#### SPECIAL COMMEMORATIVE EDITION

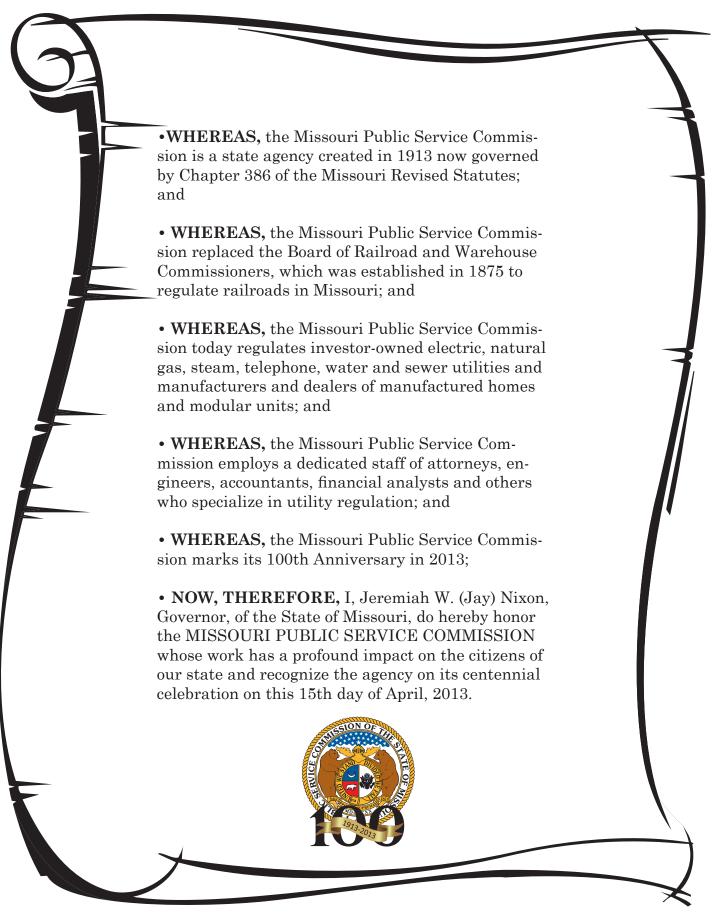
# PS Connection

Missouri Public Service Commission Publication

VOL. 3 NO. 6 -- APRIL 2013



A Century Of Service



#### **Special 100th Anniversary Edition**

The Missouri Public Service Commission celebrates its 100th Anniversary in 2013. This special edition is dedicated to the agency's many employees who have served the State of Missouri over the years.



#### What's Inside

## 'ONE OF THE NECESSITIES OF THE HOUR'

In his Inaugural Address in 1913, Gov. Elliott Major advocated for the creation of the Public Service Commission.

#### **OUR HISTORY**

A snapshot look at the agency as chronicled in our Annual Reports to the General Assembly.

#### 24 LOOKING BACK

Reflections from five of the longest tenured employees of the Public Service Commission.

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

#### **PSConnection Staff**

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Photos appearing in this special publication were obtained from a variety of sources: PSC Annual Reports, The State Historical Society of Missouri, Official State Manuals (Blue Book), Missouri State Archives, Ameren Missouri, The Empire District Electric Company, Missouri-American Water Co., Laclede Gas Company, Missouri Telecommunications Industry Association, Capital City Water Company, Jefferson City News Tribune, Library of Congress, Eisenhower Library and the New York Historical Society.

## In his Inaugural Address given on January 13, 1913, Missouri Governor Elliott Major advocated for the Public Service Commission.

"A Public Service Commission is one of the necessities of the hour. The creation of such a commission is a progressive step which, in view of past experiences, every state must take.

*In dealing with questions arising as* to our laws and orders of boards, affecting the public service corporations of the

Excerpt from Gov. Elliott Major's 1913 speech.

State, I have had perhaps as extensive an experience on account of the twocent passenger fare and maximum freight litigation now being considered by the Supreme Court of the United States as any public official in the republic. The right of the State to regulate the charges and the conduct of every business impressed with a public use is no longer questioned. Practical experience has demonstrated that the laws in their present condition and the old methods are insufficient and inadequate to meet present day conditions. They have served a useful purpose, but we must now have new and improved legislative methods in dealing with public utilities, and the questions arising between them and the public. The reap-hook and the

cradle were good and faithful servants, but gave way, in the march of progress, to the mower and binder. I, therefore, recommend the passage of an efficient public service commission law, with adequate powers given the commission to fix and regulate freight and passenger rates, express rates, telegraph and telephone rates, the charges of electric light, gas, water and power companies, and all other public service corporations doing business in the state.

The commission should be given authority to supervise the issuance of stocks, bonds and other evidences of indebtedness, and also be given the further power and authority to ascertain the value of the physical properties of the public utilities coming within the provisions of the act.

The enactment of such a law will not only be to the interest of the public, but also to the interest of the utilities regulated and controlled. A number of other states, including New York and Wisconsin, have already enacted such a law, and it has proven to be exceptionally beneficial and satisfactory. The control of public service corporations is a fixed policy of this State and government, and it is now an accepted axiom that the operation of a public utility is a public trust, subject to the control of the State by fair and just regulatory measures.

The mutual harmonics and pleasant relations of all public utilities with the public, the communities in which they operate, and the patrons of such utilities should be fostered and encouraged by the administrative acts of the commission in disposing of and adjusting all differences between the public and such utilities. In other words, the people and the public service corporations should be

#### In 1913, the Public Service Commission consisted of eight departments:

- · General Office
- Legal
- Rate
- Engineering
- Statistics and Accounts
- Gas, Electric, Heat and Water
- · Telephone and Telegraph
- · Stocks and Bonds

brought closer together and enjoy a better understanding of each other's rights. The people will look upon the service of such a commission as their forum, where all differences of opinion between the public and the public service corporations will find a speedy and inexpensive adjustment. It will become a common and popular forum where justice can be had in its simplicity and without the tortuous formalities and delays attending court procedure. A commission given such powers will enjoy in a high degree the confidence of the public and of the utilities coming within their supervision."



#### A Century of Service: Facts & Figures

The 47th General Assembly passed legislation sponsored by Carroll County Senator William Busby creating the Missouri Public Service Commission. The law took effect on April 15, 1913. The Missouri Public Service Commission replaced the Board of Railroad and Warehouse Commissioners which had been established in 1875 to regulate railroads operating in Missouri.

