



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.

(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. Sections (10), (11), and (12) of this rule additionally apply to all persons, municipalities, or corporations owning, leasing, operating, or controlling facilities used in the transportation by pipeline and distribution to customers within Missouri of manufactured gas and renewable natural gas (RNG) as defined in 20 CSR 4240-40.100.

(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.

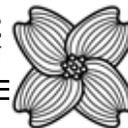
(5) Each service meter shall be suited to the particular installation to which it is assigned and chosen with a view of obtaining the best adaption to local conditions and to the load.

(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) Unless otherwise ordered by the commission, all gas, including manufactured gas and RNG delivered to customers in the state other than gas that is delivered on an interstate natural gas pipeline subject to the jurisdiction of the Federal Energy Regulatory Commission (FERC), shall conform to the following specifications:

(A) The gas shall have a gross heating value between nine hundred fifty (950) and one thousand two hundred (1,200) British thermal units (Btu) per dry standard cubic foot. For purposes of this rule, the term "gross heating value" when applied to a cubic foot of gas shall mean the number of Btus produced by the complete combustion of the amount of gas that would occupy a volume of one (1) cubic foot at fourteen and seventy-three hundredths (14.73) pounds per square inch absolute (psia) at a temperature of sixty degrees Fahrenheit (60°F);

(B) The gas shall not contain more than seven (7) pounds of water in vapor phase per million cubic feet;

(C) The gas shall be free from hydrocarbons and water (H₂O) in liquid state at the temperatures and pressures delivered, and shall not have a hydrocarbon dew point in excess of the lower of forty degrees Fahrenheit (40°F) or the gas delivery temperature;

(D) The gas shall not contain in excess of one percent (1%) by volume of oxygen (O₂), and every reasonable effort shall be made to keep the gas completely free of oxygen;

(E) The gas shall not contain more than four hundred (400) parts per million (ppm) of hydrogen (H₂);

(F) The gas shall not contain more than one-half (0.5) grain of hydrogen sulfide (H₂S) per one hundred (100) cubic feet;

(G) The gas shall not contain more than twenty (20) grains of total sulfur per one hundred (100) cubic feet;

(H) The gas shall not contain more than two percent (2%) by volume of carbon dioxide (CO₂);

(I) The gas shall not contain more than three percent (3%) by volume of nitrogen (N₂);

(J) The gas shall be at a temperature between forty degrees Fahrenheit (40°F) and one hundred degrees Fahrenheit (100°F);

(K) The gas shall be substantially free from impurities that may cause excessive fumes when combusted in a properly designed and adjusted burner;

(L) The gas shall not contain, either in the gas or in any liquid within the gas, any microbial organism, active bacteria, or bacterial agent capable of contributing to or causing corrosion or other operational problems. For purposes of this rule, microbial organisms, bacteria, and bacterial agents include sulfate reducing bacteria (SRB) and acid producing bacteria (APB); and

(M) Each gas utility, including municipal systems, receiving or

transporting manufactured gas or RNG on its gas transmission and distribution systems shall further limit the quantity of impurities and physical and chemical properties in the manufactured gas and RNG as necessary so that the gas is delivered within the limits of its system.

(11) Each gas utility, including municipal systems, receiving or transporting manufactured gas and RNG on its gas transmission and distribution systems shall provide, install, operate, maintain, and continuously monitor sensors and testing equipment to determine if the quality of manufactured gas and RNG meets the requirements of section (10) of this rule.

(12) Each gas utility, including municipal systems, receiving or transporting manufactured gas or RNG on its gas transmission and distribution systems shall install an isolation device at each location where manufactured gas or RNG is delivered to its natural gas pipeline systems. Each isolation device shall be designed and operated to completely isolate the source of manufactured gas or RNG from the downstream pipeline when the gas does not meet the quality standards in section (10) of this rule, as determined by the monitoring and testing performed in section (11) of this rule.

(13) *Reserved.*

(14) *Reserved.*

(15) *Reserved.*

(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 –

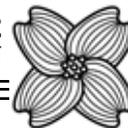
(A) For general all-purpose supply where nominal voltage is one hundred twenty (120) volts, one hundred twenty-seven (127) volts maximum and one hundred ten (110) volts minimum;

(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 ensure 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 ensure 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 ensure 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 ensure 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 ensure 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.

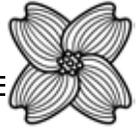
(35) Every effort must be made to maintain water pressure which will at no time fall below an adequate minimum pressure suitable for domestic service. In addition to furnishing domestic and commercial service, each utility furnishing fire-hydrant service must be able, within a reasonable period of time 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, whichever 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: sections 386.310 and 393.140, RSMo 2016, and section 386.895, RSMo Supp. 2024. 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. Amended: Filed May 15, 2024, effective Dec. 30, 2024.*

**Original authority: 386.310 RSMo 1939, amended 1979, 1989, 1996; 386.895, RSMo 2021; and 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:

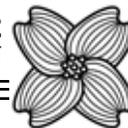
(A) A small utility means a gas utility serving ten thousand (10,000) or fewer customers, a water or sewer utility serving eight thousand (8,000) or fewer customers, or a steam utility serving one hundred (100) or fewer customers; and

(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.

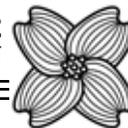
(13) The small utility rate case shall be wholly submitted to the commission for decision not later than two hundred forty (240) days after the small utility rate case is opened in order for the commission's report and order regarding the case to be effective not later than two hundred seventy (270)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

(Rescinded March 30, 2025)

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. Rescinded: Filed July 31, 2024, effective March 30, 2025.

