

ANNUAL REPORT

PUBLIC SERVICE COMMISSION STATE OF MISSOURI



July 1, 1960
to
June 30, 1961

E. L. McCLINTOCK
WILLIAM BARTON

COMMISSIONERS
TYRE W. BURTON
CHAIRMAN

FRANK J. IJEN
FRANK W. MAY

GLENN D. EVANS
GENERAL COUNSEL

THOMAS J. DOWNEY
ASSISTANT GENERAL COUNSEL

R. E. DUFFY
CHIEF ENGINEER

JAMES M. ENGLAND
CHIEF ACCOUNTANT



STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

Jefferson City

PATRICIA MACY
SECRETARY

GEORGE G. FOX
CHIEF RATE EXPERT

CARLE R. NEWBERRY
SUPERVISOR
BUS AND TRUCK DEPT.

WARREN G. TAYLOR
RAILROAD SAFETY SUPERVISOR

LILLIAN M. CUNNINGHAM
CHIEF COURT REPORTER

December 1, 1961

Honorable John M. Dalton
Governor, State of Missouri
Jefferson City, Missouri

Dear Governor Dalton:

The Public Service Commission of the State of Missouri has the honor of transmitting to you its Annual Report for the fiscal year ending June 30, 1961. This Report is submitted pursuant to Section 386.380, Revised Statutes of Missouri, 1959.

Respectfully submitted,

Tyre W. Burton
Chairman

E. L. McClintock
Commissioner

William Barton
Commissioner

Frank J. Ijen
Commissioner

Frank W. May
Commissioner

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MISSOURI PUBLIC SERVICE COMMISSION

TYRE W. BURTON	Chairman	Fayette
E. L. McCLINTOCK	Commissioner	Cape Girardeau
D. D. McDONALD (1)	Commissioner	Jefferson City
WILLIAM BARTON	Commissioner	Jonesburg
FRANK J. IUEN	Commissioner	Kansas City
FRANK W. MAY (2)	Commissioner	Desloge
PATRICIA NACY	Secretary	Jefferson City
JAMES M. ENGLAND		Chief Accountant
R. E. DUFFY		Chief Engineer
GEORGE G. FOX		Chief Rate Expert
GLENN D. EVANS		General Counsel
LILLIAN M. CUNNINGHAM		Chief Court Reporter
CARLE R. NEWBERRY		Supervisor of Motor Bus and Truck Department
J. W. RINER		Supervisor of Railroad Safety Department

(1) Resigned June 25, 1961

(2) Appointed June 26, 1961

MISSOURI PUBLIC SERVICE COMMISSION

PERSONNEL

AS OF JUNE 30, 1961

ACCOUNTING DEPARTMENT

James Cameron	Accountant I
Paul W. Christian	Accountant II
Irma Pate Faris	Clerk-Stenographer III
Edward Fritsch	Accountant I
George L. Goedde	Accountant I
Sarah Catherine Goedde	Clerk-Stenographer II
Sidney M. Graf	Accountant I
Gilbert E. Hoffman	Accountant I
James Frank Mauney	Accountant I
Elmer M. McCoy	Accountant I
Elmer J. Schlueter	Accountant I

ADMINISTRATIVE SECRETARIES

Hazel Benefiel	Administrative Secretary
Lucille Cybofsky	Administrative Secretary
Edna Giertz	Administrative Secretary
Marjorie Hardin Horn	Administrative Secretary
Mary Otke	Administrative Secretary

BUS AND TRUCK DEPARTMENT

Carole A. Dolfing	Clerk-Typist I
W. W. Chism	Assistant Supervisor
Perrin A. Cooper	Field Inspector I
Lucille DeBroeck	Clerk Typist II
Paul R. Evans	Field Inspector I
Richard J. Fulton	Field Inspector I
Karen Drue Haeffner	Clerk-Stenographer II
Dorothea Miller	Clerk-Typist II
Elizabeth Cronin Hughes	Chief License Clerk
Wallace J. Murphy	Field Inspector I
J. E. Nunn	Field Inspector I
George E. Phipps	Field Inspector I
John S. Schanbacher	Field Inspector I
Bernard J. Scheve	Field Inspector I
Marguerite Smith	Senior Insurance Clerk

ENGINEERING DEPARTMENT

Dorothy G. Acree
Ivan A. Chester
Ray Gast
G. R. Gilcrest
A. R. Hamilton
William J. Hoover
Richard Kieselbach
Billy M. Nickle
Flora B. Pearson
John O. Richey
Maurine B. Werner

Clerk-Stenographer III
Utility Appraiser
Valuation Engineer
Rate Engineer
Utility Appraiser
Utility Appraiser
Valuation Engineer
Utility Appraiser
Clerk-Typist I
Valuation Engineer
Clerk-Stenographer III

GENERAL OFFICE

Elza M. Chambers
Thomas Henderson
Oliver W. Jackson
Eugene Jefferson
Julius Mulkey, Jr.
Leola A. Parker
Bernice F. Selvidge
Helen Sitton

Telephone Operator
Clerk II
Duplicating Eqpt. Oper. II
Custodial Worker II
Custodial Worker II
Chief Clerk
Receptionist
Clerk III

LEGAL DEPARTMENT

H. Burks Davis
Thomas J. Downey
Nadine Gillock
Edna Mae Henley
Philip G. Hess
Paul H. Reis
Vera Mae Smith

Reporter of Opinions
Assistant General Counsel
Clerk-Stenographer II
Clerk-Stenographer III
Examiner
Examiner
Clerk-Stenographer II

RATE DEPARTMENT

Mary Lou Clack
G. H. Havens
Robert F. Hincey
David C. Jobe
Henry Reinhardt
Beverly Schnieders

Clerk-Stenographer III
Rate Expert
Rate Expert
Field Inspector I
Rate Expert
Clerk-Stenographer III

REPORTING DEPARTMENT

Marilea Stadler
Robert L. Stratman

Reporter and Transcriber
Court Reporter

SECRETARY'S OFFICE

Elsie Dunwiddie
Mary Potts
Connie Sexauer

Clerk-Typist III
Clerk-Typist II
Duplicating Eqpt. Oper. I

ACCOUNTING DEPARTMENT

The Department is charged with the responsibility of assisting the Commission in matters regarding valuations of utility properties for rate making purposes, security issues, reorganizations, consolidations, and property acquisitions by operating utilities. It is represented and presents evidence at hearings in which these matters are involved. It also conducts audits and examinations of various public utilities, in order to develop and present information which will enable the Commission to be informed of the actual conditions when considering a case involving any of the matters previously mentioned.

Other duties consist of the supervision of the accounting of all utilities in the State which are subject to the jurisdiction of the Commission, including annual reports from each utility covering its operations, which are filed in the department office as a public record. The department also assists in the preparation of the budget each biennium and maintains current records of expenditures, and periodically advises the Commission as to the current status of each appropriation. By application of provisions of Section 386.370, Missouri Revised Statutes 1959, which set forth the method of assessing various classes of public utility companies by the Commission for the expenses incurred each fiscal year attributable to the exercise of regulatory power, the department has been directed by the Commission to cal-

culate the exact amount of the assessment against each public utility company in accordance with the provisions of the Act.

Audit and Special Duties:

With the exception of the chief accountant and office staff, the personnel of the department perform their duties in the field, auditing the books and records of the various utility companies. The purpose of these audits is to determine the original cost of utility property, operating revenues and expenses, net operating income and the utility's capitalization, for the use of the Commission in any valuation or rate case which may be before it; and for any other purpose which the Commission might deem proper under the circumstances. Special studies are also made from time to time by members of the department for the purpose of inquiring as to the adequacy, or inadequacy, of the net operating income of the utility under review, based on its existing rate base.

During the fiscal year, seven members of the department were in the field on audits involving the verification of original costs; examination of the operating revenues and expenses and property studies of the following:

- Bowling Green Gas Company
- Capital City Water Company
- Empire District Electric Company
- Grand River Mutual Telephone Company
- Joplin Water Works Company
- Laclede Gas Company
- Milan Telephone Company
- Missouri Water Company

St. Louis Public Service Company
Southwestern Bell Telephone Company
Union Electric Company
Warrensburg and Pertle Springs
Water Works Company
Webster County Telephone

During the fiscal year, a total of 1,035 annual reports and 1,825 quarterly reports were filed by various motor carriers for their 1960 operations. The accountant in charge analyzes these reports as to their conformity with requirements set forth by the Commission, and as to the propriety of the accounting methods and practices of the carriers. Where deviations are found in the reports the carrier is notified and very often help is offered toward improving accounting methods and practices and the preparation of future reports. This accountant is also available for obtaining such accounting and statistical data relative to the various motor carriers' operations as might be required by the Commission from time to time in passing upon the requests of various motor groups for increased rates.

Security Issues:

During the fiscal year ending June 30, 1961, the amount of security issues authorized by the Commission amounted to \$76,081,462.62, a decrease of 68.63% from the amount authorized in the preceding fiscal year. Of this amount \$1,750,000.00 was for the purpose of refunding outstanding securities and debt and \$74,331,462.62 for new money obtained for the acquisition, construction, extension, and improvement

of the services of the various utility companies.

The refunding issues as stated above amounted to \$1,750,000.00 as compared with \$1,301,000.00 for the preceding fiscal year.

The following table shows the securities authorized during the period from July 1, 1960, to June 30, 1961, inclusive. (See next page)

SECURITIES AUTHORIZED JULY 1, 1960 to JUNE 30, 1961

DATE OF AUTHORITY	CASE NO.	COMPANY	KIND OF SECURITIES	REFUNDING	TOTAL VALUE
July 8, 1960	14,480	Kansas City Transit, Inc.	Common Stock	\$	\$ 350,000.00
July 15, 1960	14,484	South Missouri Telephone Company	Notes		820,000.00
July 18, 1960	14,459	Missouri Philgas of St. Peters	Note		85,000.00
July 18, 1960	14,397	Kirkwood Propane Gas Service, Inc.	Common Stock		160,000.00
July 19, 1960	14,481	Mark Twain Rural Telephone Company	Notes		182,000.00
July 22, 1960	14,472	Southwest Dial, Inc.	Note		100,000.00
Aug. 25, 1960	14,510	Missouri Public Service Company	Common Stock		258,558.00
Aug. 26, 1960	14,506	Union Electric Company	Bonds		50,000,000.00
Sept. 16, 1960	B-19,643	Pioneer Bus Line	Note		10,533.12
Sept. 20, 1960	14,516	Chariton Valley Telephone Corporation	Note		167,000.00
Oct. 4, 1960	14,501	Bolivar Telephone Company	Notes		497,000.00
Dec. 19, 1960	14,550	Missouri Cities Water Company	Bonds		750,000.00
Dec. 19, 1960	14,550	Missouri Cities Water Company	Preferred Stock		115,000.00
Dec. 29, 1960	14,581	Kansas City Transit, Inc.	Note		546,000.00
Jan. 11, 1961	14,589	Polo Gas Service, Inc.	Common Stock		9,500.00
Jan. 16, 1961	14,568	Twin Lakes Telephone Company	Common Stock		37,500.00
Jan. 18, 1961	14,567	Twin Lakes Telephone Company	Notes		150,000.00
Feb. 24, 1961	14,629	General Telephone Company of Missouri	Bonds		1,800,000.00
Feb. 24, 1961	14,629	General Telephone Company of Missouri	Common Stock	1,750,000.00	1,750,000.00
Feb. 16, 1961	14,596	Swan Lake Telephone Company	Common Stock		30,000.00
Feb. 16, 1961	14,596	Swan Lake Telephone Company	Note		520,000.00
Apr. 5, 1961	14,647	Iowa-Illinois Telephone Company	Notes		486,000.00
Apr. 5, 1961	14,647	Iowa-Illinois Telephone Company	Common Stock		150,000.00
March 29, 1961	14,625	Capital City Telephone Company	Common Stock		844,000.00
Apr. 17, 1961	14,680	Missouri Public Service Company	Bonds		8,000,000.00
Apr. 27, 1961	14,674	American Gas Company	Bonds		500,000.00
Apr. 27, 1961	14,674	American Gas Company	Common Stock		353,623.50
May 4, 1961	14,687	Missouri Edison Company	Bonds		2,000,000.00
May 10, 1961	14,673	Liberal Telephone Company	Notes		164,000.00
May 11, 1961	14,662	Stover Telephone Company	Notes		112,000.00
May 11, 1961	14,650	Leewood Telephone Company	Notes		274,000.00

May 11, 1961	14,664	New Kansas City Transit, Inc.	Common Stock	\$	30,000.00
May 15, 1961	14,678	Mid-Missouri Telephone Company	Notes		151,000.00
May 15, 1961	14,697	Missouri Utilites Company	Common Stock		168,748.00
May 17, 1961	14,669	Southwest Dial, Inc.	Common Stock		29,000.00
May 17, 1961	14,669	Southwest Dial, Inc.	Preferred Stock		25,000.00
June 2, 1961	14,690	Modern Telephone Company	Notes		1,296,000.00
June 5, 1961	14,688	Conway-Niangua Telephone Company	Notes		60,000.00
June 16, 1961	14,708	South Missouri Telephone Company	Notes		3,100,000.00
		Total		\$1,750,000.00	\$76,081,462.62

RECAPITULATION

Common Stock	\$ 4,170,929.50
Preferred Stock	140,000.00
Bonds	63,050,000.00
Notes	<u>8,720,533.12</u>
Total	\$76,081,462.62

Annual Reports

Approximately 1,225 electric, water, heating, gas, telephone, telegraph, street transit, railroad, sleeping car, express, and bus and truck companies filed annual reports with the Commission. These reports show each reporting utility's financial condition and operating results for the last calendar year. The reports are available for public inspection, and information contained in them is used extensively by security holders, investment brokers, municipal and county officials, and interested public utilities and individuals.

