

3930 – Stores – Currently, 25-year life. A little shorter life would be expected. Moving to 20 years would be more appropriate.

3940 – Tools – Currently, either 10 or 20 years. Based on the short life of the tools, a 20 year life is too long. 10 years is more appropriate.

3950 – Laboratory – Currently, 20 years. They would only expect a 5 year life. Chlorine analyzers, etc. Electronic equipment and in corrosive environment.

3960 – Power Operated Equipment – Currently, 15 years. Noel has a small backhoe and mower. Mowers would have a much shorter life (maybe around 7 years). The Kubota backhoe would only have a 10 year life expectancy. Moving to an average of 10 years would be reasonable.

3970 – Communication Equipment – Currently, 15 years. SCADA type assets. A 10-year life is more appropriate – based on technology changes and technology in the field.

3980 – Misc Equip – Currently 15 years. System controls, SCADA, Testers. A 10 year life matching 3970 is more reasonable.

3990 – Other Tangible – Currently, 20-year life. CO2 pump, signs, WW test equipment, lighting upgrade. Moving to 10 years would be more reasonable given the types of assets in the account.

Sewer 3-14-2022

3510 Collection Structures – Savers Farm – added fencing on new facilities, Fairly short lived assets with 25 years would be reasonable.

3521 Collection – Forced Sewers – Around the same life as water mains. Growth is a driver for replacement. 70 years would be reasonable for both forced and gravity.

3522 Collection Gravity Sewers –

3530 – Collection Services – Either clay tile or pvc. A 40 year life (slightly longer than water services) would be reasonable.

3540 – Flow measuring devices – leaving at 30 years is reasonable.

3610 – Pumping Structures – Includes lift stations. 25 years would be reasonable. The pumps would not last longer. KMP was undersized and needed to be upgraded. The concrete would last a long time but the pumps and other equipment would not since it is so toxic. Station itself would last 50 year but the equipment would only last 10 years. A 25 average is reasonable.

3620 – Pumping Receiving Wells – What is in this account? The existing 25 years is reasonable.

3650 – Pumping – Other – control equipment in RD. DO monitoring equipment. Electronics and would throw away. 10 years would be the maximum life.

371- Structures – Mostly equipment booked into this account in Savers Farm. A 30 year life is reasonable to match 3720.

3720 Equipment – Timber Creek and Ozark Mountain have mechanical plant. The life expectation is longer than the existing 20 years. Mechanical devices are above the flow. Like lift stations, the structure would life longer than the equipment. An average of 30 years would be more reasonable.

3730 – Plant sewers – all investment in the equipment is in this account – it does not appear to be sewers. A 30-year life is reasonable.

3740 – Outfall Sewers – same 70 year life as mains.

RC – Outside consultant studied the appropriate RC percentage to use for each NARUC account. They will provide the breakdown.



Rules of
Department of Commerce and
Insurance
Division 4240—Public Service Commission
Chapter 10—Utilities

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**Title 20—DEPARTMENT OF
COMMERCE AND INSURANCE
Division 4240—Public Service
Commission
Chapter 10—Utilities**

20 CSR 4240-10.010 Books and Records

PURPOSE: This rule provides for the keeping of certain public utility accounts, records, memoranda, books and papers required by law and prescribes conditions upon which any part of the books and records may be removed from, or kept outside, the state.

(1) This rule applies to every public utility, as defined in section 386.020, RSMo, and to all persons employed by the public utilities.

(2) Every public utility shall have an office in this state in which its accounts, records, memoranda, books and papers carried in pursuance of a statute of this state or rules of this commission shall be kept, except as provided in this rule. Accounts, records, memoranda, books and papers carried in pursuance to the requirements of law mean the general records of the utility carried in pursuance of a statute of this state or the rules of this commission. All general records shall be kept in a fireproof place. No accounts, records, memoranda, books and papers, at any time, shall be removed from or kept outside the state except upon conditions as are prescribed.

(3) The following denotes the conditions under which any part of the accounts, records, memoranda, books and papers will be permitted to be removed from their domicile in this state, or kept outside the state, if domiciled in another state and doing business in Missouri:

(A) Every public utility doing business in Missouri shall maintain and keep accounts, records, memoranda, books and papers in conformity with the rules prescribed by this commission;

(B) If a public utility should desire to remove its general records from its office in this state, it shall notify the commission of any such intention thirty (30) days in advance of the removal, setting forth the exact address of the general office where the general records will be kept;

(C) If a public utility doing business in Missouri maintains its general records outside the state, the utility shall notify the commission, in writing, thirty (30) days in advance of any relocation, setting forth the exact address of the general office where the general records will be kept;

(D) Every public utility or its successors or assigns shall hold itself ready and willing to produce any of its books and records to the commission at any time the commission shall so order or request, and shall permit the commission, or any of its officers or employees, to inspect these accounts, records, memoranda, books and papers;

(E) Every public utility shall permit the commission, or any of its officers or employees, to examine and inspect any of the accounts, records, memoranda, books and papers at any reasonable time at the office where these accounts, records, memoranda, books and papers are kept, the same as if the books and papers were kept within Missouri;

(F) If the commission deems it necessary to send one (1) or more of its officers or employees to examine any of the accounts, records, memoranda, books and papers of the public utility at the office where these books and records are kept, this being an extraordinary function of regulation not ordinarily contemplated in intrastate regulations of utilities, which are normally domiciled in Missouri and keep their books in this state, all reasonable expenses incurred by the officers and employees, if so ordered by the commission, shall be borne and paid by the public utility; provided, however, that before any such expense shall be incurred by the commission, the public utility shall be given reasonable notice to produce its accounts, records, memoranda, books and papers designated by the commission for inspection and examination of the commission or its officers and employees, at the office of the commission at Jefferson City, Missouri, or at an office of the public utility in Missouri, or at such other point in Missouri, as may be mutually agreed, in which case the public utility also shall make available at that place, at the time of the examination, a person(s), who is acquainted with the records;

(G) Every public utility, upon removal of any of its general records from Missouri, to an office in another state, shall keep the general records as are maintained in its office in the designated sister state, relative to its business operations in Missouri, in a fireproof place, when stored or not in use, or in the alternative, provide an original, duplicate or true copy of the records, which shall be kept in a fireproof place in one (1) of its offices in Missouri; and

(H) All public utilities shall file with the secretary of the Public Service Commission, if they have not previously done so, and include in their annual report, the address of the office(s) in which its general records are kept.

AUTHORITY: section 393.140, RSMo 1986. This rule originally filed as 4 CSR 240-10.010. This version of rule filed Dec. 19, 1975, effective Dec. 29, 1975. Amended: Filed May 17, 1988, effective Oct. 27, 1988. Moved to 20 CSR 4240-10.010, effective Aug. 28, 2019.*

**Original authority: 393.140, RSMo 1939, amended 1947, 1967.*

State ex rel Kansas City Transit, Inc. v. Public Service Commission, 406 SW2d 5 (Mo. banc 1966). Commission is an administrative body of powers limited to those expressly granted by statute or necessary or proper to effectuate statutory purpose. Commission's authority to regulate does not include right to dictate manner in which company conducts its business.

20 CSR 4240-10.020 Income on Depreciation Fund Investments

PURPOSE: This rule prescribes the use of income on investments from depreciation funds and the means for accounting for that income.

(1) In the process of determining the reasonableness of rates for service, income shall be determined on the depreciation funds of the gas, electric, water, telephone, and heating utilities pertaining to their properties used and useful in the public service in Missouri and shall be applied in reduction of the annual charges to operating income of those utilities.

(2) The income from the investment of monies in depreciation funds shall be computed at the rate of three percent (3%) per annum of the principal amount of the depreciation funds.

(3) The principal amount of depreciation funds of any such utility, for the purposes of this rule, shall be deemed to be equivalent to the balance in the depreciation reserve account of any such utility regardless of whether or not any such depreciation reserve account may be represented by a segregated fund ear-marked for that purpose; provided, however, that the principal amount of the depreciation funds may be adjusted by the portion(s) of funds which may have been provided under circumstances other than by charges to operating income or otherwise, these adjustments to be subject to the approval of the commission. The terms depreciation funds and depreciation reserve accounts shall be deemed to include the terms



retirement funds and retirement reserve accounts.

(4) The rate of three percent (3%) per annum referred to in section (3) shall be applied in the case of each gas, electric, water, telephone, and heating utility of Missouri; provided, however, that modification of the rate may be made upon the commission's own motion or upon proper showing by a utility that the rate is not reasonably and equitably applicable to it.

(5) Affected utilities shall prepare and include in their annual reports to the commission, and, in the reports that may be required by the commission from time-to-time, schedules showing for the year or period covered by these reports the income from the investment of monies in depreciation funds. The schedules referred to shall be in the form prescribed by this commission and shall include, among other things that may be prescribed, the principal amount of depreciation funds as represented by balances in depreciation reserve accounts, any adjustments of the depreciation funds and accounts with complete details and explanations of them, and the amount of the income from the investment of monies in depreciation funds computed at the rate of three percent (3%) per annum or such other rate as may be prescribed by order of this commission.

(6) The commission shall retain jurisdiction in this matter for the purpose of making any change(s) in the interest rate prescribed in section (2) that may be warranted.

AUTHORITY: sections 392.280 and 393.260, RSMo 2016. This rule originally filed as 4 CSR 240-10.020. Original rule filed Dec. 19, 1975, effective Dec. 29, 1975. Amended: Filed Nov. 7, 2018, effective July 30, 2019. Moved to 20 CSR 4240-10.020, effective Aug. 28, 2019.*

**Original authority: 392.280, RSMo 1939, amended 1987, 1993 and 393.260, RSMo 1939, amended 1967.*

20 CSR 4240-10.030 Standards of Quality

PURPOSE: This rule prescribes standards of quality for electric, gas and water utilities operating under the jurisdiction of the Public Service Commission.

PUBLISHER'S NOTE: The secretary of state has determined that the publication of the entire text of the material which is incorporated by reference as a portion of this rule would be unduly cumbersome or expensive.