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;

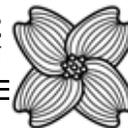
(B) A certified copy of the resolution of the board of directors of each applicant authorizing the proposed merger and consolidation;

(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 looseleaf 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.*

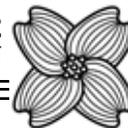
**Original authority: 386.250, RSMo 1939, amended 1963, 1967, 1977, 1980, 1987, 1988, 1991, 1993, 1995, 1996 and 393.140, RSMo 1939, amended 1949, 1967.*

20 CSR 4240-10.155 Affiliate Transactions Respecting Electrical Corporations, Gas Corporations, Heating Companies, Certain Water Corporations, and Certain Sewer Corporations

PURPOSE: This rule is intended to prevent a Missouri Public Service Commission regulated electrical corporation, gas corporation, heating company, water corporation (with more than eight thousand (8,000) customers), or sewer corporation (with more than eight thousand (8,000) customers) from subsidizing its nonregulated operations or its affiliates. In order to accomplish this objective, the rule sets forth standards of conduct, financial standards, evidentiary standards, access requirements, training requirements, and recordkeeping requirements applicable to any of these commission-regulated utilities whenever any such entity participates in a transaction with an affiliate (except with regard to HVAC services as defined in section 386.754, RSMo).

(1) Definitions.

(A) Affiliate means any person, including an individual, corporation, service company, corporate subsidiary, firm, partnership, incorporated or unincorporated association, political subdivision including a public utility district, city, town, county, or a combination of political subdivisions, which directly or indirectly, through one (1) or more intermediaries, controls, is controlled by, or is under common control with the covered utility. This term shall also include the nonregulated business operations of a covered utility.



(B) Affiliate transaction means any transaction between a covered utility and an affiliate. Affiliate transactions as defined by this rule shall also include all transactions carried out between any nonregulated business operation of a covered utility and the regulated business operations of a covered utility. An affiliate transaction for the purposes of this rule excludes heating, ventilating, and air conditioning (HVAC) services as defined in section 386.754, RSMo.

(C) Affiliate Transactions Report means the filing that each covered utility is required to make with the secretary of the commission no later than each May 15, unless a different date has been agreed to between the commission and the utility within its CAM, providing the information identified in section (6) of this rule, Recordkeeping Requirements.

(D) Control (including the terms “controlling,” “controlled by,” and “common control”) means the possession, directly or indirectly, of the power to direct or to cause the direction of the management or policies of an entity, whether such power is exercised through one (1) or more intermediary entities, or alone, or in conjunction with, or pursuant to an agreement with one (1) or more other entities, whether such power is exercised through a majority or minority ownership or voting of securities, common directors, officers or stockholders, voting trusts, holding trusts, affiliates, contract, or any other direct or indirect means. The commission shall presume that the beneficial ownership of ten percent (10%) or more of voting securities or partnership interest of an entity constitutes control for purposes of this rule. This provision, however, shall not be construed to prohibit a covered utility from rebutting the presumption that its ownership interest in an entity confers control.

(E) Corporate support means those functions dedicated to supporting the joint operations of a covered utility and some or all of its affiliates, including but not limited to the areas of corporate oversight, governance, support systems and personnel, payroll, shareholder services, financial services, financial planning and management support, human resources, employee records, pension management, legal services, research and development, information technology, accounting services, environmental services, internal audit, supply chain, regulatory affairs, facilities management, security, and community relations.

(F) Cost allocation manual (CAM) means the document that specifies the criteria, guidelines, and procedures that the covered utility will follow to be in compliance with this rule. The CAM sets forth the covered utility’s cost allocation, market valuation, and internal cost methods.

(G) Covered utility means, for purposes of this rule, an electrical corporation, gas corporation, or heating company as defined in section 386.020, RSMo, subject to commission regulation pursuant to Chapters 386 and 393, RSMo, or a water corporation as defined in section 386.020, RSMo, subject to commission regulation pursuant to Chapters 386 and 393, RSMo, with more than eight thousand (8,000) customers, or a sewer corporation as defined in section 386.020, RSMo, subject to commission regulation pursuant to Chapters 386 and 393, RSMo, with more than eight thousand (8,000) customers.

(H) Derivatives means a financial instrument with a value, realized or unrealized, that is directly dependent upon or derived from an underlying factor. This underlying factor can be financial assets, real assets, indices, securities, debt instruments, commodities, other derivative instruments, any agreed upon pricing index or arrangement (e.g., the movement over time of the Consumer Price Index or freight rates), or the composition of these factors. Derivatives can involve the

trading of rights or obligations based on the underlying good, but may not directly transfer property. They are used to hedge risk or to exchange a floating rate of return for a fixed rate of return or vice versa.

(I) Financial advantage means an advantage provided by a covered utility to an affiliate when the covered utility –

1. Compensates an affiliate for assets, goods, information, or services of any kind above the lesser of –

A. The fair market price (FMP); or

B. The fully distributed cost (FDC) to the covered utility to provide the assets, goods, information, or services for itself; or

2. Transfers assets, goods, information, or services of any kind to an affiliate below the greater of –

A. The FMP; or

B. The FDC to the covered utility.

(J) Fair market price (FMP) means a price determined by a covered utility as the amount it would pay or receive for receiving or providing a good or service in an affiliate transaction based on comparisons of similar transactions with, or the price of similar goods and services available from, unrelated third parties. A covered utility shall make such determination based on competitive bids, if feasible. If not feasible, surveys, third-party studies, specific price inquiries, benchmarking, or any other reasonable method may be employed for this purpose. For goods or services for which there is no readily available comparative market price, the price shall be the fully distributed cost of the entity supplying the goods or services. The covered utility shall have the burden of demonstrating its method of determining FMP is reasonable, and/or that there is no readily available comparative market price for a given good or service.