The department uses these reports in developing rates of return and earnings of the various companies under the jurisdiction of the Commission. From time to time, statistical studies pertaining to various matters under review are also developed for the use of the Commission.

Budget and Appropriations

The department advises the Commission periodically as to the status of each of the appropriations under which it operates, and helps in the preparation of the budget request for each biennium. Current records are maintained in the department, recording the expenditures under the various appropriations and showing the free balance in each. All proposed Commission expenditures are referred to the department for the purpose of determining whether the expenditure can be made within the scope of the budget appropriation.

In accordance with the provisions of Section 386.370, Missouri Revised Statutes 1959, the Commission on June 27, 1961, entered its Order in Case No. 11,110, Supplemental Order No. 14, in which it estimated the amount of its expenses for the 1961-1962 fiscal year payable under this section at \$353,290.70.

After crediting the various utilities with the unexpended balance of \$73,290.70 from the preceding fiscal year the Commission assessed each group in addition to said unexpended sum as follows:

(a) Railroad Corporations	\$ 49,000.00
(b) Street Railroad Corporations	6,325.00
(c) Other Common Carriers (Railway Express Agency, Inc.)	250.00
(d) Electric Corporations, Gas Corporations, Water Corporations, Heating Companies and Telephone Corporations	224,200.00
(e) Telegraph Corporations	225.00
Total	\$280,000.00

The department in the same order was directed to calculate the amount of the assessment against each public utility in each group in proportion to its gross intrastate revenues for the preceding calendar year in relationship to the total for the group. The assessment so calculated was presented to the Secretary of the Commission, who was directed to notify each utility of the amount assessed and the method by which payment should be made.

Fees

During the fiscal year the fees collected, exclusive of the Bus and Truck Department, were as follows:

Authority Fees	\$34,909.00
Miscellaneous Earnings	8,317.03
Total	\$43,226.03

The fees amounting to \$43,226.03 collected during the 1960-1961 fiscal year compare with \$58,882.25 collected in the preceding fiscal year. All authority fees and miscellaneous earnings collected revert directly to the State's General Revenue Fund and are not subject to expenditures by the Commission by appropriation.

Cooperation With Other Regulatory Commissions

During the fiscal year, cooperation was maintained with the Federal Power Commission in connection with joint problems relative to various Missouri electric utilities. The department has also cooperated with the Securities and Exchange Commission and Rural Electrification Administration in matters of mutual interest. The department when called upon has furnished information, engaged in conferences and cooperated with personnel of the Rural Telephone Association in connection with applications for government loans for rural telephone companies.

General

In addition to previously outlined functions, the department is constantly called upon for assistance and infor-

mation by those regulated, as well as the general public, and when not in conflict with Commission policy, such assistance and information is furnished. The department works in close cooperation with other departments of the Commission, and many of the results achieved have been the result of cooperation and assistance from these other departments.

At the close of the fiscal year, the department is still faced with ever-increasing demands for the service of its personnel. Because of increased operating costs, various classes of utilities frequently petition the Commission for authority to file schedules of increased rates, which usually necessitates field work by department accountants. Usually in these cases the petitioner stresses the urgency of the situation and requests immediate remedial action. The department will continue to make the necessary studies as rapidly as physically possible.

BUS AND TRUCK DEPARTMENT

General

This Department has in the past several years been of great assistance to the general public on all matters of concern to the operations of common carriers and contract carriers of persons and property for hire on the highways of Missouri. As mentioned in last year's report, this department came into existence in 1931 and since that time there have been many changes in policy and procedure due to the continued modernization of vehicles, highways and business methods. The office staff of this department has been able to keep its work on a day-by-day schedule on correspondence, questionnaires, applications, motions, filing of insurance coverage, selling annual license stickers, complaints of illegal operations, complaints in regard to service and damage, complaints about carriers exceeding exemptions, and other irregularities of authorized carriers and constant requests for General Order No. 33-C pamphlets.

Complaints

All complaints of service and illegal operations were investigated and corrected. Most of the complaints received were by certificated dump truck operators about unauthorized carriers using many methods of evading the law. Most abuse was in the buy and sell operation, and the next common method was the leasing of vehicles as a subterfuge to evade the law.

Regulations

The 71st General Assembly revised the Bus and Truck laws. Towing and wrecker service trucks were exempted from regulation by the Commission. Motor carriers will file certificates of insurance instead of copies of policies. These and many other changes were made in the rules promulgated by the Commission. Many were made to make Missouri regulations compatible with other states' regulations and it is hoped that eventually a uniform code of laws and regulations will be put into effect. General Order No. 33-D (in pamphlet form) which will supersede General Order 33-C is scheduled for distribution in January, 1962. This order includes the following sections:

- Part I. General Provisions
- Part II. Licensing and Marking Vehicles
- Part III. Insurance Provisions
- Part IV. Equipment and Service
- Part V. Operations and Safety
- Part VI. Tariffs, Time Schedules and Rate Provisions

Accident Prevention

One of the main objectives of this Department has been, and will continue to be, accident prevention on the highways of Missouri. The inspection division requires strict compliance with the safety rules promulgated by the Commission by all motor carriers coming under its jurisdiction. Inspectors of this department are continuously checking vehicles to determine whether they meet the requirements for safe operation

while operating on our highways.

This department cooperated with the Bureau of Motor Carriers, Interstate Commerce Commission, on every Nation-wide Road Check held during the year. In these "safety checks" of vehicles on the highways of Missouri many tractors and trucks are put out of service due to failure of steering mechanisms, lighting devices, tires, horns, windshield wipers, coupling devices, brake systems and other accessories that were not in safe working condition. Inspection of motor vehicles invariably finds some to be in unsafe condition and those vehicles that are found to be unsafe are ordered out of service until corrections are made. The predominate deficiencies of most of the vehicles that were ordered out of service were brake system defects.

In the 21 State Road Checks made during the week of June 12-18, 1961, there were 77 arrests made on all types of violations of the law, 19 of these arrests were for not having Public Service Commission authority. All the fines collected go into the "School Fund" of the County where the violation was committed.

An example of the Nation-Wide Road Checks held in conjunction with the Interstate Commerce Commission during the week of September 14-18, 1960, at Springfield, Carthage, Lanagan and Republic check points is as follows: For the five day period there were seventeen arrests for Public Service Commission violations, eleven overweight cases, and four license violations, sixty-one vehicles were put out of

service due to equipment defects and those vehicles were not moved until corrections were made. These defects, as noted on the check sheets, were for the most part unsafe brake systems and many miscellaneous violations. In addition to arrests, forty-three warnings were given for minor violations. Total of fines and court costs were \$3,774.00 on the above mentioned cases.

Along with these "road checks" this department cooperates in the "safety clinic" program instituted by the Missouri Bus and Truck Association in conjunction with the Bureau of Motor Carriers of the Interstate Commerce Commission. These clinics were started three years ago and have proven to be of immeasurable value to all truck operators in the State of Missouri. Safety Inspectors of the Interstate Commerce Commission give a brief explanation of their safety regulations. The Public Service Commission safety rules are similar in most respects with the Federal Law. The Inspector demonstrates the most effective method of inspecting a tractor-trailer unit to insure that the equipment is in a safe operating condition before use on the highway. They also explain the type of fire extinguishers, flares, flags, fusees and reflectors that must be carried for use in case of emergencies.

Departmental Cooperation

Fine cooperation was given and received by this department from and to all departments connected with the work of handling problems involving motor carriers of this State.

These departments include the Highway Patrol, Highway Commission, Department of Revenue, State Treasurer, Secretary of State and State Auditor.

Neighboring State Cooperation

The cooperation of administration and enforcement has continued to be good with our neighboring States and the interchange of ideas and information has been beneficial to all of the participating States. At the Executive Committee of the National Conference of State Transportation Specialists in St. Louis, Missouri, in March 1961, it was voted to continue:

1. Increasing the exchange of monthly reports between the States actively engaged in enforcement.
2. Trying to get the States to adopt uniform sections into each States Motor Carrier or related Act with regard to definitions and registration of Interstate Carriers.

Regulatory Fees

There was a decrease in collection of regulatory fees this fiscal year ending June 30, 1961, over the past year. Last year the department collected \$543,333.00 and this year this department collected \$510,430.00, or \$32,903.00 less. The decrease was due partly to the recession in business during the past year and less production of commodities usually transported by motor carriers. Another cause for the decrease was due to a liberal policy on the reciprocal agreements between the State of Missouri and other States and the granting of additional principal offices which allows full

reciprocal privileges to motor carriers that qualify. Pro-
rationing on license registration was an additional reason
for less revenue being collected by this department.

The following tabulation shows the amount of revenue
collected from motor carriers under the jurisdiction of this
Commission, for the twelve months period from July 1, 1960
June 30, 1961:

	TRUCK	BUS	TOTAL
July, 1960	\$ 16,800.00	\$ 800.00	\$ 17,600.00
August, 1960	11,208.00	476.00	11,684.00
September, 1960	13,394.00	476.00	13,870.00
October, 1960	7,555.00	153.00	7,708.00
November, 1960	4,709.00	75.00	4,784.00
December, 1960	734.00	50.00	784.00
January, 1961	334,802.00	24,500.00	359,302.00
February, 1961	31,056.00	2,925.00	33,981.00
March, 1961	13,057.00	450.00	13,507.00
April, 1961	14,902.00	550.00	15,452.00
May, 1961	13,469.00	1,925.00	15,394.00
June, 1961	15,562.00	802.00	16,364.00
Totals	\$477,248.00	\$33,182.00	\$510,430.00

Work Load

The following table shows the work load by month for
new cases filed, orders issued, motions filed, cases set
for hearing, cases heard and transcripts filed:

	NEW CASES FILED	ORDERS ISSUED	MOTIONS FILED	CASES SET FOR HEARING	CASES HEARD	TRAN- SCRIPTS FILED	TOTALS
July, 1960	84	172	26	3	14	4	303
August, 1960	80	136	18	13	1	6	254
September, 1960	122	198	24	11	15	16	386
October, 1960	105	153	27	35	19	4	343
November, 1960	63	131	24	11	10	8	247
December, 1960	93	135	18	9	9	2	266
January, 1961	131	170	41	10	4	4	360
February, 1961	112	200	34	29	6	4	376
March, 1961	97	240	41	13	30	4	425
April, 1961	94	158	21	19	8	5	305
May, 1961	105	168	16	6	14	6	315
June, 1961	106	206	30	32	12	9	395
GRAND TOTALS	1192	2067	320	182	142	72	3975

ENGINEERING DEPARTMENT

General

Problems coming before the Commission in connection with the regulation of electric, gas, steam heating, telegraph, telephone, and water utilities in the State of Missouri require the attention of the Engineering Department. The work of this department requires the employment of trained and experienced men in order to expedite the work. As has been indicated in former reports the problem of finding and employing this class of men continues to become more difficult to solve. Recent graduates in Engineering have been employed and after they enter into the work, offers come to them that cause them to leave. Some have been called into the Armed Services and during that absence find employment elsewhere. Trained engineers are almost unobtainable at present day salaries. A number of years of training are required for new college graduates before such employees are able to handle valuation problems, including original cost and depreciation studies. It also requires several years of training for an inexperienced employee to be able to handle the various rate problems that come before the Commission. It is almost impossible to secure men who are willing to go through this training period while the engineering field outside of regulatory work offers them opportunities in immediate engineering work.