Therefore, the material which is so incorporated is on file with the agency who filed this rule, and with the Office of the Secretary of State. Any interested person may view this material at either agency's headquarters or the same will be made available at the Office of the Secretary of State at a cost not to exceed actual cost of copy reproduction. The entire text of the rule is printed here. This note refers only to the incorporated by reference material.

(1) This rule applies to all gas, electric and water corporations, as these terms are defined in section 386.020, RSMo, engaged in the business of furnishing gas or electricity for light, heat or power, or supplying water for domestic or commercial uses within Missouri. The word utility, when used in these rules, shall be construed to mean any gas corporation, electric corporation or water corporation engaged in the designated business.

(2) A record shall be kept, systematically arranged, of the names and addresses of all consumers furnished with metered service, with the identification number of meter or meters in use for each consumer. Records shall be kept showing the following information for each meter: date of purchase; company's number, if any; name plate data; place of last installation; and date of last test.

(3) Each utility shall keep records of tests of the accuracy of each of its meters, until superseded by a later test but not less than two (2) years. These records shall give sufficient information to identify the meter; the reason for the test; the date of the test and reading of the meter; the name of the person making the test; the accuracy as found and as left, together with enough of the data taken at the time of the test to permit the convenient checking of the methods employed; and the calculations. Systems of meter and test records already in use will meet with the approval of the commission; provided, they conform substantially with the rule. Application shall be made to the commission for this approval.

(4) The allowance of certain variations from correctness on meters as specified in this rule does not mean that meters may deliberately be set in error by the amount of the tolerance. This tolerance is specified to allow for the necessary irregularities in meter tests and maintenance conducted on a commercial scale.

(5) Each service meter shall be suited to the particular installation to which it is assigned

and chosen with a view of obtaining the best adaption to local conditions and to the load.

(6) It is suggested that those utilities not required to maintain certain testing equipment specified in the rule arrange to perform the tests by making use of the testing equipment of some nearby utility required to maintain the testing equipment.

(7) Reasonable efforts shall be made to eliminate interruptions of service, and when these interruptions occur, service should be re-established with the shortest possible delay. When service is interrupted for the purpose of working on any portion of the system, the interruption should occur at a time which will cause the least inconvenience to the consumer, and those seriously affected by the interruptions, if possible, should be notified in advance. A record shall be kept of all interruptions of service on the entire system or major divisions, including the times, duration and cause of each interruption. These records shall be filed, made available for inspection by the commission and preserved for a period of at least one (1) year.

(8) Each utility shall keep a record of the time of starting up and shutting down all important items of equipment. A record shall be kept of the indications of the principal switchboard instruments, station meters, gauges, and the like, readings being taken at sufficiently frequent intervals to show the characteristics of the load. When feasible, graphic recording instruments should be used for this purpose in accordance with the best modern practice. These records or charts, suitably identified and dated, shall be filed available for inspection by the commission and preserved for a period of at least two (2) years.

(9) When gas is to be tested under this rule, a cubic foot of gas shall be taken to be that amount of gas which occupies the volume of one (1) cubic foot when saturated with water vapor and at a temperature of sixty degrees Fahrenheit (60°F) and under a pressure above zero (0) of thirty inches (30") of mercury. For the purpose of measurement of gas to a consumer at the stated delivery pressure, a cubic foot of gas shall be taken to be the amount of gas which occupies a volume of one (1) cubic foot under the conditions existing in the consumer's meter as and where installed; provided, the meter is not subject to abnormal temperature conditions. In cases where gas is supplied to customers through orifice or positive displacement meters at other than stated delivery pressure, a cubic foot of gas shall be defined to be that volume of gas which, at



sixty degrees Fahrenheit (60°F) and at absolute pressure of 14.73 pounds per square inch (psi) (thirty inches (30") of mercury) occupies one (1) cubic foot; except that in cases where different bases that are considered by the commission to be fair and reasonable are provided for in gas sales contracts or in rules or practices of a utility, these different bases shall be effective.

(10) The monthly average total heating value of manufactured gas shall be not less than five hundred seventy (570) British Thermal Units (BTUs) per cubic foot at any point within at least one (1) mile of the manufacturing plant, and shall be at no time the total heating value of the gas at that point less than five hundred twenty (520) BTUs per cubic foot, unless a different standard of heating value is specifically authorized by the commission, and provided that no utility shall lower its present standard heating value without first obtaining the approval of the commission. To arrive at the monthly average total heating value, the result of all tests made on any one (1) day shall be averaged and the average of all these daily averages shall be taken as the monthly average. The term heating value of the gas, as used in this rule and as the value is determined in the tests referred to in this rule, shall be the total heating value as it is defined in the *Bureau of Standards Circular No. 405 Standards For Gas Service*.

(11) Each utility whose output exceeds twenty (20) million cubic feet of manufactured gas per year shall provide and maintain a calorimeter and all necessary accessories therefor, and such utility shall determine the heating value of manufactured gas supplied by it under the requirements set forth by this rule on at least three (3) days of each week. If the gas supplied by the utility is natural gas, it is excused from providing and maintaining a calorimeter; provided, it has available to it information by which it may keep itself fully informed respecting the heating value of the gas delivered by it. If the gas supplied by the utility is liquefied petroleum gas and it has installed adequate facilities by which it is able and does control continuously the heating value of the gas as furnished to the customers' premises and by which it may keep itself fully informed respecting the heating value of the gas delivered by it, the utility is excused from providing and maintaining a calorimeter. Heating value tests should be made or secured on natural gas at least three (3) times per year. A record of these tests or the information secured shall be maintained available for inspection by the commission and preserved for a period of at least two (2)

years.

(12) All gas distributed in this state shall not contain more than a trace of hydrogen sulphide. The gas shall be considered to contain not more than a trace of hydrogen sulphide if a strip of white filter paper moistened with a solution containing five percent (5%) by weight of lead acetate is not distinctly darker than a second paper freshly moistened with the same solution after the first paper has been exposed to the gas for one (1) minute in an apparatus previously purged through which gas is flowing at the rate of five (5) cubic feet per hour and not impinging directly from a jet upon the test paper. Tests shall be made daily on manufactured gas leaving the holders, for the presence of hydrogen sulphide, in the manner specified, and a record of the result of these tests shall be filed available for inspection by the commission and preserved for a period of at least two (2) years. Each utility supplying natural gas shall make tests for hydrogen sulphide with a frequency as is necessary to keep itself informed that the gas distributed by it does not contain more hydrogen sulphide than the trace previously defined and at other times as the commission may require. A record of these tests shall be kept for a period of two (2) years.

(13) It is recommended that all gas delivered by the utilities shall possess a strong and distinctive odor. If the cost of introducing an odor into the gas to obtain the condition continuously is excessive, a suitable odorant shall be introduced during the early part of the heating season and once during the nonheating season each year. During periods of odorizing gas to detect leaks, there may be more than a trace of sulphur in the gas and this temporary condition is permissible.

(14) Each gas utility should set up and follow a rigid program of preventive maintenance of its gas distribution system.

(15) All manufactured gas distributed shall contain not more than thirty (30) grains of total sulphur nor more than five (5) grains of ammonia in each one hundred (100) cubic feet. Each utility whose output exceeds fifty (50) million cubic feet of manufactured gas per year shall provide and maintain the apparatus and facilities as are necessary for the determination of total sulphur and ammonia in gas and each utility shall regularly determine the amount of total sulphur and ammonia in the manufactured gas distributed by it at sufficiently frequent intervals to insure compliance with the foregoing requirements; provided, however, that any such utility sup-

plying only water gas or oil gas shall not be required to provide apparatus or make determinations of the amount of ammonia in gas. A record of these tests shall be maintained available for inspection by the commission and preserved for a period of at least two (2) years.

(16) Except by special authority from the commission for the delivery of a higher service pressure, gas shall be furnished at not less than equivalent to four inches (4") water column nor more than two (2) pounds per square inch gauge (psig) pressure measured at the inlet of the consumer's piping downstream from the meter; provided, that with respect to any consumer whose rate of consumption, based upon designed capacity of installed equipment, reaches or exceeds four hundred fifty (450) cubic feet per hour, a utility, without obtaining special permission, may furnish gas to the consumer at a maximum pressure greater than two (2) psig if the utility shall determine that a greater pressure is available and is desirable to effect economy in delivery or efficiency in utilization of gas by the consumer. In those instances where the delivery pressure to the consumer is greater than an equivalent to fourteen inches (14") of water column, a regulator shall be required ahead of all gas consuming equipment. The maximum pressure on any one (1) day at the inlet of the consumer's piping downstream from the meter shall never exceed twice the minimum pressure at that point on that day. At the time a utility establishes gas service to any applicant a leakage test shall be made at the intended delivery pressure to the consumer to insure that the applicant's fuel line is in a safe condition; provided, however, if the maximum delivery pressure exceeds two (2) psig then the customer's piping system shall be tested at one and one-half (1 1/2) times the maximum delivery pressure. Service shall not be established until the utility determines that this test has been properly made.

(17) Each utility furnishing gas service in cities of two thousand five hundred (2,500) inhabitants or over shall maintain a graphic recording pressure gauge at its plant, downtown office or at some central point in the distributing system or each subdivision of the system where continuous records shall be made of the service pressure at that point. Utilities operating in cities of five thousand (5,000) or more inhabitants shall equip themselves with one (1) or more graphic recording pressure gauges in addition to the foregoing and shall make frequent records, each covering intervals of at least twenty-four (24) hours



duration of the gas service pressure at various points on the system. All records or charts made by these meters shall be identified, dated and kept on file available for inspection for a period of at least two (2) years.

(18) No gas service meter shall be allowed in service which has incorrect gear ratio or dial train or is in any way mechanically defective or shows an error in measurement in excess of two percent (2%) when passing gas at the rate of six (6) cubic feet per hour per rated light capacity. When adjustment is necessary, the adjustment should be made to within at least one percent (1%) of correct registration. Tests for accuracy shall be made with a suitable meter prover, at least two (2) consecutive test runs being made which agree within one-half (1/2) of one percent (1%).