(K) Fully distributed cost (FDC) means a methodology that examines all costs of an enterprise in relation to all the goods and services that are produced. FDC requires recognition of all costs incurred directly or indirectly to produce a good or service. Costs are assigned either through a direct or allocated approach. Costs that cannot be directly or indirectly charged or assigned (e.g., general and administrative) must also be included in the FDC calculation through a general allocation.

(L) Information means any data obtained by a covered utility that is not obtainable by nonaffiliated entities or can only be obtained at a competitively prohibitive cost in either time or resources.

(M) Marketing affiliate means an affiliate that engages in or arranges a commission-related sale of any natural gas service or portion of natural gas service to a shipper.

(N) Nonregulated business operations mean assets, goods, information, or services of an affiliate or a covered utility not subject to the jurisdiction of the commission under Chapters 386 and 393, RSMo.

(O) Opportunity sales means sales of unused contract entitlements necessarily held by a gas corporation to meet the daily and seasonal swings of its system customers and intended to maximize utilization of assets that remain under regulation.

(P) Preferential position means treatment, information or actions provided by a covered utility that offers an affiliate an advantage that cannot be obtained by nonaffiliates, or can only be obtained at a competitively prohibitive cost in either time or resources.

(Q) Shippers means all current and potential transportation customers on a covered gas utility’s natural gas distribution system.

(R) Transportation means the receipt of natural gas at one



point on a covered gas utility's system and the redelivery of an equivalent volume of natural gas to the retail customer of the gas at another point on the covered gas utility's system including, without limitation, scheduling, balancing, peaking, storage, and exchange to the extent such services are provided pursuant to the covered gas utility's commission tariff, and includes opportunity sales.

(S) Variance means an exemption granted by the commission from any applicable standard required pursuant to this rule. Any variances granted to 20 CSR 4240-40.015 shall continue as a variance under this rule.

(2) Standards.

(A) A covered utility shall not provide a financial advantage to an affiliate.

(B) A covered utility shall conduct its business in such a way as to not provide any preferential position to an affiliate over another entity at any time.

(C) A covered utility shall not participate in any affiliate transactions that are not in compliance with this rule, except as otherwise provided in the variance section (11) of this rule.

(D) If a customer requests information from the covered utility about goods or services provided by an affiliate, the covered utility may provide information about the affiliate but must inform the customer that regulated services are not tied to the use of an affiliate provider and that other service providers may be available. The covered utility may provide reference to other service providers or to commercial listings, but is not required to do so.

(E) All forms of marketing materials, information, or advertisements, including but not limited to those in electronic or digital form, distributed to a covered utility's customers by an affiliate entity that shares an exact or similar name, logo, or trademark of the covered utility shall clearly display in a font size no smaller than ten- (10-) point font or announce that the affiliate entity is not regulated by the "Missouri Public Service Commission."

(F) This section shall not apply to or prohibit any of the following unless found by the commission, after notice and hearing, that such practice is contrary to the purposes and intent of this rule:

1. The joint provision of corporate support services, at FDC, between or among a covered utility and any affiliate. This includes joint provision of corporate support services by an affiliated service company; and

2. The provision, at FDC, of goods, information, or services of any kind between or among a covered utility and an affiliate regulated by the commission or other state utility commission, provided that a covered utility may share information with such an affiliate as part of its day-to-day communications with such an affiliate for the process of improving service, operations, or efficiency.

(3) Nondiscrimination Standards Respecting Gas Marketing.

(A) Nondiscrimination standards under this section apply in conjunction with all the standards under this rule and control when a similar standard overlaps.

(B) A covered gas utility shall apply all tariff provisions relating to transportation in the same manner to customers similarly situated whether they use affiliated or nonaffiliated marketers or brokers.

(C) A covered gas utility shall uniformly enforce its tariff provisions for all shippers.

(D) A covered gas utility shall not, through a tariff provision or otherwise, give its marketing affiliate and/or its customers

any preference over a customer using a nonaffiliated marketer in matters relating to transportation or curtailment priority.

(E) A covered gas utility shall not give any customer using its marketing affiliate a preference, in the processing of a request for transportation services, over a customer using a nonaffiliated marketer, specifically including the manner and timing of such processing of a request for transportation services.

(F) A covered gas utility shall not disclose or cause to be disclosed to its marketing affiliate or any nonaffiliated marketer any information that it receives through its processing of requests for or provision of transportation.

(G) If a covered gas utility provides information related to transportation that is not readily available or generally known to other marketers to a customer using a marketing affiliate, it shall provide that information (electronic format, phone call, facsimile, etc.) contemporaneously to all nonaffiliated marketers transporting on its distribution system.

(H) A covered gas utility shall not condition or tie an offer or agreement to provide a transportation discount to a shipper to any service in which the marketing affiliate is involved. If the covered gas utility seeks to provide a discount for transportation to any shipper using a marketing affiliate, the regulated gas corporation shall, subject to an appropriate protective order –

1. File an application in the commission's electronic filing information system (EFIS) for approval of the transaction;

2. Disclose in the application filing whether the marketing affiliate of the covered gas utility is the gas supplier or broker serving the shipper;

3. Submit, as a non-case related submission in EFIS, quarterly public reports that provide the aggregate periodic and cumulative number of transportation discounts provided by the covered gas utility; and

4. Provide, in the quarterly reports, the aggregate number of such agreements which involve shippers for whom the covered gas utility's marketing affiliate is or was at the time of the granting of the discount the gas supplier or broker.

