



**MISSOURI
PUBLIC SERVICE
COMMISSION
ANNUAL REPORT
1977-1978**

Missouri Public Service Commission
JEFFERSON CITY

CHARLES J. FRAAS, JR.
CHAIRMAN

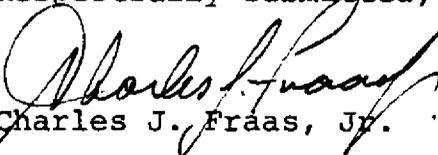
May 1, 1979

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TO: The Honorable Joseph P. Teasdale, Governor
and
The General Assembly of the State of Missouri

On behalf of the Missouri Public Service Commission,
I submit to you its annual report for the fiscal year
July 1, 1977 through June 30, 1978.

Respectfully submitted,


Charles J. Fraas, Jr.

Chairman

MISSOURI
PUBLIC SERVICE COMMISSION

Annual Report 1977-78

Charles J. Fraas, Jr., Chairman

Stephen B. Jones, Vice Chairman

Leah Brock McCartney, Commissioner

Hugh A. Sprague, Commissioner

Alberta C. Slavin, Commissioner

Paul W. Phillips, Counsel

Michael Jenkins, Secretary

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SECTION 1. RESPONSIBILITIES

Purpose

The Public Service Commission regulates the rates charged by the various utility and transportation companies within its jurisdiction to ensure that those rates are just and reasonable. The quality of service provided by those companies and the degree of safety employed in their operations are also regulated.

Although the rates charged by the rural electric cooperatives are not regulated by the Commission, it does oversee certain safety aspects of their operations.

The Commission also oversees the manufacture of mobile and modular homes in addition to recreational vehicles to ensure that federal standards are met.

Utility and transportation services operated by municipalities are exempt from Commission regulation.

The work of the Commission covers five general areas:

1. Rates
2. Complaints
3. Promulgation of Rules and Regulations
4. Company Review
5. Applications for Authority

Each of these areas are discussed briefly through page 3.

Rates

Any rates charged by utility and transportation companies that are under the jurisdiction of the Public Service Commission must be approved by the Commission before they become effective. The tariff sheets containing the rates and the companies' rules and regulations are on file in the Commission's offices and the companies' offices. These records are open for public inspection.

When considering the rates proposed by a utility company, the Commission uses two standards. Not only must the rates be reasonable for the consumer, but also they must allow the company to earn a reasonable return on its investment. In balancing the welfare of the consumer versus that of the company, the Commission is guided by the evidence presented by the parties involved in the case, within the guidelines of the applicable law.

Any decision made at the Commission level is subject to appeal through the courts.

Utilities wishing to change their rates must notify the Commission at least 30 days before the change would take effect. If the change calls for an increase in rates, the Commission may, and usually does suspend the effective date. This suspension can last for a period of up to

11 months.

During the suspension period, the Commission's staff and the other parties involved in the proceeding have time to study the proposed change.

If it is deemed necessary, the Commission will schedule hearings on the change during the suspension period.

If a company proves that the higher rates are needed immediately to avoid financial hardship, the proposed rates may be allowed to become effective immediately on an interim basis pending the investigation. If the increase is granted on an interim basis, the company usually is required to refund to the consumer any increases which prove to be excessive.

Rate hearings are conducted in the Commission's hearing room in the Jefferson State Office Building in Jefferson City and are open to the public. In many cases, as well as with other matters, the Commission holds hearings in the company's service area to provide its customers the opportunity to present their views on the request. The local hearings are helpful in providing the Commission with information regarding the company's quality of service.

The rates truck and bus companies charge differ from those of other utilities in that all transportation companies charge the same rates for similar services. Transportation companies' need for revenue is determined on the basis of income and expenses rather than the return to the stockholder.

Transportation companies usually file as a group when requesting rate changes. The Commission's staff will choose a representative sample of the group and use the evidence garnered from those companies as the basis of the testimony in the case. The Commission then makes the final decision on the propriety of the changes.

The other aspects of transportation cases are similar to those in utility rate cases.

Complaints

Through the Commission's Customer Service Department of the Utility Customer Service Division, the Commission handles any complaints against regulated utilities.

The specific manner in which a complaint is handled is determined by the form and nature of the complaint. A detailed explanation of the Commission's complaint handling procedures is on page 27 in the Operations Section of the annual report.

Rules and Regulations

In many areas, the Commission has issued rules and regulations to specify the responsibilities of regulated utilities in regard to rates, service and safety. The regulations, which were formerly titled General Orders, are now contained in the Code of State Regulations that was adopted by the General Assembly in 1975. The Commission's regulations are found in Title 4, Division 240.

When amending regulations or considering new ones, the Commission first issues the proposal to the interested companies and other parties who are given an opportunity to submit comments. After reviewing the comments, the Commission may hold one or more hearings to allow the parties to submit formal evidence concerning the proposed rule or regulation. The

evidence gathered at these hearings is used by the Commission in making the decision to adopt, modify or dismiss the proposal.

The Commission must also approve any rules or regulations companies have included in their operating tariffs. The process for adopting company rules and regulations is similar to that for adopting Commission rules and regulations.

The Commission's rules and regulations, such as those relating to billing practices, supersede all rules and regulations filed by the companies.

Company Review

All regulated utilities must comply with the rules and regulations they file with the Commission once those rules and regulations are approved. The utilities must also comply with the rules and regulations promulgated by the Commission.

The companies' compliance with these rules and regulations is checked by examining the annual reports filed by the firms, through complaint investigations, and through routine and special safety investigations and audits.

Major utilities submit monthly financial data allowing the Commission's staff to make use of its electronic data processing surveillance program. This material is used to generate financial reports on the companies. These reports show whether the companies are staying within the revenue guidelines set by the Commission.

Staff members in the various departments conduct routine inspection of companies' facilities and equipment and investigate accidents to ensure no Commission rules or regulations were broken. If any violations are found, the Commission, through the Office of the General Counsel, may seek penalties in circuit court against the violating firm.

Service Applications

The Commission has jurisdiction over the area a company serves, the type of service it provides and in the case of transportation companies, the routes they use.

The service areas of major utilities are fixed and cannot be changed without the utility's consent. From time to time, the utilities file applications for permission to construct additional facilities, to issue stocks or bonds and to change regulations. Water and sewer utilities occasionally file applications for authority to initiate service in developing areas in the state.

The majority of applications are received from bus and truck companies who wish to have additional authority or to amend their existing authority. Whether the request is from a utility or transportation company, a notice of the application is sent to officials in areas effected by the request, other utility companies providing similar services and other interested parties. In most cases a hearing is held to allow those parties an adequate opportunity to present evidence which the Commission uses in making its final determination.

SECTION II. ORGANIZATION AND BUDGET

Status

The Public Service Commission is an independent division within the Department of Consumer Affairs, Regulation and Licensing (CARL). The Office of the Public Counsel, which represents the public in the Commission's proceedings, is a separate division of CARL.

Commission

The five members of the Commission are appointed by the Governor with the advice and consent of the Senate. Terms are for six years and are staggered so no more than two terms expire in one year.

Traditionally, no more than three of the Commissioners are members of the Governor's political party.

The law requires all Commissioners to devote full time to their duties and to reside in Jefferson City.

Members Of The Commission

Chairman Charles J. Fraas, Jr., 41, was appointed to the Commission in 1977 to fill the remainder of the term of James Mulvaney, who resigned to accept a position with the federal Department of Labor. His term will expire on May 7, 1983.

Prior to joining the Commission, Fraas was the associate county counselor in Jackson County.

Vice Chairman Stephen B. Jones, 40, was appointed to the Commission in 1975 for a term which expires April 15, 1981. He was named vice chairman in 1977.

Jones was a Kansas City realtor before his appointment and a member of the Missouri Transportation Commission.