(19) Unless otherwise ordered by the commission, each gas service meter installed shall be periodically removed, inspected and tested at least once every one hundred twenty (120) months, or as often as the results obtained may warrant to insure compliance with the provisions of section (18) of this rule.

(20) Each utility furnishing metered gas service shall make a test of the accuracy of any gas service meter free of charge upon request of a consumer; provided, that the meter has not been tested within twelve (12) months previous to the request. The consumer shall be notified of the time and place of the test so that s/he may be present to witness the test should s/he so desire. A written report giving the results of the requested test shall be made to the consumer requesting the results, the original record being kept on file at the office of the utility under the provisions of section (2) of this rule.

(21) Any gas service meter will be tested by the commission upon written application of the consumer or utility as follows:

(A) The utility involved either shall remove the meter or give its consent to the removal of the meter but the consumer shall be given an opportunity to witness the disconnection, packing and shipment of the meter should s/he so desire;

(B) The meter will be returned with a special seal which, if the meter is to be reinstalled on this consumer's premises, shall not be disturbed until after the consumer has been given an opportunity to inspect the meter;

(C) A fee of two dollars (\$2) will be charged by this commission and paid to the Division of Collections of the Department of

Revenue of Missouri for each gas service meter tested having a capacity of not exceeding ten (10) lights. For larger meters a proportionally larger fee will be charged, depending upon the size of the meter; and

(D) If the meter is fast beyond the prescribed limit in section (18) of this rule, the utility will be required to pay the test fee and cost of shipping meter; otherwise these expenses shall be borne by the consumer requesting the test.

(22) Each utility having more than one hundred (100) gas meters in service shall maintain one (1) or more suitable gas meter provers of standard design and keep in proper adjustment so as to register the condition of meters tested within one-half (1/2) of one percent (1%). Each meter prover must be accompanied by a certificate of calibration indicating that it has been tested with a standard which has been certified by the National Bureau of Standards or some testing laboratory of recognized standing. Meter provers must be located in a large, comfortable working space, free from excessive temperature variations, easily accessible and equipped with all necessary facilities and accessories. Meter testing equipment shall at all reasonable hours be accessible for inspection and use by any authorized representative of this commission.

(23) Each electric utility supplying energy from a constant potential system shall adopt standard service voltages for the entire system and each subdivision. Every reasonable effort shall be made by the use of proper equipment and operation to maintain those voltages within a practicable tolerance. The suitability and adequacy of these service voltages may be determined at any time by the commission. For lighting service, the variation in voltage for periods longer than one (1) minute, as measured at the consumer's cut-out, shall not exceed or fall below these units—

(A) For general all purpose supply where nominal voltage is one hundred twenty (120) volts, one hundred twenty-seven (127) volts maximum and one hundred ten (110) volts minimum;

(B) For general all purpose supply where nominal voltage is one hundred fifteen (115) volts, one hundred twenty-five (125) volts maximum and one hundred eight (108) volts minimum;

(C) For rural service, one hundred twenty-seven (127) volts maximum and one hundred ten (110) volts minimum; and

(D) For power service, the voltage, at any time, shall not be greater than ten percent

(10%) above or below standard service voltage. The ranges of voltages indicated in this subsection shall be considered as being made up of three (3) voltage zones—namely, the favorable zone, tolerable zone and the extreme zone. The favorable zone shall be that range of voltage variation with four percent (4%) above and five percent (5%) below nominal. The tolerable zone shall be that zone between six percent (6%) above and eight percent (8%) below nominal voltage, and the extreme zone shall not exceed the maximum and minimum range of the tolerable zone more than an additional three percent (3%). When the system voltage variations extend to within the extreme zone, the utility shall take those steps as may be required to improve the system voltages, or the subdivisions of, the utility, as the case may be, to within either the favorable or the tolerable zone. The utilities will not be held responsible for variations in service voltage at a customer's premises caused by the operation of that customer's apparatus in violation of the utility's rules or by the action of the elements or causes beyond the utility's control. The requirements listed in this paragraph may be waived for any particular consumer by special written agreement other than the regular service contract or application; provided, that the arrangement does not affect the quality or service to other consumers.

(24) To insure compliance with the requirements specified in section (23) of this rule, each utility furnishing electric service shall supply itself with one (1) or more portable indicating voltmeters, suitable of the service voltages condition. Where two hundred fifty (250) or more consumers are served by any utility, it must provide itself with one (1) or more portable graphic recording voltmeters suitable for the service voltages furnished. A sufficient number of voltage surveys must be made by each utility to indicate that service furnished from various transformers and service mains is at all times in compliance with the previously mentioned requirements. When graphic recording voltmeters are used, each chart or record should cover an interval of at least twenty-four (24) hours duration. These records or charts suitably identified and dated shall be kept on file available for inspection for a period of at least two (2) years.

(25) Except as provided in this rule, each electric service watt-hour meter placed in service shall be tested and adjusted for accuracy before installation or within thirty (30) days after that. New meters manufactured



during and since 1937 may be placed in service without testing if the meters are not opened and if the manufacturer's seal is not broken. Whenever a watt-hour meter manufactured during or since 1937 is required to be tested for reasons other than physical or electrical damage, it should not be opened unless faulty registration (as defined in this rule) is indicated. Each watt-hour meter which appears to be in good condition may be tested by loading the meter sufficiently to cause it to register not less than one hundred (100) kilowatt hours (kWh) at varying rates of current flow for a specified period of time. If this procedure is used, the meter must be checked with a standard meter, previously determined to be accurate, by reading and comparing the dial registers of the meter being tested with the standard meter. If the dial register of the meter being tested shows less than ninety-nine (99) kWh or more than one hundred one (101) kWh (for each one hundred (100) kWh of registration at varying rates of current flow), the meter will be considered as one with faulty registration and will be opened, retested and adjusted. Otherwise, it will be available to be placed in service. With respect to the testing of all meters manufactured prior to 1937 and with respect to those meters manufactured during and since 1937 which are required, under this rule, to be opened, retested and adjusted, the following procedure shall be followed (This procedure may be followed in all cases, at the option of the electric corporation.):

(A) Tests and adjustments for accuracy shall be made at from five percent to ten percent (5%–10%) and at from seventy-five percent to one hundred percent (75%–100%) of rated capacity of meter;

(B) Tests for accuracy at each load shall be made with suitable working standards by taking the average of at least two (2) test runs of at least thirty (30) seconds each which agree within one percent (1%), except that where stroboscopic or similarly precise methods of testing are used, only one (1) test run need be made;

(C) Any meter operating on inductive load should be tested under inductive load and should be adjusted to register accurately at the approximate power factor conditions at which the meter will normally be required to operate, or at fifty percent (50%) and one hundred percent (100%) power factors;

(D) When testing, each meter shall be adjusted as accurately as practical for correct registration at the test load specified. Where necessary to adjust the meter fast at light or heavy load, for correct registration at normal load or to correct for inductive load, the fast adjustment should not exceed two percent

(2%) above correct registration; and

(E) Commutator-type meters, when feasible, should be allowed to remain in actual service at least five (5) days before being tested.

(26) No electric service watt-hour meter shall be allowed in service which has incorrect constants or dial train, or which creeps at no load at the rate of more than one (1) disk revolution in five (5) minutes or less when maximum service voltage under which meter operates is applied or which is in any way mechanically defective. Nothing contained in this section shall require any electric corporation to open any new meter manufactured during and since 1937.

(27) Any electric service meter tested on complaint or for any other reason after having been in service may be considered as having been recording within allowable limits of accuracy at any possible load if it is found to register within three percent (3%) of correct registration when tested in accordance with the provisions of section (25). After the test, however, the meter shall be adjusted for accuracy in accordance with the provisions of section (25) before being again placed in service. It is suggested that the average accuracy of a meter in service be defined as follows and that the condition of the meter, as thus determined, be used as a basis for adjusting consumer's bills for incorrect registration beyond certain limits where any utility makes the adjustment a part of its commercial practice:

(A) Test an induction meter or a commutator meter at approximately five percent to ten percent (5%–10%) of rated capacity of meter and at seventy-five percent to one hundred percent (75%–100%) rated capacity of meter; and

(B) The average of the tests at light and heavy load, defined as the average accuracy or condition of meter, shall be obtained by multiplying the result of the test at heavy load by four (4) and adding the result of the test at light load and dividing the total by five (5).

(28) Unless otherwise ordered by the commission, each electric service watt-hour meter shall be periodically tested in accordance with the following schedule or as often as the results obtained may warrant, and adjusted in accordance with section (25):

(A) Induction-type meters manufactured prior to 1927—

1. Induction-type meters having rated current capacity not exceeding fifty (50) amperes, at least once every sixty (60) months; and

2. Induction-type meters having rated

current capacity exceeding fifty (50) amperes, at least once every twenty-four (24) months;

(B) Induction-type meters manufactured during the period 1927–1936:

1. Induction-type meters having rated current capacity not exceeding fifty (50) amperes, at least once every ninety-six (96) months;

2. Induction-type meters having rated current capacity exceeding fifty (50) amperes, at least once every thirty (30) months;

3. Commutator-type meters with rated current capacities not exceeding fifty (50) amperes and voltage ratings not exceeding two hundred fifty (250) volts, at least once every twenty-four (24) months; and

4. All other meters at least once every twelve (12) months;

(C) Induction-type meters manufactured during and since 1937, at least once every two hundred forty (240) months; and

(D) In commutator meters having heavy moving elements and sapphire jewels, the number of revolutions of the moving element between tests should not ordinarily exceed one (1) million.

(29) Each utility furnishing metered electric service shall make a test of the accuracy of any electric service meter free of charge upon request of a consumer; provided, that the meter has not been tested within twelve (12) months previous to the request. The consumer shall be notified of the time and place of the test so that s/he may be present to witness the test should s/he so desire. A written report giving the result of the test shall be made to the consumer requesting the test, the original record being kept on file at the office of the utility under the provisions of section (2) of this rule.