# Places We Have Called High the Control of the Contr



1913: Temporary State Capitol which was erected in 1912 on the east end of the grounds that now occupy the current Capitol grounds. After the first session, the Commission moved to quarters in the old Supreme Court Building until the State Capitol was rebuilt. The old Supreme Court Building was located where the Missouri Highway and Transportation Department stands today (1988 PSC Annual Report).

**1917:** Moved into the new State Capitol (shown under construction in the upper left photo). In the new State Capitol Building, the first story was occupied by the Public Service and Highway Commissions and other appointed offices.

**1934:** Commission moved to the former Federal Court House and Post Office Building, on the northwest corner of the intersection of High and Jefferson Steets. The building was remodeled to suit the purposes and needs of the Commission (1935-1936 Official Manual, State of Missouri).





**1951:** Moved to the Jefferson Building (9th and 10th floors).



**1983:** Moved to the Truman State Office Building (5th and 8th floors).



**2000:** Moved to the Governor Office Building.

# The First Commissioners



#### John M. Atkinson

John M. Atkinson, an attorney, was the first Chairman of the Missouri Public Service Commission. He was appointed by Governor Elliott W. Major on April 15, 1913 for a term of six years ending April 15, 1919.

Mr. Atkinson was from Doniphan, Missouri, and had formerly served as the Speaker of the House of Representatives and as an Assistant Attorney General.

Mr. Atkinson served until May 1, 1916, and was replaced by William G. Busby, a lawyer from Carrollton, Missouri, who was named Chairman of the Commission at the time of his appointment. Busby had sponsored legislation as a senator creating the Public Service Commission in 1913.

#### John Kennish

John Kennish, an attorney, from Kansas City, Missouri was appointed by Governor Major for a term of four years which ended April15, 1917. Mr. Kennish was a former Missouri Supreme Court Judge and State Senator.

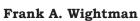
He left the Commission at the end of his term on April 15, 1917, but was appointed to fill the unexpired term of David E. Blair when Blair became a Missouri Supreme Court Judge on August 23, 1920. Kennish resigned December I, 1920 and was replaced by John A. Kurtz, a Kansas City lawyer.



#### Howard B. Shaw

Howard B. Shaw, an electrical engineer, was appointed by Governor Major on April 15, 1913 for a four year term. At the time of his appointment, Mr. Shaw was Dean of the School of Engineering at the University of Missouri in Columbia.

Mr. Shaw was replaced by Edward Flad on April 15, 1917.



Frank A. Wightman was a member of the Board of Railroad and Warehouse Commissioners prior to his appointment to the Missouri Public Service Commission by Governor Major on April 15, 1913. The Board of Railroad and Warehouse Commissioners was abolished by the Public Service Commission Law.

Mr. Wightman was a railroad expert from Monett, Missouri, and served until April 24, 1915. He was replaced by Eugene McQuillin, a St. Louis attorney.



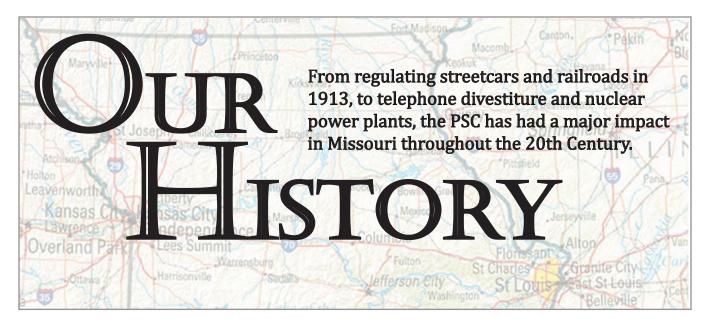


#### William F. Woerner

William F. Woerner was an attorney in St. Louis, Missouri when he was appointed to the Commission by Governor Major for a six year term ending April 15, 1919. Mr. Woerner's appointment came almost three months after the other four Commissioners had been appointed.

Mr. Woerner resigned effective November 18, 1914 and was replaced by Edwin J. Bean, a lawyer from DeSoto, Missouri.

**DID YOU KNOW:** The first appointments to the Public Service Commission were on the basis of one member to serve two years, two members to serve four years and two members to serve six years. After the expiration of the first terms, all member terms have been six years each.



• Created on April 15, 1913, the General Assembly abolished the former Board of Railroad and Warehouse Commissioners. All of the jurisdiction, supervision and records of the Board which extended to common carriers were transferred to the PSC.



- At the close of the year, December 31, 1913, there were 877 corporations, municipalities and individuals engaged in serving the public in this State in some capacity that, by operation of the Public Service Commission Law, placed them under the supervision and jurisdiction of the Commission.
- The great variety of work involved requires scientific and technical knowledge, and the necessity that the Commission should be well and accurately served with the very ablest of experts in these matters made imperative the selection of assistants of skill, learning, practical experience and good judgment.





#### A Century of Service: Facts & Figures

**First Case Filed:** Case No. 1. Submitted on April 16, 1913 and decided by the Commission on April 25, 1913. "In the Matter of the Application of Joplin & Pittsburg Railway Company for an order approving an issue of refunding bonds."

**First Case Decided:** Case No. 2. Submitted on April 16, 1913 and decided by the Commission on April 17, 1913. "In the matter of the Application of the Missouri, Kansas & Texas Railway Company for approval of a certain consolidated mortgage and for authorization of the issuance of bonds and authority to pledge said bonds as collateral security for the payment of a certain note."

- The work of the Commission, both in volume and variety of subjects, very soon grew to such proportions as made it imperative that there be installed an elaborate and up-to-date filing system of more than the ordinary classification of record papers. The system being installed is known as the decimal system.
- The Commission held 127 sessions in its offices in Jefferson City and an additional 93 hearings on complaints held at various places in the State.
- All public service corporations seem to recognize that fair and just regulation by the State has come to stay and that such regulation is as much for their protection as for the protection of the public.



• The number of subscribers connected with the telephone systems of Missouri

is approximately 500,000, which would indicate that approximately three million times each day the people of Missouri use the local telephone service, about thirty-four thousand times each day they use the long distance service.

• The Commission recommends the submission of a constitutional amendment providing that all appeals from orders and decisions of the Public Service Commission shall go direct to the Supreme Court, and providing the procedure of such appeals in such court. Such a constitutional amendment has been prepared and will be submitted to the Legislature for its consideration.



ABOVE: Missouri and Kansas Telephone Company logo, 1899-1920. RIGHT: First Bell pole on west side of Manchester Road in St. Louis (taken in 1914). BELOW: St. Joseph Water Company plant.