Commissioner Hugh A. Sprague, 47, was appointed to the Commission to fill the unexpired term of Chairman James F. Mauze, who resigned. His term expires on April 15, 1979.

Sprague was previously a legal assistant and press secretary to former Governor Christopher S. Bond. He also served as the prosecuting attorney for Buchanan County.

Commissioner Leah Brock McCartney was appointed to the Commission in 1977. She replaced Commissioner Charles J. Fain, whose term had expired. Her term expires on May 22, 1983.

McCartney serves on the 24 member National Mobile Home Advisory Council of the Department of Housing & Urban Development.

McCartney was a municipal judge in Kinloch prior to her appointment. She has also served as a tax attorney with the federal Internal Revenue Service and an attorney-advisor with the U. S. Treasury Department.

Commissioner Alberta C. Slavin briefly served on the Commission from July through August, 1977, and was reappointed in November, 1977. She replaced Commissioner A. Robert Pierce, Jr., who resigned. Her term expires April 15, 1979.

Slavin serves as a member of the Consumer Affairs Advisory Committee to the Department of Energy and on the Communications Committee of the National Association of Regulatory Utility Commissioners.

Hearing Examiners

Hearing examiners, lawyers, are assigned to the Commission to assist in conducting hearings, preparing orders and legal research. Due to the Commission's large workload, it is not possible for each Commissioner to hear every case. An examiner presides at hearings with the same authority as a Commissioner including ruling on points of law, the admissability of evidence and administering the oath.

The object of a hearing is to obtain all relevant evidence which has a bearing on a case from all parties involved in the proceeding. When the case record is complete, the Commissioners and examiners review the evidence and prepare a draft order.

The order is then discussed by the full Commission at its daily agenda meeting and is then voted on or set aside for revision. As with the orders of other administrative agencies, the Commission's decision may be appealed to the courts.

The Commissioners and examiners completed hearings on 251 cases during the fiscal year and wrote 193 final reports and orders. In the 1977-78 fiscal year, 252 cases were heard and 181 final reports and orders written.

Publications Commission

The Publications Commission is a statutory body, consisting of the members of the Commission and the General Counsel, that is responsible for publishing the Public Service Commission Reports.

The reports contain significant cases selected for publication. Only those cases which can aid those interested in the work of the Commission, or which contain new or especially significant concepts are published.

A hearing examiner, designated the reporter of opinions, assists the Commission in selecting cases and editing the material.

The reports are sold on both a single-purchase and subscription basis at a price determined by the cost of the printing.

Staff

The Commission's staff is composed of approximately 220 persons, most of whom are professionals in the fields of accounting, engineering, law, economics, management, rates and enforcement. In February, 1978, the Commission, after consultation with the staff, restructured its operations, as shown by the organizational chart on page 33.

While the Commission had seven divisions previously, the reorganization called for establishing six divisions, Utility Customer Services, Transportation, Office of the Secretary, Utility, Electronic Data Processing, and Office of the General Counsel.

The restructuring was designed to provide the coordination necessary to handle the increasing case load, especially in the area of rates.

To accomplish that goal, the Commission consolidated the former Utility Rates Division, Utility Research and Planning Division and a portion of the Utility Service Division into one Utility Division. The consolidation placed those staff members dealing with rates, rules and regulation under the direct supervision of the director of the Utility Division.

The Electronic Data Processing Division was brought about by separating that function from the Office of the Secretary. The change was made in recognition of the fact that Electronic Data Processing performs a support function for all the divisions in the Commission.

The newly formed Utility Customer Services Division is composed of the former departments of Consumer Services, the Office of Safety, the Office of Management Services and Mobile Homes. The various sections within this division are responsible for handling customer complaints about utility services or billing practices in addition to monitoring railroad track and gas pipeline safety, reviewing company management procedures and administering the federal law dealing with mobile home construction.

Budget

The Legislature appropriated the majority of the Public Service Commission's 1977-78 budget of \$4,024,610 from basically two funds, the Public Service Commission Fund and the State Highway Fund.

The Public Service Commission Fund, which is supported by assessments paid by the railroads and utilities, generated \$2,818,353 during the past fiscal year. Of that amount, a total of \$2,470,794 was appropriated for the Commission's use. The remaining portion is carried over in the fund to the next year.

The State Highway Fund, which is supported by the license fees paid by the various truck and bus companies, generated \$1,809,073 during the past fiscal year. The Legislature appropriated \$1,164,253 for the Commission's use with the remainder being transferred to the State Highway Department.

A small portion of the Commission's budget comes from General Revenue and is used to support the Mobile Home, Recreational Vehicle and Modular Homes Department in the Utility Customer Services Division. The amount received from General Revenue is smaller than the contribution made to that fund from the sale of seals for recreational vehicles and modular homes, and other receipts collected by the Commission from the National Conference of Buildings and Construction Standards for staff participation in monitoring modular and mobile home construction.

The remaining portion of the budget is contributed by the State Grade Crossing Fund. This fund is supported by a tax on rentals by freight line companies and is used by the Commission for the installation of protective devices at grade crossings.

Public Service Commission

Operating Expenditures Fiscal Year 1977 and 1978

	<i>Fiscal Year 1977</i>	<i>Fiscal Year 1978</i>
<u><i>Public Service Commission Fund</i></u>		
Personal Service	\$1,782,909	\$1,906,366
Expense and Equipment	<u>522,720</u>	<u>564,428</u>
Total PSC Fund	<u>\$2,305,629</u>	<u>\$2,470,794</u>
<u><i>State Highway Fund</i></u>		
Personal Service	\$ 890,721	\$ 959,096
Expense and Equipment	<u>280,417</u>	<u>205,157</u>
Total Highway Fund	<u>\$1,171,138</u>	<u>\$1,164,253</u>
<u><i>General Revenue</i></u>		
Personal Service	\$ 52,813	\$ 87,522
Expense and Equipment	<u>17,031</u>	<u>26,401</u>
Total General Revenue	<u>\$ 69,844</u>	<u>\$ 113,923</u>
Total Operating Expenditures	\$3,546,611	\$3,748,970
<i>License Refund</i>	7,500	15,000
<i>Grade Crossing Fund</i>	<u>245,988</u>	<u>182,468</u>
Total Expenditures	<u>\$3,800,099</u>	<u>\$3,946,438</u>
 <i>Authorized Number of Employees</i>	 <u><u>213.16</u></u>	 <u><u>217.16</u></u>

Public Service Commission
Fiscal Year 1977-78 Receipts

	<i>Fiscal Year 1977</i>	<i>Fiscal Year 1978</i>
<u><i>Public Service Commission Fund</i></u>		
Utility Assessment	\$2,811,920	\$2,751,825
<i>Out-of-State Audit Expense Reimbursement</i>	15,598	13,338
<u><i>Federal Dept. of Transportation Reimbursement</i></u>		
Railroad Track Safety Program	24,362	12,170
Natural Gas Pipeline Safety Program	-	40,683
<i>Miscellaneous Reimbursements</i>	1,215	336
Total Public Service Commission Fund	\$2,853,095	\$2,818,352
<u><i>State Highway Fund</i></u>		
Sale of Bus and Truck Licenses	\$1,597,670	\$1,809,073
<u><i>General Revenue Fund</i></u>		
<i>Mobile Homes Division Receipts:</i>		
Sale of Recreational Vehicle Seals	\$ 63,624	\$ 64,972
Sale of Modular Home Seals	568	720
Payment For Mobile Home Manufacturer Construction Monitoring	20,486	39,196
Payment For Mobile Home Units Shipped to Missouri	51,876	28,782
Dealer Registration Fees	3,385	1,195
Manufacturer Registration Fees	8,600	4,020
Plan Approvals	7,460	21,950
Postage Assessment	773	740
Total Mobile Homes Division	\$ 156,772	\$ 161,575
<u><i>Miscellaneous Receipts</i></u>		
Authority Fees	\$ 35,812	55,506
Miscellaneous Earnings - Copies of PSC Documents	21,689	25,055
Total Miscellaneous Receipts	\$ 57,501	\$ 80,561
Total General Revenue	\$ 214,273	\$ 242,136

	<i>Fiscal Year 1977</i>	<i>Fiscal Year 1978</i>
<u>Grade Crossing Fund</u>		
Tax on Car Rentals by Freight Line Companies	<u>\$ 187,748</u>	<u>\$ 296,059</u>
Total Receipts	<u>\$4,852,786</u>	<u>\$5,165,620</u>

SECTION III SIGNIFICANT DEVELOPMENTS

Rules

Billing Practices --

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. After the effective date, utilities covered by the rule were given six months to comply.