The staff in this department has the assignment of re-

ceiving and filing tariffs of the electric, gas, steam heating, telegraph, telephone, and water utilities. The engineering staff make original cost appraisals and related studies of the tangible and intangible plant of the regulated utilities. It also makes investigations relative to complaints coming before the Commission and inquiries concerning service and safety problems.

Electric Rates and Service

The electric utilities in the State continue to grow at what appears to be an accelerating rate and it is not possible, at this time, to foresee how long that acceleration may continue.

Following the year 1921, electric rates in Missouri have continued to decline until about the middle of the year 1958. Since the beginning of World War I the need for additional generating and transmission capacity has grown so rapidly the utilities have been under continuous stress to provide the capacity to take care of the needs of the public for the service. They have done so in a remarkable way and by the construction of new generating facilities they have had the advantage of having available generating stations that enable them to produce electric energy at a lower fuel cost per kilowatt hour than the older stations. Furthermore, as their systems would grow, utilities have been able to operate the new generating plants near or if not 100% full capacity, thereby generating the base load of the system at

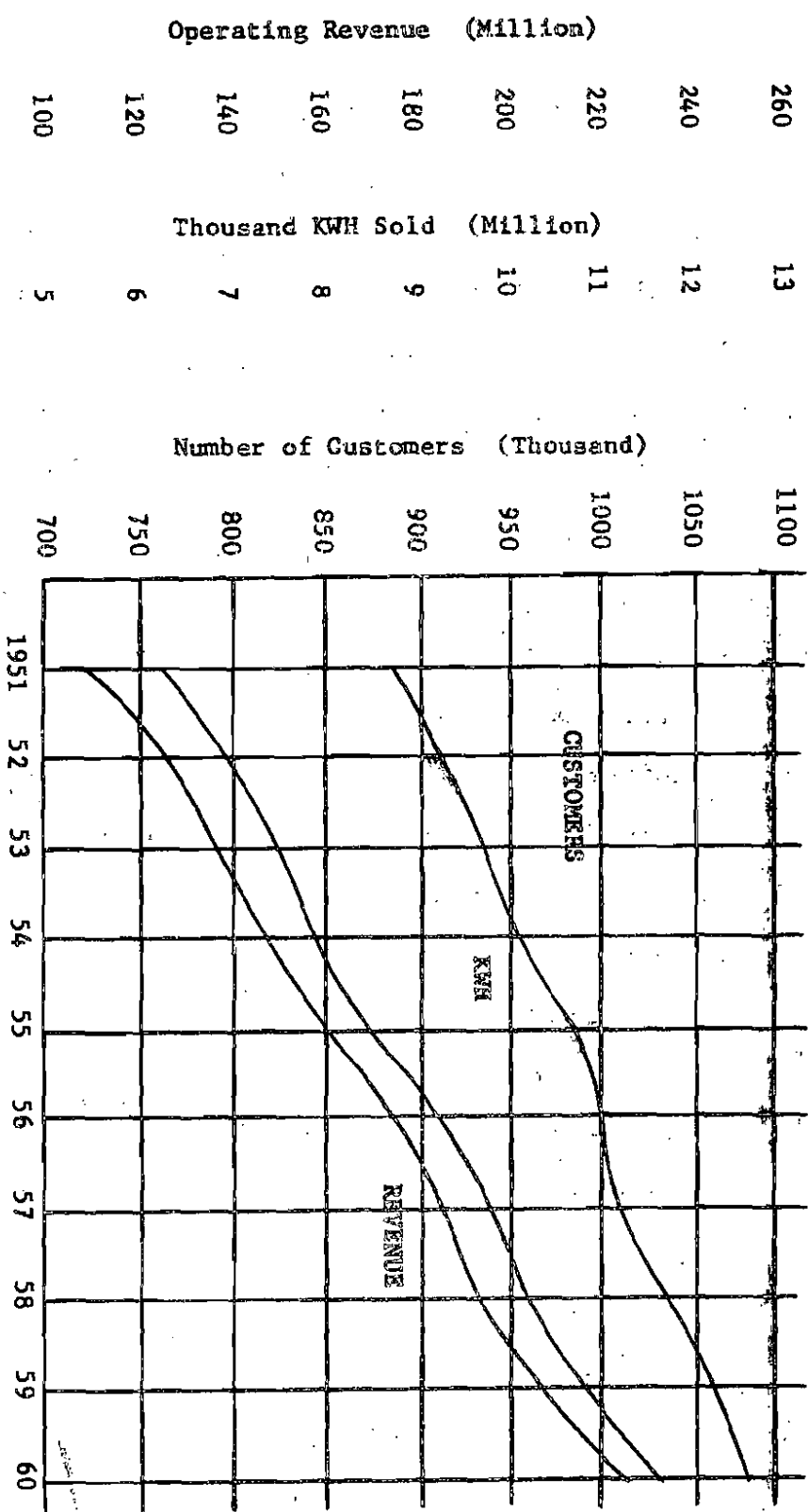
high thermal efficiencies.

However, other costs such as investment cost and wages have continually increased to the point that the savings in reduced fuel usage per kilowatt hour have been insufficient to offset the other increasing costs of producing the energy and bringing it to the customers so the electric utilities have finally had to come to the Commission during this as well as the past 1958-1960 period and ask for increases in rates in order to enable them to show earnings that would allow them to secure funds for providing new plant facilities. In addition to the generating facilities it has been necessary to build heavier transmission and distribution systems at higher voltages in order to deliver the service satisfactorily at the customer's premises. The program of integrating the electric transmission systems of the State has continued, thereby stabilizing the delivery of service throughout the entire State.

While there have been granted rate increases for the electric utilities, the percentage increase has not been as great as was necessary to allow other utilities.

The growth in the regulated electric utilities in Missouri during the period of 1951 to 1960, inclusive, is indicated by the chart on page 25. That chart does not indicate any slowing up in the growth.

ELECTRIC UTILITIES*



* Missouri PSC regulated

Gas

The source of supply for the natural gas consumed is the interstate transmission line companies with lines extending from natural gas fields located in states to the south and to the west of Missouri, through Missouri and into other states in the northeastern part of the United States. Securing additional natural gas from the transmission line companies is under the jurisdiction of the Federal Power Commission and the problems of securing sufficient allocations of natural gas to meet the peak demand of the consuming public of Missouri are still unsolved.

The need for additional gas for space heating in new residences continues to be serious as well as the demand for additional gas in residences where other types of fuel are now being used. Due to the lack of the availability of sufficient gas to meet the demand of the consuming public some of the gas companies have filed with the Commission, rules wherein they are not obligated to furnish gas for new or conversion space heating and set up numerical waiting lists for later gas availability. Some utilities have found that the installation of auxiliary liquified petroleum gas plants were necessary and have been provided in order to supply service to their firm customers during extreme cold weather.

The use of auxiliary liquified petroleum gas for supplementing the natural gas in the distribution systems creates additional rate problems which are in addition to increases that are allowed from time to time by the Federal Power Com-

mission to the interstate pipeline companies who supply the natural gas to the distributing utilities. In order to justify the installation and use of auxiliary liquified petroleum gas plant to enable as many customers, particularly residence space heating consumers, to avail themselves as much as possible of the use of the natural gas, there has been some discussion as to the feasibility of allowing the gas utilities to file a supplementary fuel clause that would be reflected in the charges for space heating when it becomes necessary to use auxiliary (liquified petroleum) gas to supplement the natural gas during the extreme demands for space heating. It has been the practice of electric utilities, for many years, to file and apply a fuel clause to electric energy furnished to large industrial consumers because the rates filed with the Commission are relatively low and sold in large quantities so that there would be a small compensating cost varying with the fluctuating cost of fuel. Similarly gas for space heating is consumed in large quantities and at a justifiable low unit cost. This low unit cost is sensitive to the increased cost of the use of auxiliary liquified petroleum gas. Therefore, if the needs of the public can be cared for by providing a fuel clause which would compensate the gas utility for the cost of liquified petroleum fuel that was used during the heating season, thereby enabling the gas utilities to offer service to an increased number of users, it may be in the interest of the

public to give serious consideration to an auxiliary fuel clause.

One company has partially alleviated its gas peak demand problem by successfully establishing an underground storage facility whereby it stores gas during the non heating season for the winter peak load.

From the year 1951 to the year 1960 gas utilities expanded materially. MCF sold increased by 77%. Income from gas sales increased by 122%. Investment in plant physical property increased 169% and the number of consumers increased by 31%. Statistics on the 1951 - 1960 expansion is shown in Table No. E-1. Pertinent data by year (1951 thru 1960) is contained in graphs on pages 30 thru 32.

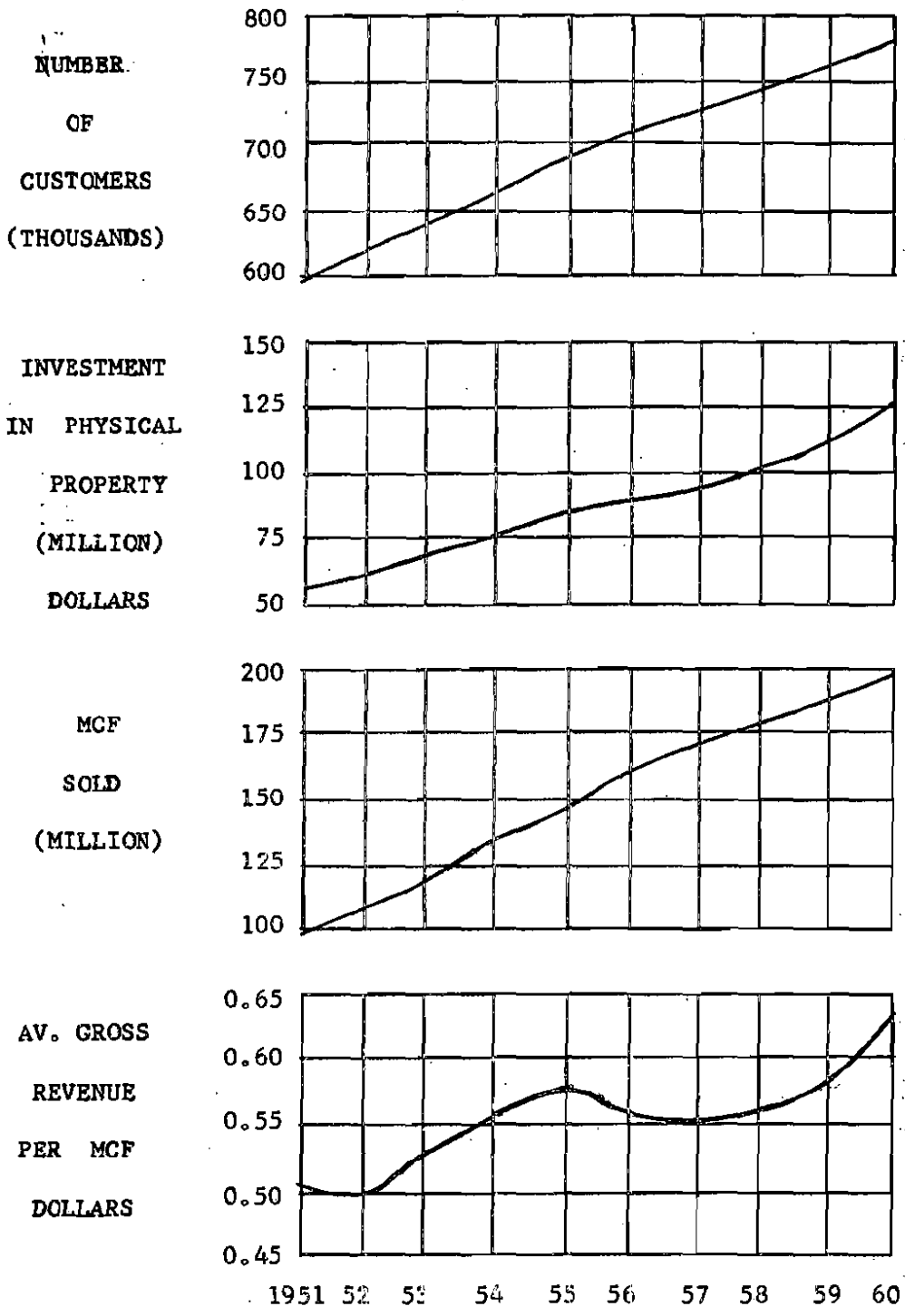
TABLE NO. E-1
MISSOURI GAS UTILITIES*
1951-1960