(30) Any electric service meter will be tested by the commission upon written application of the consumer or utility. The utility involved shall either remove the meter or give its consent to the removal of the meter, but the consumer shall be given an opportunity to witness the disconnection, packing and shipment of the meter should s/he so desire. The meter will be removed with a special seal which, if the meter is to be reinstalled on this consumer's premises, shall not be disturbed until after the consumer has been given an opportunity to inspect the meter. A fee of two dollars (\$2) will be charged by this commission and paid to the Division of Collections of the Missouri Department of Revenue for each single-phase or direct-current watt-hour meter having a current capacity not exceeding



twenty-five (25) amperes and without instrument transformers. For other meters a proportionally larger fee will be charged, depending upon the type and size of the meter. If the meter is fast beyond the prescribed limit in section (27) of this rule, the utility will be required to pay the test fee and cost of shipping the meter; otherwise these expenses shall be borne by the consumer requesting the test.

(31) Each utility furnishing metered electric service shall maintain suitable working standards of a rugged type for the testing of electric service meters. These working standards must be calibrated frequently to insure their accuracy. Approved secondary standards shall be owned and maintained by each utility having more than two hundred fifty (250) meters in service for the calibration of the working standards. All secondary standards and the working standards of those utilities not required to maintain secondary standards must be submitted at sufficiently frequent intervals to insure unquestionable accuracy to the Bureau of Standards at Washington, D.C. or to some testing laboratory of recognized standing for calibration where the utility does not maintain a testing laboratory having primary standards. Each standard shall be accompanied by its certificate of calibration dated and signed by the proper authority. These certificates when superseded shall be kept on file at the office of the utility, available for inspection. Meter testing equipment shall at all reasonable hours be accessible for inspection and use by any authorized representative of the commission.

(32) All water furnished by utilities for human consumption and general household purposes shall conform to standards adopted by the Missouri Department of Health. The source of supply shall be of adequate quantity to insure a supply without interruption at all times. Treatment and filtration by approved methods is strongly recommended where doubt exists as to the quality of the water furnished at any time. Satisfactory treatment and filtration of water drawn from surface supplies is required. Disinfection treatment by hypochlorites of lime, chlorine gas or other approved disinfecting agents, is generally necessary for all public water supplies. Storage reservoirs for finished water, where possible, shall be covered to protect the supply from sunlight and contamination. Where covered reservoirs are not provided due to local circumstances, chlorination facilities shall be provided at the reservoir in addition to the facilities provided at the plant.

(33) Bacteriological analyses shall be periodically made of water furnished for public uses as prescribed by the Missouri Department of Health. The commission reserves the right to require under its supervision an extended bacteriological as well as physical and chemical examination when deemed advisable for any particular water furnished. The results of all tests made must be recorded and kept on file available for public inspection for a period of at least two (2) years. These records must indicate when, where and by whom each test was made. Methods of water analysis prescribed by the Missouri Department of Health shall be followed as regards chemical, physical and bacteriological examination and collection of samples and any departure from these methods must be specifically stated.

(34) Dead ends in the distributing mains should be avoided as far as possible. Where the dead ends exist, they should be flushed when necessary to insure satisfactory quality of water to consumers. To allow flushing, dead ends should be equipped with hydrants, flush valves or other means of allowing water to be removed from these dead ends.

(35) Every effort must be made to maintain water pressure which will at no time fall below an adequate minimum pressure suitable for domestic service. In addition to furnishing domestic and commercial service, each utility furnishing fire-hydrant service must be able, within a reasonable period of time after notice, to supply fire-hydrant service to local fire fighting equipment and facilities. No utility, however, shall be required to install larger mains or fire-hydrants or otherwise supply fire service, unless proper contractual arrangements shall have been made with the utility by the municipality, agency or individual desiring the service.

(36) Each utility furnishing water service in cities of two thousand five hundred (2,500) or five thousand (5,000) inhabitants shall maintain graphic recording pressure gauges at its plant and at its downtown office or at some central point in the distributing system, where continuous records shall be made of the pressure in the mains at these points. Utilities operating in cities of five thousand (5,000) or more inhabitants shall equip themselves with one (1) or more graphic recording pressure gauges in addition to the previously mentioned and shall make frequent records, each covering intervals of at least twenty-four (24) hours duration, of the water pressure at various points on the system. All records or charts made by these meters shall be identified, dated and kept on file available for

inspection for a period of at least two (2) years.

(37) No water service meter shall be allowed in service which has an incorrect gear ratio or dial train or is mechanically defective or shows an error in measurement in excess of five percent (5%) when registering water at stream flow equivalent to approximately one-tenth (1/10) and full normal rating under the average service pressure. When adjustment is necessary, the adjustment shall be made as accurately as practical for average rate of flow under actual conditions of installation. Tests for accuracy shall be made with a suitable testing device in accordance with the best modern water meter practice and at rates of flow which will properly reflect the accuracy of meters over each meter's range of minimum to maximum flow.

(38) Unless otherwise ordered by the commission, each water service meter installed shall be periodically removed, inspected and tested in accordance with the following schedule, or as often as the results obtained may warrant to insure compliance with the provisions of section (37) of this rule:

(A) Five-eighths inch (5/8") meter—ten (10) years or two hundred thousand (200,000) cubic feet whichever occurs first;

(B) Three-fourths inch (3/4") meter—eight (8) years or three hundred thousand (300,000) cubic feet whichever occurs first;

(C) One inch (1") meter—six (6) years or four hundred thousand (400,000) cubic feet which ever occurs first; and

(D) All meters above one inch (1")—every four (4) years.

(39) Each utility furnishing metered water service shall make a test of the accuracy of any water service meter free of charge upon request of a consumer; provided, that the meter has not been tested within twelve (12) months previous to the request. The consumer shall be notified of the time and place of the test so that s/he may be present to witness the test should s/he so desire. A written report giving the result of the requested test shall be made to the consumer requesting the test, the original record being kept on file at the office of the utility under the provisions of section (2) of this rule.

(40) Any water service meter will be tested by the commission upon written application of the consumer or utility. The utility involved shall either remove the meter or give its consent to the removal of the meter, but the consumer shall be given an opportunity to witness the disconnection, packing and shipment of

the meter should s/he so desire. The meter will be returned with a special seal which, if the meter is to be reinstalled on this consumer's premises, shall not be disturbed until after the consumer has been given an opportunity to inspect the meter. A fee of two dollars (\$2) will be charged by this commission and paid to the Division of Collections of the Missouri Department of Revenue for each water service meter tested ranging in size up to one inch (1"). For larger meters a proportionally larger fee will be charged, depending upon the size of the meter. If the meter is fast beyond the prescribed limit in section (37) of this rule, the utility will be required to pay the test fee and cost of shipping meter; otherwise these expenses shall be borne by the consumer requesting the test.

(41) Each utility furnishing metered water service in cities of three thousand (3,000) or more inhabitants shall maintain one (1) or more suitable water meter testers and keep the water meter tester in proper adjustment so as to register accurately the condition of the meters tested at all times. Meter testers must be located in a suitable working space, easily accessible and equipped with all necessary facilities and accessories. Meter testing equipment shall at all reasonable hours be accessible for inspection by any authorized representative of the commission or by any authorized representative of any department of weights and measures of Missouri or any political subdivision in which the utility operates.

(42) Preliminary engineering reports followed by detailed plans and specifications for new constructions, additions to or changes or alterations to any existing public water supply or water purification plant shall be submitted to the Department of Health for examination and written approval secured from the Department of Health before contracts are let or construction begun. Water utilities must comply with all regulations of the Department of Health or other regulatory bodies having jurisdiction pertaining to installation, extension and operation of public water supplies.

(43) Utilities shall determine the characteristics of service to be made available to each consumer, based upon the location of the premises, size and operating characteristics of the consumer's equipment and shall furnish information, upon request, as to the standard class of service to be furnished which, in the case of either new or enlarged electric connections, shall specify the nominal voltage and number of phases and the

number of wires over which service will be delivered. Utilities, when requested, shall provide reasonable assistance to consumers in the selection of equipment best adapted to the service to be furnished and inform consumers as to conditions under which efficient use of service may be realized.

*AUTHORITY: section 393.140, RSMo 1986. * This rule originally filed as 4 CSR 240-10.030. Original rule filed March 5, 1953, effective March 15, 1953. Amended: Filed Sept. 22, 1959, effective Oct. 1, 1959. Amended: Filed May 2, 1968, effective May 16, 1968. Moved to 20 CSR 4240-10.030, effective Aug. 28, 2019.*

**Original authority: 393.140, RSMo 1939, amended 1949, 1967.*

20 CSR 4240-10.040 Service and Billing Practices for Commercial and Industrial Customers of Electric, Gas, Water, and Steam Heat Utilities

PURPOSE: This rule establishes service and billing and payment standards to be observed by electric, gas, water, and steam heat utilities, and their commercial and industrial customers in resolving questions regarding these matters so that reasonable and uniform standards exist for service and billing and payment practices for all electric, gas, water, and steam heat utilities.

(1) Whenever a utility is unable to gain access to a customer's premises for the purpose of reading and testing meters or servicing or maintaining the utility's equipment or for other appropriate purposes, following calls made at the customer's premises during the usual course of business, the customer, on request from the utility, in which a particular time is specified, shall give access to his/her premises to representatives of the utility for those purposes at the time specified, which time shall be within the hours of 8:00 a.m. and 5:00 p.m. Monday through Friday, otherwise the utility may estimate for billing purposes the meter reading subject to correction when the utility may read the meter.

(2) Except for the provisions of this rule, all bills rendered to customers for metered service furnished will show the reading of the meter at the beginning and end of the period for which the bill is rendered and shall give the dates of readings, the number of units of service supplied and the basis of charge or reference. Where, by reason of the use of postal or other card form of billing or for other good reasons, this information cannot

reasonably be placed on the bills, any utility may present for filing with the commission, in conjunction with its rules, a proposed form of billing. The commission may authorize, deny, or require modification of any such proposed form of billing.

