

PSC *Connection*

Missouri Public Service Commission Publication VOL. 3, NO. 7 -- Fall 2013



Get Ready For Winter

INFORMATION ON:

- ▶ Weatherization
- ▶ Consumer Protections
- ▶ Energy Savings Tips

Be Prepared For The Cold Weather

Chairman's Corner

Greetings fellow Missourians. I am pleased to present to you for the first time as Chairman, this edition of the *PSConnection* magazine.

Since my appointment, I have made it my mission to make the Public Service Commission a better agency. My goal is to leave this agency a little better than I found it. I want the people and businesses in Missouri to know that we are working at all times to ensure the delivery of safe, adequate and reliable utility service at just and reasonable rates.

I believe that in order to do our best as utility regulators, it is important that Missouri consumers are aware of our agency -- that they know the purpose our agency serves, including the impact that our rules, regulations, and decisions can have on Missourians statewide. Over the past several months, our Staff has participated in over 20 different events across the state, including energy and back to school fairs as well as senior citizen expos. These events provide the Public Service Commission and our Staff with a setting different from our local public hearings in which we can interact with consumers.



Another component of the Public Service Commission's consumer outreach is our Speaker's Bureau. If you are a member of an organization that would like to hear about the Public Service Commission, I invite you to go to our website (www.psc.mo.gov) to learn more.

Part of our goal regarding consumer outreach and education is to provide the tools to help empower consumers to take more control over their utility bills. This is why information on what you can do to reduce your energy usage and how to make your home more energy efficient is important. Our feature article in this edition of the *PSConnection*, "**Getting Ready For Winter**," includes information about the PSC's Cold Weather Rule as well as several energy savings tips and information about home weatherization programs.

The Public Service Commission has many responsibilities, one of which is setting utility rates. In the article, "**How The PSC Sets Rates**," our Chief Regulatory Law Judge explains the rate setting process.

Most people know the PSC regulates utilities like electric and natural gas companies. But you may not know that we regulate manufactured homes and modular units through our Manufactured Housing and Modular Unit Program. Inside this issue in an article entitled "**HomeWork**," you will find information on our role as regulators in this industry.

Please feel free to give us your thoughts about the magazine. You can call the Public Service Commission at **1-800-392-4211** or email us at pscinfo@psc.mo.gov. I hope you enjoy this edition.

Robert S. Kenney

PSConnection

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The Missouri Public Service Commission regulates investor-owned electric, steam, natural gas, water and sewer utilities in Missouri. The Commission also has limited jurisdiction over telecommunications providers in the state. Its mission is to ensure Missouri consumers have access to safe, reliable and reasonably priced utility service while allowing those utility companies under our jurisdiction an opportunity to earn a reasonable return on their investment. The PSC also regulates manufacturers and retail dealers who sell new and used manufactured homes and modular units. The Commission was established in 1913. The PSC is comprised of five commissioners, who are appointed by the governor.



CONTROL YOUR ENERGY COSTS

The leaves are changing color and the air is cooler; Fall is here. There are several things homeowners can do to help save on their energy usage. See page 7.



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The winter season may be colder than normal. It is time to take steps to help cut down costs on your winter heating bills.

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Many people in the state are unaware of the PSC's role in regulating this industry.

Our Mission

To ensure that Missourians receive safe and reliable utility service at just and reasonable rates.

On The Cover

According to the 2014 *Farmers' Almanac*, the Midwest will experience below-normal temperatures and above-normal precipitation for the 2013-2014 winter season.

Are you prepared? Do you have a plan for you and your family to safely brave winter's wrath?

Forecasters Predicting Cold, Wet Winter For Most Of Midwest

The first signs of the upcoming winter season are fast approaching. Temperatures, which hovered in the 90s, start to drop to the low 80s and then to the upper 70s and trees begin to lose their leaves. Still we aren't thinking about the cold winter weather that often lies just around the corner. It's a fact. Winter will soon be here with blustery winds, frosty precipitation, sleigh rides, numb fingers and higher energy bills.

According to the 2014 *Farmers' Almanac*, the Midwest will experience below-normal temperatures and above-normal precipitation for the 2013-2014 winter season.

Are you prepared? Do you have a plan for you and your family to safely brave winter's wrath?

Dealing with harsh temperatures, higher energy costs, the possibility of power outages and losing service during extreme weather is difficult for many consumers. You cannot control the weather, but you can control how prepared you are to deal with it. Missouri weather seems unpredictable and can change quickly. Being prepared is essential to coping with cold temperatures and winter storms.

What You Can Do To Prepare

Develop an emergency plan for you and your family that includes a plan for shelter, if necessary, and a storm kit. Ensure that all family members are aware of the plan. Post emergency telephone numbers in an accessible place so you can quickly contact emergency personnel and family members. If someone in your household is dependent on electric-powered, life sustaining medical equipment, contact your utility company to inquire about the company's Medical Registry

policy. It is important to follow these life saving measures before severe weather hits.

