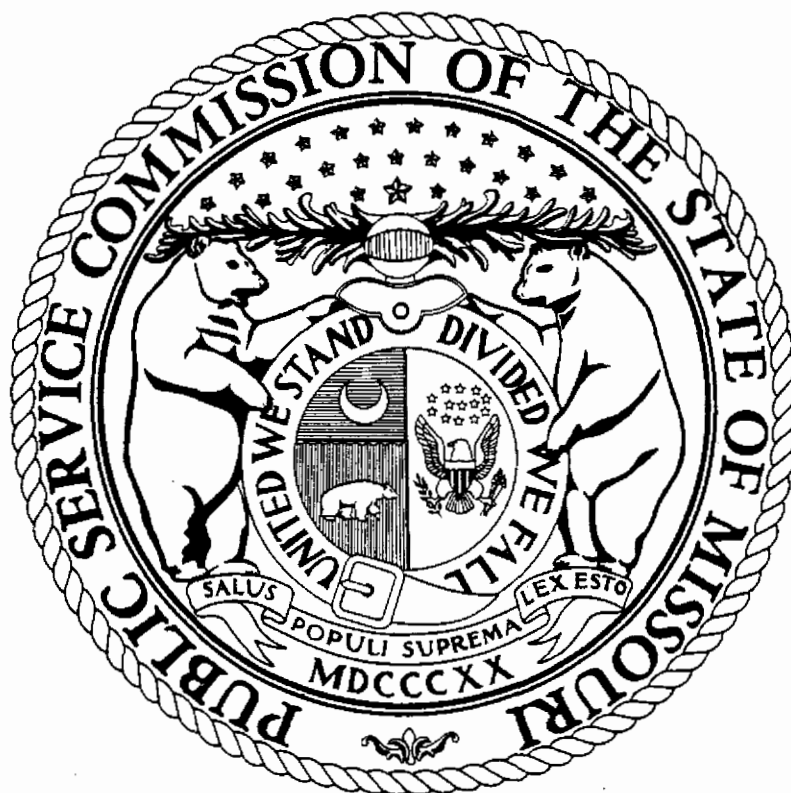




**THE ANNUAL REPORT
OF THE
MISSOURI
PUBLIC SERVICE COMMISSION
1984-85**



Missouri Public Service Commission

Area Code 314
751-3234

P.O. BOX 360
JEFFERSON CITY
MISSOURI 65102

January 10, 1986

Commissioners:

WILLIAM D. STEINMEIER
Chairman
CHARLOTTE MUSGRAVE
ALLAN G. MUELLER
CONNIE B. HENDREN
JAMES M. FISCHER

ROBERT J. SCRIBNER
Staff Director

HARVEY G. HUBBS
Secretary

WILLIAM C. HARRELSON
General Counsel

TO: The Honorable John Ashcroft
Governor of the State of Missouri
and
The General Assembly of the State of Missouri

Pursuant to section 386.380 of the Missouri Revised Statutes 1978, the Missouri Public Service Commission hereby submits its annual report for the fiscal year of July 1, 1984 through June 30, 1985.

Respectfully submitted,

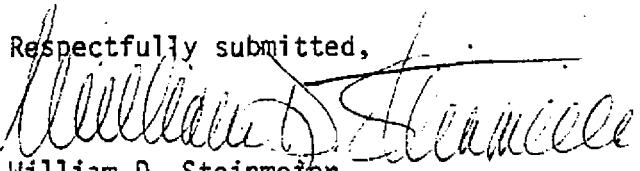

William D. Steinmeier
Chairman

TABLE OF CONTENTS

I.	Introduction	1-4
II.	Commissioners	5-11
III.	Staff Director	12
IV.	Hearing Examiners	13
V.	Office of the Secretary	14
VI.	Office of the General Counsel	15
VII.	Utilities	16-44
	Communications Department	16-19
	Natural Gas Department	20-22
	Pipeline Safety	23-26
	Electric Department	27-31
	Water and Sewer Department	32-33
	Financial Analysis Department	34-35
	Management Services Department	36-38
	Accounting Department	39-40
	Customer Services Department--Cold Weather Rule	41-44
VIII.	Transportation	45-53
	Rates, Audits, Financial Analysis, Research and Planning Department	46-47
	Rates Department	47-48
	License Department	49
	Insurance Department	49
	Operating Rights Department	50
	Enforcement Department	50-51
	Railroad Services Department	51-52
	Mobile Homes Department	52-53
IX.	Charts and Schedules	54-69
	PSC Receipts	55-57
	PSC Expenditures	58
	Telephone Rate Cases Decided During Fiscal Year 1985	59
	Missouri Jurisdictional Telephone Companies By Main Station	60
	Natural Gas Cases Decided During Fiscal Year 1985	61
	Missouri Jurisdictional Natural Gas Utilities 1984 Statistics	62
	Electric Rate Cases Decided During Fiscal Year 1985	63
	Missouri Jurisdictional Electric Utilities 1984 Statistics	64
	Water and Sewer Rate Cases Decided During Fiscal Year 1985	65
	Missouri Jurisdictional Sewer Companies 1984 Statistics	66-67
	Missouri Jurisdictional Water Companies 1984 Statistics	68-69

MISSOURI PUBLIC SERVICE COMMISSION

The Missouri Public Service Commission has the responsibility of ensuring that consumers receive adequate amounts of safely delivered and reasonably priced utility services at rates that also will provide the companies' shareholders the opportunity to earn a reasonable return on their investments.

The Commission regulates utility rates, service and safety. Investor-owned electric, gas, telephone, telegraph, sewer and water are under the Commission's jurisdiction. The Commission also monitors the construction of manufactured and modular homes and recreational vehicles. The Missouri Public Service Commission also intervenes on behalf of Missouri consumers in phone, gas and electric issues before the Federal Energy Regulatory Commission and the Federal Communications Commission.

The 83rd General Assembly enacted Senate Bill No. 2 signed by Missouri Governor John Ashcroft. Senate Bill No. 2 provides for the establishment of a Division of Transportation under the Department of Economic Development to handle transportation matters (bus, truck, railroad) previously handled by the Missouri PSC. Regulation of transportation matters by the Division of Transportation took effect on July 1, 1985.

Although rates charged by electric cooperatives are determined by their governing boards, the Commission has jurisdiction over the safety of services provided by the cooperatives. Utility and transportation services provided by city and state governments are exempt from Commission regulation.

The Commission is both quasi-judicial and quasi-legislative. It decides cases based on testimony presented in a courtroom proceeding and also makes the rules by which the companies must operate.

The five members of the Missouri Public Service Commission are appointed by the Governor with the advice and consent of the Missouri Senate. The Governor designates one member as the chairman who serves in that capacity at the pleasure of the Governor. Commissioners are appointed to six year terms. These terms are staggered so no more than two terms expire in any given year.

The utility rate cases handled by the Missouri Public Service Commission are the cases with the highest visibility to the public. The process begins when a utility company files, with the Commission, new tariffs for authority to increase its rates. The Commission then, except in unusual or emergency situations, sets a schedule for hearing the case. It has 10 months from the proposed effective date of the new tariffs to reach a decision.

Prior to a hearing being held, the Commission's staff conducts an independent on-site investigation into the company's records to provide the Commission with a recommendation as to what amount of the proposed increase, if any, should be allowed. This investigation can take weeks or months. Other parties such as the Office of Public Counsel (which represents the general public before the Commission), consumer groups, industries and cities also are given an opportunity to present evidence on the proposed increase and take part in the proceedings.

Once the participants in a case file prepared evidence, a prehearing conference is held. The parties in a case meet at the prehearing conference to determine which issues are contested and on which ones they agree.

Prior to a formal evidentiary hearing taking place, the Commission may also hold local public hearings in the company's service area to give customers an opportunity to express their views on the proposed increase or bring any service-related problems they might have had to the Commission's attention.

At the formal evidentiary hearing, participants in the case present evidence to the Commission regarding their various recommendations.

Participants also cross-examine other parties' witnesses.

Once the hearing is completed, the Commission deliberates and then issues a decision. That decision is subject to appeal to the courts by any of the participants in the case, with the exception of the PSC staff.

The general public is represented before the Commission by the Office of Public Counsel, which is a separate agency from the Missouri Public Service Commission. Like the Missouri PSC, the Office of Public Counsel is under the Department of Economic Development.

Regular meetings of the Commission are held in the Commission's Agenda Room, Monday through Friday, except legal holidays, for the purpose of conducting public business before the Commission.

The Secretary of the Missouri Public Service Commission keeps a record of all proceedings of the Commission, all books, maps, documents and papers ordered filed by the Commission, and all orders made by the Commission or approved and confirmed by the Commission and ordered filed. In addition the Secretary of the Commission maintains a docket of all proceedings filed and proceedings set for hearing and assigns each matter an appropriate docket number. These records are available for public inspection in the Office of the Secretary from 8:00 a.m. to 5:00 p.m., Monday through Friday, except for legal holidays.

Consumers who have questions about specific matters relating to utility service or wish to file a complaint against a utility company under the jurisdiction of the Missouri Public Service Commission, have a number of avenues they may wish to pursue. First they should call the utility company, which may be able to work out the problem. If the company is not able to satisfy the

customer's concerns adequately, he or she may call the Missouri Public Service Commission's Consumer Services Department. This department has a toll-free hotline which consumers may use. The telephone number is 1-800-392-4211. The main Consumer Services office is located in Jefferson City on the fifth floor of the Truman State Office Building. Consumer Services offices are also located in Kansas City and St. Louis.

Each complaint is assigned a specialist who acts as an intermediary between the consumer and the utility in an attempt to reach a resolution or provide the requested information. Through investigations of consumer complaints, the department works to ensure utilities comply with the regulations adopted by the Commission and the application of rates, rules and regulations contained in tariffs filed by the company and approved by the Commission.

Consumers may submit complaints by telephone, letter, or in person. Over 95 percent of the complaints received are resolved in an informal manner through contact with the customer, the utility company and the PSC staff. However, if these efforts are not satisfactory, a formal complaint, which requires action by the five Commissioners, may be filed. A formal complaint must be in writing. As part of the process of handling a formal complaint, the PSC staff may conduct an investigation and recommend to the Commission how the complaint should be decided. The Commission may hold a formal hearing to let the consumer and the company present their evidence before reaching a decision.

The Missouri Public Service Commission was established in its present form in 1913 by the Forty-seventh General Assembly. The 1974 State Reorganization Act placed the Commission within the Department of Consumer Affairs, Regulation and Licensing. In 1984, the department name was changed to the Department of Economic Development.

MISSOURI PSC STRUCTURE

The Missouri Public Service Commission is organized into five functional divisions, Executive, Office of the Secretary, General Counsel, Utilities and Transportation. The 83rd General Assembly enacted Senate Bill No. 2 signed by Missouri Governor John Ashcroft. Senate Bill No. 2 provides for the establishment of a Division of Transportation under the Department of Economic Development to handle transportation matters (bus, truck, railroad) previously handled by the Missouri PSC. Regulation of transportation matters by the Division of Transportation took effect on July 1, 1985.

EXECUTIVE DIVISION

This division is made up of the Commissioners, Staff Director, Hearing Examiners, Hearing Reporters and support staff.

THE COMMISSIONERS

The Commission is comprised of five commissioners who are appointed by the Governor, with the advice and consent of the Senate, for six-year terms. The terms are staggered so that no more than two expire in any one year. The Chairman of the Commission is designated by the Governor. Traditionally, no more than three members of the Commission are from the same political party as the Governor. The Commissioners function as the appointing authority for the organization and therefore are ultimately accountable for the hiring and firing of employees plus the management of the Commission.

Those Commissioners presently serving appear on the following pages.

