

Missouri Public Service Commission

Commission Purpose and Responsibilities

Established in 1913, the Missouri Public Service Commission (Commission) has the statutory responsibility of ensuring that consumers receive safe and adequate service at just and reasonable rates. Those rates must be set at a level which will provide the companies' shareholders with the opportunity, not a guarantee, to earn a reasonable return on their investment. The Commission must balance a variety of often competing interests to ensure the overall public interest.

The Commission regulates investor-owned utilities operating in the state. The Commission also regulates the manufacturers and dealers of manufactured homes and modular units. In addition, the Commission regulates the state's rural electric cooperatives and municipally-owned utilities for operational safety. The Commission also oversees service territory issues involving investor-owned electric utilities, rural electric cooperatives and municipally-owned electric utilities as well as investor-owned water and sewer utilities and public water supply districts. Under federal law, the Commission also acts as mediator and arbitrator of local telephone service disputes regarding interconnection agreements.

The Commission does not regulate the cellphone industry, companies that provide Internet or paging services or cable television rates and services.

Virtually every Missouri citizen receives utility service — whether it is electric, natural gas, water, sewer or telecommunications — from a company regulated in some manner by the Commission.

Utility services and infrastructure are essential to the economy of Missouri. They provide heating and cooling during extreme temperatures. They offer access to emergency services and vital information systems. They provide safe drinking water and ensure the environmentally sound disposal of wastewater. Because these utilities fulfill these essential needs, the Commission must ensure the rate paying public that quality services will be available on a nondiscriminatory basis at just and reasonable rates.

The Commission has established standards for safety and quality of service to which companies must adhere. Routine and special investigations are conducted by the Commission Staff to ensure companies comply with those standards.

The Commission is both quasi-judicial and quasi-legislative. The Commission is responsible for deciding cases brought before it and for the promulgation of administrative rules and their enforcement. Many of the Commission's duties are performed in hearings of contested cases. Hearings are conducted in a trial-type setting using evidentiary standards of the Missouri Administrative Procedures Act.

The basic statutory provisions governing the Commission are contained in Chapters 386, 392, 393 and 700 RSMo. The Commission is funded through assessments of those entities the Commission regulates and not by general revenue.

RATE CASE PROCEEDINGS

Utility rate cases handled by the Commission perhaps have the most immediate impact on public utilities and the customers

they serve. Rate cases are often both lengthy and complex and can, at times, draw much public attention.

The process begins when a utility 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. In general rate cases, the Commission has 11 months from the date a case is submitted to make a decision on that proposal. Less formal procedures apply for some smaller utilities and the process takes approximately 150 days.

Before any proceedings are held, the Commission Staff conducts an independent investigation into the company's books and records. This helps the Commission Staff provide the Commission with a recommendation as to the fair amount of profit the company should have an opportunity to earn and what amount of a proposed increase, if any, should be granted. This investigation can take several weeks or months. Other parties such as the Office of the Public Counsel, consumer groups, industries, and cities are also given an opportunity to present evidence on the proposed increase and take part in the proceedings.

Once the parties in a case file their written evidence, a prehearing conference is held. The parties meet at the prehearing conference to determine which issues are contested and which issues they may agree to settle.

HEARINGS, DELIBERATIONS AND DECISIONS

At formal evidentiary hearings, participants in the case present evidence to the Commission regarding their various recommendations. These hearings are very similar to civil courtroom proceedings and witnesses are cross-examined by other parties as well as Commissioners.

After the hearing is completed, a transcript of the hearing is filed and parties in the case file post-hearing arguments. When all the filings are in, the entire record is before the Commission. Commissioners review that record in making their decision on the case.

Once a decision has been reached, the Commission announces that decision in a written report and order. That decision is subject to appeal to the courts by any of the parties in the case, except the Commission Staff.

COMMISSIONERS

The Commission consists of five commissioners who 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 the 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.