To protect the health and safety of residential customers, the Missouri Public Service Commission adopted the Cold Weather Rule. Since its inception in 1977, the PSC has modified the rule several times with additional provisions to help customers keep their heat on during the winter. Today, the Missouri Cold Weather Rule places restrictions on disconnecting heat-related service from November 1 through March 31. For instance, utility companies under Commission

jurisdiction are prohibited from disconnecting heat-related service when the local forecast for the following 24-hour period predicts the temperature will drop below 32 degrees.

The rule also provides an option to enter into a more lenient payment arrangement with the natural gas or electric company that is providing you with

heat-related service. Customers 65 years of age or older and qualifying disabled customers can register with the utility company and receive additional protections.

If you are unable to pay your bill in full, ensure your heat-related utility services stay on by establishing and maintaining a payment arrangement with the utility company. If you are eligible, the utility company will enter into a payment agreement with you.

If your utility company offers a budget-billing plan, consider enrolling. Participation in an average or budget-billing plan provides more certainty about what you will pay each month. Be proactive and communicate with your utility company, address any potential payment issues before they become a bigger problem that could leave you without heat during extremely cold temperatures.

Examine ways to cut down on energy use. Contact your utility company for home energy



audits and suggestions to make your home and business more energy efficient. Caulk and place weather-stripping on doors and windows that leak air.

Add attic insulation if necessary. Have the furnace checked and tuned-up, if needed. Replace filters regularly.

Often we read or hear stories about a tragic event where someone has tried to find an alternative to heating their home due to an inefficient or non-operating furnace. The Commission urges you to NOT attempt any of the following:

1) Never use an outdoor barbeque to heat an indoor space. Outdoor barbeques emit carbon monoxide which is a colorless, odorless, tasteless, and deadly gas.

2) Never use a generator inside the home, garage, crawlspace, shed, or any other enclosed space. Deadly carbon monoxide can quickly build up in these areas and can linger for hours, even after the generator has shut off.

3) Never use candles as a heat source.

4) Never use ovens to heat your house. You can get warm standing near an oven, but opening the oven door or leaving the stove top burners on poses a serious risk. Additionally, there isn't any mechanism to circulate the warm air to other parts of the house, so it is more expensive to run than even an inefficient furnace.

5) Never use dryers to heat your house. Not only is the dryer a more expensive heat source than a furnace, it is a fire hazard. Additionally, gas dryers emit deadly carbon monoxide and need to be vented outside.

The Commission, through its Be Energy Efficient (BEE) campaign, is providing consumers with very useful information designed to empower them to take control of their energy usage. The Commission promotes no cost, low cost and long-term conservation steps you can take to reduce energy usage and save money. Log on to www.beenergyefficient.org for energy saving tips.

What To Put In Your 'Storm Kit'

Consider creating a "Storm Kit" with these items:

- Flashlights and Batteries
- Battery Powered Radio
- Bottled Water
- Non-perishable Food
- Items For Infants and Elderly
- Blankets
- First Aid Supplies
- Medications
- Hand-Operated Can Opener
- Identification
- Copies Of Important Documents

Cold Weather Rule Facts

- Prohibits disconnection of heat-related service from November 1 through March 31 when the temperature is forecasted to drop below 32 degrees.
- Allows you to budget your payments over 12 months.
- You may be able to extend payment of pre-existing arrearages beyond 12 months.
- Does not require a deposit if payment agreement is kept.
- Requires that you be notified before your service is shut off.
- Allows you to register with the utility if you are 65 years of age or older; disabled to the extent that you have filed with the utility a medical form submitted by a medical physician attesting that your household must have natural gas or electric utility service provided in the home to maintain life or health; or if you have obtained a formal award letter issued from the federal government of disability benefits.
- Requires you be notified of possible financial help in paying your bill.
- Allows reconnection of your service for less than the full amount owed.
- Prohibits disconnection of registered low-income elderly or disabled customers who make a minimum payment.
- Additional provisions for natural gas customers: Allows customers who defaulted on a previous Cold Weather Rule payment agreement to make an initial payment of 50% of his/her outstanding balance or \$500, whichever is less, with the remaining amount deferred to be paid in a Cold Weather Rule payment agreement plan over 12 months.

Low Income Weatherization Program Provides Services To Help Consumers

The federal Low Income Weatherization Assistance Program (LIWAP) provides home-improvement services that can help lower utility bills while ensuring health and safety to Missouri's low-income households.

Weatherization is a long term solution designed to assist people who are hit the hardest by high utility costs, especially the elderly, children, and those with physical disadvantages. Low-income customers are less likely to have the money to absorb increases in monthly utility bills or make their homes more energy efficient. Homes of low-income customers are often among the least energy efficient.

A weatherized home saves an average of \$437 per year on heating and cooling costs, according to the Energy Information Administration.