Chairman William D. Steinmeier

William Dann Steinmeier was appointed Chairman of the Public Service Commission of Missouri by Governor Christopher S. Bond on January 26, 1984 to complete an unexpired term. On April 17, 1985, Missouri Governor John Ashcroft reappointed Chairman Steinmeier to a full six-year term. Prior to being named Chairman in 1984, Mr. Steinmeier had served for four years as a Hearing Examiner for the Missouri Commission. As a Hearing Examiner, Mr. Steinmeier had primary responsibility for a number of major utility rate cases, including the 1982 and 1983 Southwestern Bell Telephone rate case in Missouri and the 1981 Kansas City Power & Light Company case. Steinmeier presided over the hearings and authored the bulk of the Commission's decisions in those cases.

Prior to joining the PSC Staff in February of 1980, Mr. Steinmeier was a law clerk for the 22nd Judicial Circuit of Missouri in St. Louis and an Assistant Counsel for the Missouri Highway and Transportation Commission. He received his JD degree from the University of Missouri - Columbia Law School in 1975, and his BA in Political Science from Wheaton College, Wheaton, Illinois in 1972.

Chairman Steinmeier is a member of the Electricity Committee of the National Association of Regulatory Utility Commissioners (NARUC), and serves on the Administrative Law Committee of the Missouri Bar.

Mr. Steinmeier and his wife, Rebecca, have five children: David, Jonathan, Rachel, Timothy and Mark. The Steinmeiers make their home in Jefferson City, Missouri. Mr. Steinmeier is a former resident of St. Louis.

Chairman Steinmeier is a Republican and his term expires April 15, 1991.

Vice-Chairman Charlotte Musgrave

Charlotte Musgrave, on October 7, 1981, was appointed to the Commission by Governor Christopher S. Bond.

Mrs. Musgrave is a Republican from Kansas City who served on the Jackson County Legislature from 1978 until her appointment to the Public Service Commission in 1981. Mrs. Musgrave is currently the PSC Vice-Chairman.

Her community service, especially to the Westport area of Kansas City, has been recognized by awards from Westport Tomorrow, Penn Valley Community College and The Sheperd Center.

She has served on the Truman Medical Center board of directors, George Washington Carver Neighborhood Center and Jackson County Economic Development Commission.

Mrs. Musgrave has an A. A. degree from Christian College in Columbia, Missouri and a B. S. degree in education from the University of Missouri in Columbia.

Her term will expire on April 15, 1987.

Commissioner Allan G. Mueller

Allan G. Mueller joined the Missouri Public Service Commission on July 11, 1988 following his appointment by Governor Christopher S. Bond.

Mueller is a Democrat from the City of St. Louis and previously served in the Missouri Senate from 1977 to 1982, and served in the Missouri House of Representatives from 1971 to 1977. While in the Legislature, Mueller served on the National Council of State Legislators Energy Committee. Prior to being elected to the Legislature, Mueller served three years in the U. S. Marine Corps as a combat engineering officer, attaining the rank of Captain. His tour of duty included 13 months in Vietnam.

Mueller serves as a member of the National Association of Regulatory Utility Commissioners (NARUC) Committee on Energy Conservation.

Allan Mueller graduated from St. Mary's University in San Antonio, Texas in 1968 with a bachelor's degree in business administration and has been a licensed real estate broker in the State of Missouri and Illinois since 1970. He is married and has three children. Mueller's term will expire on April 15, 1989.

Commissioner Connie B. Hendren

Connie B. Hendren, a Certified Public Accountant, joined the Missouri Public Service Commission on July 11, 1983, following her appointment by Governor Christopher S. Bond. Commissioner Hendren was confirmed by the Missouri Senate on October 21, 1983.

Prior to joining the Commission, she was tax manager for the certified public accounting firm of Williams-Keepers. She was with the accounting firm's Columbia office.

She received her elementary and secondary education in Moberly, Missouri. She graduated from the University of Missouri-Columbia in May 1976, with a B.S. degree in business administration with a major in accounting.

She is currently a licensed CPA in the State of Missouri and is serving as Vice-President to the Central Chapter of the Missouri Society of CPAs, is a member of the American Institute of CPAs, serves on the Strategic Planning Committee of the Missouri Society of CPA's, is a member of the National Association of Regulatory Utility Commissioners in which she serves on the Finance and Technology Committee, is a member of the Mid-America Association of Regulatory Commissioners and serves as a member of the audit committee for that organization.

She is married and has three sons: Andrew, Brett and Luke.

She is a Democrat. Her term expires on April 15, 1989.

Commissioner James M. Fischer

James M. Fischer was appointed to the Missouri Public Service Commission on January 3, 1984. Commissioner Fischer replaced Larry Dority, who resigned in October 1983. On April 17, 1985, Missouri Governor John Ashcroft reappointed Commissioner Fischer to continue serving on the PSC.

Prior to his appointment to the Public Service Commission by Governor Christopher S. Bond, Fischer served as Public Counsel of the State of Missouri. He had occupied that position since September 1981 and had been with the Office of Public Counsel and the Department of Economic Development since June of 1976.

Mr. Fischer received his elementary and secondary education in Raytown, Missouri. In 1973, he graduated from the University of Kansas, majoring in economics and political science. He received his law degree from the University of Kansas in 1976, where he was an associate editor of the Law Review. He is a member of the Missouri Bar, Cole County Bar Association, National Association of Regulatory Utility Commissioners (NARUC) and Mid-America Association of Regulatory Commissioners. Fischer serves as a member of the NARUC Committee on Communications, and the board of directors for the Institute For Study of Regulation.

Commissioner Fischer and his wife, Hannelore, have two sons: Michael and Jeremy. The Fischers make their home in Jefferson City, Missouri.

Fischer's term expires on April 15, 1991.

PSC COMMISSIONERS AND CHAIRMEN - PAST AND PRESENT

The Missouri Public Service Commission was formed in 1913 by the Missouri General Assembly. Those who have served as Commissioners of the Missouri Public Service Commission since its beginning appear below:

PRESENT COMMISSION

* William D. Steinmeier	February 1, 1984
Charlotte Musgrave	October 17, 1981
Allan G. Mueller	July 11, 1983
Connie B. Hendren	July 11, 1983
James M. Fischer	January 3, 1984

Former Commissioners	Length of Service	Former Commissioners	Length of Service
* John M. Atkinson	**1913-1916	* Frederick Stueck	1941-1943
William F. Woerner	**1913-1914	John A. Ferguson	1936-1944
John Kennish	**1913-1917 and 1920	* Albert Miller	1943-1944
Frank A. Wrightman	**1913-1916	Richard Arens	1944-1945
Howard B. Shaw	**1913-1917	* Kyle Williams	1941-1952
Edwin J. Bean	1914-1925	Agnes Mae Wilson	1943-1949
Eugene McQuillin	1915-1921	* Morris E. Osburn	1945-1952
* William G. Busby	1916-1921	John P. Randolph	1949-1951
David E. Blair	1917-1920	Henry McKay Cary	1950-1951
Noah W. Simpson	1917-1923	Frank Collier	1953-1954
Edward Flad	1917-1921	Maurice W. Covert	1952-1953
* John A. Kurtz	1920-1923	Charles L. Henson	1942-1959
Hugh McIndoe	1921-1923	M. J. McQueen	1954-1956
A. J. O'Reilly	1921-1925	D. D. McDonald	1955-1961
Richard H. Musser	1923-1925	Frank J. Iuen	1959-1963
* Merrill E. Otis	1923-1924	* Tyre W. Burton	1952-1965
D. F. Calfee	1925-1929	William Barton	1957-1965
* Thomas J. Brown	1923-1928	Frank W. May	1961-1967
J. P. Painter	1928-1929	E. L. McClintock	1945-1967
* Almon Ing	1925-1933	* Donal D. Guffey	1963-1968
S. M. Hutchison	1925-1931	Howard Elliott, Jr.	1967-1970
* Milton R. Stahl	1929-1933	* Marvin E. Jones	1967-1973
J. Fred Hull	1929-1934	* William R. Clark	1965-1975
* J. C. Collett	1933-1935	Willard D. Reine	1968-1975
Harry E. McPherson	1934-1935	* James F. Mauze	1971-1975
J. H. Porter	1925-1933	* A. Robert Pierce	1973-1977
George H. English	1931-1936	* James P. Mulvaney	1975-1977
William Stoecker	1933-1936	Charles J. Fain	1965-1977
Albert D. Nortoni	1936-1938	Stephen B. Jones	1975-1979
William M. Anderson	1933-1938	Hugh A. Sprague	1975-1979
Scott Wilson	1938-1941	Stephanie Bryant	1979-1981
* Sam O. Hargus	1935-1938	* Alberta Slavin	1977-1981
John S. Boyer	1935-1941	Larry W. Dority	1979-1983
Marion S. Francis	1938-1941	Leah Brock McCartney	1977-1983
* J. D. James	1938-1942	* Charles J. Fraas	1977-1983
Paul Van Osdol	1941-1943	* John C. Shapleigh	1981-1984

This list of Commissioners was prepared from material which appears in our Annual Report.

*Those who have served as Chairman of the Public Service Commission

**First Commissioners of the Public Service Commission

STAFF DIRECTOR

This position serves at the pleasure of the Commission and is the chief administrative officer of the Commission. The Staff Director is delegated line authority to be exercised in accordance with policies and guidelines established by the Commission and the statutes of the State of Missouri.

Some general duties and responsibilities are: (1) Provides efficient direction and coordination of all divisions of the Commission through an ongoing review of the operation and the use of sound management practices, (2) works closely with the Commission, the Division Directors and other members of the Staff to assure cooperation throughout the Commission, (3) furnishes the Commission with information and overall assistance, either directly or through delegation, relative to issues, policies, procedures and/or other matters affecting the Commission and (4) ensures consistent and uniform applications by divisions of the various rules, regulations, procedures and policies adopted or approved by the Commission.

HEARING EXAMINERS

A staff of full-time hearing examiners is utilized to meet the procedural demands of the large volume of contested cases filed with the Commission as authorized by Chapters 386 through 393 of the Revised Statutes of Missouri. Each case filed is assigned to a hearing examiner on a rotational basis. The examiner prepares the necessary orders for the Commission's issuance which are required to comply with notice and procedural due process requirements to afford a full and fair hearing to the parties on the matters properly before the Commission.

It is the duty of the hearing examiner to take a case through the hearing and post-hearing process and prepare a recommended order or decision based on the evidence of record.

Due to the complex issues and subject matter, the length of hearings may vary from a part of a day to several weeks. Disposition of procedural matters and preparation of a proposed decision will frequently account for much more time than the amount of the time required for hearing.

In fiscal year 1985, the Commission received for filing 277 utility cases and 142 transportation cases requiring handling by a hearing examiner.

The Hearing Reporters Department ensures a transcript is kept of all formal proceedings before the Commission. In the last year, 667 hours were spent in hearings and 21,346 pages of transcripts were filed.

OFFICE OF THE SECRETARY

The Office of the Secretary is responsible for providing the Commission with the administrative coordination needed to operate the various divisions.

In addition to being the place where all cases and testimony are filed, the office also functions as the distributor of all Commission orders and aides in setting the schedule, or docket, for hearing cases.

Since the legal record of the Commission must be maintained, files on all cases are kept up-to-date by the office's personnel. Those files are open to public inspection, and copies of records can be obtained for a copying fee.

The Commission's Information Department, which ensures the news media is aware of the Commission's activities that might affect consumers in their reading or listening area, also is part of this office. In the last fiscal year, the Information Department issued press releases, provided information sheets for local hearings, answered inquiries from the public and the media, continued work on an overall information program, setup speaking engagements for interested groups regarding Missouri Public Service Commission and continued work on consumer oriented programs.