#### 1915-1916

• Future Regulations: One subject that should have early attention is the issuing of uniform service extension rules. As the matter now stands each

company or municipality makes and enforces its own rules regarding charges for extending mains or service pipes for water or gas, or line extensions and service wires to houses. The result is that there are almost as many policies followed as there are companies and municipalities operating these plants.

• In order to arrive at a decision as to the proper rates to be charged, it becomes imperative that the company's transactions be recorded as prescribed in the Uniform Systems of Accounts and since it is not possible to properly educate the utility managers by mail, provision should be made for the employment

of sufficient accountants to visit the utilities with a view of assisting and educating them in the proper operation of their plants.



• Nowhere has the change of attitude between the utilities and the public been better exemplified than in the informal complaints received by the Commission. Originally these complaints covered a wide latitude of cases, but now are nearly all confined to a few not well understood principles, such as charge for meter, or charge for extending service into new or unprofitable territory. Very few complaints now allege unjust or discourteous treatment.

# Capital City W ter Co.

Capital City Water Co. in Jefferson City was organized in 1888. By 1938, it served about 4,000 customers.

#### 1917

- Talk about the war and the abnormal rise in the price of materials and apparatus. Among the first to be affected were the waterworks companies. The chemicals used in clarifying and sterilizing water for public use are nearly all demanded in some form for war purposes. In consequence, the price within a few months increased from a few percent to more than a thousand percent for some chemicals.
- Where formerly the rates filed with this Commission showed a healthy tendency toward a constant reduction, there are now almost daily requests for increases in rate schedules. These conditions lead to an increase in complaints. It is worthy of note that the complaints are not so much against existing rates, as against the failure to get service, or against proposed increases in rates.

# MILLS CREW EMPIRE DISTRICT ELECTRIC CO. 1081, 1923

Mills Crew, The Empire District Electric Company (1923).

#### 1919-1920

• Unfortunately, the war came on soon after regulation by the State Commission was established, resulting in necessary and unavoidable increases of rates by the Commission which has brought about criticism of the State Commission Act, and a demand for its repeal from certain quarters not altogether

fair and unprejudiced. The demand now most frequently heard is for a return to the old system of municipal regulation, but this would be a backward and unfortunate step for the people of the State to take.



#### A Century of Service: Facts & Figures

When a utility company was granted a rate increase by the Commission, that company filed detailed financial statements of its revenues and expenses with the PSC. Those reports were reviewed by the PSC Staff. Whenever it appeared a utility company had a sufficient decrease in operating cost, the Commission did not set a formal hearing. Instead, the Commission made a phone call. The company was told it could stand a rate reduction and they could either agree with the Commission's reduction or request a formal hearing. Although some protested, most accepted the rate reduction. (1921-22 Annual Report)

• The future of the public utilities is still a matter of grave concern. People are not disposed to do without these conveniences which have grown to be everyday necessities, yet many of them, through lack of knowledge of the true situation, are prone to object to advances or to the retention of present rates pending business adjustments.

#### 1921-1922

- The Commission was created in April, 1913, a very inopportune time for it to begin operation. If it had been created ten years earlier, it would have had an opportunity to demonstrate its operation under normal conditions.
- However, hardly was the Commission organized, and hardly had it completed the employment of its experts, engineers and accountants, when the chaotic conditions resulting from the World War were thrust upon it. Prices of labor and materials began to rise and continued to rise until 1921. The





#### 1923-1924

• The Commission secured a series of rate reductions during this period and also noted: "The cost of service to the public is, of course, important, but the quality of service is equally important," its annual report said.

#### 1927-1928

• Probably the most difficult task confronting the Commission during this biennium has been the development of a program to administer and regulate motor carriers in accordance with the motor bus law passed by the General Assembly that took effect on July 5, 1927.

#### 1929-1930

• Due to the use of the radio, new problems have come to the Electric, Water, Gas and Steam Heating Department because of electrical interference. Although the Commission has no jurisdiction over radios, the complainants in most cases have been satisfied through our efforts.



The Empire District Electric Company crews ready for work. (1929)

• Since January 10, 1929, the Commission has maintained a bus inspector, who has been constantly on the highways inspecting buses to ascertain if they are operating in compliance with the laws of the state and the rules of the Commission. Prior to the employment of the bus inspector, several deaths had occurred due to collisions of buses with other motor vehicles, with railroad trains, by carbon monoxide gas and other ways. Since he has been on duty, there has been no one killed while riding on a bus in Missouri and the number of accidents in which non-passengers have been injured has been greatly reduced.

- Regulation of motor freight carriers begins at the PSC.
- During the biennium, the Commission issued 2,124 orders, more orders than were issued during any biennium in its existence.

- The activity of the Commission is best shown through the issuance of 7,703 orders during the period.
- During the biennium the Engineering and Accounting Department completed the appraisal and audit of the Union Electric Light & Power Company of St. Louis, which is one of the largest utilities in the middle west. It required more than five years for the engineers and accountants to complete the work and hearings on their reports were held before the Commission last June. For the first time in the history of the Commission, the body adopted the system of filing a record of direct evidence which had been taken prior to the time of the hearing. The hearing, which would have ordinarily required 12 to 15 weeks, was completed in 10 days.



#### 1939-1940

- The Commission, during the biennium, asserted jurisdiction over freight forwarding or car loading companies operating in Missouri. These companies had been operating for a number of years without regulation by the Interstate Commerce Commission or State Commissions.
- There has been a continual trend downward in the cost added to telephone bills for furnishing of service through the handset, Southwestern Bell Telephone Company having removed the extra charge for the handset entirely on July 1, 1939.



#### 1941-1942

• "Protection of Utilities" — Each utility was required to designate as "Protection Officer," one man in the company as near to the president as possible. Each protection officer is now directly responsible for the protection of his company.

#### 1945-1946

• The 1945 Constitution of Missouri provided that the various administrative agencies be assigned to certain divisions of the state government. Under that assignment, the Missouri Public Service Commission became a division of the Department of Business and Administration. However, it operates as an independent commission in the exercise of its quasi-judicial functions.

- Due to the extreme drought which is now in its third year, it has been necessary for the Commission to permit a few water utilities in the State to place restrictions on the use of water for sprinkling lawns and gardens.
- Office staff of the Bus and Truck Department has accepted the additional work of microfilming the records on file with the Commission. This new system will save the State of Missouri a great deal of storage space by the microphotographing of the old bulky records preparatory to their being destroyed.



Jefferson City water plant.