(I) A covered gas utility shall not make opportunity sales directly to a customer of its marketing affiliate or to its marketing affiliate unless such supplies and/or capacity are made available to other similarly situated customers using nonaffiliated marketers on an identical basis given the nature of the transactions.

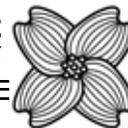
(J) A covered gas utility shall not condition or tie agreements (including prearranged capacity release) for the release of interstate or intrastate pipeline capacity to any service in which the marketing affiliate is involved under terms not offered to nonaffiliated companies and their customers.

(K) A covered gas utility shall maintain its books of account and records completely separate and apart from those of the marketing affiliate.

(L) A covered gas utility is prohibited from giving any customer using its marketing affiliate preference with respect to any tariff provisions that provide discretionary waivers or variances.

(M) A covered gas utility shall maintain records when it is made aware of any marketing complaint against an affiliate. The records should contain a log detailing the date the complaint was received by the covered gas utility, the name of the complainant, a brief description of the complaint, and, as applicable, how it has been resolved. If the complaint has not been recorded by the covered gas utility within three (3) days, an explanation for the delay must be recorded.

(N) A covered gas utility will not communicate to any



customer, supplier, or third parties that any advantage may accrue to such customer, supplier, or third party in the use of the regulated gas corporation's services as a result of that customer, supplier, or third party dealing with its marketing affiliate and shall refrain from giving any appearance that it speaks on behalf of its affiliate.

(O) If a customer requests information about a marketing affiliate, the covered gas utility may provide the requested information but shall also provide a list of all marketers operating on its system.

(4) Evidentiary Standards for Affiliate Transactions.

(A) When a covered utility purchases information, assets, goods, or services from an affiliate, other than those listed in subsection (2)(F) of this rule, the covered utility shall either determine a FMP for such information, assets, goods, or services or demonstrate why no reasonable FMP can be determined.

(B) In transactions that involve either the purchase or receipt of information, assets, goods, or services by a covered utility from an affiliate, other than those listed in subsection (2)(F) of this rule, the covered utility shall document both the FMP of such information, assets, goods, and services and the FDC to the covered utility to produce the information, assets, goods, or services for itself.

(C) In transactions that involve the sale or provision of information, assets, goods, or services to affiliates, other than those listed in subsection (2)(F) of this rule, the covered utility must demonstrate that it –

1. Considered all costs incurred to complete the transaction;
2. Calculated the costs at times relevant to the transaction;
3. Charged, assigned, or allocated all joint and common costs appropriately; and
4. Adequately determined the FMP of the information, assets, goods, or services.

(D) In transactions involving the receipt or purchase of information, assets, goods, or services by the covered utility from an affiliate, the covered utility will use a commission-approved cost allocation manual (CAM).

(5) Cost Allocation Manuals (CAM)

(A) Each covered utility shall maintain a CAM that sets forth cost allocation, market valuation, and internal cost methods and specifies the criteria, guidelines, and procedures that the covered utility will follow to be in compliance with this rule.

(B) Each covered utility shall file a CAM for approval by the commission as part of its first general rate case after the effective date of this rule, or in a separate filing no later than two (2) years after the effective date of this rule. Each covered utility shall conduct periodic reviews of its cost allocation, market valuation, and internal cost methods, no less frequently than every three (3) years, and shall update its CAM accordingly.

(C) Each covered utility shall file its CAM with the commission on or before May 15 each year, unless a different date has been agreed to between the commission and the utility within its CAM, as part of the covered utility's Affiliate Transaction Report. Included in the report should be a list of all affiliates regardless if services are provided to or services were obtained from the affiliate. The commission may, at any time, direct its staff to conduct an audit or review of a covered utility's CAM.

(6) Recordkeeping Requirements.

(A) A covered utility shall maintain books, accounts, and records separate from those of its affiliates.

(B) Each covered utility shall maintain the following information in a mutually agreed-to electronic format (i.e.,

agreement between the commission staff, the Office of the Public Counsel, and the covered utility) regarding affiliate transactions with affiliates on a calendar year basis and shall file such information in the form of an Affiliate Transactions Report with the secretary of the commission in EFIS by no later than May 15 of the succeeding year:

1. A full and complete list of all affiliates as defined by this rule;
2. A full and complete list of all assets, goods, information, and services sold or provided to, or purchased or received from, affiliates;
3. A full and complete list of all contracts entered with affiliates;
4. A full and complete list of all affiliate transactions undertaken with affiliates without a written contract together with a brief explanation of why there was no contract;
5. The amount of all affiliate transactions by affiliate and account charged;
6. The basis used (e.g., FMP, FDC, etc.) to record each type of affiliate transaction, and a description of the method used by the covered utility to determine FMP;
7. A list of all affiliate transactions for which the covered utility could not determine a reasonable FMP, with explanations as to why a reasonable FMP was unobtainable; and
8. A full and complete listing of all affiliate transactions made pursuant to subparagraph (11)(A)2.B. of this rule.

(C) In addition, each covered utility shall maintain the following information regarding affiliate transactions on a calendar year basis:

1. Records identifying the basis used (e.g., FMP, FDC, etc.) to record all affiliate transactions; and
2. Books of accounts and supporting records in sufficient detail to permit verification of compliance with this rule.

(7) Records of Affiliates.