(3) No utility shall discontinue the service of any customer for violation of any rule of that utility except on written notice of intention to discontinue service. This notice shall state the reason for which service will be discontinued, specify a date after which the discontinuance may be effected and shall be mailed to or served upon the customer not less than forty-eight (48) hours prior to that date. This may be waived where a bypass is discovered on a customer's service meter, or in the event of discovery of dangerous leakage or short circuit on a customer's premises, or in the case of a customer utilizing the service in a manner as to make it dangerous for occupants of the premises, thus making the immediate discontinuance of service to the premises imperative, or in the case of an order from a governmental agency directing the discontinuance of service. In the event of discontinuance of service for any of these reasons, the customer shall be notified of the discontinuance immediately with a statement concerning the reason for discontinuance.

(4) Each utility may require from any customer at any time a cash deposit or, at its option, a personal guarantee of a responsible person provided that the amount of any such deposit or guarantee so required shall not exceed an estimated bill covering one (1) billing period plus thirty (30) days. A cash deposit shall bear interest at a rate specified in the utility's tariffs, approved by the commission, which shall be credited annually upon the account of the customer or paid upon the return of the deposit, whichever occurs first, and provided the cash deposit remains for a period of at least six (6) months. These provisions shall not apply to any deposits or guarantees made by the customer for the purpose of securing an extension of or additions to a utility's distributing system in accordance with the utility's rules covering these extensions as filed with this commission. Interest shall not accrue on any cash deposit after the date the utility has made a bona fide effort to return that deposit to the depositor. The utility, in its records, shall keep evidence of its effort to return the deposit. Each utility shall file with the commission, a tariff setting forth the interest rate payable on cash deposits, unless the utility already has a rate of interest set forth in its tariff.



(5) A statement of the practice of any utility covering deposits or guarantees of surety, together with interest rate payable upon cash deposits, must be filed with the commission as a portion of the utility's schedule of rates under the provisions of the commission's rules covering the filing and publication of rate schedules. A statement of the practice governing service main or line extensions by any utility must likewise be filed with the commission as a portion of the schedule of rates on file. Each utility shall adjust customer's bills for incorrect meter readings or improper meter registration in a reasonable and equitable manner consistent with the rules which it has on file with the commission. Any specific rule adopted by a utility covering these adjustments shall be filed with the commission in conformance with the commission's rules covering the filing and publication of rate schedules.

(6) Customer, as used in this rule, means a commercial or industrial customer of an electric, gas, water, or steam heat utility.

AUTHORITY: sections 386.250, 393.140, and 393.290, RSMo 2016. This rule originally filed as 4 CSR 240-10.040. Original rule filed March 5, 1953, effective March 15, 1953. Amended: Filed Sept. 22, 1959, effective Oct. 1, 1959. Amended: Filed May 2, 1968, effective May 16, 1968. Amended: Filed June 10, 1992, effective Feb. 26, 1993. Amended: Filed Nov. 7, 2018, effective July 30, 2019. Moved to 20 CSR 4240-10.040, effective Aug. 28, 2019.*

**Original authority: 386.250, RSMo 1939, amended 1963, 1967, 1977, 1980, 1987, 1988, 1991, 1993, 1995, 1996; 393.140, RSMo 1939, amended 1949, 1967; and 393.290, RSMo 1939, amended 1967.*

20 CSR 4240-10.060 Gross Receipts Tax

PURPOSE: This rule establishes a procedure by which the commission may obtain the information it needs to give notice of rate increases of seven percent or more to cities and counties that impose a utility gross receipts tax.

(1) When any gas, electric, sewer or water corporation, pursuant to a commission report and order or under a Purchased Gas Adjustment provision in its tariffs, files a tariff which includes an increase in annual revenues in excess of seven percent (7%) in the whole or within any part of that company's service territory, the corporation shall file with the tariff the following information:

(A) A list of all cities and counties within

its certificate area which implies a business license tax on the corporation's gross receipts, together with the name, mailing address and title (that is, collector, treasurer, clerk) of the official responsible for administration of the gross receipts tax or business license tax in each of the listed cities and counties. The corporation shall update this list throughout the period of time before the date the tariff takes effect;

(B) A reasonable estimate of the resulting annual increase in the corporation's annual gross receipts in each affected city and county; and

(C) An explanation of the methods used in developing those estimates.

(2) If the commission allows a filed tariff containing a general rate increase in excess of seven percent (7%) to go into effect without suspension and that tariff was not authorized by commission order prior to the filing, the filing gas, electric, sewer or water corporation shall file the information required in subsections (1)(A)–(C) of this rule within ten (10) days after the effective date of the tariff.

AUTHORITY: section 393.275(1), RSMo 1986. This rule originally filed as 4 CSR 240-10.060. Original rule filed Oct. 6, 1987, effective Jan. 14, 1988. Moved to 20 CSR 4240-10.060, effective Aug. 28, 2019.*

**Original authority: 393.275, RSMo 1984, amended 1985.*

20 CSR 4240-10.075 Staff Assisted Rate Case Procedure

PURPOSE: This rule prescribes the process to be followed when the commission processes a utility rate case for certain small utilities.

(1) Definitions. As used in this rule, the following terms mean:

(A) A small utility means a gas utility serving ten thousand (10,000) or fewer customers, a water or sewer utility serving eight thousand (8,000) or fewer customers, or a steam utility serving one hundred (100) or fewer customers; and

(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.

(2) This rule describes the process for small utility rate cases.

(A) In addition to the commission's provisions regarding dismissal of a case in 4 CSR 240-2.116, the commission may dismiss a small utility rate case at any time if—

1. The utility is not current on the payment of all of its commission assessments;

2. The utility fails to submit its annual report or annual statement of operating revenue; or

3. The utility is not in good standing with the Missouri Secretary of State, if applicable.

(3) Commencement. A small utility rate case may be commenced by—

(A) A letter received by the secretary of the commission from a small utility stating the amount of the requested increase in its overall annual operating revenues.

1. Any such letter need not be accompanied by any proposed tariff revisions.

2. Upon receipt of the letter, the secretary of the commission will cause a rate case to be opened and will file a copy of the letter in that case.

3. At any time before day one hundred fifty (150) of the timeline described in section (5) of this rule, the utility may submit to the secretary of the commission a letter withdrawing its previous request for an increase in its annual operating revenues. Upon receipt of such a letter, the secretary of the commission will close the rate case;

(B) A complaint filed by staff or by any eligible entity or entities pursuant to section 386.390.1, RSMo, or section 393.260.1, RSMo; and

(C) A proposed tariff stating a new rate or charge filed by a small utility pursuant to section 393.150.1, RSMo, if accompanied by a written statement requesting the use of the procedures established by this rule.

(4) Staff will assist a small utility in processing a small utility rate case insofar as the assistance is consistent with staff's function and responsibilities to the commission. Staff may not represent the small utility and may not assume the small utility's statutory burden of proof to show that any increased rate is just and reasonable.

(5) Rate Case Timeline. Within one (1) week after a small utility rate case is opened, staff will file a timeline under which the case will proceed, specifying due dates for the activities required by this rule.

(A) Staff and the utility may agree in writing that the deadlines set out in the rate case timeline, including the date for issuance

of the commission's report and order, be extended for up to thirty (30) days. If an extension is agreed upon, staff shall file the agreement and an updated timeline reflecting the extension in the case file.

(6) Local public hearing. A local public hearing shall be scheduled to occur no later than sixty (60) days after the opening of the case unless staff files a notice in the case stating that all parties agree a local public hearing is not necessary.

(7) Notice.

(A) At least ten (10) days prior to a local public hearing, or upon the filing of a notice that a local public hearing is not necessary, the utility shall mail a written notice, as approved by staff and the Office of the Public Counsel (OPC), to its customers stating—

1. The time, date, and location of the local public hearing, consistent with the order setting the hearing, if applicable;

2. A summary of the proposed rates and charges, the effect of the proposed rate increase on an average residential customer's bill, and any other company requests that may affect customers, if known;

3. An invitation to submit comments about the utility's rates and quality of service within thirty (30) days after the date shown on the notice and instructions as to how comments can be submitted electronically, by telephone, and in writing; and

4. Instructions for viewing the publicly available filings made in the case via the commission's electronic filing system.

(B) Staff will file a copy of the notice in the case file.

(8) Investigation and audit. After a small utility rate case is opened, the staff shall, and the public counsel may, conduct an investigation of the utility's request.

(A) Staff's investigation may include a review of any and all information and materials related to the utility's cost of providing service and its operating revenues, the design of the utility's rates, the utility's service charges or fees, all provisions of the utility's tariffs, and any operational or customer service issues that are discovered during the investigation. The staff's audit and investigation will ensure reasonable consistency in the recommended rate treatment of the utility's rate base, revenue, and expenses with that of other similarly situated utilities.

(B) Staff's investigation may include a review of the records generated since the utility's previous rate case, the case in which the utility was granted its Certificate of Convenience and Necessity, or the utility's transfer

of assets case, whichever is most recent.

(C) If an investigation of the utility's request includes the submission of data requests to the utility, copies of the data requests shall be provided to all parties to the case when they are submitted to the utility. The utility's responses to such data requests shall also be shared.

(D) Staff's investigation shall include an update of the utility's rate base.

(E) In determining the utility's cost of service, the value of normal expense items and plant-in-service and other rate base items, for which documentation is not available, may be based upon such evidence as is available or may be estimated in order to include reasonable levels of those costs. Unusual expense or rate base items, or expense or rate base items for which the utility claims unusual levels of cost may require additional support by the utility. Nothing in this section diminishes the utility's obligation to adhere to the commission's rules regarding appropriate record-keeping.

(F) Not later than ninety (90) days after a small utility rate case is opened, the staff shall provide to all parties, a report of its preliminary investigation, audit, analysis, and workpapers including:

1. An evaluation of the utility's record-keeping practices; and

2. A list of the cost of service items that are still under consideration with an explanation for why those items are not yet resolved.

(G) If the public counsel is conducting its own investigation it shall, not later than ninety (90) days after a small utility rate case is opened, provide to all parties a report regarding whatever investigation it has conducted.