- The number of telephone companies in 1920, under the regulation of the Commission, amounted to 493. At the present time there are only 144. These changes have come about through consolidations by purchase and transfers to corporate interests, all of which has led to better service.
- Electric plant investment has increased during the past ten years by approximately 248 percent; the use of the service by the public has increased that much or more. Air conditioning has produced an increasingly heavy summer load for the utilities in recent years.



- Apparently we are at the beginning of the era of electric house heating. Electric utilities have expanded plants, installing equipment that generates electricity at a lower fuel cost per kilowatt hour than ever before due to improved economies and through consolidations and integrations of the various systems.
- The Railroad Safety Department was set up by the Commission on July 1, 1957, for the purpose of protecting the health and welfare of the employees, passengers and public on railroads in the State of Missouri, in line with Governor Blair's safety program.

#### 1957-1958

• On a number of occasions, members of the legal department have accompanied inspectors from the Bus and Truck Department of the Commission to various weight stations over the State when safety inspections and compliance check-ups were made. Legal questions frequently arise on such occasions and the presence of a member of the Legal Department at the point of inspection facili-

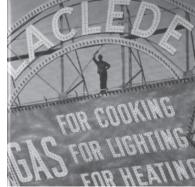
tates prompt disposition.

- Due to the legislature exempting tow and wrecker service operations, this Commission effective August 29, 1959, will cease to have jurisdiction over that type of operation.
- During the current period there have been a substantial number of small water utilities created by persons engaged in real estate outside of or beyond municipalities at distances from the local municipal system too great to justify the extension of water transmission lines to the subdivision being developed. It has been necessary to allow the developers to develop the systems as public utilities and in order to conform to the law, they have been granted certificates of convenience and necessity to operate such systems as a public utility.
- Southwestern Bell Telephone Company indicated that it was planning to offer what it described as "Metropolitan Service" in Kansas City, similar to that now in effect in St. Louis.
- The so-called independent, that is non-Bell owned systems, have also continued to make great strides in converting the smaller exchange areas in rural areas to dial operation.

• The need for gas for space heating in new homes continues to be serious as well as the need for gas in homes where other types of fuels have heretofore been used. Some of the gas companies continue to have filed with the Commission, rules by which they are permitted to restrict the allowance of gas for space heating in homes of new customers or for conversion from other types of fuel.

#### 1960-1961

- From 1951 to 1960, gas utilities expanded materially. MCF sold increased by 77%. Income from gas sales increased by 122%. Investment in plant physical property increased by 169% and the number of consumers increased by 31%.
- Recently wide area telephone service (WATS) was introduced which permits a telephone user to call on an unlimited basis all telephones in the state or such other areas in the country he or she may choose.



#### 1963-1964

• Missouri's first expanded direct distance dialing service will be offered in Springfield in December 1964. This new service allows telephone users to dial many of their calls directly, instead of asking an operator to handle them.

#### 1965-1966

• At the year's end, the Commission had just completed a reorganization program. The various departments of the Commission have been consolidated into four offices under the immediate direction and supervision of one executive director. The program promises to eliminate costly duplication of workloads and result in fulfilling the regulatory obligations of this Commission expeditiously and in the best interests of Missouri. The four offices are: The Office of the Secretary; the Office of the General Counsel; the Office of the Director of Transportation; and the Office of the Director of Utilities.



• 92 emergency licenses were issued in December 1965 in order that army personnel could be furnished transportation to and from Fort Leonard Wood for their Christmas vacation. This was done in order that additional buses could be brought into Missouri so that more personnel could be transported in a shorter period of time to allow more time at home for the personnel.



#### A Century of Service: Facts & Figures

Modern dial service is available throughout the state with 95.2% of the telephones being dial operated. The percentage of Missouri families with telephone service now totals 77%. (1961-62 Annual Report)



**1913:** Commission uses decimal system, having an outline of 10 subjects (eight of which are being used.)

1957: All records, except for current cases, are being micro-photographed. The films are perserved in steel cabinets and are readily accessible for inspection and viewing.

1967: An automatic typewriter at the Commission helps handle the large volume of mail sent daily.

1969: The Commission has responded to the increasing complexity and magnitude of regulation by initiating the use of computers in the preparation of rate cases and the surveillance of regulated firms.

**1971:** The Commission does not have its own computer, but shares time on the computers of the Division of Mental Health, Administrative Services Section and Highway Department.

**1976:** The first formal sharing of state computer sustems by two departments through the use of remote equipment was begun in April 1976 by the Public Service Commission and the Division of Employment Security.

**2002:** The PSC Electronic Filing and Information System (EFIS) was implemented in April 2002. The PSC is the first state government utility regulator in the nation to offer this level of web-enabled business process capability.

• The Commission noted with interest Greyhound's experiment of operating nonstop buses over Interstate Highway 70 between St. Louis and Kansas City on a four-hour, 15-minute schedule, but shortly thereafter instituted an investigation into the adequacy of service between St. Louis and Springfield where portions of U.S. Highway No. 66 have or will be replaced by Interstate Highway 44.

#### 1966-1967

- On June 1, 1967, Governor Warren Hearnes signed into law Senate Bill 106 which renewed the regulatory powers of the Public Service Commission over privately-owned sewer utilities.
- The General Counsel also has the duty to render to the public and any municipality advice and opinions as to their rights under the Public Service Commission Law and the legal methods and procedures for obtaining same. In carrying out this function, the General Counsel has instituted, in June 1967, a written opinion system.
- The use of nuclear energy in future power generating plants is a possible solution to the problem of air pollution for electric utilities. Though consideration has been given to nuclear powered generating plants in the state of Missouri, the feasibility of such a project has not yet been proven.
- Among the new developments in the gas industry is the outside reading extension for gas meters. Through an electronic device, a reading of gas meters installed inside a building may be obtained from the outside. Various types of devices are presently installed throughout the state on a test basis.

#### 1967-1968

• In February 1968, the Commission adopted one of the strongest gas safety codes presently in effect in the nation. This was done prior to the enactment of federal legislative action to develop a national safety code.

- An indication of the overheated nature of the economy was in the increase in the prime interest rate—the rate charged large borrowers by lending institutions—which climbed from 5% in 1965 to the present level of 8.5%. Utilities no longer able to cope with the rising cost of capital labor and materials requested relief through increased rates.
- A new, universal emergency number (911) which callers may dial for all public safety agencies was to be put into use by a Missouri city for the first time in the fall of 1969.
- In a typical year, the Commission may be asked to consider two or three utility rate increase requests, which require considerable time and effort. During the fiscal year of this report, 25 such cases were before the Commission.