(A) Each covered utility shall ensure that its parent and any other affiliates maintain books and records that include, at a minimum, the following information regarding affiliate transactions:

1. Documentation of the costs associated with affiliate transactions that are incurred by the parent or affiliate and charged to the covered utility;
2. Documentation of the methods used to allocate and/or share costs between affiliates including other jurisdictions and/or corporate divisions;
3. Description of costs that are not subject to allocation to affiliate transactions and documentation supporting the nonassignment of these costs to affiliate transactions;
4. Descriptions of the types of services that corporate divisions and/or other centralized functions provided to any affiliate or division accessing the covered utility's contracted services or facilities;
5. Names and job descriptions of the officers and managers, and only the job descriptions of such other employees that transferred or were transferred from the covered utility to an affiliate;
6. Evaluations of the effect on the reliability of services provided by the covered utility resulting from the access to regulated contracts and/or facilities by affiliates;
7. Policies regarding the access to services available to nonregulated affiliates desiring use of the covered utility's contracts and facilities; and
8. Descriptions of and supporting documentation related to any use of derivatives that may be related to the covered utility's operation even though obtained by the parent or



affiliate.

(8) Access to Records of Affiliates.

(A) To the extent permitted by applicable law and pursuant to established commission discovery procedures, a covered utility shall make available the books and records of its parent and any other affiliates when required in the application of this rule.

(B) The commission shall have the authority to –

1. Review, inspect, and audit books, accounts, and other records kept by a covered utility or affiliate for the sole purpose of ensuring compliance with this rule and making findings available to the commission; and

2. Investigate the operations of a covered utility or affiliate and their relationship to each other for the sole purpose of ensuring compliance with this rule.

(9) Record Retention.

(A) Records required under this rule shall be maintained by each covered utility for a period of not less than six (6) years.

(10) Training.

(A) The covered utility shall train and advise its personnel as to the requirements and provisions of this rule at least every two (2) years, or more often if appropriate, to ensure compliance.

(11) Variances.

(A) A variance from the standards in this rule may be obtained by compliance with paragraph (11)(A)1. or (11)(A)2.

1. A covered utility may request a variance upon written application in accordance with commission procedures set out in 20 CSR 4240-2.060(4), except as provided in section (2) of this rule, and it may not engage in such an affiliate transaction until the commission grants the variance for good cause shown; or

2. A covered utility may engage in an affiliate transaction not in compliance with the standards set out in section (2) of this rule, on an interim basis, when to its best knowledge and belief, compliance with the standards would not be in the best interests of its regulated customers and it complies with the following procedures:

A. All reports and record retention requirements for each affiliate transaction must be complied with; and

B. Notice of the noncomplying affiliate transaction shall be filed with the secretary of the commission and a copy served upon the commission staff counsel, the Office of the Public Counsel, and any person or entity granted intervention in the covered utility's most recent general rate proceeding, within ten (10) days of the occurrence of the noncomplying affiliate transaction. The notice shall provide a detailed explanation of why the affiliate transaction should be exempted from the requirements of section (2), and shall provide a detailed explanation of how the affiliate transaction was in the best interests of the regulated customers. Upon the filing of a covered utility's notice of the noncomplying affiliate transaction, the commission shall prescribe an intervention period, and order any interested party to file a request for a hearing regarding the noncomplying affiliate transaction within forty-five (45) days of the notice of the noncomplying affiliate transaction. Any affiliate transaction for which a variance is requested pursuant to this section shall remain interim, subject to disallowance, pending final commission determination on whether the noncomplying affiliate transaction resulted in the best interests of the regulated customers.

*AUTHORITY: sections 386.250 and 393.140, RSMo 2016. * Original rule filed Sept. 25, 2024, effective May 30, 2025.*

**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.*

20 CSR 4240-10.165 HVAC Services Affiliate Transactions

PURPOSE: This rule prescribes the requirements for HVAC services respecting affiliated entities and regulated electrical corporations, gas corporations, and heating companies (covered utilities) when such covered utilities participate in affiliated transactions with an HVAC affiliated entity as set forth in sections 386.754, 386.756, 386.760, 386.762, and 386.764, RSMo.

(1) Definitions.

(A) Affiliated entity means any entity not regulated by the Public Service Commission (commission) which is owned, controlled by or under common control with a covered utility and is engaged in HVAC services.

(B) Control (including the terms “controlling,” “controlled by,” and “common control”) means the possession, directly or indirectly, of the power to direct, or to cause the direction of the management or policies of an entity, whether such power is exercised through one (1) or more intermediary entities, or alone, or in conjunction with, or pursuant to an agreement with, one (1) or more other entities, whether such power is exercised through a majority or minority ownership or voting of securities, common directors, officers or stockholders, voting trusts, holding trusts, affiliated entities, contract, or any other direct or indirect means. The commission shall presume that the beneficial ownership of more than ten percent (10%) of voting securities or partnership interest of an entity confers control for purposes of this rule. This provision, however, shall not be construed to prohibit a covered utility from rebutting the presumption that its ownership interest in an entity confers control.

(C) Covered utility means an electrical corporation, gas corporation, or heating company as defined in section 386.020, RSMo, subject to commission regulation pursuant to Chapters 386 and 393, RSMo, and covered by this rule.

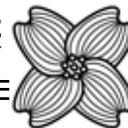
(D) Fully distributed cost (FDC) means a methodology that examines all costs of an enterprise in relation to all the goods and services that are produced. FDC requires recognition of all costs incurred directly or indirectly to produce a good or service. Costs are assigned either through a direct or allocated approach. Costs that cannot be directly assigned or indirectly charged or assigned (e.g., general and administrative) must also be included in the FDC calculation through a general allocation.

(E) HVAC services means the warranty, sale, lease, rental, installation, construction, modernization, retrofit, maintenance, or repair of heating, ventilating, and air conditioning (HVAC) equipment.