The long effort actually started in 1975 but utilities blocked implementation of the new rule with a lawsuit. Commission lawyers and the utilities finally agreed on a compromise, and the rule, popularly dubbed the Utility Consumer Bill of Rights, has now been implemented.

The Commission Public Information Office has prepared a consumer pamphlet which describes the new rule.

Among the changes. . .

- A utility must refund security deposits to customers who maintain a satisfactory payment record for one year and interest must be paid on the deposits.

- If a utility requires security deposits during the months of November, December and January, the customer can make arrangements to pay the deposit by installments.

- All customers of electric, gas and water utilities who are billed monthly have 21 days to pay their bills before they become delinquent. Customers billed quarterly have a 16 day grace period.

- If utilities charge penalties for unpaid bills, the utility can continue the practice until the utility comes to the Public Service Commission for another rate increase. At that point, the PSC will check the practice on a case-by-case basis.

- Utilities may not estimate bills more than three consecutive months under most conditions.

- If, for some reason, the utility cannot make an actual meter reading for three consecutive months, the customer must be notified his bill is estimated and that he can read his

own meter.

– The utility, by appointment, must offer meter reading service until 9 p.m. on weekdays and on Saturday.

– Utilities must prepare an information pamphlet, in layman's language, which describes rights of both the utility and customer. The pamphlet must be available to the public and must be delivered to the customer on request. The utility must also advise customers the pamphlet is available.

– Customers must be notified by mail, telephone, or in person, before service is discontinued.

– Service must be continued up to 21 days if termination would aggravate a medical emergency in the customer's home.

– Utilities may not require a deposit based on race, sex, national origin, marital status, age, number of dependents, source of income, or the location of a customer's residence.

The Commission in past fiscal years adopted rules which cover billing practices of utilities which provide telephone and sewer service.

Cold Weather Cutoff - In October, the Commission adopted a rule with strict guidelines gas and electric utilities must follow before a termination of service during winter months, defined in the rule as the period from November 15 through March 15 each year.

In all disconnect cases during the cold weather period, customers must receive five days prior notice. Further, if service is terminated on a Friday or the day before a holiday, the utility must have personnel available on the weekend or the holiday to reconnect service.

Termination notices during the cold weather period must tell customers they may be eligible to receive financial assistance in paying the bill. The notice must also include a list of social service, charitable, or other assistance organizations that have notified the utility they are willing to provide financial help.

There are additional guidelines a utility must follow before terminating service to the elderly or handicapped customer during the cold weather period, however, the customer must register on forms approved by the Commission and available at the utility, to be eligible.

The rule defines those eligible for the registration program as anyone over 62 or handicapped to the extent that he or she is unable to leave the premises without assistance and who files with the utility a form attesting to the fact that he or she meets the qualifications.

Before disconnecting a registered person, the utility must attempt to notify the customer by phone twice and send written notice to the individual and to the agency or individual listed on the registration form which might help the customer pay the bill.

The utility must also attempt personal contact with the registered elderly or handicapped person and notify them service may be disconnected.

If a personal contact is made and the customer cannot make full or deferred payments, the utility has to give the customer a list of social, charitable, or other assistance organizations which might be able to provide financial help with the bill.

Utilities must advise customers through advertisements about the registration program.

Peak Alert

In April, six generating electric utilities in the state were ordered to conduct a two year experimental program to alert customers when the utility is about to reach peak demand. The Peak Alert program was patterned after a similar program developed by electric cooperatives in the state.

Union Electric, Missouri Public Service Company, and St. Joseph Light and Power conducted the experimental program during the summer of 1978 and will continue the program in 1979. Kansas City Power and Light, Empire District Electric, and Arkansas-Missouri Power Company were directed to begin the program in the summer of 1979 and continue it for the 1980 summer season.

Participation of the three latter firms was delayed because of on-going research about customer usage patterns in their service areas and the possibility that a request to conserve during the peak demand period might alter usage patterns.

The object of the peak alert study is to see if customers will voluntarily cut back usage during periods of peak demand so utilities can postpone plant expansion to handle future growth in peak demand.

The first implementation of the program occurred near the end of the fiscal year in the St. Louis area on June 28 and 29 when temperatures soared into the mid-90's. Union Electric Company, which had announced the program to the public on June 27, ran the pre-planned radio announcements informing residential customers of an impending system peak. The advertisements made it clear that it was not an emergency situation. Union Electric did not reach a new peak during that two day period as the peak reached on June 28 was 5720 MW compared to the historical high of 5792 MW.

At the end of the 1978 summer season, Missouri Public Service Company, St. Joseph Light & Power Company and Union Electric Company plan to survey the public response to the program in order to plan for the next year. Commission staff continuously monitor the programs in order to assure maximum benefit to the public.

UMW Strike Impact

The long strike by members of the United Mine Workers during the winter of 1977-78, the coldest winter since the U.S. Weather Bureau started keeping records, had an impact in Missouri, but it was less severe than in other states in the Midwest and East.

In January, the Commission started monitoring the coal stockpile of generating utilities, weekly at first, and more frequently as the strike continued.

In February, reports indicated Missouri Public Service Company of Raytown and Union Electric of St. Louis were at or approaching the danger point in coal supply.

In March, seven utilities were authorized to levy an emergency surcharge to cover the purchase of oil generated electricity so the utilities could conserve coal piles in case the severe winter and the strike continued.

The emergency surcharge was challenged in court but later held to be proper. After the court challenge, the Commission ordered the seven utilities to stop collecting. About approximately the same time, the severe weather abated, and the strike settled.

All utilities except Missouri Public Service Company later notified the Commission they would refund all collections and abandon efforts to recover from ratepayers any extraordinary expense incurred as a result of the strike by coal miners.

As a result of the emergency, all twelve regulated electric utilities, under a Commission directive, filed curtailment plans which outline how the utilities will cut back electricity if necessary. Three elements included in all curtailment plans are, an exemption for customers who provide essential public services, specifics on the order of curtailment in the event it becomes necessary, and language that requires Commission approval before there is significant curtailment that will significantly effect customers

Fuel Adjustment Clause

Electric utilities, for several years, have used a fuel adjustment clause to pass through on a monthly basis to commercial and industrial customers fluctuations in the price the utilities pay for fuel. The Commission allowed electric utilities to use the fuel adjustment for residential customers on an experimental basis, starting in February, 1974.

In May, 1976, the Commission extended for two years authority of the utilities to use the clause for residential customers. In May, 1978, that authority was again extended seven months, until December 31, 1978. The Commission conducted hearings on the matter after the fiscal year ended, and will have a decision before the December 31 authority expires.

The fuel adjustment authority in effect when the fiscal year ended permits the utilities to pass through on a monthly basis any fluctuation in the cost of coal used to generate electricity, and both coal and natural gas cost fluctuations for purchased power. Specifically forbidden in the monthly pass through was fluctuations in the cost of fuel oil used for generation of electricity, regardless of whether companies generate their own power or purchase power.

All electric utilities regulated by the Commission filed requests to extend the Fuel Adjustment Clause, and the Commission approved application of 18 parties to intervene in the case.