The oil embargo in 1973 dramatically increased heating oil prices. Subsequently federal natural gas deregulation, which started in the late 1970s, resulted in an increase in the supply of natural gas, but also led to substantial increases in both the wholesale and retail price of natural gas. Increases in home heating bills led to widespread efforts to conserve energy by increasing the energy efficiency of homes and the establishment of LIWAP under Title IX of the Energy Conservation and Production Act of 1976.

The federal LIWAP mission is to reduce the energy burden on low-income residents by installing cost effective efficiency measures, while ensuring health and safety. LIWAP benefits Missourians because it helps to: 1) reduce energy usage; 2) make housing more affordable; 3) increase the efficiency of existing housing; 4)

alleviate substandard living conditions; 5) provide a safer, healthier living environment; and 6) reduce the risk of homelessness.

During the process, a weatherization agency will ask the consumer to complete an application and provide information, such as income statements, to verify eligibility. Renters can also apply for program assistance, but their landlord will need to cover some of the cost and give permission for the work to be done.

Once eligible, the consumer will be placed on a list to have an auditor from the agency conduct an energy audit of the home. The energy audit determines what actions need to be taken for health and safety reasons, and what actions will have the greatest energy savings.

After the audit is complete, an agency crew or contractor will install recommended measures to the home. A quality control inspector will check to ensure the quality of work and completeness.

Energy education is also conducted as part of the weatherization process. The Department of Economic Development Division of Energy (Division of Energy) monitors weatherization agencies to make sure state and federal guidelines are met.

Low income weatherization has been federally funded in Missouri since the late 1970s. The Division of Energy manages the federal funds and determines the subcontractor agencies that will qualify applicants and oversee the weatherization.

Funding for low income weatherization programs has been available in Missouri for over 20 years. In a 1992 rate case, the Commission authorized ratepayer funding of a low income



Consumers applying for weatherization will be asked to complete an application and provide information, such as income statements, to verify eligibility. Renters can also apply for program assistance, but their landlord will need to cover some of the cost and give permission for the work to be done.

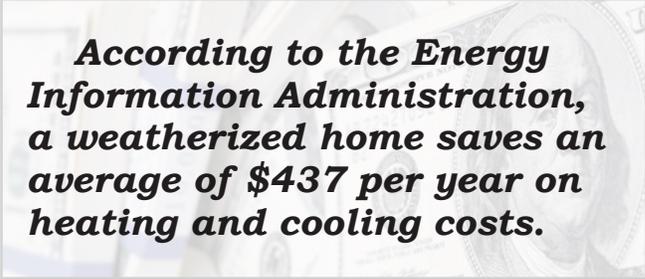
weatherization program by approving an agreement that included a short-term experimental program conducted by the Laclede Gas Company. This program was available for a limited number of low-income customers in Laclede's St. Louis service area. The Laclede experimental program was proposed by the Office of the Public Council, the state agency that represents residential consumers before the Commission. The Commission Staff and the Division of Energy participated along with Laclede in the development of the experimental program.

Weatherization was conducted by an agency in St. Louis that was already performing low income weatherization using funds from the Division of Energy. The experimental Laclede program provided a good experience and guidance for subsequent programs.

In the mid-1990s, the Commission approved a LIWAP for the Kansas City area in a Western Resources natural gas rate case. When Missouri Gas Energy (MGE) succeeded Western Resources as the Kansas City natural gas local distribution company (LDC), the LIWAP was modified and later expanded to the entire MGE service area in Missouri. The program continues today.

Ratepayer-funded LIWAP has since been implemented by local gas distribution companies throughout Missouri and many of those programs continue today.

Around 2000, the Commission approved an Ameren Missouri electric low income weatherization program as part of the settlement of a complaint case. The other Missouri electric com-



According to the Energy Information Administration, a weatherized home saves an average of \$437 per year on heating and cooling costs.

panies subsequently received approval for low income weatherization programs.

Ratepayer funding for weatherization of low-income customer homes is seen as a way to reduce unpaid bills and service shutoffs due to nonpayment. It also plays a role in reducing customer payment arrearages which are ultimately absorbed by all ratepayers.

Utility ratepayer funded low income weatherization programs have enabled a number of low-income homes that can be weatherized. Each utility company program has unique features, but all the programs are designed to enable the local weatherization agency to best serve the customers in the company's service area. Several of the utilities have had their LIWAP independently evaluated, and they have been found to be generally cost effective.

*Contributing to the articles on Pages 3-6 were **Contessa Poole-King** (Policy Analyst I), **Henry Warren** (Regulatory Economist II) and **Michael Stahlman** (Regulatory Economist III) of the PSC Staff.*

The Missouri Low Income Home Energy Assistance Program

The Missouri Low Income Home Energy Assistance Program (LIHEAP) has two components: Energy Assistance/Regular Heating (Energy Assistance) and Energy Crisis Intervention Program (ECIP).