The Internal Accounting Department prepares the budget which is presented to the legislature and handles the financial business of the Commission. This department also prepares and receives the assessments on regulated Missouri utilities, prepares payroll, handles purchases of equipment and supplies, keeps records of all expenditures and does an annual audit of the Transportation Division, License Section and Mobile Homes Department. Charts showing Commission receipts and expenditures appear on pages 55 through 58 in this report.

OFFICE OF THE GENERAL COUNSEL

The Office of General Counsel is required by state law to provide the Commissioners with legal advice and to present the staff's position in cases before the Commission.

As part of the hearing process, the legal staff also reviews testimony presented by other parties and cross-examines their witnesses to help ensure the Commission reaches a reasonable decision.

The General Counsel's staff also represents the Commission in the courts and before federal agencies.

If the Commission decides to seek penalties against a company for a rules violation, it is the legal staff's responsibility to take action in the appropriate court.

The Office of the General Counsel's workload over the last two fiscal years is detailed below:

	<u>FY 1983-84</u>	<u>FY 1984-85</u>
Cases filed (utility filing		
and tariff cases)	808	700
Cases on appeal in Missouri		
courts (Circuit, Appeals,		
Supreme Court)	26	36
Penalty cases	10	10
Federal Court Cases and Federal		
Regulatory Cases (FCC, DOE,		
ICC, FERC, NRC)	53	50

UTILITIES

The work performed by the Utility Division staff of the Public Service Commission deals with regulated electric, gas, telephone, water and sewer companies. The activities of the various groups that work with the regulated utilities are coordinated by the director of the Utility Division.

COMMUNICATIONS DEPARTMENT

The Missouri Public Service Commission presently regulates 47 telephone companies that provide local exchange telephone service in the State of Missouri. The Commission staff includes a Communications Department which provides support services to the Commission and public. The Communications Department is divided into two divisions, an Engineering Division and a Rates and Tariffs Division. The Engineering Division is responsible for monitoring the quality of telephone service within Missouri to ensure that it meets Commission standards. The Rates and Tariffs Division is responsible for the review and analysis of all rates and practices of Missouri telephone companies.

In the past year the Communications Department has been involved in three completed rate cases plus four more that are still in the process of being completed. In addition to rate cases, the Communications Department has been involved in generic cases concerning such issues as private pay phones, interLATA and intraLATA competition, de-averaged pricing, extended area service, toll pools, shared tenant service, and the deregulation of customer premise equipment and inside wire installation. Each of these issues will be briefly addressed later. To summarize the trend of the telecommunications field within the past year, competition is being introduced in an increasing number of communication services.

Case No. TC-84-233 initiated competition in the public pay phone market by allowing the installation of pay phones by private individuals. Up until the end of 1984, the local exchange telephone companies were the only entities that could install public pay phones. Pay phones installed by individuals still have to meet some of the same requirements as pay phones installed by telephone companies (e.g. access to directory assistance, operators, and 911 emergency service), although customer owned coin phones can charge up to 25 cents per local telephone call while all telephone company provided pay phones charge either 10 or 20 cents per local call.

A further instance of introducing competition in telephone company monopoly markets has been in the intrastate interLATA toll market. A LATA refers to Local Access Transport Area and basically LATA boundaries correspond to Missouri's area code boundaries. It was determined that after divestiture, AT&T Communications would provide toll service between LATAs (interLATA service) while Southwestern Bell, in association with other local exchange companies, would provide toll service within a LATA (IntraLATA service). Effective December 7, 1984, Case No. TA-84-82 and TA-84-114 allowed certification of MCI and GTE Sprint for intrastate interLATA service pending Commission approval of tariffs. MCI has filed tariffs which have been approved by the PSC to operate as an intrastate interLATA service provider. Pending before the Commission is the issue of whether to allow similar certification for resellers in the intraLATA market.

Increasing competition within the telecommunications industry has also changed the manner in which telephone companies develop rates for services. Telephone companies have traditionally established rates for its non-basic type of services on an average cost basis. In other words, one rate would be tariffed for a service based on the costs to provide the service for the average customer. Southwestern Bell requested and eventually received Commission approval, effective May 7, 1985, to

change this pricing philosophy for two of its services that were facing competition. ESSX-Custom, a central office switching system for customers with over 400 stations, and Southwestern Bell's private line service which pertains to customers with bills that exceed \$2,000 per month are two services that can now establish rates on a de-averaged basis. Although the change is only experimental for a 23 month period, the new ratemaking procedure is intended to prevent stranded investment among existing subscribers and stimulate new customers by developing rates based on the costs to provide the service for each particular customer.

As mentioned earlier, the intraLATA competition issue is currently being investigated; however, there are other issues that will be addressed in the coming year. For instance, cases have already been established to analyze extended area service, the viability of toll pools, the reselling of local exchange service, and deregulation of customer premise equipment and inside wire installation.

During July, 1985 the Commission established generic docket, TO-86-8, which will investigate whether any alternatives to toll calling, exclusive of private line type of services, is in the public interest. In particular this docket will focus on extended area service (EAS), which allows unlimited calling between specified contiguous exchanges for an additional flat monthly fee. Both existing and future EAS routes will be analyzed with the Commission delaying consideration of new requests for EAS until this docket is resolved.

Case No. TO-85-130 is presently investigating whether to continue the established arrangement of collecting and distributing toll revenues among telephone companies. The current mechanism has developed an interLATA access charge pool and an intraLATA toll pool. Under this arrangement, participating local exchange telephone companies pool their collected toll revenues and then later distribute these revenues among themselves based on their costs to provide the toll service.

Competition, in the form of reselling local exchange service, is being investigated in Case No. TC-84-233. More specifically, this case will focus upon whether to allow shared tenant service, an arrangement in which many customers would be able to connect to a PBX or similar private switching device. Shared tenant service would eliminate the need for each station to have an access line enabling these customers to save on local exchange charges.

The Commission will also investigate the deregulation of embedded customer premise equipment (C.P.E.) and inside wire installation. Inside wire is simply the wiring located inside the walls of homes or businesses. The deregulation of inside wire installation is being investigated in Case No. TO-85-267. Case No. TO-86-26 will derive a plan to deregulate embedded C.P.E. owned by independent telephone companies. This case was initiated from an earlier Federal Communications Commission (FCC) order directing state commissions to establish an embedded C.P.E. deregulation plan.

The results of these cases in the coming year will undoubtedly have a significant impact on the telecommunications industry. If the past year is any indication, telephone issues in Missouri will continue to evolve at a rapid pace. New problems will be developed by the changing nature of the industry. Greater attention may have to be focused on such issues as how to preserve the concept of universal service or the related question of how to bring the benefits of competition to rural areas. These problems, as well as others, will eventually have to be addressed.

Charts regarding telephone rate cases decided during the 1985 fiscal year along with other telephone information appears in the back of this publication (pages 59-60).

NATURAL GAS DEPARTMENT

The Missouri Public Service Commission is responsible for regulating the safety, service and rates of 12 investor-owned gas utilities operating in the state. The PSC also has safety jurisdiction over 34 municipal gas systems serving the state.

The Natural Gas Department of the Missouri Public Service Commission provides testimony and makes recommendations regarding rate requests filed by natural gas companies under the jurisdiction of the Missouri Public Service Commission. This department is involved with the continuing change in the wholesale price of natural gas. The Gas Rates Section of the PSC reviews the proposed PGA (purchased gas adjustment) factor changes to ensure the wholesale rate changes are valid and that the company has computed the PGA factor change pursuant to its filed PGA clause. The Gas Rates Section is also currently incorporating a deferred accounting tracking mechanism into the companies' PGA clauses to ensure companies do not overcollect or undercollect gas costs from action of their PGA clause.

During the 1984-85 fiscal year, the Missouri Public Service Commission approved the merger of The Gas Service Company into the Kansas Power and Light Company. The Commission also approved the sale and transfer of the Peoples Natural Gas Company to the Missouri Valley Natural Gas Company.

The Missouri Public Service Commission also reached a decision on a natural gas rate increase request case filed by the Laclede Gas Company. The Commission cut the proposed increase sought by the Laclede Gas Company, authorizing Laclede to increase its gross annual revenues by approximately \$8.6 million. When the company filed its request several months earlier, Laclede sought to increase gross annual revenues by approximately \$14.2 million. The Laclede Gas Company serves approximately 554,000 natural gas customers.

The Commission concluded that Missouri Power and Light, now Union Electric, violated certain PSC rules and regulations regarding natural gas pipeline safety in its operation of two regulator stations in Centralia, Missouri. The Commission's decision regards Missouri Power and Light Company's maintenance and inspection procedures at the Tips Tool and Lakeview regulator stations in Centralia, Missouri, prior to January 28, 1982. On that date, an accident occurred in Centralia resulting in substantial damage.

As a result of the Commission's decision, the PSC Office of General Counsel has been authorized to go to circuit court to seek penalties against Missouri Power and Light, now Union Electric.

The Missouri Public Service Commission also approved a stipulation and agreement which resolved a complaint filed by the PSC staff against the Laclede Gas Company. As a result of the stipulation and agreement, Laclede has filed tariffs which will prohibit the company from discontinuing service to a customer solely because a customer refuses to grant access to the company to disconnect service to a customer who is delinquent. Laclede's tariffs also prohibit the company from discontinuing or threatening to discontinue service to a non-delinquent customer due solely to the delinquency of another customer.

Recent developments at the federal level may have a significant impact on state natural gas regulation.

On May 30, 1985, in docket RM-85-1-000, the Federal Energy Regulatory Commission (FERC) proposed extensive changes to the way the natural gas industry would operate. This FERC rulemaking was undertaken in an effort to respond to the many changes that have taken place in the natural gas industry over the years and attempts to revise regulations which would provide the benefits of competition to all consumers. This rulemaking ultimately resulted in a Final Rule issued October 9, 1985 under Order 436.

In an effort to be able to deal with the new regulatory environment envisioned by the FERC, the Missouri Public Service Commission initiated its own docket (GO-85-264) to essentially review and hopefully resolve many of the same issues at the state level.

Some of the issues to be discussed and considered in this PSC docket include; (1) transportation of end-user procured gas; (2) bypass of local distribution companies (LDC); (3) treatment of purchased gas costs; (4) related rate design considerations; (5) changes in LDC's obligation to serve; and (6) necessary state regulatory rules changes.

PIPELINE SAFETY PROGRAM

The Gas Department's Engineering Section is responsible for administering the Commission's natural gas pipeline safety program, which is conducted under the auspices of the Federal Department of Transportation's Office of Pipeline Safety. The Commission has safety jurisdiction over 46 natural gas distribution operators, 34 municipally-owned systems and 12 investor-owned utilities. As of December 31, 1984, these operators reported a total of 18,312 miles of distribution mains and 1,129,788 service lines in their systems. Engineering Section staff members are involved in an on-going field inspection program of 85 inspection units within the state to ensure that design, construction, installation, testing, operating, and maintenance policies, procedures, and practices of the jurisdictional operators meet the requirements of the Commission's pipeline safety rules.

Probable violations of Commission pipeline safety rules discovered during staff inspections are reported to the operators. The operators are then responsible for implementing appropriate corrective actions to achieve compliance. Although most enforcement is accomplished by the staff on an informal basis with the operators, formal complaints are filed against an operator by the staff when sufficient corrective actions are not taken within a reasonable period of time. In FY 1985, Engineering Section staff members conducted 73 comprehensive pipeline safety inspections. During these inspections, 269 probable violations of Commission pipeline safety rules were discovered, however, no formal complaints were required to be filed against the operators for correction of the violations.