Cost Overrun

An order issued by the Commission in October established a precedent in cost overruns incurred in utility plant construction, even though the dollar amount, \$100,000, was small.

The Commission disallowed that amount of the overrun in construction of Kansas City Power and Light Company's La Cygne Unit No. 2.

The order pointed to the fact that Daniel Construction Company was the contractor on the La Cygne plant. The same construction company is the contractor for most of the major plant construction now in progress for Missouri electric companies, including the KCPL Wolf Creek nuclear facility, the Iatan generating station, partly owned by KCPL and St. Joseph Light & Power, and the Union Electric Callaway County nuclear facility.

The disallowance, which was not appealed, means that the utility will be unable to

include in its rate base the \$100,000. Consequently, the utility will be unable to include in the rates of customers an amount to cover the rate of return on that portion of the plant investment.

Telephone Company Earnings

The Commission in January ordered an investigation of rates and charges of United Telephone and a subsidiary, Capital City Telephone which resulted in a one-time refund to customer after the fiscal year ended.

The Commission staff, which monitors earnings of utilities, reported that both companies had consistently earned more than that authorized by the Commission. The staff recommended a rate reduction.

As a result of the surveillance program, after the fiscal year ended, General Telephone filed and the Commission approved a request to permanently reduce rates.

Automatic Telephone Dialers

In February, the Commission asked all telephone companies in the state to file rules which would prohibit telephone solicitation with some automatic devices. Some of the companies did not respond to the voluntary request, so after the fiscal year ended, the Commission proposed a rule which bans use of equipment that does not relinquish a telephone line when the called party chooses to terminate the call. That rule was later adopted for intra-state calls.

Time-Of-Day Telephone Pricing

In April, the Commission directed Southwestern Bell Telephone Company to start gathering data for a study to check the feasibility of setting a basic telephone charge based on the time of day and week, duration, distance, and frequency of calls. Information being sought is whether a few people make most of the calls and talk longer than most of the other customers.

The Springfield exchange was selected for the study because of an electronic switching system which serves the community. At no time will actual telephone conversations be monitored, nor will the identity of the caller or the person called be known to workers conducting the study.

If evidence from the study shows there might be a great benefit to a majority of customers to restructure charges based on time and length of usage, the Commission could order an experiment to actually test the conclusions.

Rate Design and Research

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 and Power was directed to begin work on a program to change the way in which it charges for electric service.

Most utilities use the declining block rate structure under which the unit price decreases as consumption increases. The Commission decision in St. Joseph Light and Power case indicated that declining block rate structures are outdated. They were developed historically at least in part to promote consumption.

The new direction mandated in the St. Joseph case was that rate design should encourage the efficient use of energy and recognize and regard customers who choose to conserve.

Other cases with rate design issues followed the St. Joseph case.

In October, Missouri Edison Company was ordered to conduct a study of the demand on its electric system and the manner in which its electric rates are designed.

Also in October, Sho-Me Power Corporation was ordered to undertake a load research study to determine whether its electric rates were properly allocated among customers. Load research precedes a look at the rate design of a utility.

In December, the Commission staff began a survey of how residential customers use electricity as part of an overall study of electric rates. About 700 customers of Union Electric were contacted by telephone. In January, about 500 customers of Kansas City Power and Light Company were asked the same questions. In March, the list of about 50 questions were asked of about 300 customers of St. Joseph Light and Power Company.

In prior fiscal years, the Commission has ordered load research and cost of service studies for Union Electric of St. Louis and Kansas City Power & Light Company.

In August, the Commission also ordered its first rate design investigation of the state's largest gas company, Laclede. Among the subjects the Commission wants to examine the Laclede rate design case are:

- Special rates for persons on low incomes;
- The use of the purchased gas adjustment to compensate for changes in the price of gas bought by Laclede;
- Whether there should be a difference between rates in summer and winter;
- The feasibility of maintaining a lower rate for large customers whose service can be interrupted at Laclede's option.

Railroad Safety

Beyond the on-going track inspecting program, the Commission in October helped launch Operation Lifesaver, a program aimed at reducing rail crossing accidents. The program includes a film, financed by the Missouri Railroad Committee, entitled "Any Time Is Train Time." The film is designed for general viewing, particularly for driver education classes, civic and service clubs.

When the film is shown, speakers distribute a "Lifesaver" packet which includes bumper stickers, a poster on crossing safety, a driver education booklet, and a grade crossing crash quiz.

Other agencies which participated in development of the railroad safety program include

the Highway Patrol, Highway Department, Division of Highway Safety, and the Department of Education.

Tariff Dockets

In January, the Commission began distributing a weekly Tariff Docket which contains a listing and brief description of tariff filings received each week by the Commission. The project was conceived to keep the public informed and up to date on utility tariff filings. The service was offered experimentally for six months and then continued after that period.

The notice of filings gives interested parties an opportunity to participate in Commission proceedings.

Copies of the Tariff Docket are provided to members of the General Assembly, to all presiding judges in the state, and by request to members of the media. Other interested parties may obtain copies of the document by subscription which recovers reproduction costs.

Electronic Data Processing

In November, the Commission became the first agency in state government to give its staff interactive computer processing.

The Commission switched from the state computer system which required computer cards to MCAUTO, the time-sharing computer network of McDonnell-Douglas.

Staff economists, engineers and accountants now have the capability of communicating directly with the computer.

Before the switch, the data processing workload had frustrated the staff for years and even caused a delay in the hearing of some utility cases.

The economists, engineers and accountants can now write their own statistical analysis programs which has dramatically reduced dependency on the data processing department. Before the switch, five data processing analysts were needed to support one rate review case, but now one analyst can support three rate cases simultaneously. EDP analysts still build the data files and keep surveillance over the cases, but the economist, engineer or accountant now works directly with the computer.

For example, in a rate design or a capital planning case, there can be as many as 150 different computer files of variables. Some of the variables include hourly demand data, temperature readings, income and socio-economic data, billing information, cost of fuel and hourly plant capacity.

Now that utilities ask for rate increases more frequently, a tremendous workload is placed on the Commission staff if they are to perform a thorough and objective review of all the facts for the Commission to act on. Another example of the workload is that the major gas company in Missouri alone has 500,000 customers, a fact that contributes six million items of billing data for analysts.

SECTION IV. OPERATIONS

In the operations portion of the annual report, the divisions and sections which made up the Commission during the past fiscal year are discussed. An organizational diagram is on page 33.

Transportation Division

The **Transportation Division** handles the regulation of rates, safety and service areas for the bus and truck companies which operate within the Missouri boundaries. The division is also responsible for monitoring rates and service areas of railroad companies, but the question of railroad safety is assigned to the **Customer Services Division**.

Carriers which operate in more than one state are also regulated by the Interstate Commerce Commission. All interstate carriers who wish to travel in Missouri must file a request with the Commission.

Private carriers who do not operate for hire and farm-to-market truckers are exempt from Commission regulation.

The **Transportation Division** has three departments, *Operations*, *Enforcement*, and *Rates and Audits*. The division director oversees these departments.

The *Transportation Research and Planning Department* has been placed with the **Transportation Division** but is independent from the other departments and the division director.

The *Operations Department* has four offices, Operating Rights, Insurance, Licenses and Permits, and Passenger Service.

The Office of Operating Rights deals with the authority the carriers have in regard to the type of cargo they may carry and in which geographic area they can operate. The carrier may be allowed to haul only a single commodity over irregular routes within a designated area between Kansas City and Springfield, while another may have authority to carry general cargo over regular routes to many points in the state. A carrier's authority is determined on the basis of the need for that service and the ability of the carrier to provide it.

The carrier's service area is described in a Certificate of Public Convenience and Necessity or Contract Carrier Permit which are filed in the Office of Operating Rights. To obtain or modify its authority, a carrier must submit an application with the Commission.

The Office of Operating Rights then reviews the application and notifies other carriers who might be affected by the request.