Energy Assistance is designed to provide financial assistance to help consumers pay heating bills from October through March. Eligibility requirements are based on income, household size, available resources and responsibility for payment of home heating costs. Eligibility for Energy Assistance may also qualify individuals for additional financial assistance from ECIP, when threatened with discontinuance or service has been discontinued.

Missouri's Department of Social Services, Family Support Division (Family Support Division), works in partnership with the Missouri Association for Community Action (MACA) to strengthen and support the Missouri community action network. Among other programs, the Family Support Division administers and manages LIHEAP and contracts with Missouri's 19 Community Action Agencies to support its purposes. For more information please go to:

<http://www.dss.mo.gov/fsd/eassist/pdf/liheap-information.pdf>

If the 2013-2014 winter season brings colder temperatures and increased precipitation as forecasted, be prepared. For more information on preparedness, log on to the Federal Emergency Management Agency (FEMA) website at **<http://www.fema.gov>** or contact the Missouri Public Service Commission's Consumer Services Unit at 1-800-392-4211. Go to the Commission's website at **www.psc.mo.gov** to learn more about the Cold Weather Rule and how to Be Energy Efficient.



prepare • conserve • save

www.beenergyefficient.org

Take Control Of Your Energy Costs

Explore ways to save energy.
Here are some tips:

NO COST ENERGY SAVINGS TIPS

- Make sure vents are not blocked by furniture or drapes.
- Close off rooms that are not in use.
- Turn off lights not being used.
- Turn down the temperature on the water heater to 115 degrees.
- Let sunlight into your home during the winter and keep it out in the summer.
- Wear extra layers of clothing or blankets in the winter.
- Keep refrigerator base clean, take guard off and clean dirt and debris from underneath refrigerator.
- Clear area in freezer around freezer fan.
- Check your meter weekly to monitor consumption and plan for billing amount.
- Consider setting the thermostat to a lower temperature in winter and a higher temperature in the summer. **Important:** Seniors and people with special medical needs should check with their doctors before changing their normal home temperatures or turning off air conditioning or heating units.



LOW COST ENERGY SAVINGS TIPS

- Replace furnace filter when dirty.
- Caulk around windows and doors.
- Replace conventional light bulbs with efficient light bulbs.
- Install an energy efficient thermostat.
- Replace shower head with a low-flow shower head.
- Install switch and outlet gaskets/foam inserts on outer walls.
- Install plastic on windows.
- Place foam pipe wrap around warm water pipes. *(Keep wrap 12 inches away from heater top).*
- Install a water heater jacket. *(Do not install if heater has foam insulation).*
- Insulate heating ducts that travel through unheated areas of your home.
- Seal up areas around plumbing penetrations on outer walls and fill gaps around the chimney.
- Have your furnace and air conditioner inspected and tuned up before heating and cooling seasons.

How The PSC Sets Rates

For most people the process the Missouri Public Service Commission uses to set the rates a public utility may charge its customers is mysterious. Utilities keep filing new rate cases and asking for more money. The Commission's Staff conducts an audit of each utility that requests a rate case and many utility expenses and spending decisions are challenged by Staff, The Office of the Public Counsel, or by one of many intervening parties during the 11-month course of a rate case.

Nevertheless, anyone faced with paying higher utility rates may question why rates go up even though the company is profitable and it may have just paid a bonus to its CEO. Perhaps the answer to that question can best be understood by examining the rates paid by customers to a utility as if they were the compensation paid by an employer to a single employee.

The rates the Commission establishes must compensate a utility in two ways: First, the Commission must allow the utility to earn enough to recover the expenses it has incurred to provide service to the public. Second, the utility must be allowed an opportunity to earn a reasonable profit on its investment. A business or organization that pays someone to do a job will compensate its employee in the same way.

Initially, the employer will compensate its employee for any expenses the employee incurs during the course of the job. Thus, an employer will reimburse its employee for a stay at a hotel while traveling for the job. In the same way, the Commission must allow rates to be set at a level that will compensate a utility for the expenses it incurs to provide utility service to the public. For example, the Commission must set rates high enough to allow an electric utility to recover the cost of the coal it burns to generate electricity and the salary it pays the linemen to repair the power lines necessary to provide electric service to its customers.

Of course, the utility cannot simply pass through any and all costs it incurs. Those costs must be reasonable and prudent. In the same way an employer will refuse to compensate its employee for unreasonable or imprudent expenses, the Commission will refuse to allow the utility to set rates that would allow it enough income to recover unreasonable expenses. For example, an



The Commission must base its decision about the rate a utility may charge to recover its costs and to have an opportunity to earn a reasonable return on its investment, on competent and substantial evidence.

employer is unlikely to compensate its employee for a weeklong stay with their spouse at a beachfront hotel in Hawaii. Similarly, the Commission may refuse to allow a utility to recover the cost of a coal contract that is above market rates, or for excessive compensation paid to a top executive.