Accidents (except those resulting from misuse or malfunction of customer facilities) involving an ignition, eruption, or explosion resulting from the escape of natural gas which result in the loss of life, personal injury

requiring the services of a physician or hospitalization, or property damage exceeding \$1,000 must be reported to the Engineering Section staff. Based upon the report received from the operator concerning the accident, the staff determines if a formal investigation is necessary. Upon completion of a formal accident investigation, the Engineering Section staff prepares a Staff Accident Report which is filed in a public docket. A follow-up to recommendations contained in the reports is conducted by the staff. Probable violations of Commission pipeline safety rules which the staff believes contributed to the accident normally become the subject of formal complaints. Probable violations not believed to have contributed to the accident are generally handled on an informal basis between the staff and the operator. During FY 1985, the Engineering Section staff conducted three formal accident investigations, with two probable violations of Commission pipeline safety rules being discovered.

During FY 1985, the Commission continued its natural gas public safety awareness program. On December 18, 1984, the Commission issued a statewide press release containing consumer tips on what to do and not do in the event the odor of natural gas is detected. On April 18, 1985, the Commission issued a statewide press release regarding the detection of natural gas leaks, as well as the "if you smell gas" safety tips.

Natural gas charts appear in the back of this publication. These charts indicate rate case decisions as well as individual company statistics (pages 61-62).

SUMMARY OF CALENDAR YEAR 1984 ANNUAL REPORTS

	<u>Main Miles</u>	<u>Number Services</u>	
Albany Municipal Gas System	21	857	
Altenburg-Frohna Municipal Gas System . .	10	275	
Associated Natural Gas Company	920	49,946	(392
trans.)			
Berger Municipal Gas System	3	86	
Bernie Municipal Gas System	20	816	
Bethany Municipal Gas System	38	1,340	
Bismarck Municipal Gas System	19	746	
Bowling Green Gas Company	24	1,403	
Clarence Municipal Gas System	25	381	
Fulton Municipal Gas System	76	3,308	
Granby Municipal Gas System	25	856	
Grant City Municipal Gas System	20	465	
Great River Gas Company	328	8,231	
Green City Municipal Gas System	13	292	
Hermann Municipal Gas System	62	668	
KPL Gas Service (The Gas Service Co.) . .	6,049	375,381	(71 trans.)
Kennett Municipal Gas System	83	4,407	
Laclede Gas Company	6,067	478,432	(179 trans.)
Liberal Municipal Gas System	11	314	
Macon Municipal Gas System	69	2,098	
Madison Municipal Gas System	16	348	
Mercer Municipal Gas System	3	199	
Middletown Municipal Gas System	3	149	
Milan Municipal Gas System	34	870	
Missouri Public Service Company	866	40,852	
Missouri Valley Natural Gas Company . . .	32	1,607	(26 trans.)
Monroe City Municipal Gas System	44	949	
Montgomery City Municipal Gas System . .	25	868	
New Florence Municipal Gas System	5	273	
New Haven Municipal Gas System	22	431	
O'Fallon Gas Service, Inc.	48	3,008	
Oronogo Municipal Gas System	8	217	
Osage Natural Gas Company	26	921	
Paris Municipal Gas System	41	629	
Perry Municipal Gas System	7	430	
Perryville Municipal Gas System	50	2,688	
Plattsburg Municipal Gas System	53	1,011	
Potosi Municipal Gas System	40	931	
Princeton Municipal Gas System	22	644	
Rich Hill-Hume Gas Company, Inc.	17	779	
St. Joseph Light & Power Company	126	5,034	
Shelbina Municipal Gas System	45	760	
Springfield Municipal Gas System	793	51,931	
Stanberry Municipal Gas System	16	559	
Union Electric Company	2,070	82,285	
Unionville Municipal Gas System	17	1,113	
TOTALS	18,312	1,129,788	(668 trans.)

Inspections Conducted FY'85 (comprehensive only)

7/1/84 - 12/31/84 = 33

1/1/85 - 6/30/85 = 40

TOTAL = 73

Accident Investigations FY '85 (formal only)

7/1/84 - 12/31/84 = 1

1/1/85 - 6/30/85 = 2

TOTAL = 3

Violations Discovered during Inspections

7/1/84 - 12/31/84 = 154

1/1/85 - 6/30/85 = 115

TOTAL = 269

Violations Discovered during Accident Investigations

7/1/84 - 12/31/84 = 1

1/1/85 - 6/30/85 = 1

TOTAL = 2

ELECTRIC DEPARTMENT

The Missouri Public Service Commission is responsible for regulating the safety, service and rates of investor-owned utilities within the state. Staff personnel specializing in all utility management disciplines, from forecasting future demand to the fine details of nuclear power plant construction, contribute in the effort to meet the public's need for electric power and to ensure adequate amounts of that power are safely delivered at a reasonable price.

The Research and Planning Department is responsible for cost of service studies and rate design cases. The goal of these investigations is to assure rates that properly cover the cost which that particular class of customer has imposed on the company. Updated cost of service studies and rate design dockets are typically presented in succeeding rate cases to reflect any changes in costs since the last rate case.

The Electric Rate Department monitors tariff filings and reviews any tariff filed as a result of a rate case order to ensure that those tariffs generate the revenue allowed by the Commission. Technical complaints and jurisdictional allocations of plant are also handled by this department.

In 1984, the state's eight regulated electric utilities provided over 33.5 billion kilowatt-hours of electricity to their customers.

The Missouri Public Service Commission issued one decision involving a nuclear power plant facility during the 1984-85 fiscal year and is currently considering two other nuclear power plant related rate cases.

On March 29, 1985, the Missouri Public Service Commission issued its decision in the Union Electric rate increase request case involving the company's Callaway nuclear power plant facility. The Commission excluded approximately \$384 million from Union Electric's rate base due to mismanagement and cost overruns at the Callaway nuclear power plant facility.

The Commission found that Union Electric had justified a rate increase of approximately \$455 million, or 45 percent for Callaway related costs.

To lessen the financial impact upon customers of placing the Callaway nuclear power plant into customer's rates, the PSC ordered Union Electric to phase-in the rate increase over the next eight years. The overall increase in the first year is approximately 15 percent. Under the Commission's phase-in, second year rates will increase by approximately 10 percent, and by approximately 7 percent in the subsequent four years. Due to deferred equity, the last two years of the phase-in will not involve rate increases to customers of the company. On April 9, 1986, Union Electric Company's second year of the phase-in will take effect.

Disallowing approximately \$384 million from Union Electric Company's rate base due to mismanagement and cost overruns at the Callaway nuclear power plant, the Commission determined those Callaway-related expenditures should not be recovered from ratepayers "...since they represent inefficient, imprudent, unreasonable or unexplained costs". The exclusion represents approximately 16 percent of Union Electric's Callaway plant which is allocated to Missouri.

When Union Electric filed its case with the Missouri Public Service Commission, the company sought either a one-time increase of approximately \$639 million (65.5%) or a five year phase-in plan totaling approximately \$707 million (72%).

Union Electric serves approximately 900,000 electric customers in Missouri.

The Missouri Public Service Commission has pending a rate increase request case filed by the Kansas City Power and Light Company. This rate increase reflects the addition of the Wolf Creek nuclear power plant facility in the company rate base.

The Kansas City Power and Light Company has requested either a one-time rate increase of approximately \$194.7 million or a four year phase-in totaling approximately \$237.6 million. Under the company's phase-in proposal rates would increase

approximately 25 percent in the first year. The second year increase would be approximately 14 percent followed by an 8 percent increase in the third year and a 5 percent increase in the fourth year. The Commission concluded hearings on the rate increase request in October 1985 and is expected to reach a decision on the request in early 1986.

The Kansas City Power and Light Company serves approximately 234,000 electric customers in Missouri.

To reflect the addition of Grand Gulf nuclear power plant related costs, the Arkansas Power and Light Company has both an interim and permanent rate increase request before the Missouri Public Service Commission.

Arkansas Power and Light filed its interim rate request with the Missouri Public Service Commission on September 18, 1985. The proposed tariffs are designed to produce an increase of approximately 35.7 percent or \$13,057,000 in charges for electric service. The electric company has stated that a portion of the interim request relates to the Missouri jurisdictional sums which Arkansas Power and Light is obligated to pay associated with the commercial operation of the Grand Gulf Unit 1 nuclear power plant. The decision to allocate a portion of the Grand Gulf nuclear power plant costs to the Arkansas Power and Light Company was made by the Federal Energy Regulatory Commission.

In addition, Arkansas Power and Light filed a permanent rate case with the Missouri Public Service Commission on June 7, 1985. The company is seeking to increase charges for electric service by approximately \$17.2 million or by approximately 47 percent. Of that amount, approximately \$12.2 million is related to the Grand Gulf nuclear power plant.

In a rate case decision which took effect on June 1, 1985, the Missouri Public Service Commission approved a stipulated agreement which authorized the Arkansas Power and Light Company to increase its gross annual revenues by approximately \$1.85

million or by approximately 4.96 percent. The company, in a filing made in July, 1984, sought to increase gross annual revenues by approximately \$18.1 million. Of that amount, approximately \$11.2 million was related to the Grand Gulf nuclear power plant. The Missouri Public Service Commission announced during an on-the-record conference on April 4, 1985, that Arkansas Power and Light Company expenses and issues relating to the Grand Gulf nuclear power plant and the termination of the sales of capacity from the White Bluff plants would not be considered by the PSC in this case.

Arkansas Power and Light serves approximately 26,400 electric customers in the State of Missouri.

The Missouri Public Service Commission is considering a rate case involving the cancellation costs of Callaway II which was cancelled by Union Electric in October of 1981. This case is back on remand from the Missouri Supreme Court. On October 21, 1983, the Commission barred recovery of those cancellation costs due to Proposition One. However, on appeal to the Missouri Supreme Court, the case was sent back to the Commission. In a February 26, 1985 decision the Missouri Supreme Court remanded the case to the Missouri PSC stating, "...Proposition One did not have the purpose, and does not have the effect, of divesting the Commission of the authority to make any allowance at all on account of construction which is definitely abandoned. We base our conclusion on the established practice of allowing such charges, absent a statutory command to the contrary, and on the absence from Proposition One of explicit language dealing with abandoned construction." The Commission is expected to reach its decision in early 1986.

The first refueling outage of Unit 1 of the Callaway nuclear power plant is scheduled by Union Electric for the Spring of 1986. The PSC staff will be monitoring the overall operation of the unit in the interim and plans to conduct field audits during the refueling outage. This work will be conducted by the Generating Facilities Section of the Electric Department.

The Generating Facilities Section is developing operations monitoring programs for generating plants in the Commission's jurisdiction. The goal of these programs is to compile a performance data base for each of Missouri's generating plants to permit ongoing monitoring and audit of operating efficiencies and plant utilization.

Charts on rate case decisions during the last fiscal year as well as individual company statistics appear in the back of this publication (pages 63-64).

WATER AND SEWER DEPARTMENT

The Missouri Public Service Commission is responsible for the regulation of rates and services for 142 certificated water and sewer companies (77 water and 65 sewer) in the State of Missouri.

The Utility Division's Water and Sewer Department has the responsibility for the day-to-day activities associated with the regulation of the rates, rules and regulations of these certificated utilities. In addition to these responsibilities, the Staff of the Water and Sewer Department also investigates requests for new certificates of convenience and necessity and requests for the sale or transfer of utility ownership, and makes appropriate recommendations to the Commission for disposition of these matters.

In the last fiscal year, the Water and Sewer Department handled 13 small company rate cases (eight water and five sewer) and 10 major rate cases (three water and seven sewer). Water and Sewer Department staff also provided assistance with eight formal complaints, 160 informal complaints, and 270 inquiries.

In order to ensure customers are provided adequate service, the staff inspected 71 water and 62 sewer companies. The staff also provided recommendations to the Commission on three certificate cases and on the sale of 11 sewer and five water companies.

While the Public Service Commission is concerned with the quality of the customers' service, the Department of Natural Resources oversees the overall quality of water in Missouri and problems dealing with pollution.