	1951	1960	% Increase
Investment Dollars	\$109,800,195	\$295,850,140	169
Number of Consumers	597,328	784,002	31
Av. Inv. Dollars per Consumer	184	377	105
Gas Sold - MCF			
Residential	66,781,247	111,642,170	67
Commercial	8,752,883	20,652,253	136
Industrial	37,071,240	67,423,878	82
Total	112,605,370	199,671,301	77
Gas Sold (\$)			
Residential	43,389,191	90,753,915	109
Commercial	5,357,527	15,348,499	186
Industrial	8,134,041	20,470,738	152
Total	56,880,759	126,531,152	122
Av. Rate per MCF Sold (\$)			
Residential	0.650	0.813	25
Commercial	0.612	0.745	22
Industrial	0.219	0.304	39
Total	0.505	0.634	26

* Does not include Municipal Utilities

MISSOURI GAS UTILITIES*

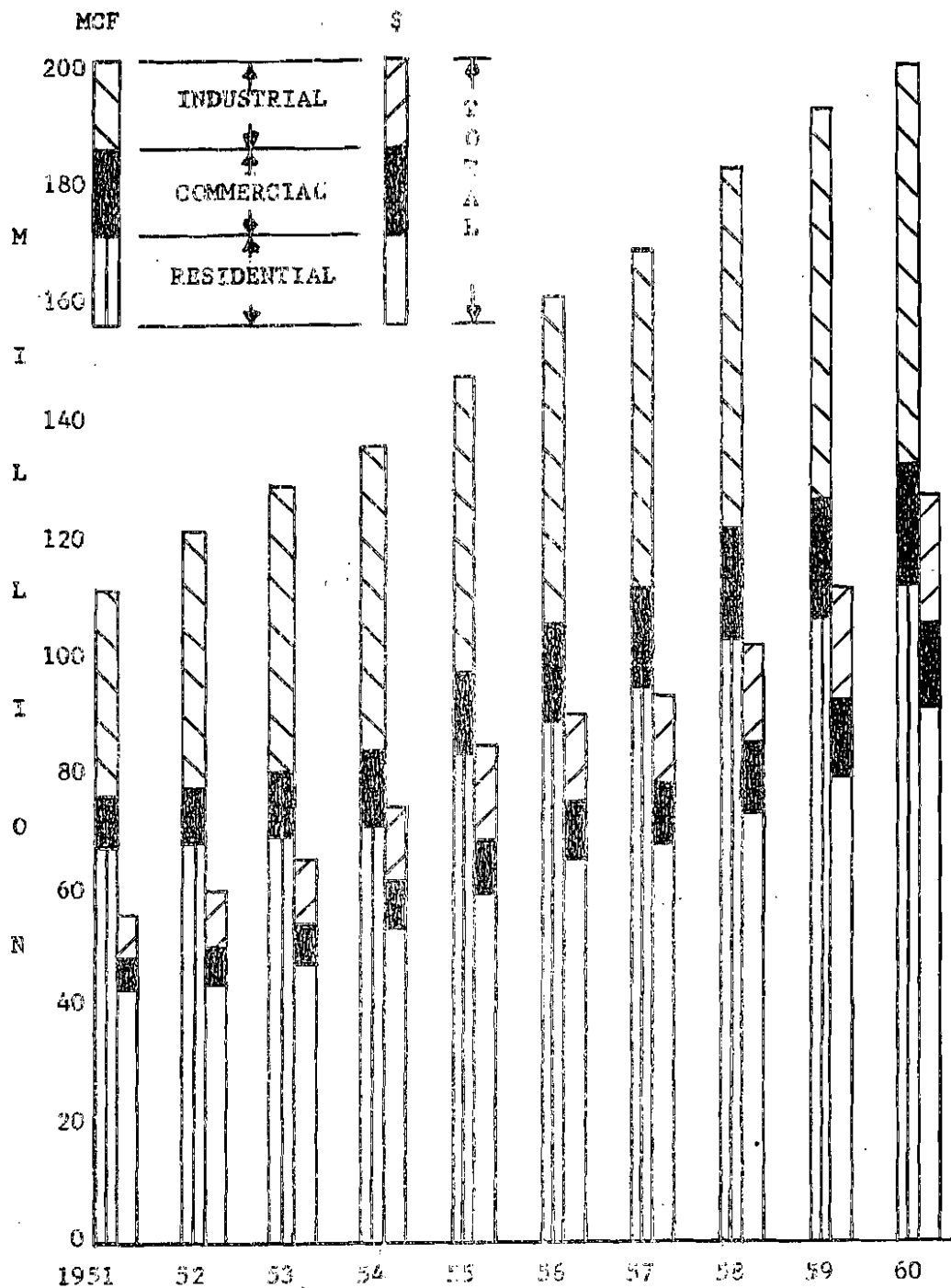
1951-1960 STATISTICS



* Regulated by Missouri PSC

MISSOURI GAS UTILITIES*

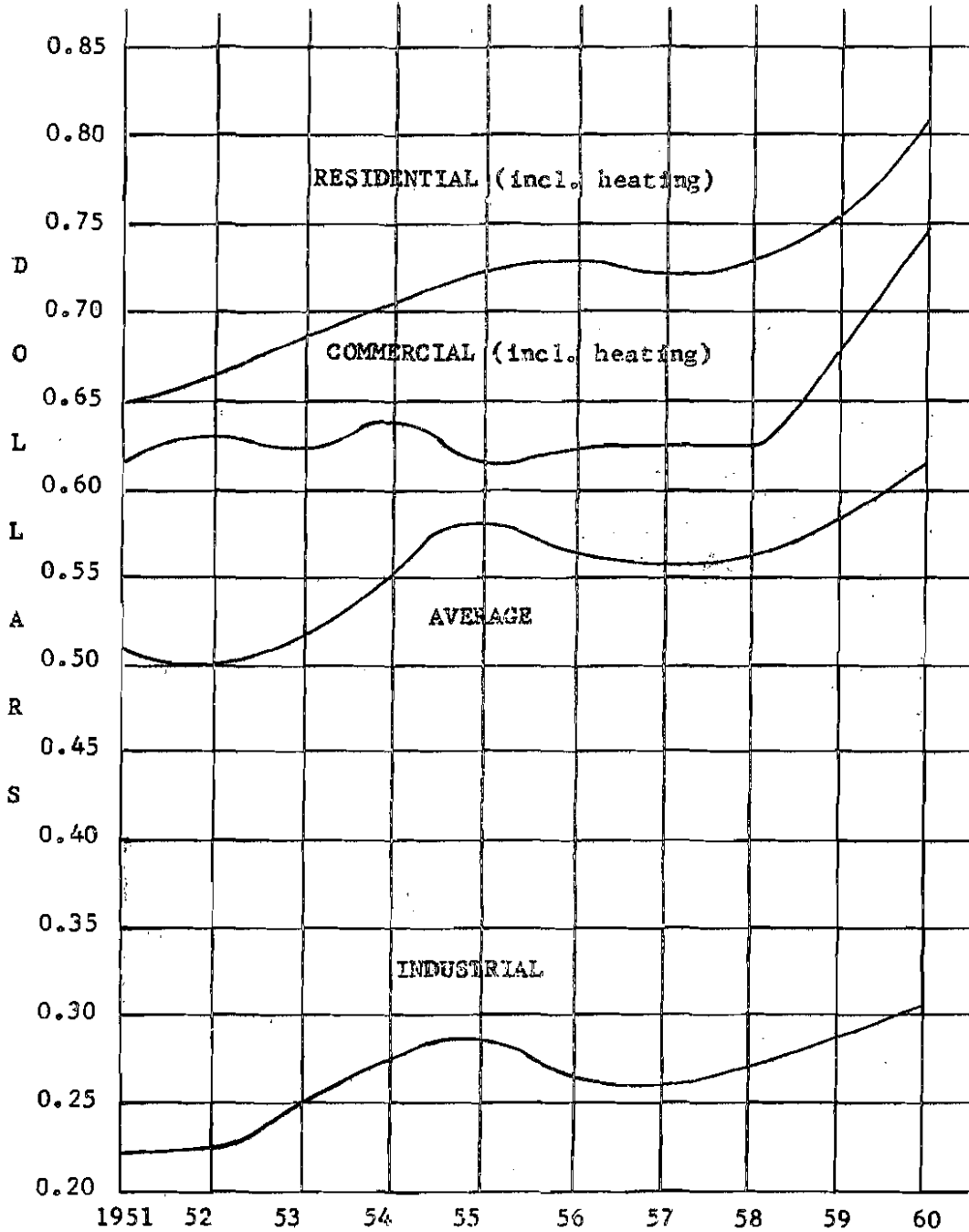
Total yearly consumption of Gas
and Charges paid by Consumers



* Does not include Municipal Utilities

MISSOURI GAS UTILITIES*

Average Gross Revenue in Dollars
per
MCF for all Companies



* Regulated by Missouri PSC

Steam Heat

A few steam heating plants in Missouri continue without much change or expansion. Those systems are used to supply steam for space heating in the heavy business district of our largest cities and since the advent of natural gas throughout the State there is not much to encourage steam heating utilities to attempt to extend their facilities to new areas.

Telegraph

While the Western Union is one of the oldest, if not the oldest, communication utilities and one that has gone through many changes, it is encouraging to note that that company is offering new classes of service to its customers, largely on an interstate basis. Most of the regulation governing the activities of that company are under the jurisdiction of the Federal Communications Commission but there yet remains many problems involved in intrastate matters.