(F) Utility contractor means a person, including an individual, corporation, firm, incorporated or unincorporated association or other business or legal entity that contracts, whether in writing or not in writing, with a covered utility to engage in or assist any entity in engaging in HVAC services, but does not include employees of a covered utility.

(2) Standards.

(A) A covered utility may not engage in HVAC services, except by an affiliated entity, or as provided in subsection (2)



(G) or (2)(H) of this rule.

(B) No affiliated entity or utility contractor may use any vehicles, service tools, instruments, employees, or any other covered utility's assets, the cost of which are recoverable in the regulated rates for a covered utility service, to engage in HVAC services unless the covered utility is compensated for the use of such assets at the FDC to the covered utility.

1. The determination of a covered utility's cost in this section is defined in subsection (1)(D) of this rule.

(C) A covered utility may not use or allow any affiliated entity or utility contractor to use the name of such covered utility to engage in HVAC services unless the covered utility, affiliated entity, or utility contractor discloses, in plain view and in bold type on the same page as the name is used on all advertisements or in plain audible language during all solicitations of such services, a disclaimer that states the services provided are not regulated by the commission.

(D) A covered utility may not engage in or assist any affiliated entity or utility contractor in engaging in HVAC services in a manner that subsidizes the activities of such covered utility, affiliated entity, or utility contractor to the extent of changing the rates or charges for the covered utility's services above or below the rates or charges that would be in effect if the covered utility were not engaged in or assisting any affiliated entity or utility contractor in engaging in such activities.

(E) Any affiliated entities or utility contractors engaged in HVAC services shall maintain accounts, books, and records separate and distinct from the covered utility's regulated operations.

(F) The provisions of this rule shall apply to any affiliated entity or utility contractor engaged in HVAC services that is owned, controlled, or under common control with a covered utility providing regulated services in the state of Missouri or any other state.

(G) A covered utility engaging in HVAC services in the state of Missouri five (5) years prior to August 28, 1998, may continue providing, to existing as well as new customers, the same type of services as those provided by the covered utility five (5) years prior to August 28, 1998.

1. To qualify for this exemption, the covered utility shall file a pleading before the commission for approval.

A. The commission may establish a case to determine if the covered utility qualifies for an exemption under this rule.

(H) The provisions of this section shall not be construed to prohibit a covered utility from providing emergency service, providing any service required by law, or providing a program pursuant to an existing tariff, rule, or order of the commission.

AUTHORITY: sections 386.760.1 and 393.140, RSMo 2016. Original rule filed Sept. 25, 2024, effective May 30, 2025.*

**Original authority: 386.760, RSMo 1998, and 393.140, RSMo 1939, amended 1949, 1967.*

20 CSR 4240-10.175 Customer Information of Electrical Corporations, Gas Corporations, Heating Companies, Water Corporations, and Sewer Corporations

PURPOSE: This rule is intended to prevent the misuse of personally identifiable customer information.

(1) Definitions.

(A) Aggregated customer information means information derived from combining the data of multiple customers in

such a manner that no single customer can be individually identified. For purposes of this definition, such aggregated customer information shall contain the information of either at least four (4) residential customers with no individual customer's load exceeding fifty percent (50%) of the data included in the aggregate or at least four (4) nonresidential customers with no individual customer's load exceeding eighty percent (80%) of the data included in the aggregate.

(B) Consent means either written or electronic permission ("opt-in") provided by a customer on a commission-approved form or verbal permission memorialized in a voice recording that the customer provides in response to a request to share the individual customer's information. For purposes of this rule, customer consent shall only be deemed to have been offered for discrete requests or transactions, and shall not be inferred for ongoing or successive transactions. When ongoing or successive transactions are explicitly agreed to by a customer, consent shall be valid until rescinded by the customer. Such consent shall be freely revocable by the customer at any time. The utility must retain records memorializing a customer's consent, unless and until the customer revokes said consent.

(C) Information means any data obtained by a utility that is not obtainable by nonaffiliated entities or can only be obtained at a competitively prohibitive cost in either time or resources.

(D) Utility means, for purposes of this rule, an electrical corporation, gas corporation, heating company, water corporation, or sewer corporation as defined in section 386.020, RSMo, and subject to commission regulation pursuant to Chapters 386 and 393, RSMo.

(E) Utility related services means those services provided by a utility in furtherance of the provision of regulated utility service pursuant to Chapters 386 and 393, RSMo, as well as actions taken by the utility to support customer use of those services, and pursuant to a utility's commission-approved tariff.

(2) Standards.

(A) Specific customer information shall be made available to affiliated or unaffiliated entities only upon consent of the customer or as otherwise provided by law or commission rules or orders.

(B) Aggregated customer information shall be made available to affiliated or unaffiliated entities upon request and under the same terms and conditions applicable to all entities receiving such information, unless otherwise ordered by the commission.

(C) The utility may set reasonable charges for costs incurred in producing customer information.

(D) Customer information includes information provided to the regulated utility by affiliated or unaffiliated entities.

(E) A utility customer's information remains the sole property of the customer at all times, subject to its use and disclosure as otherwise provided for by this rule.

(F) Utility Related Services.

1. When any utility contracts with an affiliate or a third-party nonaffiliate to perform a utility-related service on behalf of the utility, and personally identifiable customer information to perform the utility-related service is required, the utility may provide the affiliate or third-party nonaffiliate with the necessary personally identifiable customer information without customer consent, provided that the utility shall make reasonable efforts to impose contractual obligations on the recipient, the substance of which are designed so that the recipient acknowledges that the personally identifiable customer information remains the property of the customer and limits the use of the personally identifiable customer



information to performance of the contracted service.