Since the Public Service Commission and the Department of Natural Resources both oversee aspects of the water and sewer industry that affect the quality of the customers' service, a great number of problems are of a concern to both agencies. A

cooperative agreement was developed several years ago between DNR staff and PSC staff, which was approved by the Commission.

Water and Sewer Department staff are working with the staff of the Department of Natural Resources to encourage the consolidation of small water and sewer companies into larger, more technically able companies. Some of those will be management firms and some will be larger utilities. This activity serves three purposes: (1) it will improve the quality of waste water effluent and the quality of drinking water, (2) it will improve the quality of service, and (3) it will improve the rates that customers will pay after a period of time.

Charts on rate case decisions during the last fiscal year as well as individual company statistics appear in the back of this report (pages 65-69).

SUPPORT SERVICES

The Utility Division of the Missouri Public Service Commission has some departments that do not oversee the rates or practices of any one type of utility but provide the Commission with accounting and financial evidence, management studies, data processing and personnel to handle complaints.

FINANCIAL ANALYSIS DEPARTMENT

The Financial Analysis Department of the Missouri Public Service Commission has three primary duties: to prepare rate of return testimony and exhibits on behalf of the staff for rate cases, to monitor the financial condition of certain utilities on a monthly basis and to make recommendations regarding utilities' financing applications. In addition to these duties, it also is available for any financially related analysis requested by the Commission or staff.

Preparing testimony and exhibits on behalf of the staff is the most important function of the Financial Analysis Department because of filing deadlines which must be met during a rate case. The office presents a recommended rate of return for the jurisdictional investment of a utility (or, the return which an analyst determines is fair for a utility to be allowed to earn on its rate base).

On a monthly basis, 24 of the larger electric, gas, telephone and water utilities report specified financial data from which various financial ratios are computed. Certain of these ratios are monitored for compliance with decisions rendered in rate cases.

In interim rate case proceedings, one or more analysts may be asked to prepare testimony or give their opinion as to the existence of a financial emergency.

This office reviews and makes recommendations regarding all issuances of long-term debt, preferred stock and common stock requested by utilities. Traditional methods of financing are still applied for, but in recent years, innovative financings, such as the use of bankers' acceptances, Eurodollar loan arrangements, nuclear fuel financing and intermediate-term loans that have a floating rate, have been requested.

MANAGEMENT SERVICES DEPARTMENT

The Management Services Department (MSD) was created in 1975 with an overall objective to promote and encourage efficient and effective utility management decisions. Such decisions should help to ensure that customers receive safe and adequate service at just and reasonable rates while enabling utilities to earn a fair return on their investments. MSD strives to achieve this objective by performing the following functions:

- . Providing a source of information to the Missouri Public Service Commission describing the operations and management systems of electric, gas, telephone, water, and sewer utilities (companies) operating within the State of Missouri.
- . Providing the Commission and company with a composite view of the relative strengths and weaknesses of the company's organization, policies, practices and procedures.
- . Recommending improvement in those operations, policies, practices and procedures where necessary.

This work is accomplished through the performance of comprehensive management audits, focused audits, implementation reviews and special project assignments. A Commission order initiates the Department's management audit activities with a specific investigatory docket being established.

Thirty-two states have used management audits in utility regulation, with the majority of these audits being performed by consultants under contract. Missouri is one of twelve states that has Commission staff which also conduct management audits. The Commission is afforded the flexibility of ordering both staff-conducted and consultant-conducted management audits, depending upon the size of the company, staff resources, etc. An increase in staff during the past year has increased the Department's ability to respond to the Commission's orders relating to any of the approximately 240 regulated utility companies.

FY-85 ACTIVITIES

During the past year, the Management Services Department has been involved in various stages of the management audit process of eight utility companies, including following up on the recommendations made in previously issued reports. While the management audit identifies opportunities for improvements in a company's organization, policies, practices, and procedures; the audit follow-up process determines the degree and extent to which the companies have taken advantage of the previously identified opportunities.

Comprehensive management audits have been initiated for two consultant-conducted engagements and one to be conducted by the Department's own staff. The consultant selection process for the Union Electric Company management audit was completed, and the audit itself initiated. The consultant selection process for the Laclede Gas Company management audit was also initiated. The Department's own staff began the audit planning process for a comprehensive management audit of the St. Louis County Water Company.

In addition to initiating the management audit process for the largest electric, gas, and water companies in the State, the Department planned and conducted implementation reviews and issued reports related to the three previously issued management audits of Gas Service Company, Empire District Electric Company, and Rich Hill-Hume Gas Company. The Department also monitored the progress of Missouri Public Service Company and Kansas City Power and Light Company in implementing recommendations made in previous management audit reports through their status reports and other means.

Finally, the Department participated in two major rate case proceedings (Union Electric/Callaway nuclear plant and Kansas City Power and Light/Wolf Creek nuclear plant cases), by providing assistance in the preparation of the Public Service Commission Staff's case.

PLANNED ACTIVITIES FOR FY-86

During the coming fiscal year, the comprehensive management audits of Union Electric Company and the St. Louis County Water Company should be completed, the report products issued, and the audit follow-up process initiated. The consultant selection process for the comprehensive management audit of Laclede Gas Company should be completed and the audit itself initiated.

In addition to the planned involvement in the audit follow-up process in the two cases noted above, the Department also plans to perform an implementation review relating to the previously issued management audit report of Missouri Public Service Company. Additional monitoring of the implementation progress of the other companies mentioned in the previous section is also planned.

The Department's involvement in the Kansas City Power and Light/Wolf Creek nuclear plant rate case will continue well into the fiscal year, including the filing of testimony on management efficiency issues.

ACCOUNTING DEPARTMENT

The Accounting Department's role and importance to the Commission derives from the nature of the profession. All modern businesses keep an accounting of their operations, and for regulated businesses in particular, proper accounting of their expenses, revenues, assets, debts and owners' equity is a requirement because such accounting or financial information is usually a basis for justifying a desired change in rates. The accountants are the technical experts that review, examine and reconstruct the accounts kept by the utilities, and interpret the findings to the Commissioners who ultimately set the rates that utilities may charge.

The Accounting Department conducts various audits and investigations of the utilities in the state for the Commission, and is responsible for advising, informing, assisting and testifying before the Commission on various relevant financial matters. In addition, it is also responsible for the supervision of the accounting matters of all utilities operating within the state. By thoroughly auditing any company requesting a rate increase, the Accounting Department helps the Commission ensure that utility rates are fair and reasonable.

The Accounting Department is comprised of a Manager and 34 regulatory auditors who are assigned to three offices. There are 9 auditors working out of the St. Louis office and 10 out of the Kansas City office. The Manager of the Accounting Department and 15 auditors are assigned to the Jefferson City office.

The Accounting Department's priorities during the past year have been the construction audits of the Wolf Creek Nuclear Plant, which is partially owned by Kansas City Power and Light Company, and the Callaway Nuclear Plant, owned by Union Electric Company, along with the rate increases that have been requested by these utilities.

In addition to the construction and rate case audits, the Accounting Department also has the responsibility of auditing the annual reports submitted to the Commission; analyzing filings by utilities concerning financing, sales or mergers, refunds and requests for specific accounting treatment; and interpretation of the Uniform System of Accounts.

With the assignment of a substantial portion of the Accounting Department to the construction audits and the rate cases related to the commercial operation of the nuclear facilities, outside consulting services under Accounting Department guidance were required to provide the resources necessary to meet the demands of continuing rate requests by other regulated utility companies.

CONSUMER SERVICES DEPARTMENT

State law provides for complaints to be made to the Commission. The Utility Consumer Services Department investigates complaints and/or responds to inquiries concerning the utility companies regulated by the Commission. Each complaint is assigned to a specialist who acts as an intermediary between the consumer and the utility in an attempt to reach a resolution or provide the requested information. Through investigations of consumer complaints, the department works to ensure utilities comply with the regulations adopted by the Commission and the application of rates, rules and regulations contained in tariffs filed by the company and approved by the Commission. Consumer Services staff members analyze consumer complaints to identify problem areas, which analysis may be used as evidence during a formal proceeding before the Commission. Probable violations of Commission regulations, including the utility billing practices, discovered during complaint investigations are reported to the utility for corrective action. Formal complaints may be filed by the staff if action is not taken by the utility to correct a violation. It is also the responsibility of the Consumer Services staff to provide testimony in proceedings as it pertains to complaints, rule changes and investigations. In addition, the department reviews and comments on proposed tariff changes involving rules and regulations. The Consumer Services Department acts as a liaison between the Commission, utilities, news media and the general public.

The Commission has consumer complaint offices in Jefferson City, St. Louis and Kansas City. The Commission also has a toll-free hotline number, 1-800-392-4211.

Consumers may submit complaints by telephone, letter, or in person. Over 95% of the complaints received are resolved in an informal manner through contact with the customer, the utility company, and the PSC staff. However, if these efforts are not satisfactory, a formal complaint, which requires action by the five Commissioners, may be filed. A formal complaint must be in writing. As part of the process of handling a

formal complaint, the staff may conduct an investigation, and recommend to the Commission how the complaint should be decided. The Commission may hold a formal hearing to let the consumer and the company present their evidence before reaching a decision.

Over the last fiscal year, the number of informal complaints handled by the Consumer Services Department has decreased.

The Consumer Services Department saw the number of complaints fall from 7,788 in 1983-84 to 5,568 in 1984-85.

Below is a chart showing the number of complaints by type of utility and the number from the preceding year.

<u>Utility</u>	<u>1983-84</u>	<u>1984-85</u>
Telephone	3,158	2,472
Gas	2,267	1,360
Electric	2,022	1,418
Water & Sewer	287	300

In the last fiscal year, the Kansas City office received 948 complaints as compared to 1,375 complaints received during fiscal year 1983-84. During the same time, the Jefferson City office's number of complaints decreased from 4,543 to 3,376 and the St. Louis office's number decreased from 1,870 to 1,244.

Consumers continued to use the telephone more than writing the Public Service Commission when lodging a complaint.

During the 1985 fiscal year the PSC received 4,755 complaints by telephone, 729 by letter and 84 originated as walk-ins. The Commission's toll-free hotline received 1,920 calls this past fiscal year, as compared to 2,513 calls the year before.

PSC COLD WEATHER RULE

The Missouri Public Service Commission's Cold Weather Rule takes effect each year from November 15 through March 31. The rule was first formulated in 1977.

The Cold Weather Rule allows customers to maintain service under certain payment terms, restricts deposits, ensures customers are given adequate notification of a proposed discontinuance of service, encourages customers who can't pay their utility bills to seek financial assistance through available sources, provides special provisions for the state's elderly and handicapped and requires reasonable standards for the reconnection of service during the time the rule is in effect.

Several revisions in the Cold Weather Rule were made by the Public Service Commission in October 1984. The rule now includes reconnection provisions, it requires utility companies to provide additional notice and information to all utility customers prior to termination of service between November 15 and March 31, and it allows a larger class of people to register for the additional special notice prior to disconnection for elderly and handicapped customers. This change reduces the minimum age for elderly customers from 62 to 60.

The Cold Weather Rule contains provisions for those customers who cannot pay their utility bill but want to maintain existing service or have service restored when it has been disconnected. Under the rule that customers must: (1) contact the utility company, expressing an inability to pay the bill in full, (2) apply for energy assistance, (3) provide income information if requested, (4) make a minimum payment, and (5) enter into a payment agreement with the utility company.

Different payment arrangements exist under the Cold Weather Rule for those customers who receive energy assistance funding and those who don't.

While utility companies are required to comply with the requirements of this rule, some companies go beyond what the Cold Weather Rule requires. One should

contact their utility company to see what, if any, additional measures the company has taken to provide heat-related services to customers during the winter months.

The Public Service Commission has a brochure available regarding the Cold Weather Rule. It can be obtained by contacting the Public Service Commission Information Office at 751-2452 or by writing the Public Service Commission, P. O. Box 360, Jefferson City, Missouri 65102.