(9) Settlement proposals.

(A) Staff's confidential settlement proposal. Not later than one hundred twenty (120) days after a small utility rate case is opened staff shall, and the public counsel if proposing its own settlement, may provide to all parties to the case, a confidential settlement proposal.

1. Staff's settlement proposal will address the following subjects:

A. The utility's annual operating revenues;

B. The utility's customer rates;

C. The utility's service charges and fees;

D. The utility's plant depreciation rates;

E. The utility's tariff provisions;

F. The operation of the utility's systems; and

G. The management of the utility's

operations.

2. Staff's settlement proposal will include the following documents:

A. Draft revised tariff sheets reflecting the settlement proposal;

B. A draft disposition agreement reflecting the settlement proposal;

C. Staff's updated workpapers; and

D. Any other documents supporting the staff's settlement proposal.

3. If OPC makes a settlement proposal, it shall include the following documents:

A. OPC's updated workpapers; and

B. Any other documents supporting OPC's settlement proposal.

(B) Any settlement proposal, including any draft disposition agreement, and all supporting documents attached thereto are strictly intended for settlement negotiations only. If staff and the utility are unable to reach a full or partial settlement via disposition agreement, neither party is bound to any position stated or implied by the settlement proposal, draft disposition agreement, or supporting documents provided.

(C) Not later than ten (10) days after staff provides its settlement proposal, the public counsel, the utility, and any other parties to the case shall notify staff whether they agree with the proposal or, if not, provide any suggested changes and the reasoning for those changes to the parties. Any party suggesting changes shall provide to all other parties any audit workpapers, rate design workpapers, or other documents in its possession that support its suggestions.

(10) At any time prior to the filing of a disposition agreement, any party may request the assigned regulatory law judge meet with the participants and mediate discussions to assist them in reaching at least a partial agreement.

(11) Disposition agreement.

(A) Not later than one hundred fifty (150) days after a small utility rate case is opened, staff shall file one (1) of the following:

1. A disposition agreement involving, at a minimum, staff and the utility, and providing for a full resolution of the small utility rate case;

2. A disposition agreement involving, at a minimum, staff and the utility, and providing for a partial resolution of the small utility rate case and a motion requesting that the case proceed to an evidentiary hearing; or

3. A motion stating that agreements cannot be reached on any of the issues related to the small utility rate case and asking



that the case proceed to an evidentiary hearing.

(B) If the disposition agreement provides for a full resolution of the small utility rate case and is executed by all parties, the utility will submit to the commission, within five (5) business days of staff's filing, new and/or revised tariff sheets bearing an effective date of not fewer than thirty (30) days later, to implement the agreement.

(C) If the disposition agreement filed by staff provides for a full resolution of the small utility rate case but is not executed by all parties, the utility will submit to the commission concurrent with staff's filing new and/or revised tariff sheets, bearing an effective date that is not fewer than forty-five (45) days after they are filed, to implement the agreement.

(D) No later than five (5) business days after the filing of a full or partial disposition agreement that is not executed by all parties, each non-signatory party shall file a pleading stating its position regarding the disposition agreement and the related tariff revisions and providing the reasons for its position. If the non-signatory party intends to ask that the case be resolved by evidentiary hearing, it must do so in this pleading. If a disposition agreement is not executed by all parties, and a hearing is requested, then no party is bound to any position stated or implied by the disposition agreement or supporting documents if the company determines it no longer wants to pursue positions in the disposition agreement.

(E) If any party requests an evidentiary hearing where the disposition agreement filed by staff provides for a full resolution of the small utility rate case and is executed by at least the utility and staff, either the utility or staff may present evidence in support of the disposition agreement.

1. If the utility requests to be excused from participating as a party in such an evidentiary hearing through a utility representative's affidavit submitted by staff or a motion submitted by the utility, the regulatory law judge may grant that request and issue a notice in the case file that the request has been made and granted. However, representatives of the utility may still be called as witnesses by other parties.

(12) Evidentiary hearing procedures.

(A) Any party may file a request for an evidentiary hearing. A request for an evidentiary hearing shall include a specified list of issues that the requesting party believes should be the subject of the hearing.

(B) Once such a request is filed, the regulatory law judge will issue a procedural

schedule designed to resolve the case in the time remaining in the small utility rate case process, consistent with the requirements of due process and fairness to the parties and the utility's customers and will suspend the utility's pending tariff revisions, if any, pending completion of the hearing.

(13) The small utility rate case shall be wholly submitted to the commission for decision not later than two hundred forty (240) days after the small utility rate case is opened in order for the commission's report and order regarding the case to be effective not later than two hundred seventy (270) days after the small utility rate case is opened.

(14) The commission must set just and reasonable rates, which may result in a revenue increase more or less than the increase originally sought by the utility, or which may result in a revenue decrease.

(15) Waiver of Provisions of this Rule. Any provision of this rule, including the requirement that the commission's report and order to resolve the case be effective no later than two hundred seventy (270) days after the small utility rate case is opened, may be waived by the commission upon a finding of good cause.

AUTHORITY: sections 386.040, 386.250, 393.140, 393.290, and 393.291, RSMo 2016. This rule originally filed as 4 CSR 240-10.075. Original rule filed Oct. 5, 2017, effective May 30, 2018. Moved to 20 CSR 4240-10.075, effective Aug. 28, 2019.*

**Original authority: 386.040, RSMo 1939; 386.250, RSMo 1939, amended 1963, 1967, 1977, 1980, 1987, 1988, 1991, 1993, 1995, 1996; 393.140, RSMo 1939, amended 1949, 1967; 393.290, RSMo 1939, amended 1967; and 393.291, RSMo 2003.*

20 CSR 4240-10.085 Incentives for Acquisition of Nonviable Utilities

PURPOSE: The purpose of this proposed rule is to create a process for a water or sewer utility to propose an acquisition incentive to encourage acquisition of nonviable water or sewer utilities by a water or sewer utility with the resources to rehabilitate the acquired utility within a reasonable time frame.

(1) As used in this rule, the following terms mean:

(A) Acquisition incentive—A rate of return premium, debt acquisition adjustment, or both designed to incentivize the acquisition of a nonviable utility;

(B) Debit acquisition adjustment. Adjustments to a portion or all of an acquiring utility's rate base to reflect a portion or all of the excess acquisition cost over depreciated original cost of the acquired system;

(C) Nonviable utility—A small water or sewer utility, serving eight thousand (8,000) or fewer customers that:

1. Is in violation of statutory or regulatory standards that affect the safety and adequacy of the service provided, including, but not limited to, the Public Service Commission law, the federal clean water law, the federal Safe Drinking Water Act, as amended, and the regulations adopted under these laws;

2. Has failed to comply with any order of a federal agency, the Department of Natural Resources, or the commission concerning the safety and adequacy of service;

3. Is not reasonably expected to furnish and maintain safe and adequate service and facilities in the future; or

4. Is insolvent;

(D) Plant-in-service study. A report detailing a determination of the value of the original costs of the property of a public utility that requires the acquiring utility to accumulate the records and accounting details in order to support reasonable plant, reserve, and contributions in aid of construction balances; and

(E) Rate of return premiums. Additional rate of return basis points, up to one hundred (100) basis points, applied to either the acquiring utility's entire rate base or to the newly acquired rate base, awarded at the commission's discretion in recognition of risks involved in acquisition of nonviable utilities and the associated system improvement costs.

(2) An application for an acquisition incentive must be filed at the beginning of a case seeking authority under sections 393.190 or 393.170, RSMo. If the commission determines the request for an acquisition incentive is in the public interest, it shall grant the request. The commission may apply an acquisition incentive in the applicant's next general rate proceeding following acquisition of a nonviable utility if the commission determines it will not result in unjust or unreasonable rates.

(3) Filing Requirements—

(A) An application for an acquisition incentive to acquire a nonviable utility shall include the following:

1. A statement as to whether the nonviable utility is related to the operation of another utility (for example, a water or sewer system providing service to the same or similar service area) and whether the related utility operation is part of the transaction;



2. Records related to the original cost of the nonviable utility. The acquiring utility must exercise due diligence and make reasonable attempts to obtain, from the seller, documents related to original cost. In particular, as part of its exercise of due diligence, the acquiring utility shall request, from the seller, for purposes of conducting the plant-in-service study, records relating to the original cost of the assets being acquired and records relating to contributions in aid of construction (CIAC) amounts, including:

A. Accounting records and other relevant documentation, and agreements of donations of contributions, services, or property from states, municipalities, or other government agencies, individuals, and others for construction purposes;

B. Records of un-refunded balances in customer advances for construction (CAC);

C. Records of customer tap-in fees and hook-up fees;

D. Prior original cost studies;

E. Records of local, state, and federal grants used for construction of utility plant;

F. Relevant commission records;

G. A summary of the depreciation schedules from all filed federal tax returns; and

H. Other accounting records supporting plant-in-service; and

3. If the system to be acquired is part of a larger transaction involving multiple systems of which some do not qualify as nonviable, a detailed revenue and rate base plan describing how the acquiring utility will only apply the sought acquisition adjustment to the nonviable system(s) within the larger transaction;

(B) Any information not available from the seller shall be estimated by the acquiring utility, along with documentation supporting the reasonableness of the estimates developed.

(4) When submitting an application for an acquisition incentive to acquire a nonviable utility, the acquiring utility has the burden of proof and shall demonstrate the following:

(A) The acquiring utility is not a nonviable utility and will not be materially impaired by the acquisition;

(B) The acquiring utility maintains the managerial, technical, and financial capabilities to safely and adequately operate the system to be acquired;

(C) The system to be acquired is a nonviable utility;

(D) The purchase price and financial terms of the acquisition are fair and reasonable and have been reached through arm's-length negotiations;

(E) Any plant improvements necessary to make the utility viable will be completed within a reasonable period of time, as specified in the application, after the effective date of acquisition;

(F) How managerial or operational deficiencies that can be corrected without capital improvements will be corrected within six (6) months of the acquisition;

(G) How planned capital improvements and operational changes will correct deficiencies;

(H) The acquisition is in the public interest; and

(I) The acquisition would be unlikely to occur without the probability of obtaining an acquisition incentive.