REASONABLE AND PRUDENT COSTS

Many of the issues presented to the Commission during a rate case concern the reasonableness and prudence of the utility's costs. But, just as an employer must compensate an em-

ployee for the reasonable and prudent costs the employee incurs to do his or her job, the Commission must allow a utility to charge rates sufficient for the utility to recover its reasonable and prudent costs to provide service to the public.

Compensation for reasonable and prudent expenses is not the end of the process. No employee will work only for reimbursement of job related expenses. The employee will also demand a salary or wage. For a utility, the corresponding compensation is a reasonable opportunity to earn a profit. (Contrary to popular belief, a utility is not guaranteed a profit.)

An employer does not randomly set an employee's wage or salary, nor is it a matter of the employer simply being generous or stingy toward its employee. Rather, wages and salaries are set in response to market forces. An employee, at least in theory, is paid a wage or salary sufficient to attract and retain a qualified worker within the applicable job market. Similarly, the amount of profit the Commission will allow a utility an opportunity to earn is set in response to market forces.

If an employee's pay is below market rates, that employee is likely to look for a new, better-paying job. An employer that pays below-market wages runs the risk of losing valuable production from experienced employees. A utility that is not allowed to earn a reasonable profit is in much the same situation.

CAPITAL MARKET

Although the utility is a retail monopoly and does not have to compete for customers, it does have to compete in the capital market for investors. If the Commission sets rates for a utility that are too low, the utility will not have an opportunity to earn a sufficient return on its investment. As a result, the available investment funds will flow to other utilities or companies that offer a greater potential return for a similar risk. If that happens, the utility will be starved

for the capital it needs to maintain and expand its systems and will be unable to offer safe and reliable service to its customers. For that reason, the Commission must allow the utility an opportunity to earn a return on its investment sufficient to allow it to compete in the capital market against other utilities and other businesses.

REACHING A DECISION

When the Commission makes a decision about the rate a utility may charge to recover its costs and to have an opportunity to earn a reasonable return on its investment, it must base that decision on competent and substantial evidence. That evidence is presented as testimony from experts employed by the utility, from the experts the Commission employs to audit the utility, from experts employed by the Office of the Public Counsel to represent the public, and from experts employed by other interested parties who intervene in the rate case to represent their interests. After hearing and considering that competing evidence, the Commission will issue a written decision explaining how it has balanced the contending interests of all the parties.

Unfortunately, the Commission's written decisions in rate cases can be quite lengthy and large portions of those decisions may be devoted to resolution of important but detailed questions that are of interest primarily to the lawyers trying the case. As a result, many people continue to have questions and complaints about any decision that allows for an increase in utility rates. The most common complaints the Commission hears from the public are about advertising expense and large bonuses paid to utility executives. Frequently, the Commission treats such expenses as "below the line," meaning they are not included in the calculations used to determine the amount of compensation the utility can earn from the rates it charges its customers. Nevertheless, the utility ultimately obtains the money to pay those "below the line" expenses

The Missouri Public Service Commission ensures that the rates a utility charges its customers are no more than necessary to compensate the utility for the costs it incurs to provide service to its customers and to allow the utility a reasonable opportunity to earn a profit.

from the rates it charges its customers. As a result, customers of the utility understandably complain that their rates are going up to pay those costs.

HOW COSTS ARE TREATED

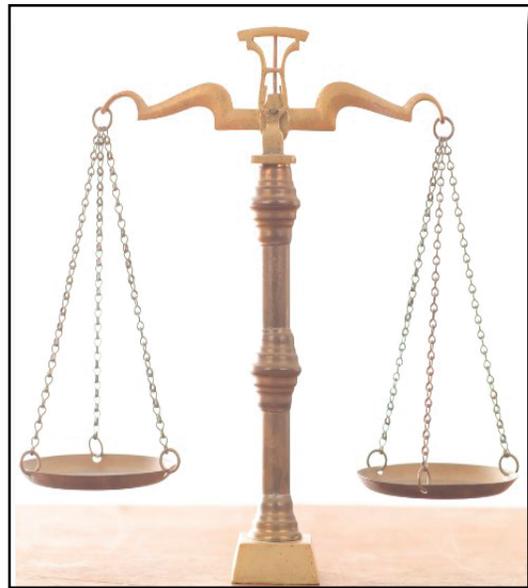
To understand how the Commission treats those costs and why such costs may not be the cause for increased rates, it is once again helpful to compare the utility to a single employee, this time an employee of the State of Missouri. Although the source of the state employee's wage or salary is the taxpayer, once the money is paid to the employee, it becomes the employee's money and he or she is free to spend it in any way he or she wants. The cost of staying for a week at a beachfront hotel in Hawaii might provoke outrage from taxpayers if paid to a state employee as compensation for expenses. However, the state employee might use his or her salary to take their spouse on vacation, even though that salary was paid with tax money.