TRANSPORTATION DIVISION

During 1985 fiscal year, the Public Service Commission set major and progressive precedents in motor carrier regulatory policy in Missouri and virtually eliminated a backlog of old truck cases which had built up over several years. The Commission established a system of maximum rates for general commodity carriers and made entry into the motor carrier business easier, consistent with principles of competition.

The Commission's Transportation Division regulates the rates and services of approximately 19,192 trucking companies, 439 bus companies and 14 Class I railroad companies. In addition to the regulation of bus, truck and railroad companies, the division also regulates the construction and sale of mobile homes, recreational vehicles and modular units.

The Commission generally only has authority over the intrastate activities of the companies or the routes they provide with service in Missouri. The interstate activities of the companies are subject to the jurisdiction of the Interstate Commerce Commission. Private carriers, farm-to-market operators, taxicabs, school buses, van pools, tow trucks, and other specific transporters are exempt from Commission regulation.

Through its various sections, the Transportation Division provides to the Commission recommendations on proposed operating authorities and rate relief requested by motor carriers. The division's staff also ensures truckers have adequate insurance coverage, are properly licensed to operate in Missouri and that state truck regulations are enforced. State bus laws also are enforced by the Transportation Division's staff. Staff members oversee bus companies to ensure passengers receive safe and adequate transportation. The Federal Bus Regulatory Reform Act of 1982 preempted much of the Commission's jurisdiction in the areas of rate regulation, regular route entry, and the abandonment of routes.

Rail safety also is promoted by the Transportation Division. Through its contributions to Operation Lifesaver, a joint effort by industry, government and public officials, the division has tried to reduce the number of crossing-related deaths in Missouri.

Manufactured home regulation is also a responsibility of the Transportation Division. Division personnel ensure that manufactured homes sold in Missouri meet construction standards adopted by the Commission. These units are periodically inspected at dealer lots to ensure compliance with these standards. In addition, division personnel handle complaints and grievances by owners of manufactured homes regarding the construction of those units.

Effective July 1, 1985, the state legislature approved legislation which created a new agency and transferred the transportation functions (except mobile home regulation) of the Public Service Commission to the Department of Economic Development, Division of Transportation.

RATES, AUDITS, FINANCIAL ANALYSIS, AND RESEARCH DEPARTMENT

The Rates, Audits, Financial Analysis and Research Department is responsible for inspecting tariffs, auditing the financial reports submitted by carriers, performing financial analysis of data submitted for rate hearings and application cases, and conducting economic research to identify quantitative needs, to evaluate statistical sampling plans and to design procedures to facilitate necessary research.

The work of this department is detailed below:

<u>Carrier Financial Field Audit</u> <u>Type of Carrier</u>	<u>1983-84</u>	<u>1984-85</u>
Household Goods Carriers	25	4
Dump Trucks	33	73
Passenger Carriers	0(A)	0(A)
General Commodity Carriers	31	18
TOTAL FIELD AUDITS	89	95

Type of Audit

Rate Compliance Audits	42	47
Rate-Case Analysis	4	3
Transfer Financial Reviews	177	112
New and Additional Authority-- Financial Reviews	178	139

MAJOR TRANSPORTATION RATE CASES FOR FISCAL YEAR 1984-85

Case No. T-56,443

The Commission granted a permanent rate increase of 28.8% for shipments weighing 1 to 499 pounds and a 15.1% increase for 500 to 900 pounds and set the increase as a maximum level for common motor carriers of general commodities effective January 5, 1985.

Case No. T-58,696

The Commission established a maximum-minimum rate structure which increased the maximum level from 5.1% to 40.4%, depending on the service provided and the origin of the haul, effective May 1, 1985.

Case No. T-60,363

The Commission approved a 5% increase in the maximum level of rates for common motor carriers of general commodities, effective June 28, 1985.

RATES DEPARTMENT

The Rates Department reviews all proposed tariffs and schedules filed by rail and motor carriers. The department recommends whether the Commission should allow the request or suspend it pending a hearing to determine if the request is reasonable.

Carriers wishing to change their rates are required to submit any revisions 30 days prior to their effective date to allow the staff time for review. The notice requirement can be waived with approval of the Commission.

Requests are suspended if the Commission believes that more information is needed concerning the rate or schedule change. Objections filed by opponents to the request are also considered.

If suspended, hearings will be scheduled on the request to give interested parties a chance to submit evidence. The Commission uses this information in addition to that supplied by the Rates, Financial Analysis and Research Department in making its final decision.

Errors and violations of tariff rules are determined through rate compliance audits. These audits indicated the following type of violations which were subsequently corrected by the carriers:

<u>Results of Rate Audits</u>	<u>1983-84</u>	<u>1984-85</u>
Number of rate audits	42	47
Bills of lading violations	189	0
Collection of charges violations	0	0
C.O.D. violations	297	507
Freight bills violations	1,364	1,207
Delivery receipt violations	0	0
Loss and damage rules violations	81	3
Authority violations	191	7
Tariff posting violations	4	81
Rate undercharges	221	216
Amount of undercharges	\$6,517.18	\$3,413.01
Rate overcharges	155	542
Amount of overcharges	\$7,059.54	\$7,505.74
Follow-up investigations	42	45
Hours spent in carriers' offices conducting audits	766	678

Volume of Work Other Than Rate Audits

Truck tariffs received	3,505	4,834
Rail tariffs received	7,365	6,432
Service complaints handled	43	29
Special permission orders issued	54	34
Tariffs suspended	2	4
Tariffs rejected	9	4
Contract carrier rate filings, truck	37	67
Contract carrier rate filings, rail	0	64

LICENSE DEPARTMENT

State law requires motor carriers to purchase licenses which must accompany vehicles operating in Missouri. The License Department handles the sales of those licenses. The funds from the license sales make up a portion of the Commission's budget that is appropriated by the legislature.

The License Department sells two types of licenses. The annual license is good for one year and costs \$25. A temporary license, for a 72-hour period, sells for \$5. The Commission charges \$1 for replacing damaged stickers.

The activities of the License Department over the past two fiscal years is detailed below:

	<u>1983-84</u>	<u>1984-85</u>
<u>Bus</u>		
Annual licenses	4,566	4,461
72-hour licenses	280	192
<u>Truck</u>		
Annual licenses	108,760	120,839
72-hour licenses	51,769	28,974
Replacements	3	2
 TOTAL SALES	 \$3,093,398	 \$3,137,521

INSURANCE DEPARTMENT

Missouri truckers are required by state law to have cargo and liability insurance. It is the responsibility of the Insurance Department to ensure carriers have the necessary insurance before operating within Missouri.

Below the Insurance Department's work for the last two fiscal years is detailed:

	<u>1983-84</u>	<u>1984-85</u>
New certificates received and filed	17,396	20,748
Cancellation notices received	10,820	14,848
Carriers suspended due to cancellation	3,787	5,678
Carriers reinstated upon renewal	2,163	3,569

OPERATING RIGHTS DEPARTMENT

Missouri truckers are authorized by the Commission to carry certain goods over set routes. This department handles requests from carriers for authority to provide an area with a service. After a request is submitted, other carriers are notified of the request and a hearing is held to allow the Commission to determine if the new service is needed. On the basis of the evidence presented in the hearing, the carrier's request is either approved or denied. Below is a breakdown of the work performed by this department over the last two fiscal years:

	<u>1983-84</u>	<u>1984-85</u>
Application for intrastate authority	78	67
Initial grants of authority	144	34
Additional grants of authority	100	72
Grants of temporary authority and extensions	236	193
Transfers of intrastate authority	215	140
Interstate permits issued	3,200	3,019
Interstate permits revoked	1,062	1,467

ENFORCEMENT DEPARTMENT

Through routine inspections and investigations from complaints, the Enforcement Department works to ensure Missouri's bus and truck companies adhere to state law and Commission rules promulgated thereto.

A carrier found in violation of the regulations can be prosecuted in the locality in which the incident occurred or can be called before the Commission, which can have its legal staff seek penalties in court.

A description of the department's work over the last two fiscal years follows:

	<u>1983-84</u>	<u>1984-85</u>
Carriers contacted	4,867	4,205
Compliance surveys	39	0
Vehicles inspected	7,028	4,332
Bus stations inspected	6	0
Transferees investigated	8	15
Investigations conducted	1,245	1,024
New Carrier orientation	62	92
Accidents investigated	49	8
Arrests resulting from investigations	855	40
Complaints received	486	448

Hours spent traveling	12,115	11,348
Accident reports received	80	(A)
Vehicles placed out of service	1,258	1,089
Out-of-service violations	1,877	1,784
Warnings issued	6,497	4,347
Cases submitted for prosecution	19	10

(A) Accident reports are filed with the Department of Public Safety.

RAILROAD SERVICES DEPARTMENT

The Railroad Services Department has the job of enforcing state laws relating to Missouri's railroad industry and Commission rules promulgated pursuant to those laws.

In addition to investigating crossing accidents and derailments, the department develops a priority listing on all crossings to help determine the placement of signals. The staff also investigates complaints on the working conditions of railroad employees and any changes proposed by a railroad that would affect the level of service for the customers.

In an effort to provide for the safety of all motorists, the staff coordinates the statewide public information program, "Operation Lifesaver", which is a joint effort by government, industry and local officials to reduce the number of crossing accidents. Staff members also participate in the Federal Railroad Administration's Track Safety Program and under an agreement are solely responsible for conducting all track inspections in Missouri. Rail terminals are inspected continually to ensure the industry's compliance with all regulations on transporting hazardous materials by Missouri's railroads.

A summary of the department's work over the past two fiscal years is detailed below:

	<u>1983-84</u>	<u>1984-85</u>
Fatal Accident Investigations	13	10
Grade Crossing Inspections	1,436	849
Grade Crossing Survey	361	324
Operation Lifesaver Presentations	11	12
Industrial Track Inspections	52	56

	<u>1983-84</u>	<u>1984-85</u>
<u>Railroad Inspections</u>		
Yard and Walkways	20	42
Sanitation and Shelter	10	17
Transportation Equipment	3	66
Applications Received and Investigated	59	90
Complaints Received and Investigated	127	148
 Track Inspections:	 383	 336
Miles Inspected	8,297	7,967
Defects Written	1,457	1,498
Train Accidents Investigated	8	9
Hazardous Material Compliance Inspections:	23	23
Waybill Defects	52	53
Placarding Defects	79	61

MOBILE HOME DEPARTMENT

The Mobile Home Department has the responsibility of enforcing federal construction standards relating to mobile homes and recreational vehicles.

In 1976, the state legislature approved legislation allowing the Commission to contract with the Department of Housing and Urban Development (HUD) to act as its agent in Missouri for the enforcement of HUD's regulations on mobile homes. In return, the Commission receives federal funds calculated on the basis of the number of mobile homes sold in the state.

The same year the state legislature also passed another bill requiring manufacturers and dealers who do business in Missouri to register with the Commission. These manufacturers also must have seals attesting to the compliance with HUD regulations on any mobile homes, modular homes or recreational vehicles before they can be sold.

The department also investigates complaints concerning construction, performance and mobile home placement.