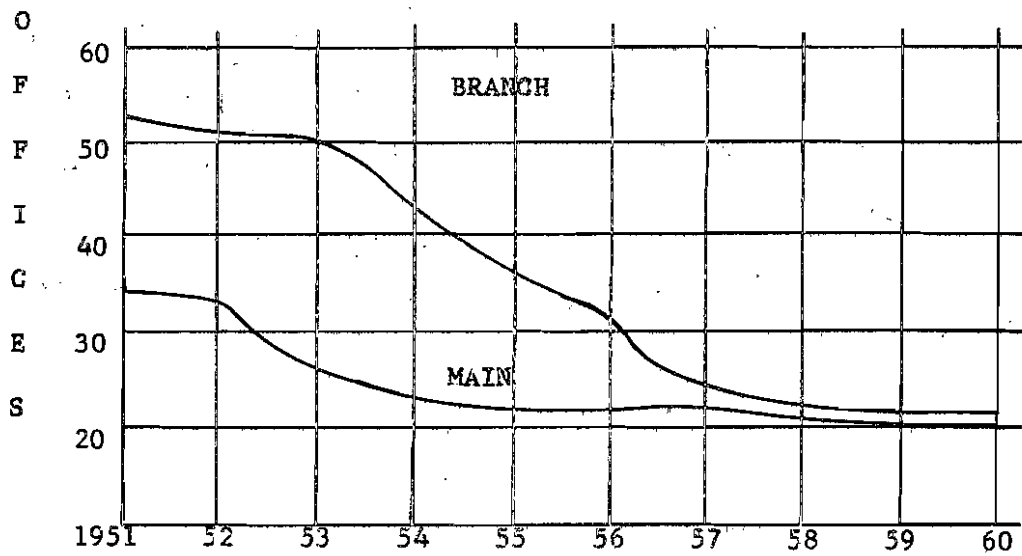
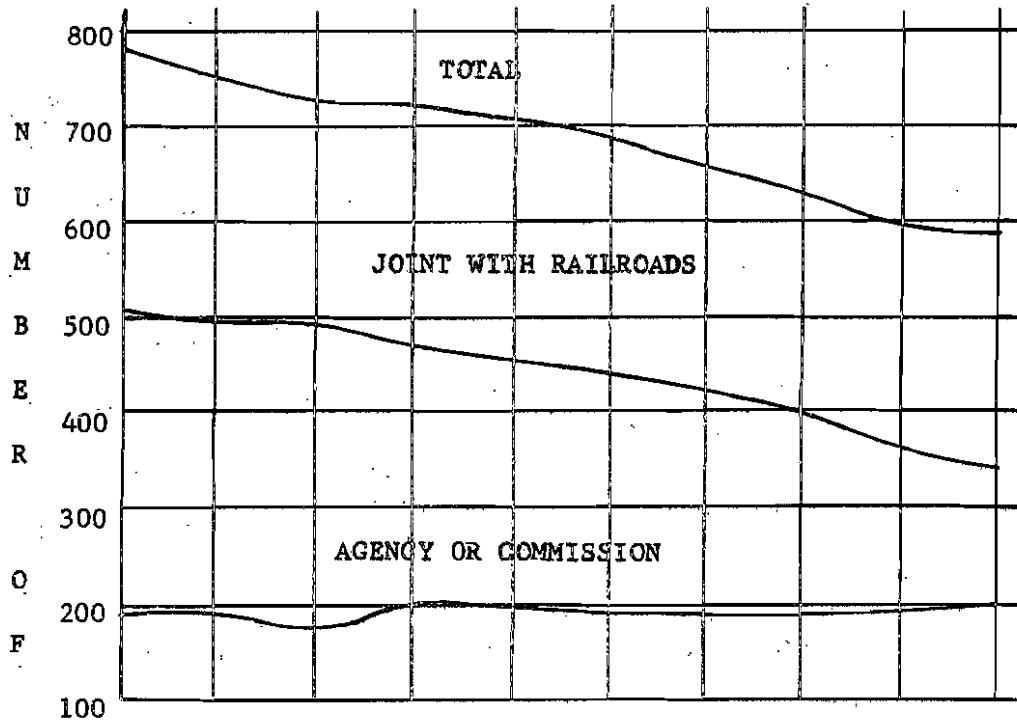
It has been necessary to allow the railroads to close additional numbers of the smaller railroad stations throughout the State and since the agent of the railroad generally handles telegraphic communications for the public the closing of the railroad stations has made it necessary to close many telegraphic services at those points. It is true also that the Western Union has closed a number of its local offices in various points throughout the larger cities. However, it appears from reports coming to the Commission from or concerning the Western Union that it has been able to offset the losses it has experienced in the closing of many of its smaller stations by improvements made in the system generally. By mechanizing and arranging a number of strategically located message centers, the company is able to transmit messages almost immediately without manual retransmission at any point. It has substituted electronic transmission for manual transmission of its telegrams and

enlarged its capacity for serving much greater traffic.

Telegraphic systems and plants are being modernized so that it can transmit messages by radio beam, carrier equipment as well as by private wire systems. These services include the sending of communications by telegraph with certain types of dialing facilities available to the subscribers which enables the subscribers to send written communication direct to another subscriber. With these modernization facilities it appears that the company is enjoying a growing business that enables it to make greater uses of the improvements in this telegraphic system.

In 1951 Western Union had 34 main offices, in 1960 there were 20, this is a decrease of 41%. In 1951 they had 53 branch offices, in 1960 there were 21, a decrease of 60%. In 1951 Western Union had 505 joint offices with railroad companies, in 1960 they had 343, a decrease of 32%. In 1951 they had 187 agency and commission offices, in 1960 they had 200, an increase of 7%. The total offices operated in 1951 was 779, in 1960 it was 584, a decrease of 25%. This information is shown graphically on page 36.

**WESTERN UNION TELEGRAPH
OFFICES**



Telephone

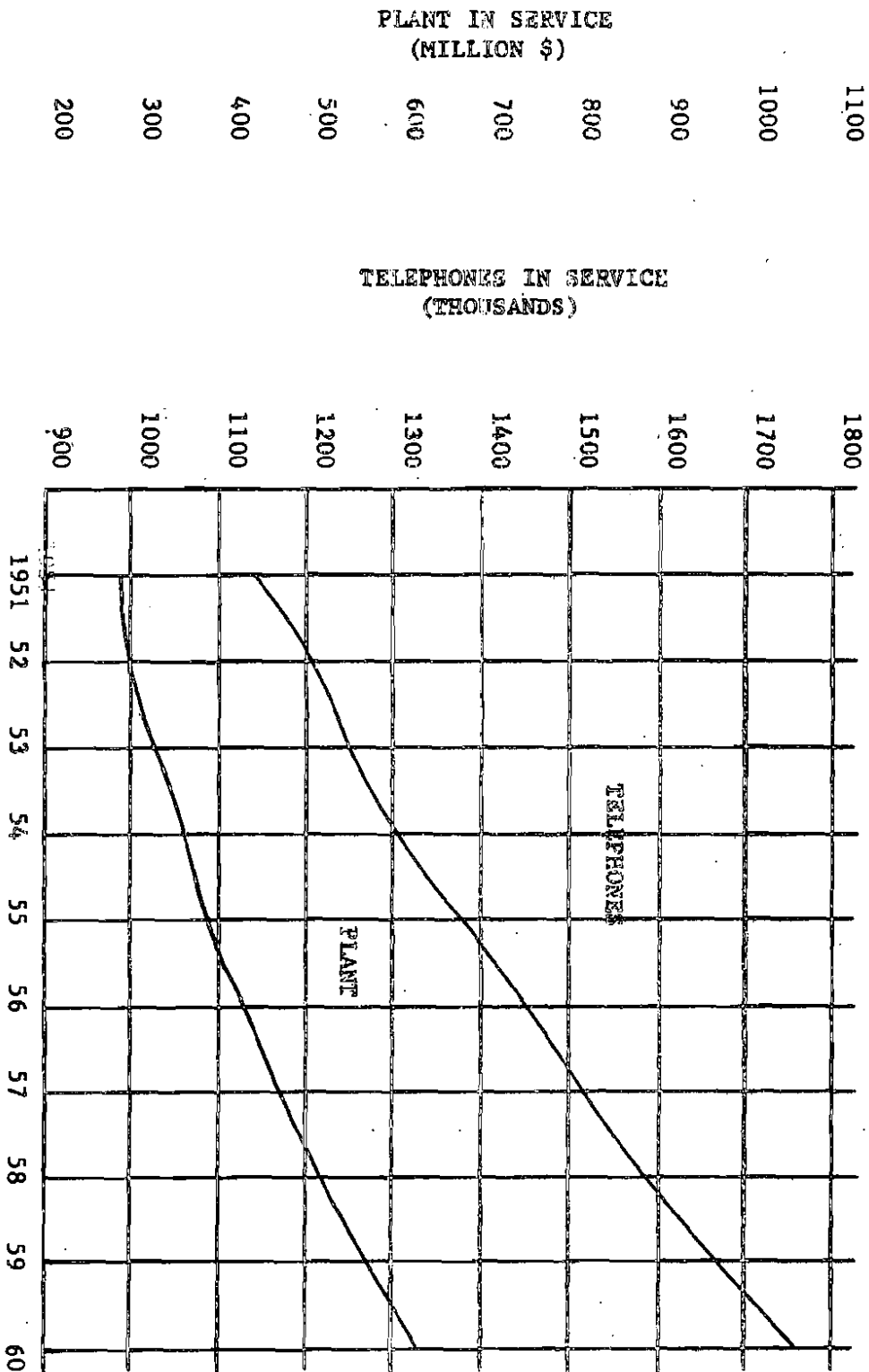
Due to the increased demand telephone utilities in the State have continued to expand. In 1951 there were 1,137,356 stations, in 1960 there were 1,760,942 stations, an increase of 55%. In 1951 the investment in plant in service was \$275,030,840, in 1960 this had increased to \$626,976,580, an increase of 128%. This expansion is shown graphically for the 10 year period 1951-1960 on page 34.

The number of telephone utilities have decreased from 131 in 1951 to 106 in 1960, a decrease of 19%. The decrease in the number of telephone utilities is accounted for by an increasing number of consolidations and the purchase of small utilities by larger utilities, giving the subscriber the advantage of better service. This better service in practically all instances constituted the change over from the magneto and common battery to the dial operation. Dial operation has now increased to 94.6%, Southwestern Bell has 98.5% and the independent companies 74%.

Independent Companies

The independent companies served 12,000 additional telephone customers during the 12 month period ending June 30, 1961. The independent telephone companies are making rapid progress in converting to dial operation. For the year ending June 30, 1961, they converted 59 exchanges and have 32 scheduled for the next year. These replacements will entail a capital investment approximately in the order of 6 to 7

TELEPHONE UTILITIES
(Missouri PSC Regulated)



million dollars.

Other service improvements are being made in providing faster service, improved transmission, new types of telephone equipment and expansion of service to newly certificated areas.

Southwestern Bell Telephone Company

During the year ending June 30, 1961, Bell has extended service to 15,000 new customers and expect to service 25,000 new customers in the next year.

For the 12 month period ending June 30, 1961, the following major improvements were made:

Number of new buildings	24
Additions to existing buildings	17
New wire centers established	4
Major central office equipment growth additions	15
Route miles of weather proof inter- city toll cable added	188
Conductor miles of exchange wire (including cable) added	603,000

During the past 12 months extended area calling was provided to 15 exchanges or zones. As of June 30, 1961, 82 exchanges or zones had extended area calling privileges. The served territory was extended or changed in 68 exchanges. In December 1960, a new metropolitan service plan was introduced in the Kansas City region.

From June 30, 1960 to June 30, 1961, the Southwestern

Bell Telephone Company has spent \$60,000,000 in new plant additions and improvements. For the next 12 months the expenditure is expected to be in the order of \$62,000,000.

Major New Service Offerings of the Industry

WATS - Recently wide area telephone service 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 may choose.

Telepak - Provides communication paths of various widths between points selected by the customer for volume point to point communication.

Other new specialized services were introduced to meet customers increasing needs such as: Dataphone, Farm Interphone, Home Interphone, Universal Type Switchboard.