In the same way, the Commission does not control how a utility chooses to spend its profits. If a utility chooses to proclaim its virtues to the public by buying advertising, the Commission usually will not allow the utility to recover those advertising costs as an expense of doing business. In the same way, the state will not reimburse its employee for a vacation as a job-related travel expense. But if a utility chooses to spend a part of its profits for such advertising it is free to do so, just as a state employee is free to spend his or her pay to take a vacation.

Similarly, the Commission may allow a utility to recover as an expense the amount for the salary it pays its CEO and other executives. If the utility chooses to use a part of its profits to pay a large bonus to those executives, that is its option. Profits are the utility's money to spend as it wishes. Remember the state employee vacationing on the beach at Waikiki; it is his or her money being spent, not tax dollars.

If the utility can afford to pay its executives bonuses, why do they need more money from ratepayers?

That is a good question, but remember, the profit the Commission will allow the utility an opportunity to earn is set by market forces in the same way an employee's wage or salary is set by market forces. The utility's profits and the employee's pay do not change depending upon how they choose to spend their money. The utility does not have a claim to a greater profit because



After hearing all the evidence, the Commission will issue a written decision explaining how it has balanced the contending interests of all the parties.

it pays a bonus to its executives anymore than an employee can expect a raise because he or she chooses to pay for an extravagant vacation.

For the same reason, the amount of profit the utility is allowed an opportunity to earn, and the rates that pay for that level of profits, will not be reduced if executive bonuses are cut. The utility must answer to its shareholders for how it spends the shareholder's profits; it does not have to answer to the Commission.

No one wants to pay higher utility rates and it is certainly frustrating to see those rates increase. However, the Missouri Public Service Commission is on the job to ensure that the rates a utility charges its customers are no more than necessary to compensate the utility for the costs it incurs to provide service to its customers and to allow the utility a reasonable opportunity to earn a profit.

Morris Woodruff wrote this article. He is the Secretary/ Chief Regulatory Law Judge for the Missouri Public Service Commission.

HOME WORK



Did You Know -- Many Are Unaware Of The PSC's Role In The Manufactured Housing Industry

Many Missourians know the Missouri Public Service Commission regulates investor-owned electric, natural gas, steam, telephone, and water and sewer utilities in the state. Did you know the Commission also regulates manufacturers and dealers of manufactured homes and modular units sold in the state?

The Public Service Commission began regulating the manufactured housing industry on January 1, 1974. The PSC Manufactured Housing Unit became a State Administrative Agency for the federal Housing and Urban Development (HUD) Manufactured Housing Program on June 15, 1976.

The Manufactured Housing and Modular Units Program (Program) is responsible for the

annual registration of dealers and manufacturers of HUD manufactured homes and modular units. The PSC also has jurisdiction over new manufactured HUD home installers. Program field inspectors enforce uniform construction, safety and installation standards by conducting detailed inspections including the enforcement of tie down and anchoring requirements.

Program Staff receive calls from consumers, manufacturers, dealers, installers, financial institutions, and local building code officials throughout the state. Program Staff conduct free home inspections for consumers requesting an inspection.

“Program Staff have been able to successfully resolve more than 95% of the complaints we’ve received by working with manufacturers, dealers, installers and homeowners,” said Blake Eastwood, Program manager of the PSC’s Manufactured Housing and Modular Unit.

Consumers may submit an Inspection Request/Consumer Complaint form to the Unit. This form, along with additional information, can be obtained by going to the Commission’s website (www.psc.mo.gov) and clicking on the manufactured housing tab at the top of the page.

In addition, Program Staff conduct random on-site inspections prior to the completion of a new HUD home and modular structure. In many cases, these on-site inspections are requested by the installer, dealer or the homeowner to ensure the site is properly prepared before the home is placed on the site. On-site inspections help identify installation problems that can be corrected before home installation is completed, thus reducing costs and ensuring the consumer has a properly installed home.

Program inspectors endure many obstacles and undergo various adventures while accomplishing their goal of helping provide safe, affordable and durable manufactured buildings to Missouri citizens. Ronnie Mann, 16-year Manufactured Housing Inspector at the PSC, says



PSC Inspector David Freeman conducts an on-site inspection.



Do You Have Questions About A Manufactured Home Or Modular Unit?

Contact Us At:
1-800-819-3180

Manufactured homes are built in a controlled factory environment.

“working with manufactured housing as a regulator is a very diversified job. One day we are in the field inspecting a home, the next day we may be in a meeting with city officials, attorneys or other authorities. Our oversight from factory to consumer helps to make each house someone's home.”

Many of these commercial units can be delivered and fully operational within a very short period of time. These commercial structures must meet applicable International Building Code (IBC) commercial building code requirements.