The activities of the department over the past two years are detailed below:

INSPECTIONS AND INVESTIGATIONS

	<u>1983-84</u>	<u>1984-85</u>
<u>Recreational Vehicles, Manufactured Homes, and Modular Homes</u>		
Seals Issued for Recreational Vehicles and Modular Homes	4,466	4,007
Plan Approvals for Recreational Vehicles and Modular Homes	658	697
Number of Manufactured Homes Shipped to Missouri	5,119	5,833
Number of Hours Inspecting Manufactured Homes	432	432

FEES COLLECTED

Number of Dealer Registration Requests Received	197	232
Number of Manufacturer Registration Requests Received	126	120
Inspections of Recreational Vehicles, Manufactured Homes, and Modular Homes on Dealer Lots	2,916	3,208
Inspections and Construction Monitoring of Out-of-State Manufactured Home Plants	48	48
Inspections of Modular Home Plants	30	30
Consumer Complaints Handled	260	385

Tie-Down Systems

Complaints	150	101
Inspections: Manufacturers	8	12
Seminars and Workshops: Cities	7	4
Counties	4	2

Revenues

Recreational Vehicle & Modular Homes Seals	\$88,800	\$80,140
Plan Approvals	32,900	34,850
HUD Reimbursements for Units Shipped to Missouri	61,428	69,996
NCSBCS Reimbursement Monitoring Participation	9,526	9,174
Manufacturer & Dealer Registration Fees	41,350	40,600
Postage Assessment	504	401
Total Revenues	<u>\$234,508</u>	<u>\$235,161</u>

CHARTS AND SCHEDULES

PUBLIC SERVICE COMMISSION RECEIPTS

Public Service Commission Fund

	<u>Fiscal Year 1984</u>	<u>Fiscal Year 1985</u>
Utility assessment (A)	\$6,298,155	\$8,396,098
Out-of-state audit reimbursement	25,473	4,987
Department of Transportation reimbursement		
Railroad track safety program	61,985	43,531
Natural gas pipeline safety program	73,965	83,598
Miscellaneous reimbursements	191	11,543
SHMED reimbursement	1,414	3,326
Sale of surplus property	2,115	5,222
Sale of PSC documents	<u>-0-</u>	<u>16,006</u>
Total PSC Fund	<u>\$6,463,298</u>	<u>\$8,564,311</u>

State Highway Fund

Sale of bus and truck licenses	\$3,093,398	\$3,279,943
Sale of surplus property	3,699	23,451
Miscellaneous reimbursements	10	55
SHMED reimbursement	5,323	29,937
MCSAP reimbursement	-	62,187
Out-of-state audit reimbursement	17,369	7,251
Sale of PSC documents	<u>-</u>	<u>16,005</u>
Sub-total State Highway Fund	<u>\$3,119,799</u>	<u>\$3,418,829</u>

Mobile Home Division Receipts (B)

State Highway Fund

Sale of Seals-Modular Homes and

Recreational Vehicles	-	68,560
Plan Approvals	-	26,700
Payment for Manufactured Homes		
Shipped to Missouri	-	63,024
N.C.S.B.C.S. Reimbursement for		
Monitoring Participation	-	8,613
Registration Fees-Dealer and Manufacturer	-	33,400
Postage Assessment	-	347
	<u>-</u>	<u>\$ 200,644</u>

General Revenue Fund

Sale of Seals-Modular Homes

and Recreational Vehicles	\$ 89,320	\$ 11,580
Plan Approvals	32,900	8,150
Payment for Manufactured Homes Shipped		
to Missouri	61,428	6,972
N.C.S.B.C.S. Reimbursement for Monitoring		
Participation	7,867	561
Registration fees-Dealer & Manufacturer	41,350	7,200
Postage Assessment	<u>504</u>	<u>54</u>
	<u>\$ 233,369</u>	<u>\$ 34,517</u>

Total Mobile Homes Division	\$ <u>233,369</u>	\$ <u>235,161</u>
Total State Highway Fund	\$ <u>3,119,799</u>	\$ <u>3,619,473</u>
Miscellaneous Receipts - General Revenue		
Authority Fees	\$ 42,542	\$ 81,122
Fees for copies of PSC documents	<u>35,202</u>	<u>4,831</u>
Total Miscellaneous Receipts	\$ <u>77,744</u>	\$ <u>85,953</u>
Total General Revenue Fund	\$ <u>311,113</u>	\$ <u>120,470</u>
Federal Fund-MCSAP Reimbursement	<u>-0-</u>	\$ 80,472
Public School Fund Receipts	\$ <u>14,100</u>	\$ <u>16,450</u>
Total Receipts	\$ <u>9,908,310</u>	\$ <u>12,401,176</u>

- (A) Section 386.370 RSMo 1978 authorizes the Public Service Commission to make an annual assessment against the regulated utility companies operating in the State of Missouri of up to 25 hundredths of one percent of the total intrastate operating revenue. For fiscal year 1985 the overall assessment factor was 18 hundredths of one percent.
- (B) SB 666, passed by the 82nd General Assembly, became effective August 13, 1984, at which time the Mobile Home Division receipts were deposited into the State Highway Fund.

PUBLIC SERVICE COMMISSION EXPENDITURES

	<u>Fiscal Year 1984</u>	<u>Fiscal Year 1985</u>
<u>Public Service Commission Fund</u>		
Personal service	\$3,707,753	\$3,985,667
Expense and equipment	<u>1,603,897</u>	<u>2,797,959</u>
Total PSC Fund	\$5,311,650	\$6,783,626
<u>State Highway Fund</u>		
Personal service	\$1,507,499	\$1,583,824
Expense and equipment	<u>612,341</u>	<u>519,497</u>
Total Highway Fund	\$2,119,840	\$2,103,321
<u>General Revenue</u>		
Personal service	\$ 107,684	\$ 105,910
Expense and equipment	<u>25,545</u>	<u>21,769</u>
Total General Revenue	\$ 133,229	\$ 127,679
<u>Other Expenditures</u>		
License refund	\$ 34,955	\$ 22,410
Grade Crossing Fund	238,298	325,851
Federal Funds	<u>-0-</u>	<u>67,962</u>
Total Expenditures	<u>\$7,837,972</u>	<u>\$9,430,849</u>
Authorized number of employees	261.66	269.66

TELEPHONE RATE CASES DECIDED DURING FISCAL YEAR 1985

<u>DATE OF ORDER</u>	<u>CASE NO.</u>	<u>COMPANY</u>	<u>COMPANY REQUESTED</u>	<u>PSC GRANTED</u>
12/5/84	TR-84-132	Le-Ru Telephone Co.	\$ 91,608	\$ 91,608
5/1/85	TR-84-276	Missouri Telephone Co.	\$914,369	\$789,134
5/29/85	TR-85-23	Northeast Missouri Rural Telephone Co.	*	(\$177,486)

*Proposal to make interim rates permanent

MISSOURI JURISDICTIONAL
TELEPHONE COMPANIES
BY ACCESS LINES

<u>COMPANY</u>	<u>NUMBER OF ACCESS LINES</u>
1. Southwestern Bell Telephone Co., St. Louis	1,645,746
2. United Telephone Company, Jefferson City	152,302
3. Continental Telephone Company, Wentzville	128,557
4. General Telephone Company of Missouri, Columbia	82,580
5. Central Telephone Company, Ft. Dodge, Iowa	38,608
6. ALLTEL Service Corporation, Little Rock, Arkansas	24,621
7. Grand River Mutual Telephone Corp., Princeton	18,987
8. Missouri Telephone Company, Columbia	14,129
9. Fidelity Telephone Company, Sullivan	8,758
10. Chariton Valley Telephone Company, Bucklin	7,146
11. Webster County Telephone Company, Marshfield	4,219
12. Mark Twain Rural Telephone Company, Hurdland	3,902
13. Citizens Telephone Company, Higginsville	3,496
14. Northeast Missouri Telephone Company, Green City	3,358
15. Kingdom Telephone Company, Auxvasse	3,339
16. Mid-Missouri Telephone Company, Pilot Grove	3,060
17. Steelville Telephone Company, Steelville	2,978
18. Green Hills Telephone Corp., Breckenridge	2,789
19. McDonald County Telephone Company, Pineville	2,101
20. Granby Telephone Company, Granby	2,057
21. Eastern Missouri Telephone Company, Bowling Green	1,918
22. Seneca Telephone Company, Seneca	1,901
23. Craw-Kan Telephone Company, Girard, Kansas	1,871
24. Carter County Telephone Company, Van Buren	1,717
25. Rock Port Telephone Company, Rock Port	1,433
26. Bourbeuse Telephone Company, Sullivan	1,407
27. Goodman Telephone Company, Goodman	1,386
28. Ellington Telephone Company, Ellington	1,377
29. KLM Telephone Company, Rich Hill	1,326
30. Iamo Telephone Company, Coin, Iowa	1,138
31. Oregon Farmers Mutual Telephone Company, Oregon	1,001
32. Lathrop Telephone Company, Lathrop	990
33. Orchard Farm Telephone Company, St. Charles	941
34. Le-Ru Telephone Company, Stella	890
35. Miller Telephone Company, Miller	858
36. Stoutland Telephone Company, Columbia	820
37. New London Telephone Company, New London	671
38. Holway Telephone Company, Maitland	609
39. Mo-Kan Telephone Company, Columbia	511
40. Continental of Arkansas, St. Louis	458
41. Choctaw Telephone Company, Halltown	369
42. Wheeling Telephone Company, Columbia	350
43. New Florence Telephone Company, New Florence	335
44. Alma Telephone Company, Alma	329
45. Peace Valley Telephone Company, Peace Valley	301
46. Farber Telephone Company, Farber	199
47. Continental Telephone Company of Iowa, St. Louis	69
TOTAL ACCESS LINES IN MISSOURI	<u>2,177,908</u>

NATURAL GAS RATE CASES DECIDED DURING FISCAL YEAR 1985

<u>DATE OF ORDER</u>	<u>CASE NO.</u>	<u>COMPANY</u>	<u>COMPANY REQUESTED</u>	<u>%</u>	<u>PSC GRANTED</u>	<u>%</u>
10/1/84	GR-84-161	Iaclede Gas Company	\$14,200,000	2.5%	\$8,578,000	1.5%
7/1/84	GR-84-118	Peoples Natural Gas	\$ 105,473	6.6%	\$ 93,117	5.9%

CALENDAR YEAR 1984 NATURAL GAS UTILITIES' STATISTICS
(MISSOURI JURISDICTIONAL)

GM-3

<u>NAME OF COMPANY</u>	<u>MCF's SOLD 1984</u>	<u>INC. OR (DEC) MCF's SOLD FROM PREV. YR.</u>	<u>TOTAL OPERATING REVENUES 1984</u>	<u>TOTAL NUMBER RESIDENTIAL CUSTOMERS</u>	<u>TOTAL NUMBER OF CUSTOMERS</u>
Associated Natural Gas Company	7,946,825	784,019	\$ 41,415,349	40,529	45,861
Bowling Green Gas Company	184,029	5,121	1,098,943	1,122	1,335
Gas Service Company	93,085,494	(1,313,508)	431,418,416	370,542	403,375
Great River Gas Company	2,214,105	198,086	12,930,839	10,777	12,139
Laclede Gas Company**	107,941,977	9,518,142	678,839,412	516,745	550,810
Mo. Public Service Company	7,917,357	660,055	36,875,865	35,110	39,098
O'Fallon Gas Service, Inc.	326,842	36,394	2,552,932	2,556	2,556
Osage Natural Gas Company	68,040	1,833	407,136	565	666
Peoples Natural Gas Company	315,123	(202,254)	1,712,707	1,197	1,424
Rich Hill-Hume Company, Inc.*	68,154	-	515,258	624	685
St. Joseph Light & Power Company	930,192	24,909	5,300,750	3,928	4,528
Union Electric Company	15,592,182	1,558,634	93,163,584	80,004	88,982
 GRAND TOTAL	 236,590,320	 11,271,431	 \$1,306,231,191	 1,063,699	 1,151,459

**Laclede's statistics are based on year ending September 1984 figures.

*1984 statistics are not available, statistics used are from 1983.

