

When a Rate Case is Filed

Before a regulated electric, natural gas or water and sewer company can change a rate or service, it must first file that request with the Missouri Public Service Commission. Special rules apply for water and sewer companies with 8,000 or fewer customers, natural gas companies with 10,000 or fewer customers and steam companies with 100 or fewer customers in Missouri. These companies can pursue changes in rates without the necessity of filing a formal rate case (called a Staff-assisted rate case). Under the traditional (formal) rate increase case filing, the company must provide a clear statement of what it is requesting, the effect the proposed change will have on company revenue, and the reasons for the change. **The PSC does not regulate the rates of municipal electric, gas, or water and sewer systems, rural electric cooperatives, public water supply districts or public sewer districts, landline or wireless telephone service or cable television.**

The Case is Filed

When a regulated Missouri utility files for a rate increase, the Commission will set a procedural schedule for the case that will include hearing dates and public comment opportunities. By law, the Commission has 11 months from the date the case is filed to make a decision on the proposal.

Because the issues are complex, the Commission will suspend the proposed rates to allow for a thorough investigation. Existing rates remain in effect during the suspension period. The Commission may determine that the proposal is justified only in part, and, it may allow the company to increase rates less than the utility requested. The Commission may also allow a rate change to take effect on an interim basis, subject to refund. The Commission also hears rate decrease cases where it may consider lowering rates.

Company Review

Prior to any hearings, the PSC Staff will conduct an independent, thorough investigation of the company's books and records. This permits the PSC Staff to provide the Commission with a recommendation in the case.

Other parties, such as the Office of Public Counsel, consumer groups, or industrial customers may also submit recommendations as to what type of rate change, if any, should be granted. Parties in a rate case meet in a pre-hearing conference to discuss issues in the case. This procedure may help parties reach agreements which settle all or some issues in the case. This frequently results in cases being concluded sooner than the 11-month time period provided by law. The Commission must approve any proposed settlement.

The Hearing Process

Formal evidentiary hearings are held. Testimony is prepared, exhibits are marked, and a court reporter records all proceedings and live testimony. Testimony must address the issues in the case. The utility company will have an attorney and expert witnesses present to testify and answer questions.

In most cases, the utility, the PSC Staff, Public Counsel and any intervenors will present testimony in writing, followed by cross-examination. In some cases, the Commission will hold a local public hearing to give the public an opportunity to express its opinion, but the public can also provide comments at any time. Local public hearings are generally held in communities affected by the proposal.

The Decision

After the hearings are complete, a transcript of the case is prepared and parties file briefs that summarize their position. Commissioners review the record in making their decision.

The Commission will only authorize rate increases that are fair and reasonable to customers. The company must be allowed the opportunity to make enough money to meet reasonable expenses, pay interest on debts, and provide a reasonable return to shareholders.

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



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