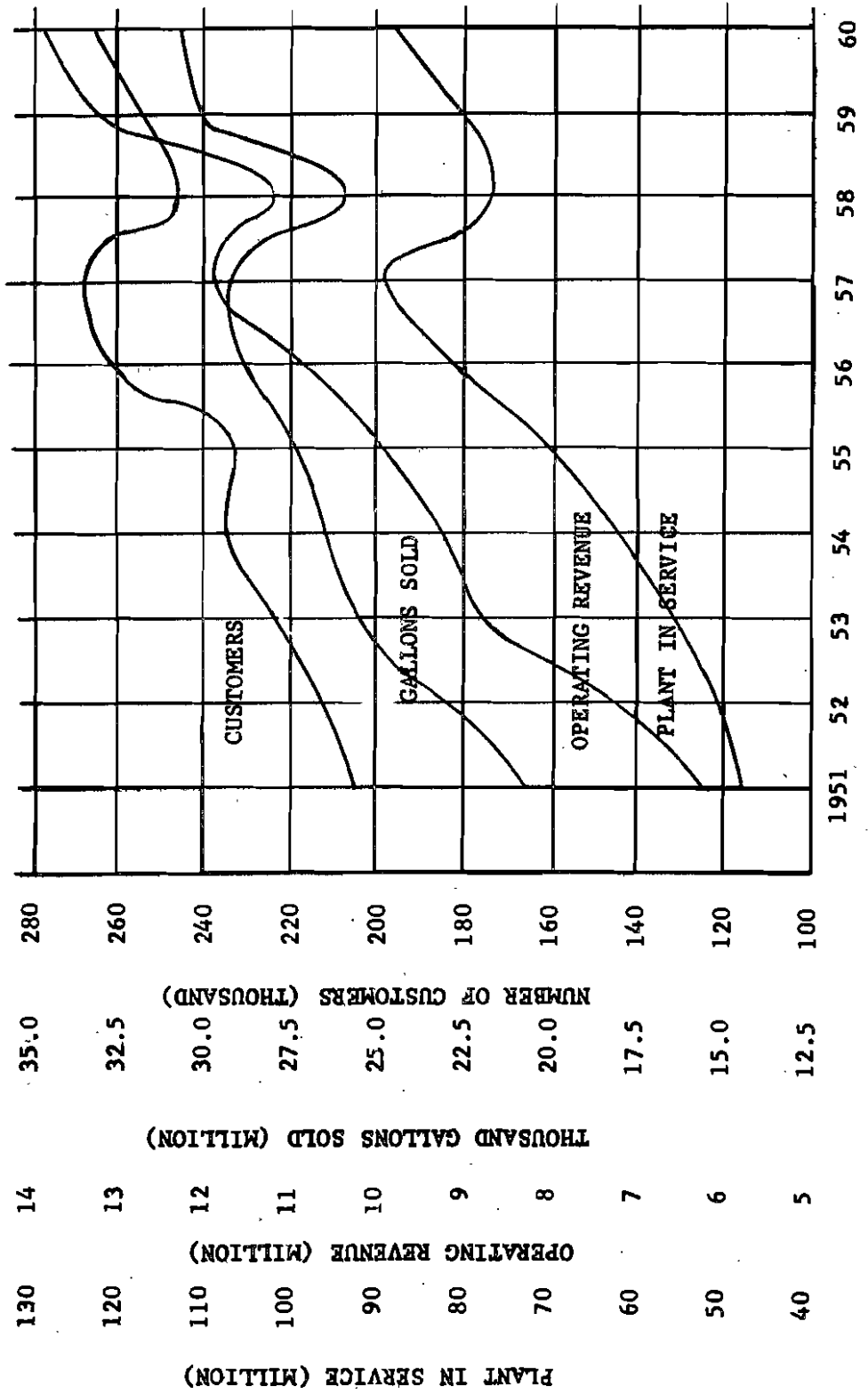
Water

Water utilities throughout the State have found it necessary to continue to expand their properties. However, during the current period their expansion problems have not been so severe as during the recent drought which required large expansion of the systems to provide water for the operation of air-conditioning units.

During the current period there have been a 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 subdivisions being developed. Most of these subdivisions have occurred in areas in the State where ground water is available by the drilling of wells. It has been necessary to allow the developers to establish 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.

During the period of 1951 to 1960 there has been a continuous growth in the number of customers served, the gallons of water sold, the revenues received and the investment in plant required to render satisfactory water service, except for the year 1958. That drop was caused by increased rain fall during 1958 and by the fact that one of the larger regulated water utilities was sold to the municipality then being served. No report was then forthcoming from that municipality. The chart on Page 42 shows the expansion in that service during the period.

WATER UTILITIES
(Missouri PSC Regulated)



GENERAL OFFICE

From July 1, 1960, to June 30, 1961, two hundred fifty-nine Utility applications and one thousand one hundred ninety-two Bus and Truck applications have been filed and processed in the Public Service Commission. During the same period the Commission has issued 4,404 Reports and/or Orders. This includes Orders in Utility and Bus and Truck Cases, Orders on Motions, and Suspension and Reinstatement Orders.

All case papers, except cases filed within the last five years are microfilmed. This procedure conserves filing space and at the same time provides a film file immediately available for viewing and reproduction when required.

LEGAL DEPARTMENT

The work of the Legal Department during the past fiscal year has continued to increase to a considerable degree, largely as a result of increased business in the Commission generally. The duties of the legal staff are many and varied. They always include many conferences with the Commissioners and the technical staff, advising them upon the legal problems that arise in the daily routine of business. The General Counsel, with his assistants, has discharged the duties imposed upon him by the Missouri law requiring that he give opinions and advice to the public as to their rights under the Missouri Public Service Commission Law and the legal methods and procedures pertaining to the same. Numerous individuals or their attorneys, as well as various public officials, have conferred with members of the department and have been given advice and opinions, oral and written, with respect to the matters within the scope of its prescribed functions. A considerable volume of correspondence directed to the Commission is referred to the General Counsel for reply.

This department has continued to work with other agencies and departments of the State Government. Various problems concerning the enforcement of the Bus and Truck Act by the State Highway Patrol have arisen during the past year and advice and opinions concerning these matters have been given to the Patrol.

On a number of occasions, members of the 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 facilitates prompt disposition. Acting upon orders from the Commission, following hearings on citations against motor carriers, penalty suits have been instituted in Circuit Court and penalties collected for violations of the Bus and Truck Act and Commission orders. Funds collected go to the Public School fund, by statute.

Considerable attention has been given to the problem of licensing motor vehicles operated in interstate commerce by non-residents of the State, and the department has cooperated with the Secretary of the Missouri Highway Reciprocity Commission on these matters. The existing reciprocity contracts between Missouri and other States have been reviewed and conferences held in some instances with officials of other states in order to revise and keep up-to-date reciprocity contracts.

The Legal Department of the Commission has appeared in all rate and valuation cases heard by the Commission, as is required by statute. In such cases, this staff, in cooperation with the Commission's technical staff, has presented to the Commission all available facts and information which it believed to be in the public interest. Members of the

department have actively participated in other cases where an interest of public concern was involved. Oftentimes individuals and groups appear before the Commission without legal assistance on matters of public interest, and the General Counsel and his staff have always given assistance to such individuals and groups in order that such matters may be properly presented to the Commission for decisions thereon.

In addition to the foregoing, the staff attorneys have assisted the Commission by acting as hearing examiners.

These individuals have heard many cases during the past year, which has helped the Commission dispose of the cases on its crowded docket in a prompt and an orderly manner.

In addition to presiding at the hearing, the examiners prepare suggested reports and orders which are submitted to the Commission for consideration, the Commission making such changes in the proposed orders as it finds to be necessary.

Members of the legal staff have appeared in all cases in the courts of this State and the United States in which the Commission had an interest. These cases included litigation which arose in the courts in the first instance and cases which originated before the Commission and were reviewed by Circuit and Appellate Courts of the State. This litigation has greatly increased during the past year and perhaps reached an all time high for the Commission. This is due largely to the increased volume of business before

the Commission, much of which was of great importance to the parties involved and the public in general and which naturally resulted in the decisions of the Commission being tested in the courts. The staff has presented to the courts the Commission's views with respect to the issues involved, and it has vigorously prosecuted such litigation to its final conclusion. This necessarily has taken considerable time of the legal staff in preparing for arguments, writing briefs, presenting evidence and otherwise representing the Commission in the various Circuit and Appellate Courts of the State. This additional work load on the staff is further evidenced by the number of cases which have been appealed by interested parties to the Circuit and Appellate Courts to test the orders and decisions made by the Commission. During the last fiscal year period about twenty-five cases were taken to such courts on appeal from the Commission. Due to the diligence of the legal staff in following these cases to protect the Commission's interest, in every instance the upper courts eventually upheld the views and decisions of the Commission.

In addition to appearing in the State and Federal Courts on behalf of the Commission and the general public in matters within the scope of this Commission's jurisdiction, members of the department have represented the Commission at various hearings before the Federal Power Commission and the Interstate Commerce Commission. The purpose of such appearances was to protect the interests of the utility consuming

public of this State. These cases have involved many issues, e.g., gas rates, transportation rates, allocation of gas for particular communities, discontinuance of service by railroads, etc. An outstanding result of such participation by the legal staff in matters pending before the Federal Power Commission is the fact that during the period here involved certain utility rate cases were settled or concluded, and the citizens of Missouri and customers of such utilities were paid over \$5,000,000.00 in refunds.

Among the important duties of the Commission requiring considerable time of the members of the department, is the representation of the State on joint boards created by the Interstate Commerce Commission pursuant to the provisions of the Federal Motor Carriers Act. The function of the joint board is to hear applications for certificates of convenience and necessity and permits to operate as motor carriers in interstate commerce and to recommend to the Interstate Commerce Commission the action to be taken thereon. Missouri is now a member of thirty-five different joint boards of adjoining or surrounding states and these boards from time to time are assigned to hear certain cases by the Interstate Commerce Commission, which have been filed and which involve some ruling or interpretation of such Commission's regulations. Our Commission, of course, is always interested in protecting the interests of Missouri carriers and that of the general public and, where such interests are involved, our legal staff has participated in these joint board hearings and will continue

to do so in the future. During the last fiscal year period, this Commission, through its legal staff, has participated in such joint board hearings in approximately ninety-seven applications and investigations of bus and truck operators. Hearings are usually assigned to accommodate interested parties in various cities conveniently located in the area involved. Hearings by joint boards in which this department has participated have been held in St. Louis, Kansas City, Chicago, Jefferson City, Des Moines, Oklahoma City, Little Rock and Springfield, Illinois.

RAILWAY SAFETY DEPARTMENT

Safety

In the past year, the Railway Safety Department has carried on a very active and progressive program.

In recent months, inspections of crossings and unsafe working conditions have shown a need for constant policing activities from this Department. Whenever an inspection is made, both the complainant and the superintendent of the property are notified and given sufficient time to be present for the inspection. Where a complaint is justified, this Department has been trying to have the conditions corrected without bringing the matter before the full Commission.

There have been many grade crossing accidents and in each case a survey has been made to determine if the protection afforded the public is adequate. The Department has been instrumental in having a great many of these crossings safety facilities upgraded.

We have received many complaints about weeds and vegetation on railroad rights of way. Whenever this situation is brought to the attention of the railroads, the conditions have been corrected.

Health and Sanitation

The Commission has been instrumental in bringing together the carriers and the railroad brotherhoods in an effort to work out a general order covering Rules Regulating

Sanitation and Shelter Facilities. They have had many conferences and will submit a suggested order in the near future. This should be a great help in policing these facilities and will give minimum requirements for railroads to maintain.

The 71st General Assembly passed, and the Governor signed, House Bill No. 216. This Act helps to promote the safety of railroad employees and others by requiring a safe place to walk along railroad tracks. This Act requires industry to keep tracks free of weeds and debris. The responsibility of enforcing this Act was placed upon the Public Service Commission.

It is hoped that this Department will continue to receive the fine cooperation from all parties concerned.

TRANSPORTATION RATE DEPARTMENT

General

This department has the responsibility of assisting and advising the Commission in the administration of the law providing for regulation of rates, fares and services of railroads, motor carriers, street railways, freight forwarders, the Railway Express Agency and the Pullman Company.

The department maintains the Commission's official file of tariff schedules of all the transportation agencies. Each new schedule is examined to determine the reasonableness of the proposed changes in rates and charges within Missouri and the department makes suggestions and recommendations to the Commission as to whether proposed changes in rates should be permitted to become effective or should be suspended for investigation and hearing. Last year the department received and examined 4682 railroad freight rate schedules, 683 railroad passenger schedules, 141 railway express schedules, 1131 motor truck tariffs and 373 motor bus tariffs.

Each new tariff schedule is examined to determine if it provides statutory notice to the public and if there is reasonable compliance with the Commission's tariff circular requirements. During the year it was necessary to reject 11 tariff schedules because of the failure to allow sufficient public notice or because such schedules did not reasonably comply with the tariff publishing rules. In

many cases errors in tariff publications or departures from the tariff circular rules were called to the attention of the carriers or their tariff agency for correction before the schedules were permitted to become effective. A heavy volume of correspondence is maintained with carriers and their tariff publishing agents pertaining to correction of improper or objectional tariff provisions.