Manufactured homes are built according to HUD standards. Manufactured homes are built in a controlled factory environment, may be single- or multi-sectioned, and are available in various sizes and floor plans.

All new manufactured homes located in Missouri must be anchored and tied down according to Missouri Public Service Commission standards. Before any home can be sold, offered for sale, or installed, that home must be approved by the Public Service Commission.

Modular units are built to IBC and International Residential Codes (IRC). Throughout the building process, homes are continually inspected to ensure compliance with required building codes.

According to a report published by the Governmental Accounting Office and the Federal Housing Institute, approximately five percent of Missouri residents live in manufactured homes. Modular and HUD manufactured homes fulfill a major housing void in many rural areas where site built homes are difficult to construct in a timely manner.

Modular unit classrooms are a major com-

ponent of affordable classrooms in many school districts throughout the state. Program Staff routinely work with school districts to ensure these units are properly installed and anchored, providing a safe learning environment for children and staff.

Commercial modular units have become a popular and affordable alternative to site built commercial units. Commercial modular units range from small single section units to large 16 to 20 section multi-family structures.

Other specialized commercial units include medical facilities, banks, jails, parking lot booths and ice houses.

*Contributors to the articles on Pages 11-13 were **Leslie Wiebe** (Manufactured Housing and Modular Unit Program) and **Natelle Dietrich** (Director Tariff, Safety, Economic and Engineering Analysis) of the PSC Staff.*



PSC Inspector Nate Haldiman examines anchor straps.



Easy Does It

Inspectors from the Missouri Public Service Commission watch as a home is lowered into its concrete foundation using a large crane.

Definitions And Requirements

A “dealer” is defined as any person, other than a manufacturer, who sells or offers for sale four or more used homes or one or more new manufactured homes, or one or more new modular units in any consecutive 12-month period.

A “manufacturer” is defined as any person who manufactures manufactured homes or modular units, including persons who engage in importing into the State, manufactured homes or modular units for resale.

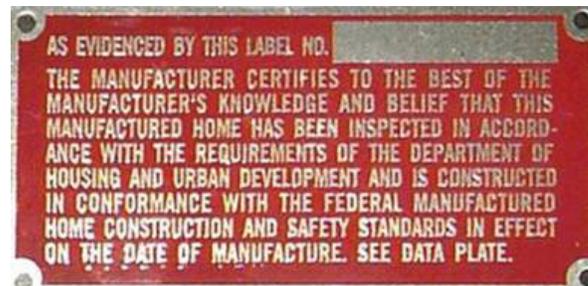
Every manufacturer or dealer who sells or offers for sale, on consignment or otherwise, a manufactured home or modular unit from or in the state of Missouri, is required to register, with the Unit, each place of business at which the manufacturer or dealer sells or offers for sale a manufactured home or modular unit.

Missouri law requires that any manufactured home or modular unit for rent, lease or sale within the state must bear the proper seal indicating the home was built to at least the minimum code required by HUD or the IRC and the IBC. Modular units must have a PSC Seal of Compliance. A manufactured home must have the proper HUD label. A seal of compliance is commonly located in the electrical panel box of the home.

The Program also regulates the installation of new manufactured homes. All new manufactured homes must be installed by a PSC-registered installer. An installer is required to complete eight hours of initial training, along with the successful completion of an installer test. The installer must then complete eight hours of continuing education every three years.

Installers are required to install manufactured homes in accordance with the installation instructions provided by the manufacturer of the home.

An installation decal issued by the Unit must be attached to the exterior of the home and should also include a sign-off sticker, which must be attached next to the data plate inside the home.



A PSC Seal of Compliance (left) and a U.S. Department of Housing and Urban Development certification label.



At right, workers install a transformer at The Empire District Electric Company's Substation 59. Above, the substation was reduced to rubble after the 2011 tornado. (Photos courtesy of The Empire District Electric Company)



Rebuilding Joplin From The Ground



Modular units have become a favorable choice for many residents and businesses who continue rebuilding efforts in the area of Joplin devastated by a May 2011 tornado. Within the city limits, there are several new commercial modular structures, including a dental office, medical units, a bank, office units and fire stations.

The Joplin school district is using modular classrooms as temporary structures for three elementary schools, two high schools, a middle school and an early childhood center. Construction on new facilities continues and plans call for two new elementary schools and a middle school to be ready around the end of the year with the new high school ready by August of 2014.



The offices of The Big Nickel in Joplin, an advertising publication, is now housed in a modular unit.

After the tornado struck, approximately 500 temporary Federal Emergency Management Agency (FEMA) housing units were placed in Joplin. Today, nearly all of those units have been removed.

The Empire District Electric Company's Substation 59 (see above pictures) returned to service on October 17, 2012. The substation, located near 26th and Moffet Avenue, took a direct hit from the tornado leaving little more than twisted metal and mangled wires.

During the 2011 storm, six substations were damaged, as were 4,000 poles, 1,000 smaller transformers and 100 miles of electric lines.