A hearing before the Commission is then held to take testimony from the applicant carrier, any opponents or supporters of the request, and from the staff.

The carrier's application is then granted or denied on the basis of the evidence given at the hearing.

The activities of the office are detailed on the following page:

	1976-77	1977-78
Applications for intrastate authority	257	260
Initial grants for authority	140	138
Additional grants for authority	84	110
Grants of temporary authority	76	103
Transfers of intrastate authority	225	222
Interstate permits issued	1,661	1,698
Interstate permits revoked	1,036	1,491

The Office of Insurance keeps track of the cargo and liability insurance coverage carriers are required by law to have. If cargo insurance is not needed by the carrier, for example in the case of dump truck, the Commission may waive the requirement.

Although the Interstate Commerce Commission regulates interstate carriers, they are also required to file proof of their liability insurance with the Commission before the carriers are allowed to operate within the state.

If the carrier allows his insurance to lapse, the insurance company sends a notice to the carrier and the Office of Insurance. Once the insurance is void, the carrier's authority is suspended until the insurance is renewed.

If the insurance is not renewed in a reasonable period of time, the carrier may be required to show why his authority should not be revoked. A reasonable time period is determined to be approximately six months.

The work of the Office of Insurance is shown below:

	1976-77	1977-78
New certificates received and filed	10,624	9,538
Cancellation notices received	6,364	5,683
Carriers suspended due to cancellation	3,223	2,720
Carriers reinstated upon renewal	1,898	1,592

The Office of License and Permits issues bus and truck companies the license stickers or stamps that must be carried on each vehicle operating in Missouri. The funds from the license sales make up a portion of the Commission's budget which is appropriated by the General Assembly.

The section sells two types of licenses. The annual license, which is good for one year, cost \$25. The other type of license is valid for only 72-hours and can be purchased for \$5. The 72-hour licenses are utilized predominately by interstate carriers who are in Missouri for only short periods of time.

Licenses may be purchased by mail or at the Jefferson City office. Some truck stops are linked to the Jefferson City office with facsimile transmitters through which the 72-hour license can be purchased.

Damaged stickers are replaced by the Commission although a \$1 charge is levied for the service.

License sales are shown on the following page.

	1975-76	1976-77	1977-78
<u>Bus</u>			
Annual license	2,275	2,382	3,244
72-hour license	508	663	637
<u>Truck</u>			
Annual license	52,004	52,917	59,783
72-hour license	43,471	42,370	46,038
Replacements	17	5	23

For the twelve months ending on June 30, 1978, the license sales totaled \$1,809,073. This represents a 13.2 percent increase in sales over the last fiscal year's total of \$1,597,670.

The *Enforcement Department* either through routine inspection or investigations stemming from complaints, determines whether bus and truck companies are in compliance with the Commission's regulations and state transportation laws. This work is often conducted in conjunction with other law enforcement agencies, including the Missouri Highway Patrol.

Carriers who are found violating regulations or transportation laws can be prosecuted by local authorities or asked to appear at a Commission hearing. If the Commission decides a carrier is guilty of any violations, it is empowered to direct the Commission Counsel to sue for penalties in the courts.

Some typical violations are failure to comply with safety regulations, operating beyond the scope of authority granted by the Commission to the carrier, operating without authority and charging rates different from those stipulated by the Commission.

The following is a detailed look at this sections performance over the past two years:

	1976-77	1977-78
Carriers contacted	5,246	5,370
Vehicles inspected	8,728	6,213
Investigations conducted	2,803	3,027
Arrests by law enforcement authorities as a result of investigators work	442	981
Bus stations inspected	130	110
Transferees investigated	60	96
Compliance surveys	38	40
Informal complaints	339	653
Cases completed	91	121
Settlements and fines received	\$20,600	\$6,100
Accidents reported	N/A	136
Accidents investigated	N/A	79
Hours spent traveling	N/A	10,739

The remaining department in the **Transportation Division** is *Rates and Audits*. It is composed of three offices, Audits, Motor Carrier Rates and Service, and Rail Rates and Service.

If required, the Office of Audits performs audits of regulated carriers when they file rate cases or in connection with other investigations. This office also reviews the annual reports that carriers operating within the state are required to file although some carriers are required to file

quarterly reports under certain circumstances.

If the company does not file the required reports, its operating certificates can be suspended. Over the past year, 115 carriers were temporarily suspended and 17 had their certificates revoked.

Major bus and truck rate requests usually are filed simultaneously by a group of carriers. In this case, the staff selects a representative sample from a group and conducts audits on those firms. If the sample chosen by the proponents is inappropriate, the staff may select a different set of carriers.

The results of the audit become part of the evidence given at the Commission hearing concerning the request.

During the 1977-78 Fiscal Year the following major cases were heard by the Commission:

Rate Cases

Case-T-40,808-Midwest General Commodity-Carriers given an interim rate increase of 1 percent plus 7 percent. 5/23/78

Case-T-40,233-Dump Truck Carriers given a 10 percent increase. 5/01/78

Case-T-40,718-Clay Carriers given an 8 percent increase. 6/01/78

This office also does additional work in the area of financial and statistical analyses of carriers which are used to monitor the performance of companies. If a carrier requests a transfer or new authority, this section reviews the carrier's finances.

The balance of the office's work is reflected below:

	1976-77	1977-78
Quarterly reports audited	658	712
Annual reports audited	1,238	1,209
Report correspondence	581	667
Rate case analyses	5	3
Transfer reviews	162	190

The Offices of Motor Carrier and Rail Rates and Service review proposed tariffs and schedules filed by the carriers. The offices then recommend whether the Commission should allow the request or suspend it pending a hearing to determine if the request is reasonable.

Carriers wishing to change their rates are required to submit any revisions 30 days prior to their effective date to allow the staff time for review. The notice requirement can be waived with the approval of the Commission.

Requests are suspended if the Commission believes that more information is needed concerning the rate or schedule change. Objections filed by opponents to the request are also considered.

If suspended, there will be hearings scheduled on the request to give the interested parties a chance to submit evidence. The Commission uses this information in addition to that

supplied by the Audit Section in making its final decision.

Errors and violations of tariff rules are determined through rate compliance audits. Last year, 74 audits were conducted. They indicated the following types of violations, which were all subsequently corrected by the carriers.

Results of audits of household goods carriers.

	1976-77	Violations 1977-78
Number of carriers	24	69
Bills of Lading	315	1,860
Rate undercharges	115 (\$3,011)	726 (\$15,543)
Rate overcharges	217 (\$4,029)	955 (\$16,104)

Of a total of 2,046 bills audited, approximately 60 percent were found to be in error.

The staff of these sections has conducted a total of 59 follow-up investigations which culminated in all the violations being corrected. At the end of the fiscal year, ten of the cases were still pending due to a lack of response from the carrier.

The two staffs spent a total of 427 hours in the various carriers' offices during 69 audits. The average time spent on each audit was 6-1/2 hours.

Results of audits of general commodity carriers.

	1976-77	Violations 1977-78
Number of carriers	5	5
C.O.D.	18	18
Bills of lading	6	0
Tariff	9	1
Collection of charges	149	207
Leasing	15	0
Loss and damage claims	157	0
Rate undercharges	18 (\$47)	0
Rate overcharges	5	5 (\$46)

By the end of the fiscal year, five follow-up investigations had been conducted with the firms correcting all violations including the refunding of overcharges.

A total of 26 1/2 hours were spent by the staff in the carrier's offices while conducting the five audits. The average time per audit was 5 1/2 hours.

With the exception of the field rate audits, the volume of these particular sections is detailed on the following page.