(5) If the acquisition incentive is approved by the commission, the utility shall file a general rate proceeding within the period of time ordered by the commission. Rate impacts of the approved incentive mechanism will go into effect upon order of the commission at the conclusion of the acquiring utility's first general rate proceeding following approval of the acquisition incentive. If the acquisition incentive is approved in a section 393.190 or 393.170, RSMo case, prior to its next general rate proceeding, the acquiring utility shall—

(A) Book contributions that were properly recorded on the books of the acquired system as CIAC. If evidence supports other CIAC that was not booked by the seller, the acquiring utility shall make an effort, supported with documentation, to determine the actual CIAC and record the contributions for ratemaking purposes, such as lot sale agreements or capitalization vs. expense of plant-in-service on tax returns;

(B) Identify all plant retirements and plants no longer used and useful, and complete the appropriate accounting entries; and

(C) If the records are not available from the acquired system to complete subsection (5)(A) or (5)(B), on a going-forward basis, create and maintain documentation of (5)(A) and (5)(B) from the date of acquisition.

(6) If a debit acquisition adjustment is requested, an acquiring utility shall either file a plant-in-service study to support the amount of its requested acquisition adjustment addition to its rate base in its next general rate proceeding, or, if it prefers to do so, the acquiring utility may file the required plant-in-service study in section 393.170 or 393.190 application case. The acquiring utility shall reconcile and explain any discrepancies between the acquiring utility's plant-in-service study of original cost valuation and the commission's records, to the extent rea-

sonably known and available to the acquiring utility, at the same time the supporting documentation for the study is filed. Any disputes regarding the acquiring utility's plant-in-service study will be resolved in that first subsequent general rate proceeding.

(7) Nothing in the rule precludes an acquiring utility that pays less than the depreciated original cost of the acquired system from seeking in its next general rate proceeding to include in rate base an amount up to the depreciated original cost of the acquired system.

(8) Provisions of this rule may be waived by the commission for good cause shown.

AUTHORITY: sections 386.040, 386.250, and 393.140, RSMo 2016. This rule originally filed as 4 CSR 240-10.085. Original rule filed May 30, 2018, effective Jan. 30, 2019. Moved to 20 CSR 4240-10.085, effective Aug. 28, 2019.*

**Original authority: 386.040, RSMo 1939; 386.250, RSMo 1939, amended 1963, 1967, 1977, 1980, 1987, 1988, 1991, 1993, 1995, 1996; and 393.140, RSMo 1939, amended 1949, 1967.*

20 CSR 4240-10.095 Environmental Improvement Contingency Fund

PURPOSE: This rule provides parameters and procedures for small water and/or sewer utilities to request a special fund to collect revenue from customers to make improvements necessitated by environmental regulations.

(1) For the purposes of this rule only, a water or sewer utility serving eight thousand (8,000) or fewer customers shall be considered a small utility.

(2) A small utility, Public Counsel, or commission staff may request establishment of an Environmental Improvement Contingency Fund (EICF) during the course of a rate case, whether filed pursuant to 4 CSR 240-10.075 or section 393.150, RSMo. The commission may establish an EICF if it finds that doing so is in the public interest.

(3) Following the request for an EICF, the staff will—

(A) Investigate the small utility's financial resources and its ability to finance capital improvements;

(B) Conduct a managerial audit to determine the quality of the small utility's management; and

(C) Conduct a comprehensive review of the necessary improvements at the small utility.



(4) An EICF may only go into effect if, at the conclusion of the rate case where the small utility, Public Counsel, or commission staff requests an EICF, the commission approves the following items:

(A) A list of necessary improvements.

1. The list of necessary improvements may only include those improvements that—

A. Are directly related to environmental, health, or safety rules, regulations, or orders of the commission, the Missouri Department of Natural Resources (DNR), the United States Environmental Protection Agency (EPA), state or federal courts, or other regulatory authority including, but not limited to, federal, state, or local authorities, city ordinances, and the state attorney general; and

B. Are reasonably anticipated to be completed within five (5) years of the effective date of new rates, although, for good cause shown, the commission may consider projects that require longer to complete; and

2. During the rate case, upon request by the small utility or by direction of the commission, staff will assist the utility in identifying a list of necessary improvements;

(B) An estimated amount of funds necessary for the improvements in the list described in subsection (4)(A).

1. Staff and the small utility will submit the estimated amount of funds necessary for the improvements, which may include costs for preliminary engineering reports related to those improvements.

2. The percentage of the estimated amount collectible through an EICF will be based on an analysis of the needs of the small utility and its ability to secure financing through normal debt or equity sources. The commission may give special consideration to requests that do not require full funding of the estimated amount collectible.

3. If a requested EICF includes funds for a preliminary engineering report, the report must be completed and submitted to the commission prior to the first disbursement from the EICF account; and

(C) A schedule for completion of the list of improvements required by subsection (4)(A). Upon request by the small utility or by direction of the commission, staff will assist the small utility in preparing such a schedule.

(5) The EICF must be collected as a part of the customer charge on customers' bills.

(A) Revenues collected must be recorded by the small utility and placed into a commission-approved account specifically segregated from all other utility accounts, for the explicit purpose of regulatory review and tracking.

(B) Funds held in the EICF account shall

only be disbursed to pay for projects approved during the rate case as noted in section (4) above.

(C) Disbursements from the EICF account shall only be made after notice to staff and public counsel.

1. The notice must be sent to staff and public counsel at least thirty (30) days prior to a disbursement.

2. If any party objects to the proposed disbursement, detailed objections must be filed in the official case file in which the EICF was approved no later than ten (10) days after receiving the disbursement notice. The commission may then determine whether or not to approve the requested disbursement of the funds.

3. If no timely objection is raised or staff and public counsel notify the small utility they agree to the disbursement, the small utility may make the disbursement described in its notice no later than the date specified in that notice.

4. The commission will resolve any dispute regarding the proposed disbursements prior to the specified disbursement date.

(6) Not later than thirty (30) days following the end of every quarter after receiving commission approval of an EICF, the small utility shall submit documentation to staff and public counsel reporting—

(A) Monthly EICF funds received from customers;

(B) Monthly EICF deposits to the escrow account;

(C) Monthly EICF expenditures; and

(D) End-of-month balance of the EICF account.

(7) After an EICF is established, the small utility shall file a subsequent rate request no later than five (5) years after the effective date of the EICF, during which—

(A) Any monies expended from the fund shall be treated as contributions-in-aid-of-construction for purposes of setting rates for the small utility. The EICF will be trued-up and will be reviewed to determine if it should—

1. Remain in effect at the current rate; or

2. Remain in effect at a different rate; or

3. Be terminated.

(B) Any unallocated monies remaining in the fund when it is terminated shall be refunded to the utility's ratepayers.

(8) If, upon review of documentation described in section (6) above, staff, public counsel, or another regulatory authority has indication that the small utility has used EICF

funds for any purpose other than as approved by the commission. Staff or the public counsel may, at their discretion, bring a complaint before the commission against the small utility seeking an order from the commission directing the small utility to promptly stop all collection of an EICF, as well as direction from the commission for its general counsel to seek civil penalties against the small utility in circuit court. Nothing in this rule shall prohibit civil or criminal action by any state or federal authority against the small utility for misuse of customer funds.

(9) Provisions of this rule may be waived by the commission for good cause shown.

AUTHORITY: sections 386.040, 386.250, 393.140, and 393.270, RSMo 2016. This rule originally filed as 4 CSR 240-10.095. Original rule filed May 30, 2018, effective Jan. 30, 2019. Moved to 20 CSR 4240-10.095, effective Aug. 28, 2019.*

**Original authority: 386.040, RSMo 1939; 386.250, RSMo 1939, amended 1963, 1967, 1977, 1980, 1987, 1988, 1991, 1993, 1995, 1996; 393.140, RSMo 1939, amended 1949, 1967; and 393.270, RSMo 1939, amended 1967.*

20 CSR 4240-10.105 Filing Requirements for Electric, Gas, Water, Sewer, and Steam Heating Utility Applications for Authority to Sell, Assign, Lease, or Transfer Assets

PURPOSE: Applications to the commission for the authority to sell, assign, lease, or transfer assets must meet the requirements set forth in this rule. As noted in the rule, additional requirements pertaining to such applications are set forth in 4 CSR 240-2.060(1).

(1) In addition to the requirements of 4 CSR 240-2.060(1), applications for authority to sell, assign, lease, or transfer assets shall include:

(A) A brief description of the property involved in the transaction, including any franchises, permits, operating rights, or certificates of convenience and necessity;

(B) A copy of the contract or agreement of sale;

(C) The verification of proper authority by the person signing the application or a certified copy of resolution of the board of directors of each applicant authorizing the proposed action;

(D) The reasons the proposed sale of the assets is not detrimental to the public interest;

(E) If the purchaser is subject to the jurisdiction of the commission, a balance sheet and income statement with adjustments showing the results of the acquisitions of the property;



and

(F) A statement of the impact, if any, the sale, assignment, lease, or transfer of assets will have on the tax revenues of the political subdivisions in which any structures, facilities, or equipment of the companies involved in that sale are located.

(2) If the purchaser is not subject to the jurisdiction of the commission, but will be subject to the commission's jurisdiction after the sale, the purchaser must comply with these rules.

(3) If any of the items required under this rule are unavailable at the time the application is filed, they shall be furnished prior to the granting of the authority sought.

AUTHORITY: section 386.250, RSMo 2016. This rule originally filed as 4 CSR 240-10.105. Original rule filed June 14, 2018, effective Jan. 30, 2019. Moved to 20 CSR 4240-10.105, effective Aug. 28, 2019.*

**Original authority: 386.250, RSMo 1939, amended 1963, 1967, 1977, 1980, 1987, 1988, 1991, 1993, 1995, 1996.*

20 CSR 4240-10.115 Filing Requirements for Electric, Gas, Water, Sewer, and Steam Heating Utility Applications for Authority to Merge or Consolidate

PURPOSE: Applications to the commission for the authority to merge or consolidate must meet the requirements set forth in this rule. As noted in the rule, additional requirements pertaining to such applications are set forth in 4 CSR 240-2.060(1).