Missouri Gas Energy's (MGE) infrastructure was also affected by the tornado. MGE abandoned approximately 55,000 feet of main and installed approximately 48,000 feet of new main. In addition, MGE replaced or installed 824 new service lines.

Line locates for the **Missouri-American Water Company** (MAWC) continue to be higher than pre-tornado numbers in Joplin. In addition, grants received by the City of Joplin have resulted in numerous road improvement projects. According to MAWC, this has created additional work in the area of line relocations.

Employee Spotlight



Five Questions With: *Noumvi Ghomsi*

Utility Engineering Specialist II

1) What are your main job duties?

I am a member of the Commission's Federal Electric Group that specializes in researching and analyzing federal transmission issues before the Federal Energy Regulatory Commission (FERC) and other entities that involve multiple states.

2) How did you come to work at the PSC?

A career opportunity opened up and I applied for the job and got it. I am very fortunate to have been selected for this position out of the pool of other qualified candidates.

3) What did you do before working at the PSC?

I worked for Hallmark Cards, Inc., Metamora Fixtures Operations in Metamora, Illinois as a Process Engineer and also as the Hallmark Cards/Metamora United Way Chairman for the Heart of Illinois United Way Chapter.

4) What is the most interesting thing about your job?

The vast amount of learning opportunities that are readily available to interested stakeholders via teleconferences, face-to-face meetings, and energy-related seminars would have to be the most interesting thing about my job. As we all know, the energy industry is a dynamic one, in that "Hot Topics" (planning for transmission projections, reviewing costs associated with those projects, and designing a market to manage energy transactions in, etc...) are constantly emerging which directly affect the rate of return and return on equity for investor owned utilities/transmission owning utilities, municipalities, and cooperatives. By engaging in an open forum discussion on such "Hot Topics" with interested stakeholders, important information gets shared to help resolve federal transmission issues. I am often surprised at how well everyone gets along at these open forum discussions.

5) What is one thing people do not know about you?

I am from Cameroon Africa, a country that is blessed with a lot of economic potential and with a variety of human and natural resources. It's one of the best-endowed primary economies for exporting commodities like bananas, timber, minerals and oil. The current president of Cameroon has been in office since November 6, 1982, which is longer than I have been alive. I have resided in the United States for a little over 23 years now. I have come to appreciate the many opportunities presented to me here in the United States of America.

Connections: News, Notes & Events

Public Service Commission Celebrates 100 Years

The Public Service Commission held a special celebration on April 15, 2013, to recognize 100 years of service to the citizens of Missouri. The event was held in the Truman State Office Building which served as the PSC's headquarters from 1983 until the agency moved to the Governor Office Building in 2000. In the photo to the left, Chairman Robert Kenney reads a proclamation from Governor Jay Nixon honoring the Commission's 100th anniversary. Seated to the left of the Chairman are Commissioners William Kenney and Stephen Stoll. To the Chairman's right are Commissioner Terry Jarrett and Wess Henderson, Director of Administration and Regulatory Policy.



Designer Motorcycle Promotes National Safe Digging Month

The "811" motorcycle, featured in episodes of American Chopper on the Discovery Channel, paid a visit to Jefferson City on April 3 as part of events surrounding National Safe Digging Month.

The "811" bike is a custom motorcycle built by Paul Jr. Designs to promote underground utility damage prevention.

National Safe Digging Month is designed to remind people of the importance of safe digging. People planning a digging project, both large and small, are required by law to call 1-800-DIG-RITE or 811 or click on www.mo1call.com, before starting any work that involves digging.



Chairman Robert Kenney Speaks At Missouri Press Association Convention

Chairman Robert Kenney addressed members of the Missouri Press Association during the Association's 147th annual convention (at left) on September 6 in Kansas City. Chairman Kenney talked about the rationale behind public utility regulation in an integrated market and the importance of the relationship between the Commission and the press when it comes to consumer education and outreach. *(Photo by Kent Ford)*

NARUC Honors Public Service Commissioner Jarrett

National Association of Regulatory Utility Commissioners (NARUC) President Philip Jones (right) honored outgoing Committee Chair Missouri Commissioner Terry Jarrett during the NARUC Summer Committee Meetings in Denver.

Commissioner Jarrett, who resigned from the Missouri PSC in September, served as chair of the NARUC Critical Infrastructure Committee since October 2011. *(Photo courtesy of NARUC)*





Past And Present Commissioners

Past and present PSC Commissioners gathered as the agency celebrated its 100th anniversary on April 15, 2013. From left: Stephen Stoll, Duncan Kincheloe, William D. Steinmeier, Patricia Perkins, Kevin Gunn, Larry Dority, Alan Mueller, Terry Jarrett, M. Dianne Drainer, William Kenney, Jim Fischer, Karl Zobrist, Willard Reine, Robert Clayton and Robert Kenney.

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