	1976-77	1977-78
Railroad tariffs received and filed	3,573	3,832
Truck tariffs received and filed	3,417	3,498
Service complaints handled	26	114
Special permission orders issued	80	64

General Counsel

The **General Counsel** is the legal staff of the Commission. It represents the technical staff of the Commission in hearings before the Commission. This representation involves reviewing the evidence assembled by the staff to determine the position to be taken on the issues, presenting witnesses, cross-examining the witnesses of other parties, preparing briefs, and participating in oral argument.

The **General Counsel** is legal adviser to the Commission, and represents the Commission in the courts and before Federal regulatory agencies. Reports and Orders issued by the Commission are studied by the **General Counsel's** staff for legal sufficiency. This department participates in the drafting of proposed rules and regulations and in establishing procedures for dealing with the regulated companies as well as the drafting of legislation pertinent to Commission business.

When a company is found by the Commission to have violated its rules, regulations, or statutes governing transportation and utility companies, the **General Counsel** sues in court for penalties against the violator. The legal staff of the **General Counsel** also defends the Commission's decisions which result in court appeals.

The workload of the office as shown below does not indicate many hours given to legal opinions for the Commission nor for other legal advice given the Commission staff, particularly the Consumer Service Office:

	<i>FY 1978</i>
Cases filed	2,577
Motions filed	981
Cases heard	416
Cases set	594
Transcripts filed	420
Cases on appeal in Mo. Appellate Courts	60
Penalties cases (Circuit Court)	14
Federal cases (FERC)	26
Federal cases (ICC)	2
Federal cases (NRC)	1
Federal cases (FCC)	3
Federal Dist. & Appeal Court cases	2

Utility Division

The **Utility Division** provides the Commission with independent information on rate and service related matters and also implements Commission orders dealing with those subjects. Sewer, water, electric, gas and telephone companies are the subjects of their efforts.

The division gathers its information through audits, investigations, inspections and rate reviews before preparing testimony and exhibits for use by the Commission in its formal proceedings. The information also is utilized by other staff members in the various divisions.

Through research and planning studies, the division also aids the Commission in rate structure deliberations and on questions concerning firms' long term investment needs for construction of additional facilities.

The division's personnel also conduct special studies to gauge the impact of federal regulation and legislation and also appear before the Federal Energy Regulatory Commission, the Federal Communications Commission and other federal agencies, on behalf of the Commission.

The division has a staff of 70, including accountants, engineers, economists, rate and tariff specialists, technicians and clerical personnel. The staff is centralized in Jefferson City but also works out of the regional offices in St. Louis and Kansas City.

The **Utility Division** consists of four departments, *Accounting, Rate Administration, Financial Analysis and Research and Planning.*

The *Accounting Department* performs audits on the books and records kept by the utilities to determine if they are properly maintained and that expenses listed are necessary and reasonable.

This department also does special audits under certain circumstances. For example, when companies request authority from the Commission to issue securities.

Accounting spends much of its time performing audits on the companies which have made rate requests. The audit of an individual company can take from a few weeks to several months depending on the company's size. If a utility is owned by a parent company with records outside Missouri, the utility must pay the expenses incurred by the accountants performing the audit.

When an audit is completed, the results, along with the written testimony of the participating accountant or accountants, is filed with the Commission.

The accountants also participate in the hearings by providing assistance to staff attorneys. They also may be called to testify during the cross-examination portion of the proceedings.

The *Accounting Department* prepared 45 rate case audits during the 1977-78 fiscal year. Performing these audits required 38,500 man hours. The department also did four compliance audits and approximately 50 miscellaneous audits requiring 1,900 and 1,000 man hours respectively. An extensive review of the various utilities annual reports was also conducted requiring 3,200 man hours.

In the previous fiscal year, a total of 88 audits was completed which required 37,825 man hours.

The *Rate Administration Department* is responsible for most of the rate-related functions which require the expertise of professional engineers, economists and technicians. Its personnel also handle some service complaints and safety related matters. This department has five sections, Operations Research, Depreciation, Electric and Gas, Water and Sewer, and Telephone.

The department's primary function is to review and evaluate each tariff filing to determine the impact the changes will have on both the utility and the customers. The department reviews company proposals and Commission orders.

The Operations Research Section acts as a liason between the department and the Electronic Data Processing Division. This is to enable the department to more effectively utilize the Commission's computer capability.

The Depreciation Section handles all matters concerning the depreciation amount which utilities are allowed on their capital investments. This section makes staff determinations on whether the amount the customer is paying for depreciation cost is reasonable.

After a utility files a request for an adjustment of its depreciation rates, the section examines it and either recommends the changes the staff thinks are required or undertakes a depreciation study. In 1977-78, the section conducted approximately 25 depreciation studies.

The section also aids small water, sewer and telephone companies in establishing a proper depreciation schedule if the staff decides it would be uneconomical for a firm to hire outside help to make the determination.

The section also aids the Commission in the establishment of the utilities rate bases. When it decides a rate case, the Commission examines and determines the original cost rate base and the fair value rate base for the company.

The rate base is the amount invested on which the utility is allowed to earn a return. The original cost rate base is derived by subtracting the total depreciation reserve from the total original cost of the facilities used in providing services. Trended original cost less depreciation is determined by applying accepted cost indices to the original cost investment for various classes of utility rent.

The trended original cost less depreciation is utilized by the Commission to determine the fair value of the company's facilities used for providing service. After a utility presents fair value evidence in a rate case, the Depreciation Section generally conducts an independent study and presents findings through testimony and exhibits for the Commission to use in their determinations of fair value. The section conducted 32 such studies during the last fiscal year.

The remaining three sections, Electric and Gas, Water and Sewer, and Telephone are all divided between their engineering and rate functions.

These three sections are responsible for the review, analysis and processing of all tariff filings which are submitted to the Commission. In rate cases, these groups provide expert testimony regarding rate designs proposed by the various utilities and may propose alternative rate designs.

The sections keep a close watch on the physical properties of utilities to ensure safe and adequate service is provided to their customers in compliance with the rules of the Commission. They also handle service-related complaints and other matters which stem from the lack of facilities or technical problems which may require a field investigation.

In addition to supplying rate information, the Telephone Section also monitors the quality of service and conducts field investigations stemming from complaints and other non-rate related matters. During fiscal 1978, the section conducted 30 field investigations and handled 300 complaints.

The Telephone Section also maintains detailed exchange boundary maps for the service areas in which the utilities are authorized to operate. If ordered by the Commission, the section also supervises calling usage and cost studies to determine if toll-free calling should be established or extended between two or more exchanges. The staff supervised seven such studies during the last fiscal year.

The Gas and Electric Section handled 140 complaints during the fiscal year in addition to its other functions relating to the utilities in that grouping. The section also processed 191 requests for variances, exemptions from the Commission's rules and regulations under certain circumstances, which resulted in 28 field inspections.

In the area of safety, this section monitors the installation and maintenance done by electric utilities to ensure the companies comply with national guidelines, but has no control over gas safety. It also handles power plant inspections and inspections stemming from electrical accidents.

The section's staff also perform studies to determine the impact construction will have on the effected area. If necessary, it will provide a company with technical assistance on problems stemming from construction.

The Gas and Electric Section also monitors the Purchased Gas Adjustment (PGA) and the Electric Fuel Adjustments (FAC). The fuel adjustment clauses allow the utilities to pass through to the customer fluctuations in the cost of fuel. These adjustments are filed monthly with the Commission and checked closely to ensure only the proper amount is charged.

During the recent coal strike, the staff took an active role supplying the Commission with weekly reports on coal stockpiles in addition to meeting with federal and company officials to discuss the strike's impact.

The section's staff also investigated the possibility of the Commission adopting minimum thermal standards for all new buildings.

Members of the staff also participated in the Edison Electric Institute Annual Meeting, Missouri Valley Electric Association Engineering Conference and the adoption of the National Electrical Safety Code, which is scheduled to become effective in fiscal 1978-79.

The Water and Sewer Section has the task of handling rate matters and safety requirements for the privately owned water and sewer companies. Its functions call for close cooperation with the Department of Natural Resources, which establishes the environmental and safety requirements in these areas.