- The Missouri PSC was the first to implement computerized monthly surveillance of utilities, a procedure that provides the Commission and its staff with fresh information on the companies.
- The Commission was certified during the fiscal year by the U.S. Department of Transportation as the authority governing intrastate natural gas pipeline safety in Missouri.
- The Missouri Natural Gas Pipeline Safety Code was amended during the fiscal year to include criteria for pipeline corrosion control. This code meets all federal requirements and in some areas is more exacting than the U.S. standards.
- The regulation of ambulance companies was discontinued by the Commission in October 1970 because the PSC was of the opinion that economic regulation of such firms was not feasible.



Union Electric transmission tower, 1965.

#### 1971-1972

• A precedent-setting directive was issued by the Commission in May 1972 that established strict standards of conduct designed to remove the Commission and its employees from any contact with the public relations activities of companies under its jurisdiction. The directive forbids Commission members and employees from accepting gifts from regulated companies and forbids acceptance of meals, gratuities, goods, services or travel of any kind.

#### 1972-1973

- In accordance with legislation passed in 1973, the Public Service Commission began a program for enforcing safety standards covering mobile homes and recreational vehicles manufactured or sold in Missouri. Under the new law, the PSC will promulgate rules and regulations, inspect units and issue certification seals for equipment. A portion of the new law that requires mobile homes to be properly anchored will be enforced by the Missouri Division of Health.
- Work was completed in 1973 on rules and regulations governing the operation of sewer utilities in the state.



#### 1973-1974

• In May 1974, the Commission announced commencement of a general study of utility billing practices intended to standardize the billing procedures and rules of companies throughout the State.



#### A Century of Service: Facts & Figures

The Commission was involved in a number of cases in 1967-68 in which it ordered utility companies to separate city franchise (or gross receipts) taxes from utility bills. This resulted in a reduction in utility bills for some Missourians.

• The Commission was, in May of 1974, the first state agency in the United States certified for participation in the Federal Railroad Administration's Railroad Safety Program.

#### 1974-1975

- The 1974 State Reorganization Act placed the Commission within the Department of Consumer Affairs, Regulation and Licensing. In 1984, the Department of Consumer Affairs, Regulation and Licensing name was changed to the Department of Economic Development.
- The only change made within the Commission by the Reorganization Act of 1974 was the creation of the Office of Commission Counsel, whose duty is to represent the Commission staff in cases before the Commission and to serve as legal advisor and counsel to the Commission. The responsibility for representing the general public before the Commission, formerly the duty of the General Counsel to the Commission (a post abolished by the Reorganization Act), was transferred to the Public Counsel of the Department of Consumer Affairs, Regulation and Licensing.

#### 1975-1976

- The Commission adopted in July 1975, a Blueprint for Action that set out its plans for internal action in the areas of personnel, procedures and objectives. The Commission adopted new rules of Practice and Procedure, which set out standards to be followed by parties participating in cases before the Commission. The Commission initiated the blueprint plans for a complete revision of the complaint-handling process, and an approach to its operations through the concept of managing by objectives.
- In the Fall of 1976, the Commission opened consumer services offices in St. Louis and Kansas City.
- In a decision handed down in May 1976, the Kansas City Court of Appeals held that the Commission can consider in its determination of rate cases the transactions between utilities and their affiliated companies.
- · Rules and regulations governing the manufacture, sale and licensing of mobile homes and recreational vehicles sold in Missouri were adopted by the Commission in October 1975.

#### 1976-1977

- The Commission, in April 1977, activated a toll-free telephone line, dubbed the "Consumer Hotline."
- In March 1977, the Commission proposed a rule which would set up strict procedures utilities must follow before gas, electric or water service could be terminated during winter months. The Cold-Weather Cutoff Rule became effective after the fiscal year ended and was in force for the 77-78 winter.

#### **Our Biggest** Challenge

"Challenges! There were many. They can all be placed under the umbrella



of the heavy caseload during the years immediately following the second Arab Oil

Embargo and the resulting pressure on all utility rates. This included explaining the necessity of rate increases to the public, a seemingly impossible task; obtaining appropriations from the legislature sufficient to hire staff to get the work done; streamlining the staff to provide more professionalism; and, revising hiring policies to make hiring less political."

> A. Robert Pierce, Jr. Chairman 1975-1977

- In November, Missouri voters adopted a law which forbids utilities from including in their rate base the cost of construction work in progress (CWIP). Kansas City Power & Light Company had to reduce its annual revenue by \$4.35 million and Union Electric by \$1.36 million.
- Legislation was approved by the General Assembly in 1976 that allowed the Commission to contract with the Federal Department of Housing and Urban Development (HUD) in order to act as the agent in Missouri for enforcement of HUD regulations on mobile homes.
- Other legislation passed in 1976 transferred from the State Health Department to the Commission the responsibility for mobile home tiedowns.



- In February 1978 the Commission, after consultation with the staff, restructured its operations from seven divisions to six (Utility Customer Services, Transportation, Office of the Secretary, Utility, Electronic Data Processing and the Office of General Counsel).
- A lengthy effort by the Commission to reform the billing practices used by Missouri electric, gas and water utilities was completed during the year. The billing practices rule was finally adopted during December, with an effective date of January 13. The long effort actually started in 1975 but utilities blocked implementation of the new rule (popularly dubbed the "Utility Consumer Bill of Rights") with a lawsuit.
- In September, the Commission issued its first rate design order, one of the most far-reaching orders in recent years. In the case, St. Joseph Light & Power Company was directed to begin work on a program to change the way in which it charges for electric service. The Commission decision in the St. Joseph Light & Power Company case indicated that declining block rate structures are outdated. The new direction mandated in the case was that rate design should encourage the efficient use of energy and recognize and regard customers who choose to conserve.
- The Commission in October helped launch Operation Lifesaver, a program aimed at reducing rail crossing accidents.



#### A Century of Service: Facts & Figures

In the fall of 1975, the Commission ordered the first review of the management and operations of a utility under its jurisdiction. It directed Missouri Public Service Company of Raytown to contract with a consulting firm to conduct a management review of the company.

• House Bill 186 gave the Commission jurisdiction over safety aspects of municipal gas systems---previously that function was performed by the U.S. Office of Pipeline Safety.



• The General Assembly passed a bill to remove the state sales tax from residential electric, gas and water bills.

#### 1981-1982

· Missouri is one of five states that have a regulatory commission with a staff capability to perform management audits of utility companies.

#### 1982-1983

• January 1, 1984 the telecommunications industry changed drastically as mandated by the federal courts. This action divests AT&T of providing local telephone service leaving AT&T with long distance communications, Bell Labs and Western Electric. The Bell Operating Companies would be regrouped into seven independent regional holding companies after the break-up of AT&T.