While every possible effort is exerted to obtain compliance with the statutory requirement that carriers must publish and file tariff schedules naming the rates and charges for their services, in some instances it is possible to obtain compliance only by suspending the carrier's authority until a tariff has been filed with the Commission. During the past year it was necessary to suspend the authority of 54 motor carriers because of their failure to post and file tariffs or to establish rates prescribed by the Commission. By the end of the period covered by this report the authority of 34 of the carriers had been reinstated.

In addition to rate schedules naming rates and charges for transportation wholly within Missouri, the department maintains an extensive file of interstate tariffs of various transportation agencies which are used by the department and others for rate comparisons and other purposes.

Changes in rates, charges and other provisions initiated by carriers which appear to be unusual in any respect or upon which complaint is made are brought to the attention of

the Commission and if it appears the interest of the public may be adversely affected or that the complaint may be justified, the effective date of the rate change or other provision is suspended pending an investigation to determine its propriety. In initiating and disposing of investigation and suspension proceedings last year the department prepared 23 recommended orders for consideration by the Commission. Of the nine investigation and suspension proceedings that were disposed of during the year, the suspended rates were voluntarily withdrawn by the proponent before hearing in six instances, the proposed rates were approved in two instances and in one instance the proposed rate was ordered canceled.

The department maintains the Commission's file of time schedules of motor carriers of passengers. During the year 111 new or amended time schedules were accepted for filing. Each new schedule was examined to determine what changes in service would result, whether the remaining service appeared to be adequate to meet the public need, or whether the public interest might be otherwise adversely affected. The department handles complaints against proposed changes in time schedules and frequently is able to suggest changes or revisions to satisfy such complaints. New schedules that propose substantial changes in service are called to the attention of the mayor, city clerk or postmaster of the affected communities so that requests can be made for hearing in the event

satisfactory schedules cannot be worked out in an informal manner. Changes in time schedules on which unsatisfied complaints have been made or where complete abandonment of service is involved are brought to the attention of the Commission and in those instances where it is deemed advisable the proposed changes in time schedules are suspended pending a hearing to determine whether the resulting service will be adequate for the public need. During the past year it was not necessary to hold a hearing with respect to any proposed changes in bus time schedules, but the department prepared two recommended orders authorizing temporary suspension of bus service.

The department also handles petitions of carriers and their tariff publishing agents for permission to establish changes in rates and fares on less than statutory notice, to make changes in time schedules on short notice because of emergency situations or for other tariff rule relief. During the year 181 special authorities for short notice filing or for tariff rule relief were issued. The department also has the responsibility of advising the public with respect to proposals to discontinue passenger and freight train service, to receive and acknowledge protests and objections to discontinuance of train service and the consolidation or abandonment of agency stations, and to generally assist the Commission in obtaining information necessary to determine whether such matters should be assigned for hearing.

The department is represented in hearings before the Commission when rates, charges and services of transportation agencies are involved and in other cases when requested by the Commission or hearing examiners. Testimony is offered by department personnel when it seems appropriate or necessary for proper determination by the Commission of the issues involved.

Personnel of the department also participates on behalf of the Commission in proceedings before the Interstate Commerce Commission involving rates from, to and between points in Missouri.

The department furnishes assistance to the Commission and the other departments in processing motor carrier applications for new authorities and consolidations of previously granted authorities and transfers of authorities. Authoritative records are maintained of operating rights of motor carriers rendering intrastate service between points in Missouri as well as those holding interstate permits into or through Missouri. During the past year 143 restatements or consolidations of operating authorities were made for use in preparing transfer orders or orders granting additional authority. The initial recommendation on applications for temporary authorities is made by the department and during the past year a total of 91 recommended orders granting or denying temporary authority requests were prepared. Six recommended orders involving transfer of motor carrier rights were prepared for issuance by the Commission.

The department accumulates and compiles certain statistics of Missouri intrastate rail and motor carrier operations. It receives and analyzes various statistics prepared by other state commissions and the Interstate Commerce Commission as well as various transportation associations in order to keep abreast of transportation conditions in surrounding states and the nation as a whole.

The department renders general assistance to the public and carriers regulated by the Commission in connection with their rate and service problems. Hundreds of informal complaints are handled annually. Many of the complaints require rather extensive investigation. The department assists the Commission and other departments in the investigation of many formal complaints concerning rates and service of transportation agencies. During the past year 122 specific complaints or requests for investigation were placed in the hands of the department's service inspector for handling. The investigations included complaints involving operations of 21 certificated motor carriers, 13 truckers without authority, 14 dump truck matters, six leasing investigations, nine complaints on improper rates and two complaints against bus operations. In most instances the complaints investigated were found to be based on some misunderstanding or were found to be of such trivial nature that they were disposed of informally. However, 57 of the complaints were fully investigated and reported to the legal department or the Commission for consideration and further action. Our service inspector also

participated in six highway truck checks, two truck clinics conducted jointly by the trucking agencies, state and federal regulatory commission personnel and four schools of instructions conducted by the State Highway Patrol. The presence of our inspector was required in seven court cases.

Railroad Rates and Operations

Operating costs of the nation's railroads have continued to edge upward and the Interstate Commerce Commission in a decision dated October 20, 1960, in Ex Parte 223, Increased Freight Rates 1960, permitted another general increase in railroad freight rates. Instead of the percentage increases previously applied since 1956, the authorized increases consisted of certain flat amounts being added to the charges for accessorial services and one-half cent per hundred pounds on line-haul rates of 65 cents or less and one cent per hundred pounds on line-haul rates over 65 cents. The increases were published in Tariff of Increased Rates and Charges X-223.

By the filing of Supplement K-11 to Tariff of Increased Rates and Charges X-223 to become effective December 17, 1960, Missouri railroads proposed for application on Missouri intrastate traffic the increases in rates and charges previously made effective on interstate traffic pursuant to the Ex Parte 223 decision. A number of protests and requests for suspension and investigation of certain of the increased rates and charges were filed with the Commission and on December 15, 1960, in Case No. 14,573, an order was issued

instituting an investigation into the lawfulness and propriety of the increased rates and charges and suspending the increases insofar as they were to apply to the transportation of sand and gravel, crushed stone and limestone and bituminous coal. Increased charges for specified accessorial services rendered in connection with sand and gravel, crushed stone and limestone, coarse grains, soybeans and wheat were also suspended. The proposed increase in switching rates and charges for intraterminal and interterminal movements were also suspended. The initial period of suspension was to April 16, 1961, and was subsequently extended to October 15, 1961. A hearing has not yet been assigned in this case because certain of the increase proposals have not been decided by the Interstate Commerce Commission.

The Annual Report for the year ending June 30, 1960, mentioned the pendency of a complaint proceeding brought by Missouri railroads under Section 13(4) of the Interstate Commerce Act, alleging that failure of the Missouri Public Service Commission to allow the full Ex Parte 206 increases on some Missouri intrastate rates resulted in discrimination against interstate commerce. (1) On June 6, 1961, the Interstate Commerce Commission issued its decision in Docket No. 32463--Missouri Intrastate Freight Rates and Charges, in which it found that present Missouri intrastate rates and charges on sand and gravel; broken, ground and crushed stone and rock; and cinders, in carloads; clay and bentonite, in carloads; and fertilizer compounds, N.O.I.B.N., in carloads;

and line-haul rates on bituminous coal, in carloads, as heretofore authorized by the Missouri Public Service Commission, are abnormally low and cause undue, unreasonable and unjust discrimination against and an undue burden on interstate commerce. It found that the unlawfulness should be removed by applying to Missouri intrastate rates and charges the same respective increases as maintained by the railroads on like interstate traffic, to, from or through Missouri under its order of August 6, 1957, in Ex Parte No. 206.

The decision provided that an order carrying into effect its findings would be entered unless it is notified by the Missouri Public Service Commission by July 15, 1961, that increases found to be necessary to remove the unlawfulness have been authorized.

In recent years most changes in railroad rates have been increases, but reductions are also proposed occasionally to attract business to the railroads, and reductions are frequently protested by the truck operators and a hearing is assigned to determine whether the reduced rates are reasonable.

(1) By an order dated March 7, 1958, and a supplemental order dated June 10, 1958, in Case 13,778, Missouri railroads were authorized to increase their intrastate rates and charges in the same manner and to the same extent as authorized by the Federal Commission in its order of August 6, 1957, in Ex Parte 206--Increased Freight Rates, Eastern, Western and Southern Territories, 1956 (300 I.C.C. 633), except that the increase to be applied to line-haul rates on the excepted commodities hereinabove named was not to exceed 5 percent (in lieu of 12 percent) and the increase in the line-haul rates on bituminous coal was not to exceed 10 cents per net ton (in lieu of 15 cents).

In one such instance (report and order dated August 26, 1960, in Case 14,364) the Commission approved a reduced rail rate of 71 cents per 100 pounds for mixed shipments of 10 or more commodities, with no commodity exceeding 50 percent of the total weight, moving in trailer-on-flat-car service between Kansas City and St. Louis but disapproved a proposed rate of 19 cents and minimum charge of \$1.90 as being below the out-of-pocket cost for distribution of such shipments in St. Louis and Kansas City in quantities less than 2500 pounds. In another instance (report and order dated December 8, 1960, in Case 14,365) the Commission required cancellation of reduced rail rates proposed for the transportation of edible nuts from St. Louis to Kansas City because proponents failed to establish to the satisfaction of the Commission that the proposed rates were above the actual cost of handling the commodity.

For the first 26 weeks of 1961, the nation's railroads handled 13,591,762 carloads, a decrease of 13.4 percent from the total handled in the same period of 1960 and a decrease of 16.5 percent from the total handled in the same period of 1959. The number of trailers handled on flat cars (piggyback service) for the first half of 1961 was 3.7 percent greater than the number handled in the same period of 1960 and was 40.8 percent greater than handled in the same period of 1959. Another indication of the increase in this type of operation is the fact that in the month of June 1961 there were 58 Class I railroads that participated in piggy-

back service as compared to 53 in June 1960 and 50 in June 1959.

In 1960 the nation's railroads carried 5.2 percent fewer passengers in coaches and 7.6 percent fewer passengers in parlor and sleeping cars than in 1959. Since the Interstate Commerce Act was amended by the Transportation Act of 1958, to give the Interstate Commerce Commission almost exclusive jurisdiction over the discontinuance of passenger trains, the disappearance of passenger train service has continued at a rather alarming rate although the number of discontinuances in the past year were perhaps some fewer than in the two previous years. Railway passenger fares were also increased. The Chicago Great Western; Chicago, Burlington & Quincy; Gulf Mobile & Ohio; St. Louis-San Francisco and Wabash Railroads increased their basic coach fares five percent in 1960 raising the level of coach fares to that of the Rock Island and Santa Fe (increased individually one year earlier) and the Missouri Pacific Railroad was permitted to increase its coach fares five percent early in 1961. The increased fares were permitted to become effective without hearing except in the case of the Missouri Pacific which fares were on a somewhat higher level than the fares of other lines. In approving the increase for Missouri Pacific, the Commission said:

"The record in this case shows that Respondent and other railroads are experiencing substantial passenger service deficits. While it is not the purpose of the Commission to go into any discourse on the

subject in this case, it is generally recognized that it is in the public interest for all reasonable efforts, short of discontinuing the service entirely, to be directed toward reducing the loss on passenger service. Although the rate of passenger fares is only one of many factors involved, it is obvious there is a difference of opinion among rail management, and others, as to whether a lower rate of fare that may serve to attract a greater number of riders or a higher rate of fare that may discourage some riders from rail service, will produce the maximum contribution of revenue for the service provided. While the quality of service provided has considerable effect on what the public is willing to pay for it, it appears highly improbable in today's economic climate that fares could be increased sufficiently and enough riders retained to overcome the passenger deficit. The record in this case shows that Respondent's fares since 1953 have been at a higher level than other Missouri railroads (except between Kansas City and St. Louis where competitive fares have been maintained), and it has succeeded in reducing its passenger deficit to a greater extent than the other roads and has continued to provide more passenger schedules than any of the other lines."