Organizational Functions of the Commission

The Commission is assisted by a staff of professionals in the fields of engineering, accounting, law, finance, management, economics and consumer affairs. Duties range from helping individual consumers with utility complaints to investigating

multi-million dollar rate requests.

Commission Staff participates as a party in all cases before the Commission.

ADMINISTRATION AND REGULATORY POLICY DIVISION

The Administration and Regulatory Policy Division is responsible for managing the Commission's human and fiscal resources. The division has agency-wide responsibilities with units that are responsible for the annual budget, fiscal services and procurement, human resources and payroll.

The Regulatory Policy and Public Information Unit, a unit of the division, develops and distributes information to the media on agency activities, responds to media requests, and provides utility consumer education materials. The Outreach and Diversity Officer is also within the division. The Outreach and Diversity Officer is responsible for consumer outreach and education.

The Legislative Coordinator, the agency's primary contact person with the General Assembly, is assigned to this division and assists in responding to constituent inquiries. The Consumer Services Unit is also a part of the division. The Consumer Services Unit is the clearinghouse for all utility consumer inquiries. Consumer Services investigates and responds to complaints to ensure compliance with Commission rules and utility tariffs. When a consumer has an issue that is not satisfactorily resolved after an initial contact with the utility, the consumer may call the Commission hotline (1-800-392-4211) for assistance.

The Commission's Information Technology (IT) Unit is also a part of this division.

GENERAL COUNSEL DIVISION

The General Counsel is authorized by statute to represent the Commission in all actions and proceedings, whether arising under the Public Service Commission Law or otherwise. Attorneys in the General Counsel's Office appear in state and federal trial and appellate courts on behalf of the Commission. When authorized by the Commission, the General Counsel seeks civil penalties from persons or companies that have violated the Public Service Commission Law or the Commission's regulations or orders. The External Litigation Department manages and processes these cases. The General Counsel also provides legal advice to the Commission and each Commissioner as requested.

The Regulatory Analysis Department, within the General Counsel's Division, represents the Commission's interests in various forums related to federal energy issues, including those before the Federal Energy Regulatory Commission (FERC), along with providing analysis on policy issues facing the Commission.

The Adjudication Department is the Commission's quasi-judicial component. Regulatory law judges within the Adjudication Department handle cases from their filing until their resolution. The judge assigned to a case presides over the hearing, rules on objections and motions, and drafts orders as directed or delegated by the Commission.

SECRETARY OF THE COMMISSION/CHIEF REGULATORY LAW JUDGE

The Secretary of the Commission is statutorily responsible for the records of the Commission and, acting through the Data Center, manages, maintains and preserves the official case files, tariffs and other official documents of the Commission. The Secretary, again acting through the Data Center, receives all incoming pleadings and issues all Commission orders.

The Chief Regulatory Law Judge oversees the operations of the Adjudication Department.

COMMISSION STAFF DIVISION

The Staff Director is responsible for leading all departments of the Commission's Staff. The position supervises and coordinates a number of Commission Staff functions including rate cases, complaints, tariff filings, certificate applications, rulemakings and investigatory dockets. The Operational Analysis, Staff Counsel, Auditing, Energy Resources, Water and Sewer, Manufactured Housing and Telecommunications Departments are a part of the Commission Staff Division.

The Commission Staff Division supports the Commission in meeting its statutory responsibilities by providing technical expertise in safety; utility rates, tariffs, rules and regulations; economic analysis; engineering oversight and investigations; and construction inspections.

Commission Staff provide expertise in the areas of utility accounting, auditing, engineering, finance, management and natural gas procurement. Staff members perform audits, examinations, analyses and review the books and records of the utilities providing service in Missouri.

The Commission Staff Division is also responsible for investigating and responding to consumer complaints and making recommendations to the Commission regarding their resolution. The Commission Staff Division accomplishes its mission by making recommendations to the Commission in the form of expert testimony, formal recommendations and presentations.

Attorneys in the Staff Counsel's Department represent the Commission Staff in administrative matters before the Commission. The Staff Counsel's Department also provides legal advice to the Commission Staff.



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