#### 1983-1984

- SB 596 was passed which deregulates mobile, paging and cellular telephone service effective January 1, 1986.
- During the past legislative session, HB 1410 was passed and signed into law. That law took away the motor carrier safety vehicle authority previously held by the Commission.

#### 1984-1985

• General Assembly passed and SB 2 was signed into law which 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 PSC. Regulation of transportation matters by the Division of Transportation took effect on July 1, 1985.



• Competition started in the public pay phone market as the Commission allowed the installation of pay phones by private individuals.

#### 1986

• During the 1986 fiscal year, the Commission finalized rules which allow small utility companies to seek a general increase in revenues through an informal rate case proceeding. Water and sewer utilities having 1,000 or fewer customers; gas utilities having 1,500 or fewer customers; and telephone utilities having 5,000 or fewer access lines may qualify to use the informal rate case proceeding.

• On September 28, 1987, HB 360 took effect. The new statutory framework is designed to give the Commission the necessary flexibility to manage the transition of the telecommunications industry to a more competitive environment.

#### 1989

- The Commission focused its attention upon the safety of the State's natural gas distribution systems in 1989. The need for re-examination of the safety of these natural gas systems became apparent following seven natural gas incidents in Missouri during the 1988-89 heating season resulting in five fatalities, 17 injuries and extensive property damage.
- On February 24, 1989, the Commission issued an emergency rule requiring all gas corporations and municipal gas systems to immediately inspect unprotected steel service lines. On May 1, 1989, the Commission proposed a major revision of its natural gas pipeline safety rules designed to strengthen the gas safety program required of natural gas distribution companies in the State. These proposed rules were made permanent on November 9, 1989. In addition, HB 938 was enacted by the General Assembly which clarified and strengthened the Commission's jurisdiction over municipally-operated natural gas systems.

#### 1991

- June 8, 1991, Relay Missouri began operations in Missouri.
- HB 299 was passed by the General Assembly which allows the Commission to petition to the Courts to appoint a receiver to operate a small water or sewer company that has either failed to provide safe and adequate service or has defaulted on a loan from the State.
- The Commission was involved with the enactment of SB 214 and 264 which established a not-for-profit notification center for receipt and dissemination of information relating to excavation activities.

#### Our Biggest Challenge

"Nuclear rate cases.
Callaway I virtually doubled
Union Electric's rate base
and would have resulted in
a 65% rate increase. Wolf

Creek (KCP&L) had similar potential impacts. We disallowed \$384 million of Callaway costs as imprudent, the largest sin-



gle rate base disallowance in the nation's history. We took a similar approach to Wolf Creek. We crafted the nation's first "phase-in" of a rate base addition. Our decisions formed the basis of two new Financial Accounting Standards Board (FASB) standards on phase-ins and nuclear decommissioning funds."

William D. Steinmeier Chairman 1984-1992

#### A Century of Service: Facts & Figures



Several changes to the Cold Weather Rule occurred in October 1984. The rule now includes reconnection provisions, requires utility companies to provide additional notice and information prior to termination of service between November 15 and March 31, and allows a larger class of customers to register for the additional special notice prior to disconnection for elderly and handicapped customers.

- Southwestern Bell became the first local exchange telephone company in Missouri to offer Caller ID under a PSC decision issued on March 18, 1993.
- In December 1992, the Commission issued final rules which require electric companies in Missouri to develop plans examining the most efficient and cost-effective way to provide electric service in the future. These rules will, for the first time, require utilities to evaluate conservation and energy efficiency as an alternative to the construction of additional power supply facilities.

# Our Biggest Challenge

"On December 23, 1992, the Commission issued a report and order dealing with expanded calling scopes in



metropolitan and outstate exchanges. This order was the culmination of months of study,

task force meetings, and both public and evidentiary hearings. The calling scope issue was one which had been controversial for several years and the Commission's work on this topic resulted in some much needed economic, political, and structural closure on this very sensitive matter."

Kenneth McClure Chairman 1992-1993

#### 1995

- Missouri will have a fourth area code beginning in 1996 as a geographic split was determined to be the best method to resolve the exhaustion of telephone numbers in the 314 area code. The new area code is 573 and will be in towns such as Hannibal, Cape Girardeau, Jefferson City and Columbia. The St. Louis metropolitan area and surrounding communities retain 314.
- Telecommunications technology and the medical community joined hands in Missouri in May of 1995, making telemedicine a reality for thousands of rural Missourians over the next three years.

#### 1996

• SB 507 took effect on August 28, 1996. The law permits flexible regulation of competitive telecommunications companies while ensuring customers pay reasonable charges for their service.

#### 1997

- Commission undergoes reorganization. The most significant decision was the formation of an Advisory Group within the newly created Advisory and Public Affairs Division.
- April 1997, the Commission created a new 660 area code to alleviate the exhaustion of available telephone numbers in the 816 area code. Places such as Kansas City and St. Joseph keep 816 while Warrensburg, Sedalia, Maryville, Boonville, Marshall and Kirksville get the new 660 area code.

#### 1998

- In April the Commission approved a rule establishing guidelines for the Missouri Universal Service Fund.
- New 636 area code introduced into the 314 area code.

• In March 2002, the PSC established a universal service fund to assist low-income and disabled consumers in obtaining affordable essential telecommunications service.

#### 2004

- Changed the Cold Weather Rule to include additional protections from service disconnection for registered elderly and disabled customers meeting certain income guidelines. With the change, the temperature moratorium on utility shut-offs was raised from 30 degrees to 32 degrees for all customers.
- Established 2-1-1 toll-free service for accessing community information.
- In 2004, the General Assembly passed and the governor signed SCS/SB 1096 which requires the Commission to license manufactured home installers, inspect home installations, adopt installation standards and administer a process to resolve disputes arising among installers, dealers and manufacturers.

#### 2006

• PSC orders an emergency amendment to its Cold Weather Rule on December 13, 2005, in light of high wholesale natural gas prices. The emergency amendment applied to all local natural gas companies and expired on March 31, 2006. The emergency amendment included more lenient payment terms for reconnection of service or to avoid disconnection of service for nonpayment for those customers who defaulted on a previous Cold Weather Rule payment agreement. In May 2006, the Commission proposed permanent changes to the rule which incorporated many of the changes proposed under the December 2005 emergency amendment.

#### 2007

 $\bullet$  SB 284 provides state-authorized video service franchise agreements.

#### Our Biggest Challenge

"The growth of the importance of the Regional State Committees and the



impact of RTOs in the regulation of Missouri's electric utilities are particularly noteworthy.