ELECTRIC RATE CASES DECIDED DURING FISCAL YEAR 1985

<u>DATE OF ORDER</u>	<u>CASE NO.</u>	<u>COMPANY</u>	<u>COMPANY REQUESTED</u>	<u>%</u>	<u>PSC GRANTED</u>	<u>%</u>
1/11/85	ER-85-143	Citizens Electric Corp.	\$ 1,999,033 ⁽¹⁾	15.3%	\$ 1,999,033	15.3%
1/14/85	ER-84-168	Union Electric Company	\$639,000,000	65%	\$ 18,880,997 ⁽²⁾	1.95%
4/9/85	EO-85-17	Union Electric Company	\$639,000,000	65%	\$149,449,000 ⁽³⁾	15.2%
5/31/85	ER-85-20	Arkansas Power & Light Co.	\$ 6,900,000	18.6%	\$ 1,850,000	4.96%

(1) Wholesale Increase from Union Electric - First Year Phase-In

(2) Non-Callaway Increase - ER-84-168 and EO-85-17 were consolidated and heard as one request

(3) Callaway Plant Increase

CALENDAR YEAR 1984 ELECTRIC UTILITIES' STATISTICS
(Missouri Jurisdictional)

<u>NAME OF COMPANY</u>	<u>KWH'S</u>	<u>INC. OR (DEC)</u>	<u>TOTAL</u>	<u>TOTAL</u>	<u>TOTAL</u>
	<u>SOLD</u> <u>1984</u>	<u>KWH'S SOLD</u> <u>FROM PREV. YR.</u>	<u>OPERATING</u> <u>REVENUES</u> <u>1984</u>	<u>NUMBER</u> <u>RESIDENTIAL</u> <u>CUSTOMERS</u>	<u>NUMBER OF</u> <u>CUSTOMERS</u>
Arkansas Power & Light Co.	609,805,000	(59,929,000) \$	34,429,813	22,836	26,572
Citizens Electric Corp.	449,940,582	39,907,309	21,799,741	15,966	17,606
Empire District Electric	1,856,976,000	116,378,000	90,058,372	74,106	86,849
Kansas City Power & Light	6,165,875,000	168,034,000	387,866,125	204,352	234,510
Missouri Public Service Co.	2,452,548,000	90,662,000	171,452,187	121,813	139,107
Sho-Me Power Corporation	247,484,000	7,551,000	10,710,088	5,072	6,337
St. Joseph Light & Power	1,075,450,000	(15,714,000)	66,593,705	50,774	57,246
Union Electric Company	<u>20,660,104,981</u>	<u>4,331,042,503*</u>	<u>1,050,708,428</u>	<u>804,669</u>	<u>907,871</u>
TOTALS:	<u>33,518,183,563</u>	<u>4,677,931,812</u>	<u>\$1,833,618,459</u>	<u>1,299,588</u>	<u>1,476,098</u>

*Reflects merger of Missouri Power & Light Company, Missouri Edison Company and Missouri Utilities Company with Union Electric Company, Case No. EM-83-248.

WATER AND SEWER RATE CASES DECIDED DURING FISCAL YEAR 1985

<u>DATE OF ORDER</u>	<u>CASE NO.</u>	<u>COMPANY</u>	<u>COMPANY REQUESTED</u>	<u>%</u>	<u>PSC GRANTED</u>	<u>%</u>
11/1/84	SR-84-221	St. Louis County Sewer	\$ 265,000		\$ 191,000	
	SR-84-224	Crystal Spring Development Sewer	\$ 38,000	31%	Withdrawn	
10/1/84	SR-84-225	West Elm Place Sewer	\$ 90,000	48%	\$ 81,776	42%
3/15/85	WR-85-16	Mo-American Water	\$1,242,700	14.5%	\$ 890,000	10.3%
11/1/84	SR-85-34	Martigney Creek Sewer	\$ 189,841	47%	\$ (23,104)	0
	SR-85-116	Saline Sewer	\$ 215,643	35%	Withdrawn	
7/11/84	WR-84-51	Mo. Cities Water	\$ 161,500	17%	\$ 121,191	14%

CALENDAR YEAR 1984 SEWER COMPANY STATISTICS
(Missouri Jurisdictional)

<u>Class A Sewer</u>	<u>REVENUE</u>	<u>CUSTOMERS</u>
St. Louis County Sewer Co.	\$ 757,909	11,996
 <u>Class B Sewer</u>		
Martigney Creek Sewer Co.	416,438	4,609
Missouri Cities Water Co.	608,122	4,672
 <u>Class C Sewer</u>		
Crystal Springs Development Co.	130,081	989
Imperial Utility Corp.	185,162	595
Saline Sewer Co.	599,915	3,794
West Elm Place Corp.	223,335	1,343
 <u>Class D Sewer</u>		
Adrian Enterpirses (Gen. Partnership)	600	71
Antire Sewer Co.	5,400	65
Arnedo Naes	3,042	39
Batson Development Co.	5,630	58
Binder Basin Sewer Co., Inc.	55,646	247
Cedar Hill Utility Co.	21,853	189
Central Jefferson Co. Utility, Inc.	6,066	27
Cleanco Sewer Corp.	0	7
CMPS Sewer Co., Inc.	3,908	54
Creekwood Sewer Systems, Inc.	5,273	59
Eastern Mo. Utility Co., Inc.	5,700	1*
Elledge & Lewis Enterprises, Inc.	2,502	73
English Village Sewer Service, Inc.	32,159	316
Franklin County Service Co.	2,455	45
Gladlo Water & Sewer Co., Inc.	4,876	64
Godfrey Gardens Utility, Inc.	6,327	30
Gold Investments, Inc.	7,066	60
Herculaneum Sewer Co.	10,549	51
Hickory Hills Water & Sewer Co., Inc.	1,558	40
Hillcrest Utility Co.	9,854	125
Incline Village Sewer Co., Inc.	1,291	13
Kimberling Inn, Inc.	15,812	193
L & K Sewer Systems, Inc.	3,836	34
L W Sewer Corporation	20,077	182
Lake Carmel Development Co., Inc.	512	11
Lake Hannibal Sewer Corp.	840	11
Lake Northwoods Utility Co., Inc.	1,007	14
Lakeside Gardens Sewer Service	832	20
Lincoln County Utility Co.	8,157	109
Maplewood Service Co.	50,215	347
Martell Private W & S Co., Inc.	894	28
Maxville Sewer System, Inc.	9,331	129
Nehai Tonkayea Lake Association	-	8
Meramec Sewer Co.	28,760	305

Mill Creek Sewers, Inc.	3,531	74
Modern Structures, Inc.	11,773	177
P.C.B., Inc.	15,605	146
Peaceful Valley Service Co.	6,374	98
PIHI Investment, Inc.	1,038	25
Port Perry Service Co.	672	24
Riverside Utility Co.	2,170	10
Rogue Creek Valley, Inc.	1,573	40
Roy L. Utilities, Inc.	2,651	43
Royal Oaks W & S Utilities	N/A	N/A
S K & M Water & Sewer Co.	10,968	80
Schell Sanitation, Inc.	8,768	71
SLR Development Co., Inc.	16,699	189
So. Jefferson Co. Utility Co.	6,251	86
So. Walnut Hills Sewer Corp.	2,466	19
SW Sewer Corporation	N/A	N/A
Stoddard Co. Sewer Co.	8,584	73
Swiss Villa Utility, Inc.	N/A	31
Terre Du Lac Utility Corp.	104,562	531
Villa Park Heights Water Co.	3,060	64
Virginia Properties, Inc.	N/A	35
Vogel Mobile Manor, Inc.	8,624	160
W C Sewer Systems, Inc.	47,965	483
The Willows Utility Co.	19,800	176
Woodland Heights Utility, Inc.	2,747	67
Waters Edge Sewer Co.	17,024	62
TOTAL	<u>\$3,558,895</u>	<u>33,708</u>

*Commercial establishment-truck stop

CALENDAR YEAR 1984 WATER COMPANY STATISTICS
(Missouri Jurisdictional)

<u>Class A Water</u>	<u>REVENUE</u>	<u>CUSTOMERS</u>
Capital City Water Co.	\$ 2,636,674	9,369
Empire District Electric Co.	538,541	3,747
Mo. Cities Water Co.	4,926,617	25,085
Missouri Water Co.	10,243,044	40,005
Missouri-American Water Co.	8,766,589	44,225
Raytown Water Co.	1,067,901	6,493
St. Louis County Water Co.	48,050,306	264,213
Union Electric Co.	2,813,267	12,315
 <u>Class C Water</u>		
Four Seasons Lake Sites W & S Co.	227,767	373
I H Utilities, Inc.	63,511	565
Noel Water Co., Inc.	110,241	529
Tri State Utilitiy Co., Inc.	282,673	438
 <u>Class D Water</u>		
Adrian Enterprises-Gen. Partnership	8,000	71
A R E N Corporation	4,802	38
Batson Development Co.	16,200	125
Big Val Utility Corporation	0	8
Cassidy Water Co.	52,938	206
Cat-Pac Waterworks, Inc.	16,338	135
Cedar Hill Estates Water Co., Inc.	4,535	141
Central Jefferson Co. Util., Inc.	2,725	27
Coney Island Water System, Inc.	7,147	79
Culbertson-Henss, Inc.	8,674	83
Davis Water Co.	13,038	161
Dawn Valley Subdiv. Water System	7,941	95
Evergreen Lake Water Co.	10,614	61
Franklin Co. Service Co.	8,760	24
Franklin Co. Water Co., Inc.	12,200	89
Frimel Water Systems, Inc.	13,619	70
Gatliff Water Co.	5,219	87
Geo. J. Cyrus & Co., Inc.	3,162	100
Gladlo Water & Sewer Co., Inc.	8,608	58
Hickory Hills Water & Sewer Co.	2,792	40
High Ridge Manor Water Co.	1,160	18
Hillcrest Utility Co.	7,631	125
Incline Village Water Co.	1,929	13
Jefferson County Water Co.	5,873	36
Kimberling City Water Co.	22,423	114
Lake Charles Hills Water Co.	20,967	201
Lake Northwoods Utility Co., Inc.	1,531	14
Lakeland Heights Water Co.	11,116	126
Lakeview Heights Water Service	1,960	55

Lincoln Co. Utilities Co.	15,707	109
LTA Water Co.	7,760	59
Maplewood Service Co.	46,636	347
Marathon Development Corp.	26,536	124
Martel Private W & S Co., Inc.	1,235	25
Merriam Woods Water Co.	36,203	396
Moore Bend Water Co.	5,310	97
Nehai Tonkayea Lake Assoc.	N/A	61
Osage Utilities, Inc.	10,144	68
Ozark Mountain Water Co.	31,617	218
Peaceful Valley Serv. Co.	30,037	105
PIHI Invest. Inc.	3,273	25
Port Perry Service Co.	2,842	24
Rankin Acres Water Co.	5,664	99
Rex Deffenderfer Enterprises, Inc.	27,492	117
Riverside Utility Co.	9,696	63
Rogue Creek Valley, Inc.	2,018	60
Roy L Utilities, Inc.	3,420	46
Royal Oaks W & S Utilities Co., Inc.	N/A	19
S K & M Water & Sewer Co.	22,465	156
So. Jefferson Co. Utility Co.	8,803	86
SW Village Water Co.	6,287	49
Stockton Hills Water Co.	9,588	93
Stoneshire Water Co.	3,532	29
Swiss Villa Utilities, Inc.	1,200	76
Taneycomo Projects, Inc.	26,472	242
Terre Du Lac Utility Corp.	105,668	842
US Water/Lexington, MO, Inc.	661,700	
Villa Park Heights Water Co.	53,813	529
Virginia Properties, Inc.	N/A	35
White Branch Water Service	11,123	170
White River Valley Water Co.	13,322	102
Willard Water Co., Inc.	79,525	629
The Willows Utility Co.	19,800	176
Woodland Heights Utilities, Inc.	6,368	67
	<u>\$81,332,459</u>	<u>418,791</u>
TOTAL		