(3) Other Notification Required Respecting Personal Customer Information.

(A) A utility shall notify, without unreasonable delay, staff counsel’s office and the Office of the Public Counsel if there is an incident that warrants reporting to the attorney general of a “breach of security” or “breach” as defined by subsection 407.1500.1, RSMo, and the utility shall provide a copy of the notice provided to customers and a copy of all reports detailing the investigation(s) to the staff counsel’s office and the Office of the Public Counsel. Notices provided to customers shall be provided at the same time that they are sent to customers, and reports shall be provided immediately upon completion.

(B) Each utility shall retain draft work-in-progress reports consistent with its data retention policies.

(4) Customer Data Privacy Policy.

(A) Each covered utility shall maintain and submit to the commission the utility’s current customer data privacy policy, and revisions thereto. A utility’s customer data privacy policy shall be submitted in the commission’s Electronic Filing and Information System (EFIS) as a Non-Case Related Submission.

(B) The utility must also include the privacy policy on its website. The privacy policy shall answer what safeguards the utility is utilizing to protect customer information from inadvertent disclosure while contracting with an affiliate or nonaffiliated third-party providing services to the utility in furtherance of the utility related services the utility provides.

AUTHORITY: sections 386.250 and 393.140, RSMo 2016. Original rule filed Sept. 25, 2024, effective May 30, 2025.*

**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.*

20 CSR 4240-10.185 Petitions for Water and Sewer Infrastructure Rate Adjustment

PURPOSE: This rule sets the requirements and process for water or sewer corporations filing a petition and proposed rate schedule with the commission pertaining to Water and Sewer Infrastructure Rate Adjustments in accordance with sections 393.1500 to 393.1509, RSMo.

(1) A water or sewer corporation, as defined in section 386.020, RSMo, providing water or sewer services to more than eight thousand (8,000) customer connections may file a petition and proposed rate schedules with the commission to establish or change a Water and Sewer Infrastructure Rate Adjustment (WSIRA). For the purpose of this rule, eligible water or sewer corporations seeking to establish or change a WSIRA are referred to as eligible utilities.

(2) An eligible utility may effectuate a change in its WSIRA no more than two (2) times in a twelve- (12-) month period.

(A) The twelve- (12-) month period restriction starts on the effective date of WSIRA rate schedules resulting from the initial WSIRA.

(B) For the purpose of this rule, an initial WSIRA is the first WSIRA granted to the eligible utility or a subsequent WSIRA established after all existing WSIRAs have been reset to zero (0) after a general rate proceeding.

(C) Existing WSIRAs are reset to zero (0) on the effective date

of rate schedules resulting from a general rate proceeding for the eligible utility.

(3) The commission shall issue an order to become effective no later than one hundred eighty (180) days from the receipt of a complete WSIRA petition. To effectuate this requirement, staff of the commission (staff) may submit a report regarding the examination to the commission no later than ninety (90) days after the petition is filed.

(A) The staff report shall examine the information provided by the eligible utility to confirm that the underlying costs are consistent with this rule.

(B) No other revenue requirement or ratemaking issues shall be examined in consideration of the petition or associated proposed WSIRA rate schedule.

(C) In order to be considered in the staff report, any updates to the petition must be filed no later than sixty (60) days from the date the petition was filed.

(4) All eligible utilities filing a petition and proposed rate schedule with the commission to establish or change a WSIRA shall implement the following requirements.

(A) Three (3) months prior to filing a petition to establish a WSIRA, the eligible utility shall submit notice to the commission indicating that it will be submitting a petition to establish or change a WSIRA. The notice shall include the eligible utility’s most recent five- (5-) year capital expenditure plan unless such a plan has already been submitted during the previous twelve (12) months from the date of petition submittal.

1. If the five- (5-) year capital expenditure plan has been submitted and it is determined that revisions are not necessary, the eligible utility shall indicate in the notice there is no change necessary for its existing plan along with the date it was submitted to the commission.

2. If the five- (5-) year capital expenditure plan has been submitted and it is determined that minor revisions are necessary, the eligible utility shall provide an itemized revision to the commission.

3. If the five- (5-) year capital expenditure plan has been submitted and it is determined that significant revisions are necessary, the eligible utility shall provide its most recent revised plan to the commission along with an indication that the plan has been revised.

4. At a minimum, five- (5-) year capital expenditure plans shall include –

A. The total dollar amount related to recurring and developer projects, and a description of each project; and

B. The total dollar amount related to investments and a description of each project for each service area in which the utility provides services.

(B) The petition for a WSIRA shall include –

1. All information contained in the requirements of 20 CSR 4240-2.060(1) and (6);

2. The petitioner’s number of water or sewer connections;

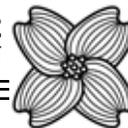
3. Contact name and information with the eligible utility for communications regarding the petition;

4. Date of last general rate proceeding decided by commission order, if applicable;

5. Date and related case number of most recent five- (5-) year capital expenditure plan filed with the commission;

6. A description of all information posted on the eligible utility’s website regarding the WSIRA and related infrastructure system projects;

7. A description of how the eligible utility will educate and instruct customer service personnel to handle customer



questions or concerns regarding the WSIRA; and

8. Calculations and explanation of the source of and basis for –

A. State, federal, and local income or excise tax rates used to determine the proposed rates and their relation to the current statutory rates;