In May 1961, all Missouri railroads, with exception of the Kansas City Southern, again supplemented their tariffs on statutory notice increasing basic coach fares five percent to be effective July 1, 1961. The increased fares were permitted to be made effective without hearing.

Express and Parcel Delivery Service

Under the new express agreement between the Railway Express Agency, Inc., and its parent railroads effective in July 1959, the agency has succeeded in greatly reducing its operating deficit, although it has not yet commenced to show a profit. There were no general increases in express rates this past year and in some instances the agency has estab-

lished greatly reduced commodity rates in order to attract new business. A number of express agency stations have been closed as a result of discontinuance of passenger train service, but in some areas with the discontinuance of passenger service, it has sought new means of providing express service. Some of its business has been diverted to existing carriers, both truck and bus, but generally it has sought to provide service by means of its own motor vehicles, either by first obtaining a certificate of convenience and necessity or by extending the terminal limits within which pickup and delivery service is provided. Terminal limits have been extended to include towns as much as 45 to 50 miles away. It appearing that such operations may require a certificate of public convenience and necessity under Chapter 390 of the Revised Statutes, the Commission issued an order on May 29, 1961, in Case T-20,376, instituting an investigation for the purpose of determining whether or not the Railway Express Agency, Inc., is engaged in the transportation by motor vehicle of property for hire on the public highway without a certificate of convenience and necessity as required by Chapter 390, RSMo. 1959. The express agency was required to produce certain of its records in order to expedite the investigation and a hearing was assigned for July 10, 1961, but was subsequently postponed to September 6, 1961.

In Missouri, as well as in other states, a combination of economic factors has served to seriously effect the move-

ment of small parcels. Greatly increased minimum charges of the regular freight carriers made necessary by high billing and terminal costs, discontinuance of passenger service and reduction in number of schedules by both rail and bus, and discontinuance of common carrier agency stations have served to limit or restrict the use of facilities heretofore employed in the transportation of small parcels. However, small parcels constitute an important source of revenue to the existing carriers, and strong opposition has been made in all cases where new carriers have sought to enter the parcel delivery field. In prior years the Commission has held that parcel delivery service which cannot be provided by existing certificated carriers should be provided by vehicles licensed for 6000 pounds or less which the Legislature has seen fit to exempt from regulation. However, in a very strenuously protested case, the Commission granted to Sloan's Moving and Storage Company on January 3, 1961, in Case T-1506 (Sub-J) a certificate authorizing a specialized service of transporting property restricted to separate parcels not exceeding 50 pounds each and not exceeding 10 parcels from one consignor to one consignee on one calendar day between St. Louis and the counties within approximately 100 miles of St. Louis. The effective date of the order was postponed from time to time, finally becoming effective on March 30, 1961. The Commission was split 3 to 2 in favor of granting the authority with the majority hold-

ing that public convenience and necessity would be promoted by the proposed operation and the minority holding that the new service would be so detrimental to existing carriers that it should not be granted. Rates and charges for the new service which were made effective April 24, 1961, constitute a rather radical departure from those heretofore filed by motor carriers. The usual billing requirements are waived and the carrier required only that each package be marked with the name and address of the consignee. No delivery receipt is obtained except upon payment of an additional charge of 20 cents. Two scales of rates are published. The scale of rates for wholesalers is on a pre-parcel basis, with no regard to distance, beginning at 28 cents for a one-pound parcel and ranging up to \$2.24 for a parcel weighing 50 pounds. The other scale beginning at 60 cents for a parcel weighing 15 pounds or less and transported 10 miles or less and ranging up to \$2.50 for a parcel weighing 50 pounds and transported a distance of 275 miles is applicable for all persons other than wholesalers. Under the latter scale when a shipment consists of more than one parcel, each additional parcel is charged for at 50 cents. The grant of authority has been appealed to the Cole County Circuit Court but in the meantime Sloan has instituted service and, in the event the order is upheld only time will tell whether the adverse effect on the business of other carriers will outweigh the public benefit derived from the new service.

Truck Rates and Operations

Pursuant to a petition filed on June 14, 1960, and after hearings held on October 27 and December 8, 1960, the Commission issued its report and order on February 15, 1961, in Case T-19,437, prescribing increased class rates and minimum charges for Missouri motor carriers. The new minimum charge rule provided for a minimum charge per shipment of \$3.06 when the rate basis number is 85 or lower and \$3.30 when the rate basis number is 86 or higher. The new class rate scales resulted in an increase of about nine percent. It was petitioners' proposal for shipments of less than 2000 pounds to add 20 cents to each of the rates proposed for shipments of 2000 pounds and over, which would have resulted in percentage increases somewhat greater for shorter distances and lower classes than for longer distances and higher classes (ranging from 26 percent for a Class 50 shipment moving 15 miles to eight percent for a Class 100 shipment moving 600 miles). The Commission was not convinced by the evidence that the rate relationship previously existing should be disturbed and required, as has been the case heretofore, that shipments less than 2000 pounds and rated lower than Class 100 should continue to bear the same relation to Class 100 as in the case of shipments over 2000 pounds. The increased minimum charges were found reasonable upon the showing of greatly increased costs, the greater portion of which was involved in performing termi-

nal services and which costs are the same irrespective of the distance the shipment is transported. The increased rates and charges were required to be established effective March 15, 1961.

Included in the rates, rules and regulations for the transportation of bulk commodities in dump trucks prescribed by the Commission in its order of September 30, 1958, were hourly rates of \$3.00 for single-axle vehicles of not less than seven tons and \$5.00 for not less than 12 tons capacity. Since the prescription of those rates the practice of using single-axle vehicles on which have been installed auxiliary or "pusher" axles, to increase the carrying capacity to about 10 tons, has become quite prevalent. In consideration of numerous suggestions and requests for an hourly rate for vehicles using an auxiliary axle, the Commission issued its order on January 30, 1961, in Case No. T-16,446, establishing a rate of \$4.00 an hour for such a vehicle. The hourly rates are in addition to the prevailing hourly wage rate for the driver. The new hourly rates became effective March 1, 1961.

Heretofore transportation of cement from cement plants in and near St. Louis, Sugar Creek, Hannibal and Cape Girardeau has been wholly by rail. However, during the past year motor carrier authorities were granted for the specialized service of transporting cement in bulk in tank vehicles from each of the Missouri cement plants. The motor carriers

are able to perform the service more economically than rail, especially to those locations where there is no rail unloading facility. It appears probable that a great deal of the cement tonnage, which was formerly enjoyed by the railroads, will in the future move by truck.

Intercity Bus Fares and Operations

Intercity bus lines have been able to hold their passengers somewhat better than the railroads but their patronage has also declined and it has been necessary to obtain a greater portion of their increased operating costs from charter operations, express service and other incidental sources of revenue. The major bus lines increased their passengers fares by five percent effective February 10, 1961. The increase was effected by the filing of new tariff schedules on statutory notice, which were permitted to be made effective without hearing.

Bus schedules have remained somewhat more stable than in prior years and some of the major companies added new schedules during the past year. Recently the Midwest Bus Company instituted a new luxury type service between Kansas City and St. Louis with hostess and with meals served en-route at a premium fare, as a part of a through service from the west coast to the east coast.

Transit Fares and Operations

In tariff schedules filed to be effective October 30,

1960, the St. Louis Public Service Company proposed increased fares for transit riding on its lines in St. Louis and St. Louis County. The Company proposed to retain the 25-cent adult cash fare but to eliminate the reduced rate for tokens, the 20-cent off peak fare, the 35-cent single zone round-trip fare and the reduced fare for students. It proposed an increase in the zone fares and express fare differential from five cents to seven cents, or four rides for 25 cents. The children's fare was to be increased from 10 cents to 15 cents and a two-cent transfer charge was to be established. The Commission, being of the opinion that the public interest required a hearing with respect to the proposed fares, suspended the schedules and assigned the matter for hearing on October 18, 1960. In its decision dated December 23, 1960, in Case 14,536, the Commission approved the proposed fares except that the children's fare was to be increased to 12 cents and the reduced fare for students was not to be eliminated before the beginning of the new school term in September 1961. The proposed two-cent transfer charge was disapproved. The new basis of fares became effective January 1, 1961.

On August 25, 1960, the Kansas City Public Service Company, which provides transit service in Kansas City, changed its name to Kansas City Transit, Inc. The company continues to provide service under the tariff made effective November 1, 1959. The schedule provides for an adult cash fare of

25 cents, four tokens for 95 cents and a children's fare of 10 cents. On certain of the longer lines there are zone fares ranging from 5 to 10 cents for passengers passing through certain zone points.

The present fares of the St. Joseph Light and Power Company are named in the tariff schedule that was made effective April 27, 1958. The schedule provides for an adult cash fare of 15 cents, seven tokens for \$1.00 and a children's fare of 10 cents. There is a student fare of 10 cents for students holding a proper identification card.

Railroad and Street Railway Mileage

Class I railroads serving Missouri reported 10,966 miles of track in Missouri as of December 31, 1960, as compared to 11,024 miles as of December 31, 1959. The overall reduction included a decrease of 11.22 miles due to the abandonment by the Chicago, Burlington and Quincy Railroad of its line between Milan and Green City, as authorized by the Interstate Commerce Commission in Finance Docket 20436, and abandonment of 7.03 miles by the Missouri Pacific between Charleston and Alfalfa Center as authorized by the Interstate Commerce Commission in Finance Docket 20922. With these exceptions, the decrease in mileage was due to change in yard switching tracks, passing tracks, crossovers and turnouts.

Track mileage reported by the St. Louis Public Service Company as of December 31, 1959, was approximately seven

miles less in both its main line and second main line tracks, resulting from the abandonment of its Grand Avenue car line during the year.

The mileage reported by the small railroads as of December 31, 1960, was the same as a year ago.

The following table shows the rail mileage in Missouri operated by the various rail lines as of December 31, 1960.

RAILROAD MILEAGE OPERATED IN MISSOURI AS OF DECEMBER 31, 1960

Class I Railroads	Main Line Tracks	Second Main Tracks	Other Main Tracks	Passing Tracks, Crossovers, Turnouts	Way & Yard Switching Tracks	Totals
A.T. & S.F. Ry. Co.	308.17	199.29	26.54	48.20	70.65	652.85
C.B. & Q. RR. Co.	1313.72	54.18	--	147.06	348.83	1863.79
C.G.W. Ry. Co.	101.22	3.61	--	10.22	22.85	137.90
C.M. St. P. & P. RR. Co.	155.97	57.46	12.45	32.26	101.82	359.96
C.R.I. & P. RR. Co.	509.88	70.41	27.60	51.03	126.22	785.14
G.M. & O. RR. Co.	245.91	17.40	--	46.78	50.77	360.86
I.T. RR. Co.	2.54	--	--	.41	9.11	12.06
K.C.S. Ry. Co.	202.28	10.33	--	39.80	131.42	383.83
M-I RR. Co.	89.04	--	--	6.37	29.02	124.43
M-K-T RR. Co.	391.26	18.84	--	53.20	88.41	551.71
Mo. Pac. RR. Co.	1413.93	213.67	3.29	177.94	556.81	2365.64
St. L.-S.F. Ry. Co.	1438.63	31.28	--	168.62	401.14	2031.67
St. L.S.W. Ry. Co.	219.09	14.79	--	21.42	34.12	289.42
U.P. RR. Co.	2.16	1.54	--	5.96	15.96	25.62
Wabash RR. Co.	628.14	62.80	13.31	98.61	218.08	1020.94
TOTALS	7013.94	753.60	83.19	907.88	2205.21	10965.82
Street Railways						
St. Louis Public Service Company	25.53	25.53	--	4.61	6.46	62.13
Small Railroads						
Bevier & Southern Railroad Co.						20.12
Emmishel Connecting Railroad Co.						5.84
Kansas City Connecting Railroad Co.						4.73
Missouri & Illinois Bridge & Belt Railroad Co.						3.48
St. Louis & Troy Railroad Co.						5.20
TOTALS						39.37