(1) In addition to the requirements of 4 CSR 240-2.060(1), applications for authority to merge or consolidate shall include:

(A) A copy of the proposed plan and agreement of corporate merger and consolidation, including organizational charts depicting the relationship of the merging entities before and after the transaction;

(B) A certified copy of the resolution of the board of directors of each applicant authorizing the proposed merger and consolidation;

(C) The balance sheets and income statements of each applicant and a balance sheet and income statement of the surviving corporation;

(D) The reasons the proposed merger is not detrimental to the public interest;

(E) An estimate of the impact of the merger on the company's Missouri jurisdictional operations relative to the merger and acquisition in question; and

(F) A statement of the impact, if any, the merger or consolidation will have on the tax revenues of the political subdivision in which any structures, facilities, or equipment of the companies involved are located.

(2) If the purchaser is not subject to the jurisdiction of the commission, but will be subject to the commission's jurisdiction after the sale, the purchaser must comply with these rules.

(3) If any of the items required under this rule are unavailable at the time the application is filed, they shall be furnished prior to the granting of the authority sought.

AUTHORITY: section 386.250, RSMo 2016. This rule originally filed as 4 CSR 240-10.115. Original rule filed June 14, 2018, effective Jan. 30, 2019. Moved to 20 CSR 4240-10.115, effective Aug. 28, 2019.*

**Original authority: 386.250, RSMo 1939, amended 1963, 1967, 1977, 1980, 1987, 1988, 1991, 1993, 1995, 1996.*

20 CSR 4240-10.125 Filing Requirements for Electric, Gas, Water, Sewer, and Steam Heating Utility Applications for Authority to Issue Stock, Bonds, Notes, and Other Evidences of Indebtedness

PURPOSE: Applications to the commission for the authority to issue stock, bonds, notes, or other evidences of indebtedness must meet the requirements set forth in this rule. As noted in the rule, additional requirements pertaining to such applications are set forth in 4 CSR 240-2.060(1).

(1) In addition to the requirements of 4 CSR 240-2.060(1), applications for authority to issue stock, bonds, notes, and other evidences of indebtedness shall contain the following:

(A) A brief description of the securities which applicant desires to issue;

(B) A statement of the purpose for which the securities are to be issued and the use of the proceeds;

(C) Copies of executed instruments defining the terms of the proposed securities—

1. If these instruments have been previously filed with the commission, a reference to the case number in which the instruments were furnished;

2. If these instruments have not been executed at the time of filing, a statement of the general terms and conditions to be contained in the instruments which are proposed to be executed; and

3. If none of these instruments is either

executed or to be executed, a statement of how the securities are to be sold;

(D) A certified copy of resolutions of the directors of applicant authorizing the issuance of the securities;

(E) A balance sheet and income statement with adjustments showing the effects of the issuance of the proposed securities upon—

1. Bonded and other indebtedness; and

2. Stock authorized and outstanding;

(F) A statement of what portion of the issue is subject to the fee schedule in section 386.300, RSMo; and

(G) A five- (5-) year capitalization expenditure schedule as required by section 393.200, RSMo.

(2) If any of the items required under this rule are unavailable at the time the application is filed, they shall be furnished prior to the granting of the authority sought.

AUTHORITY: section 386.250, RSMo 2016. This rule originally filed as 4 CSR 240-10.125. Original rule filed June 14, 2018, effective Jan. 30, 2019. Moved to 20 CSR 4240-10.125, effective Aug. 28, 2019.*

**Original authority: 386.250, RSMo 1939, amended 1963, 1967, 1977, 1980, 1987, 1988, 1991, 1993, 1995, 1996.*

20 CSR 4240-10.135 Filing Requirements for Electric, Gas, Water, Sewer, and Steam Heating Utility Applications for Authority to Acquire the Stock of a Public Utility

PURPOSE: Applications to the commission for the authority to acquire the stock of a public utility must meet the requirements set forth in this rule. As noted in the rule, additional requirements pertaining to such applications are set forth in 4 CSR 240-2.060(1).

(1) In addition to the requirements of 4 CSR 240-2.060(1), applications for authority to acquire the stock of a public utility shall include:

(A) A statement of the offer to purchase stock of the public utility or a copy of any agreement entered with shareholders to purchase stock;

(B) A certified copy of the resolution of the directors of the applicant authorizing the acquisition of the stock; and

(C) Reasons why the proposed acquisition of the stock of the public utility is not detrimental to the public interest.

(2) If any of the items required under this rule are unavailable at the time the application is filed, they shall be furnished prior to the granting of the authority sought.



AUTHORITY: section 386.250, RSMo 2016. This rule originally filed as 4 CSR 240-10.135. Original rule filed June 14, 2018, effective Jan. 30, 2019. Moved to 20 CSR 4240-10.135, effective Aug. 28, 2019.*

**Original authority: 386.250, RSMo 1939, amended 1963, 1967, 1977, 1980, 1987, 1988, 1991, 1993, 1995, 1996.*

20 CSR 4240-10.145 Annual Report Submission Requirements for Electric, Gas, Water, Sewer, and Steam Heating Utilities

PURPOSE: Section 393.140(6), RSMo, includes an obligation for the commission to require every person and corporation under its supervision to submit an annual report to the commission. This rule establishes the standards for the submission of annual reports by electric, gas, water, sewer, and steam heating utilities that are subject to the jurisdiction of the commission, including the procedures for submitting nonpublic annual report information.

(1) All electric, gas, water, sewer, and steam heating utilities shall submit an annual report to the commission on or before April 15 of each year, except as otherwise provided for in this rule.

(2) Annual reports shall be submitted either on a form provided by the commission or on a computer-generated replica that is acceptable to the commission. Reports being submitted on paper are to be prepared in loose-leaf format and sent to the attention of the secretary of the commission. Computer-generated reports can be submitted through the commission's electronic filing and information system (EFIS). Attempts to substitute forms such as stockholder reports without concurrently submitting official commission forms with appropriate cross-references will be considered noncompliant. All requested information shall be included in the annual report, where applicable, even if it has been provided in a previous annual report.

(3) A utility that receives a notice from the commission stating that deficiencies exist in the information provided in the annual report shall respond to that notice within twenty (20) days after the date of the notice, and shall provide the information requested in the notice in its response.

(4) If a utility subject to this rule considers the information requested on the annual report form to be nonpublic information, it must submit both a fully completed version to

be kept under seal and a redacted public version that clearly informs the reader that the redacted information has been submitted as nonpublic information to be kept under seal. Submittals made under this section that do not include both versions will be considered deficient. The staff on behalf of the commission will issue a deficiency letter to the company and if both versions of the annual report are not received within twenty (20) days of the notice, the submittal will be considered noncompliant. In addition to the foregoing, submittals made under this section must meet the following requirements:

(A) A cover letter stating that the utility is designating some or all of the information in its annual report as confidential information, and including the name, phone number, and e-mail address (if available) of the person responsible for addressing questions regarding the confidential portions of the annual report, must be submitted with the reports;

(B) The cover of each version of the report must clearly identify whether it is the public or nonpublic version;

(C) A detailed affidavit that identifies the specific types of information to be kept under seal, provides a reason why the specific information should be kept under seal and states that none of the information to be kept under seal is available to the public in any format must be prominently attached to both versions of the report; and

(D) Each page of each version of the report that contains nonpublic information shall be clearly identified as containing such information.

(5) If an entity asserts that any of the information contained in the nonpublic version of the annual report should be made available to the public, then that entity must file a pleading with the commission requesting an order to make the information available to the public, and shall serve a copy of the pleading on the utility affected by the request. The pleading must explain how the public interest is better served by disclosure of the information than the reason provided by the utility justifying why the information should be kept under seal. The utility affected by the request may file a response to a pleading filed under these provisions within fifteen (15) days after the filing of such a pleading.

(6) A utility subject to this rule that is unable to meet the submission date established in section (1) of this rule may obtain an extension of up to thirty (30) days for submitting its annual report by—

(A) Submitting a written request, which

states the reason for the extension, to the attention of the secretary of the commission prior to April 15; and

(B) Certifying that a copy of the written request was sent to all parties of record in pending cases before the commission where the utility's activities are the primary focus of the proceedings.

(7) A utility subject to this rule that is unable to meet the submission date established in section (1) of this rule may request an extension of greater than thirty (30) days for submitting its annual report by—

(A) Filing a pleading, in compliance with the requirements of Chapter 2 of 4 CSR 240-2, which states the reason for and the length of the extension being requested, with the commission prior to April 15; and

(B) Certifying that a copy of the pleading was sent to all parties of record in pending cases before the commission where the utility's activities are the primary focus of the proceedings.

(8) Responses to deficiency notices under the provisions of section (3) of this rule, requests for confidential treatment under the provisions of section (4) of this rule, pleadings requesting public disclosure of information contained under seal under the provisions of section (5) of this rule, and requests for extensions of time under the provisions of sections (6) or (7) of this rule may be submitted through the commission's electronic filing and information system (EFIS).

(9) A utility subject to this rule that does not timely file its annual report, or its response to a notice that its annual report is deficient, is subject to a penalty of one hundred dollars (\$100) and an additional penalty of one hundred dollars (\$100) for each day that it is late in filing its annual report or its response to a notice of deficiency.

AUTHORITY: sections 386.250 and 393.140, RSMo 2016. This rule originally filed as 4 CSR 240-10.145. Original rule filed June 14, 2018, effective Jan. 30, 2019. Moved to 20 CSR 4240-10.145, effective Aug. 28, 2019.*

**Original authority: 386.250, RSMo 1939, amended 1963, 1967, 1977, 1980, 1987, 1988, 1991, 1993, 1995, 1996 and 393.140, RSMo 1939, amended 1949, 1967.*