B. Regulatory capital structure;

C. Cost rates for debt and preferred stock;

D. Cost of common equity;

E. Property tax rates;

F. Depreciation rates;

G. Applicable customer class billing determinants used;

H. Annual reconciled differences for the recovery of revenues or credits of an effective WSIRA; and

I. Costs that are eligible for recovery during the period in which the WSIRA will be in effect, including the net original cost of the eligible infrastructure system projects, the amount of the WSIRA costs related to the eligible infrastructure system projects, and a breakdown of the eligible infrastructure projects identified by work order or cost center for each of the following project categories:

(I) Replacement of existing water and sewer pipes, and associated valves, hydrants, meters, service lines, laterals, sewer taps, curb stop, and manholes;

(II) Cleaning and relining of existing water or sewer pipes;

(III) Replacement of lead mains, lead goosenecks, and lead service lines and associated valves and meters;

(IV) Replacement of booster station(s) and lift station pump(s) with equipment of similar capacity and operations, as well as related pipes, valves, and meters;

(V) Facilities relocations required due to construction or improvement of a highway, road, street, public way, or other public work by or on behalf of this state;

(VI) Facilities relocations required due to construction or improvement of a highway road, street, public way, or other public work on or on behalf of a political subdivision of this state, or another entity having the power of eminent domain provided that the cost related to such projects have not been reimbursed to the eligible utility;

(VII) Replacement of water or wastewater treatment mechanical equipment with equipment of similar capacity and operation, including well and intake pumps, transfer pumps, high service or discharge pumps, and metering pumps; and

(VIII) Replacement of Supervisor Control and Data Acquisition System (SCADA) components necessary for the operation and monitoring of remote installations including radio and cellular communication equipment, and programmable logic controllers;

9. Explanation for each of the following:

A. How customers subject to the proposed WSIRA are benefiting from infrastructure system projects that will be recovered through the proposed WSIRA;

B. How the proposed WSIRA is being prorated between the affected customer classes, if applicable;

C. How the proposed WSIRA is being applied in a manner consistent with the customer classes cost-of-service study recognized by the commission in the eligible utility's most recent general rate proceeding, if applicable;

D. How the proposed WSIRA is being applied consistent with the rate design methodology utilized to develop the eligible utility's rates resulting from its most recent general rate proceeding;

E. Whether the infrastructure project associated with the proposed WSIRA is intended solely for customer growth;

F. Date the infrastructure system project associated with the WSIRA was completed and became used and useful;

G. Efforts to quantify and seek reimbursement for any costs associated with facility relocations required due to construction or improvement of a highway, road, street, public way, or other public work by or on behalf of the United States, this state, a political subdivision of this state, or another entity having the power of eminent domain, which could offset the requested WSIRA revenues;

H. If any of the infrastructure system projects associated with the WSIRA were funded through financing arrangements directed specifically to the projects, an explanation of how the projects were funded, including the amount of debt and the interest rate on that debt;

I. Service time of any infrastructure replaced that were in service when either replaced or abandoned; and

J. The request for proposal (RFP) process used, or the reasons that a RFP process was not used, to select the entity that performed the infrastructure replacement projects.

(C) Within twenty (20) days after filing of a WSIRA petition, the eligible utility shall file examples of the items listed below with the commission. The eligible utility's examples shall include –

1. Explanation of the WSIRA including how it will be implemented to all affected customer classes;

2. Explanation of the WSIRA calculations of the rates in relation to the previous billing as percentage or addition to the commodity charge;

3. The statutory authority under which the eligible utility is implementing the WSIRA; and

4. Surcharge description for monthly bills informing the affected customer of the ongoing WSIRA and amount of the WSIRA on the customer's bill.

(D) Documents submitted in support of an application which offer the professional opinion of a licensed professional engineer shall be signed, sealed, and dated by a Missouri registered professional engineer.

(5) Upon a WSIRA becoming effective, the eligible utility shall –

(A) Submit notice to all affected customers no later than the customer's first bill after the effective date of WSIRA. The notice shall –

1. Provide a detailed description explaining the eligible utility's water or sewer infrastructure rate adjustment program;

2. Explain how the approved WSIRA is being allocated and how the allocation impacts all affected customer classes;

3. Explain the calculations of the rates in relation to the previous billing as a percentage or an addition to the commodity charge; and

4. Identify the statutory authority under which the eligible utility is implementing the WSIRA;

(B) Submit an annual notice to all affected customers on the anniversary of the approved effective date of the initial WSIRA explaining that the WSIRA is in effect along with an explanation of the continuation of its water or sewer infrastructure system replacement;

(C) A surcharge description on all affected customer bills informing the customers of the existing and ongoing amount of the WSIRA on the bills; and

(D) Eligible utilities collecting WSIRA revenues shall file their updated five- (5-) year capital expenditure plan with the commission no later than February 28 of each year. If this date falls on a weekend, then the eligible utility shall submit its plan no later than the last business day prior to February 28.



1. The five- (5-) year capital expenditure plan shall include, at a minimum, the following:

A. Total dollar amount related to recurring and developer projects along with a description of each project; and

B. Total dollar amount related to investments and a description of each project for each service area in which the utility provides services.

2. If the eligible utility knows or believes it will not meet the annual requirement, then the eligible utility shall submit a written notice within ten (10) business days prior to February 28 and shall provide –

A. Justification for not meeting the requirement;

B. A proposed extension due date not exceeding thirty (30) days from the initial due date; and

C. Measures taken to ensure it meets the next annual submittal date.

AUTHORITY: sections 386.250 and 393.140, RSMo 2016, and section 393.1509, RSMo Supp. 2024. Original rule filed Oct. 2, 2024, effective May 30, 2025.*

**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 393.1509, RSMo 2021.*