The staff in this section handled 107 complaints relating to water and sewer service in the last fiscal year.

The section also conducted 83 inspections on the state's privately owned sewer and water utilities to ensure the service provided was both adequate and safe.

When a company requests the right to provide a service in an area, this section studies whether the service is necessary and subsequently makes a recommendation to the Commission on whether the service is needed.

The *Research and Planning Department* performs detailed studies on rate designs along with reviewing and analyzing the capital expansion programs and load forecasting techniques utilized by the various utilities. These studies provide the Commission with information for the establishment of fair rates and helps to ensure the customer has an adequate supply of the utility's product.

The goal of this department is to establish a capability for forecasting the future demand the companies are facing so future capital requirements and the effects of the costs on rates can be predicted accurately.

The *Financial Analysis Department* reviews and evaluates the utilities financial structures and recommends to the Commission the rate of return which the staff believes the firm should be authorized to earn on their investments. It maintains extensive financial data on 125 large non-regulated corporations and 200 major electric, gas, telephone and water utilities.

The size of the rate of return determines how much profit the company will earn on its investment or rate base. Usually, there is a major difference between what the company and staff recommend.

The extensive financial research done by the department is submitted as testimony before the Commission. The company rate of return witnesses then submit their private studies and both company and staff participate in the cross-examination. The Commission makes the final decision on the rate of return.

In fiscal 1977-78, the department prepared rate of return information on 10 cases.

The financial data on the utilities is also monitored by this section. The companies submit monthly reports on their financial status and earnings to enable the personnel to closely watch profit levels.

In relation to the ongoing examinations of the required profit levels, this section conducts studies relating to the bond rating status or credit of Missouri utilities. This is done to ensure that the companies ability to obtain future financing will not be unduly hampered by a low bond rating.

The *Financial Analysis Department* is involved in continuous data gathering to remain abreast of economic activity, profitability of the regulated and non-regulated industries, interest rate movements, inflation trends and stock market activity.

Office Of The Secretary

The **Office of the Secretary** provides the administrative coordination for all divisions and handles the official business of the Commission. This division has six departments *Orders and Distribution, Commission Files, Reporting, Internal Accounting, Information and Mail, Reproduction, and Maintenance.*

The Secretary is assisted in his duties by an assistant executive secretary and two administrative assistants who are specialized in the areas of transportation and utilities.

The **Office of the Secretary** processes applications filed with the Commission, maintains the general files and prints Commission orders utilizing the *Commission Files, Orders and Distribution*, and *Mail, Reproduction and Maintenance Departments*. In fiscal 1977-78, there were 304 new cases filed.

Orders and regulations issued by the Commission are made official by the certification of the Secretary and affixing of the state seal.

Copies of orders and other documents for the cases are kept in numbered files that are open for public inspection. The file on a case contains any applications, motions, correspondence, orders and transcripts and exhibits for cases that receive a formal hearing. Some older cases are on microfilm, but the more recent ones will be in their original form.

Anyone interested in obtaining copies of information can do so by paying a fee to cover the costs of reproduction.

The **Office of the Secretary** assigns cases to members of the Commission, schedules hearings and maintains the docket, or hearing calendar.

The majority of hearings are held in the Commission's hearing room on the tenth floor of the Jefferson State Office Building, 100 E. Capitol Avenue, Jefferson City. Other hearings, most of which involve rate deliberations, are held throughout the state to allow the customers affected by the case to conveniently present their views. There were 16 rate-related hearings held in the various service areas effected in the cases during fiscal 1977-78.

The *Information Department* responds to inquiries from reporters, and others who need information about the Commission's work. This department also publishes the annual report and assists the Commission and other sections with writing and editing reports and speeches. A total of 274 news releases were issued in 1977-78.

The *Internal Accounting Department* takes care of the Commission's finances. This department's duties include assembling the budget (which appears on pages 7 - 9), processing expense accounts and bills for goods and services.

The staff in this department conducts semi-annual audits of the License and Permits Section in the **Transportation Division** and the *Mobile Homes, Recreational Vehicles and Modular Homes Department* in the **Utility Customer Services Division**.

The department also draws up the assessment for utility and railroad companies that become a portion of the Commission's budget which is appropriated by the Legislature. It also handles the authority for fees paid by companies when they issue securities and miscellaneous monies received by the Commission.

The *Reporting Department* performs work similar to that of court reporters in the judicial system. The reporters make a verbatim recording of the proceedings before the Commission and prepare transcripts for addition to the case files.

Copies of the transcripts, which are usually prepared within 30 days of the hearing, may be purchased at a price of 25 cents per page.

The *Reporting Department's* activities for the past two fiscal years is detailed below:

	1976-77	1977-78
Hearings	252	251
Hearing hours	970	756.5
Transcript pages	33,159	26,248

UTILITY CUSTOMER SERVICES DIVISION

The **Utility Customer Services Division** monitors construction and maintenance to ensure compliance with safety codes and standards, investigates consumer complaints and analyzes managerial effectiveness of regulated companies. It is comprised of four departments, *Consumer Services, Office of Safety, Office of Management Services, and Mobile Homes, Recreational Vehicles and Modular Homes.*

The *Consumer Services Department's* goal is to aid the consuming public. This department deals with complaints and other issues concerning service consumers raise. Its personnel are involved in billing practices and other related items.

When a consumer is not satisfied with the service performed by a regulated utility or needs information about his service, he should first go to the company before considering filing a complaint. In most cases, the company will adequately respond to any request.

If the person does not contact the utility, the Commission may require him to do so before accepting his complaint. However, this requirement can be waived by the Commission in some situations.

If a consumer believes the company's response is not adequate, he can bring the issue before the Commission either informally or formally. He is not required to hire a lawyer to file either form of complaint.

The most common form utilized by Missouri consumers is the informal complaint. This type of complaint can be submitted in person, by telephone or by letter. When making a complaint, the person should supply the Commission with the pertinent facts concerning the request or complaint.

Informal complaints and requests are handled by the Commission staff through discussions with the company and customer. If the decision is not satisfactory to the customer, he can either ask that an informal conference be held, which he must do within five days after receiving the informal decision, or file a formal complaint.

If the informal conference request is granted, the Commission's chief hearing examiner will appoint a hearing examiner and other personnel to hear and write an informal decision concerning the complaint.

If the informal conference decision is not acceptable, a formal complaint can still be filed.

A formal complaint must be in written form and usually requires a written response from the utility. The Commission will then hold hearings to resolve the matter.

In the fall of 1976, the Commission opened consumer services offices in St. Louis and Kansas City for the convenience of the large number of utility customers in those areas. Anyone having a request for information or a complaint in Kansas City or St. Louis should contact the local office.

The St. Louis Office is in Room 219, 4625 Lindell, St. Louis, Mo. 63108. The telephone number is (314) 367-5234.

The Kansas City Office is in Room G-33 of the State Office Building, 615 E. 13th St., Kansas City, Mo. 64106. The telephone number is (816) 274-6816.

In April, 1977, the Commission began utilizing a toll-free telephone line to handle consumer complaints, dubbed the "Consumer Hotline." The telephone number for the "Consumer Hotline" is (800) 392-4211.

Consumers living outside the major metropolitan areas can make their requests or complaints on the hotline, in person at the Commission's offices on the ninth and tenth floors of the Jefferson State Office Building, 100 E. Capitol Avenue, Jefferson City, or by writing the Public Service Commission, P. O. Box 360, Jefferson City, Mo. 65102.