The formation of the Organization of MISO States and the SPP Regional State Committee allowed state commissions in their respective regions to have substantial input and impact on many issues that had previously been outside of the Commission's purview. I enjoyed being involved in creating and serving on the original boards of both organizations."

Steve Gaw Chairman 2003-2005



#### A Century of Service: Facts & Figures

When 1999 comes to a close, the telephone industry in Missouri will close the chapter on party line telephone service and electro-mechanical switching. All telephone party lines in the state will be converted to single party line service by the end of the decade. (1999 Annual Report)

• Commission approves AT&T tariff providing for 811 service which is designed to allow callers to dial 811 to be connected to a "call before you dig" service.

# Our Biggest Challenge

"My biggest challenges as chair were twofold. First, was the size and the frequency of rate cases that



we dealt with.
The resources
of the Staff
were stretched
almost to the
breaking point
while we dealt
with difficult

economic conditions and a public that was getting pushed to the breaking point with increase after increase. Second, we spent significant time dealing with new policy initiatives such as the integration of renewable resources as well as the implementation of energy efficiency programs. Hopefully, our work will have real long term benefits for ratepayers as well as the utilities, but the work to get them done was extremely difficult."

> Kevin Gunn Chairman 2011-2013

#### 2008

• PSC adopts extensive rules setting standards for electric companies to follow regarding vegetation management, infrastructure inspections and service reliability.

#### 2009

• SB 376 establishes the Missouri Energy Efficiency Investment Act which is designed to encourage investor-owned electric utilities to develop and implement energy efficiency programs.

#### 2010

• Completed an Ethics and Standards of Practice rulemaking eliminating secret communications between regulated utilities and Commissioners on contested matters that could be before the Commission at any time in the future.

#### 2011

• Finalized new rules which are designed to streamline the process for customers filing a complaint against a utility company under PSC jurisdiction.

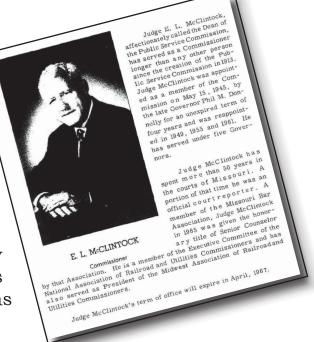
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Editor's Note: Culling through our annual reports, we have tried to provide a snapshot of items of interest in the Commission's rich history. This list is by no means comprehensive or exhaustive, but tries to provide a backdrop of work and events over the years.

The 'Dean' Of The Commission

Judge E. L. McClintock, affectionately, called the Dean of the Public Service Commission, has served as a Commissioner longer than any other person since the creation of the Public Service Commission in 1913.

Judge McClintock was appointed as a member of the Commission on May 15, 1945, by the late Governor Phil M. Donnelly for an unexpired term of four years and was reappointed in 1949, 1955 and 1961. He has served under five Governors.





Judge McClintock has spent more than 50 years in the courts of Missouri. A portion of that time he was an official court reporter. A member of the Missouri Bar Association, Judge McClintock in 1965 was given the honorary title of Senior Counselor by that Association. He is a member of the Executive Committee of the National Association of Railroad and Utilities Commissioners and has also served as President of the Midwest Association of Railroad and Utilities Commissioners.

Judge McClintock's term of office will expire in April, 1967.

-- Taken from the 1965-66 PSC Annual Report

# Spotlight The PSC's Longest Tenured Employees

**Mike Straub** was attending a Business College when the school asked if he would be interested in interviewing for a job that was open in the PSC's Depreciation Department. "I went to the interview and was hired on the spot at a mind blowing salary of \$6,700 a year," said Straub. "I couldn't believe they were going to pay me such a high salary and in 1970 that was a very good salary."

One of Mike Straub's most vivid memories while at the PSC is in regard to the first time he was to testify before the Commission in a rate case on rate design. "Because it was a non-revenue issue, rate design was often the last issue of the proceedings and on a Friday. Therefore, I had all week to think about my strategy and how not to appear as a first timer but rather as a witness to which Perry Mason would be proud. With that pressure, I got very little sleep that entire week. On Friday, I was actually very surprised to see that my legs did get me to the witness stand and after answering a few questions in different high octave voices, I got off the witness stand, went home and slept for 18 hours straight."

**Judy Pope** was employed with the Missouri Bureau for the Blind in the spring of 1971. "Lenore Fain, wife of PSC Commissioner Charles Fain, was clerk-guide for the Supervisor of Home Teaching Services," Judy recalls. "She knew I wanted to change jobs and put in a good word for me with her husband. That's how I came to the PSC."

Judy Pope says one of her most challenging jobs at the PSC involved arranging the retirement luncheon for Commissioner Leah Brock McCartney in 1983. Why? "I had never done anything remotely similar in my life, and didn't know the first thing about how to go about it. It was more complicated than for most because Commissioner McCartney wanted a sit-down catered meal (which the McCartneys paid for) and they had a long list of friends and co-workers from her previous jobs to invite. With lots of help from the other Commissioners' Administrative Secretaries, the luncheon was set up and went smoothly." By the way, as an interesting tidbit, that event was held in the Governor Hotel Ball-room

**Bob Schallenberg** was married, working full-time in 1976 and also attending school full-time. He needed to make a decision. "My options were to join a Big Eight Auditing firm, attend Navy Officers Training School or join the PSC. The PSC was opening an office in Kansas City and "the job requirements were a better match for my family commitments."

Bob Schallenberg says his most challenging job at the PSC is his current job as Director of Audits, Accounting and Financial Analysis. "The working with data and information while challenging, especially in the area of acquiring information, does not compare to the complexity of activities associated with managing employees. My initial expectations of management fell quite short of the mark when compared to the variety of the issues that I actually encountered and still address."

**Debbie Bernsen** was working on her Master's in Public Administration in 1976 at the University of Missouri when a summer internship opportunity became available at the PSC. "My first question was -- who are they?," said Bernsen. "Commissioner James Mulvaney was looking for an aide who was not an attorney and had a business background. After an interview with the commissioner and a tour of the impressive Commission offices on the 9th and 10th floors of the Jefferson State Office Building, there was no question that I would accept the internship for the summer." As the internship was ending, the Commission was opening a consumer services office in St. Louis. Debbie was offered a full time job while finishing her Masters part-time.

Debbie says it is difficult to put into just a paragraph all of the memories she has working at the Commission. "Attending local public hearings in rate cases, working as a member of the Commission's Retail Electric Competition Team to assess legislation, and proudly representing the Missouri PSC at NARUC as the chair of a State Subcommittee for many years are just a few that come to mind. The knowledge gained from my NARUC participation was priceless and helped us implement the present company customer service monitoring we utilize with all of our large companies today."

Debbie has been a leader in many PSC charitable activities while at the Commission and is very proud of "the incredible generosity of PSC employees over the years."

**Jim Merciel** graduated from college and wanted to work in the construction industry, but a tough economy changed that aspiration. "The types of jobs I wanted were hard to come by," said Merciel. "I did work for a small construction company but was not satisfied with it, and when they largely shut down during the winter when work was light, I went looking and ended up doing water and sewer starting in 1977. I knew a little about the PSC because my aunt, Ethel Schlueter, had just retired from the PSC as an auditor."

It's not often an easy answer when you get asked about your most challenging job where you work. "Undoubtedly," Jim Merciel said, "one of the biggest challenges always has been solving the problems of small systems when there is not enough money to do so. Many times that means the companies don't have enough money, but it also means that the needs are so great that even if the company has financial resources, the customers may not be able to afford rates to support needed improvements."

### The PSC Staff At Work

#### Did You Know?

Approximately 48 percent of our employees have more than 15 years experience.





























### The PSC Timeline

THE NATION 1900s World War I	1900s	10	1913 – PSC formed by state statute.
1920s Federal Power Act, 1920	1927 – Commission begins administration and regulation of motor bus.	20	4044 6
Stock Market crash			1931 – Commission begins regulating motor freight
1930s The Great Depression	1930s – Commission approves construction of natural gas plants in 40 cities that did not have service.	30	carriers.
Federal Power Act of 1935		40	1947 – First assessments to utility companies issued.
Rural Electrification Act of 1936	Between the <b>1940s</b> and <b>1950s</b> electric plant investments increased by		Between <b>1950</b> and <b>1961</b>
Natural Gas Act of 1938	248%.	50	gas utilities expanded. The volume of gas sold increased 77%.
World War II	1967 – PSC regulates private sewer	<b>.</b>	
Rates for freight carriers increase.	systems operating as public utilities in Missouri.	60	1964 – New service plan introduced — upgrading telephone service to 28,000 rural customers.
1950s Post-war expansion	1973 – PSC given jurisdiction over safety of mobile homes	70	<b>5 □ 1977</b> – PSC adopts
1960s North American Electric Reliability	manufactured or sold in Missouri.	70	Cold Weather Rule to prevent customers
Council (NERC), 1968	1980s – New issues surrounding tele- communications are brought before		from losing service.
1970s Federal Energy Reg- ulatory Commission, 1977	PSC after AT&T break-up.	80	Electric's Callaway Nuclear Plant starts operating.
Public Utility Reg-	1985 – Senate Bill 2 signed into law.  Transportation issues no longer under	00	
ulatory Policy Act (PURPA), 1978	PSC jurisdiction.		1987 – PSC issues decisions that lowered utility rates by \$451 million statewide.
1980s Energy Crisis			5431 million statewide.
AT&T Break Up ordered, 1984	1996 – SB 507 passed, allowing a large telephone company (like Southwestern Bell) to be eligi-	00	1997 – PSC task force
Natural gas prices rise dramatically	ble for price cap regulation.	90	begins studying electric restructuring. Task Force issues report.
1990s Energy Policy Act of 1992	2000s		
1936 Federal Telco Act amended, 1996			2002 – AmerenUE agrees to \$110 million — rate reduction, the larg-
The Gulf War	Throughout the decade utilities focus on new technologies, such as generating renewable	00	est in Missouri history.
2000s Security issues addressed after 9-11	energy, smart grid and promoting energy efficiency.		
Renewable energy and efficiency efforts			plant.

Source: PSC Annual Reports

are studied

# A New Landscape

Over the years, the state's landscape changed and its population moved. To accommodate these changes, new infrastructure was built to meet the increased demand. Here is a sample of some of those projects. The photos are courtesy of the utility companies.



# 'Effective Work'

In his first biennial message delivered to the General Assembly on January 6, 1915, Missouri Governor Elliott Major talked about the newly created Public Service Commission. Here is a part of that speech:

"The Public Service Commission Act abolished the Railroad and Warehouse Commission, and the Public Service Commission has been no more expense to the State than it cost to maintain the Railroad and Warehouse Commission.

FUBLIC PRINTING COMMISSION.

The Secretary of State is charman and secretary of the board and custodian and supervisor of printing and stationery, and secretary of the board and custodian and supervisor of printing and stationery, and state is charman and secretary of the board and custodian and supervisor of printing and stationery, and state is charman and secretary of the board and custodian and supervisor of the state is charman and secretary of state of the profession within the state, and custodian and supervisor of the state and custodian and supervisor of the state and custodian and supervisor of the state and the profession within the state, \$1.30 per volume.

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FUBLIC SERVICE COMMISSION.

Commissioner

FUBLIC SERVICE COMMISSION

Page 48 of the 1915 Official Manual, State of Missouri, that listed the members of the Public Service Commission and its staff.

The service it has rendered the people, however, clothed and equipped as it is with greater powers and complete machinery for carrying forward its labors, has

been far more beneficial, and felt in practically every community. The law creating this Commission is one of the most important acts of the Legislature in many years. A number of other states have since followed the example of Missouri, and have modeled and fashioned their legislation after the Missouri Act. The Commission has now been at labor for twenty months, and in that time has handled approximately 600 formal complaints and applications, and approximately 1,000 informal complaints. The fees collected by the Commission and turned into the general revenue fund of the State have reached the splendid sum of \$100,000. In addition to these fees, the Commission, through its Counsel, Judge Bean, ascertained the cost paid by the State in the Missouri Rate Cases upon motion in the Federal Court, same was collected and turned into the Treasury, approximately \$30,000.

The Commissioners have selected experts of the highest class and character. The service of the Commission to both the public and the public utilities coming under its jurisdiction has been entirely satisfactory. There is no question but what the Missouri Public Service Commission is one of the best, if not the best, organized Public Service Commissions in the United States, and has done and is now doing some of the most effective work along broad-gauge, sensible lines. This praise is voiced by other states, and also from the Federal Government."



Members of the Missouri Public Service Commission pose for a photo on January 30, 2013. Pictured (from left) are: William Kenney, Robert Kenney, Chairman Kevin Gunn, Stephen Stoll and Terry Jarrett. On March 1, 2013, Robert Kenney was appointed Chairman of the Public Service Commission replacing Kevin Gunn who had resigned.



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