The following is a breakdown of the complaints handled by the department in the last fiscal year:

	<i>Complaints 1977-1978</i>						<i>Billing Practices</i>	<i>Cold Weather Rule</i>	<i>Total</i>
	<i>Tele.</i>	<i>Elec.</i>	<i>Gas</i>	<i>Water</i>	<i>Sewer</i>	<i>Other</i>			
July	136	161	156	31	21	137	—	—	642
Aug.	165	187	157	29	21	178	—	—	737
Sept.	218	184	134	28	20	188	—	—	772
Oct.	143	145	115	38	19	157	—	—	617
Nov.	139	130	115	31	39	143	—	—	597
Dec.	168	132	154	25	22	174	4	632	1311
Jan.	100	127	258	15	4	23	—	—	527
Feb.	101	105	223	10	1	30	—	—	470
Mar.	98	207	213	22	2	27	—	—	569
Apr.	192	187	175	38	9	19	—	—	620
May	193	156	142	24	3	11	—	—	529
Jun.	217	171	110	19	11	5	—	—	533
<i>Totals</i>	1870	1892	1952	310	172	1092	4	632	7924
Jeff C.	613	509	309	67	19	199	0	1	1717
St. L.	331	631	724	122	15	42	0	0	1865
K. C.	284	347	534	10	0	58	0	0	1233
Hot Line	642	405	385	111	138	793	4	631	3109

The department's personnel also meet with company officials to review their consumer services and make suggestions regarding problem areas. It also discusses any problems with other members of the staff and supplies them with information that can aid in their deliberations.

Consumer Services' staff also serve on two committees relating to utility matters established under Chapter 13 of the Billing Practices Rule. There are three staff members on each committee, which both have a total of five members.

The Variance Committee investigates requests for variances from Commission rules filed by utility companies. The committee then recommends whether or not the variance should be allowed.

The Compliance Committee ensures utility companies are meeting billing requirements and filing the proper tariffs.

There are also three department members who serve on the Compliance Committee which deals with telephone companies. This five-member board ensures billing and tariff procedures are adhered to properly by the telephone companies.

In regard to the Cold Weather Rule, the staff keeps a record of customer payment habits and disconnections for all regulated gas and electric utilities during the winter months.

In March, 1978, the Commission established the *Office of Management Services* by combining the former *Management Services Department* and the *Utility Services Department Selection Audit Section*.

The office aids the Commission through the management audit process, a systematic technique for appraising the effectiveness and degree of managerial sophistication of the privately owned utilities.

As a follow up to the management audit process, the personnel also perform "implementation" reviews to ensure positive steps are taken by the utility to incorporate the recommendations in the audit report.

Management Services also participates or monitors management audits and special studies ordered by the Commission conducted by private consulting firms to see that they are performed in accordance with the Commission's objectives.

The staff also assist the Commission through the research and development of special projects and programs designed specifically for internal use by the Commission staff.

During the 1977-78 Fiscal year, the *Office of Management Services* was involved in six separate projects:

<i>Title</i> <i>Type of Utility</i>	<i>Performed By</i>
Comprehensive management and operations study of the General Telephone Company of the Midwest <u>Telephone</u>	*Management Services Department
Customer services audit of Union Electric Company <u>Electric</u>	Management Services Department Selective Audit Section

<i>Title Type of Utility</i>	<i>Performed By</i>
Customer services audit of the Arkansas-Missouri Power Company and Associated Natural Gas Company <u>Electric & Gas</u>	Management Services Department Selective Audit Section
Management audit and implementation review for Missouri Utilities Company <u>Electric, Gas & Water</u>	*Management Services Department
Management audit of Kansas City Power and Light Company <u>Electric</u>	Booz, Allen & Hamilton, Inc. Management
Workforce management review of Continental Telephone Corporation of Missouri <u>Telephone</u>	*Management Services Department

*Projects done after the March, 1978 reorganization

The *Office of Safety* is made up of the Gas Safety and Railroad Safety and Inspection Sections.

The office's staff check to see natural gas companies comply with the Commission's rules and regulations in addition to federal and state statutes. The safety standards apply to 17 privately-owned natural gas distribution companies.

Interstate natural gas pipelines and municipally-owned distribution systems are exempt from Commission regulation. Those systems are regulated by the Federal Department of Transportation.

The staff schedules and conducts routine inspections of the companies operating in the state. They inspect the systems to ensure their operations, maintenance and new construction all meet accepted standards. The inspections are conducted in 51 geographic areas across the state. In fiscal 1977-78, the section conducted 10 inspections.

Any violations are reported to the utilities who usually make the necessary corrections. Nearly all enforcement is accomplished at an informal level by the staff.

Should compliance not be obtained quickly, the matter is referred to the Commission and its legal staff for enforcement.

All gas related incidents resulting in a fatality, personal injury or property damage equal or above \$1,000 are reported immediately to the Commission to enable the staff to conduct a comprehensive investigation.

Investigations of incidents on company-owned facilities are in report form. The reports are submitted to the Commission with the staff's conclusions and recommendations for providing greater safety.

In fiscal 1978, the staff conducted five such investigations of incidents involving natural

gas. One of those investigations is still pending. The section received notification of a total of 15 incidents in which it has no jurisdiction.

The staff also checks utility corrosion controls for the prevention of pipeline leaks. During the year, a review of updated corrosion leak-history maps of steel mains was completed. As a result of the review, the staff worked with the utilities to recommend improvements in their corrosion control programs.

Odorization of the natural gas being distributed by the companies is also monitored by the staff in this section. Since natural gas has no odor in its pure form, it is necessary to odorize it to ensure safety.

The companies must submit monthly odorization reports to the Commission which indicate the amount of odorant injected, gas odorized and the level of odorant recognition.

The reports are computerized and the results are then reviewed by the staff to prevent distribution of improperly odorized gas. Field tests are conducted by the staff to verify the odorant levels.

The Railroad Safety and Inspection Section enforces the Commission's regulations and rules and state statutes regarding railroad safety and overall railroad operations within the state.

This section investigates complaints received concerning unsafe crossings, vegetation, safeworking conditions, blocking of railroad crossings, disrepair of crossing surfaces, poor maintenance of right-of-way and drainage conditions. Also, all grade crossing accidents are investigated to determine whether the crossing in question met Commission standards.

An important function of the staff is to promote and protect the health and safety of all motorists at public grade crossings. Their efforts have been concentrated at reducing grade crossing accidents by improving passive protection, installing more active protection, enforcing adequate driver visibility regulations, and continuing the section's "Operation Livesaver."

The objective of "Operation Livesaver" is to reduce the number of accidents, fatalities and injuries at public grade crossings.

The staff received and processed applications for upgrading the crossing protection at 56 locations. It also handled requests for 11 grade separations and seven grade closings. The Commission's Grade Crossing Fund was utilized to upgrade protection at seven additional crossings.

In January, 1978, the Commission established a rule on walkway standards for industrial and commercial businesses. The section's staff regularly inspects these tracks to ensure the new rules are adhered to by the industrial and commercial track users.

The Railroad Safety and Inspection Section also is certified to participate in the Federal Railroad Administration's Track Safety Program. This program has been effective in reducing the number and severity of train derailments caused by track conditions in Missouri, one of the few states in which these types of derailments have not increased dramatically. With the current number of track inspectors, it is projected that track-related derailments will continue to decline.

A summary of the section's activity during the fiscal year follows:

Railroad yard and building inspections	62
Grade crossing inspections	856
Grade crossing accident surveys	195

Grade crossing inventory surveys	352
Railroad equipment inspections	23
Industrial track inspections	117
Miscellaneous inspections	91
Meetings with railroad officials	266
Meetings with public officials	77
Telephone calls	1801
Letters written	505
Formal hearing participation	13
Memos written	131
FRA track inspections	162

An annual report of grade crossing accidents and train derailments is prepared by the staff of this section for distribution to industry, educational systems and the news media.

The *Mobile Home, Recreational Vehicle and Modular Home Department* enforces construction standards for manufacturer and dealers of that equipment.

In 1976, legislation was approved by the General Assembly that allows the Commission to contract with the Federal Department of Housing and Urban Development (HUD) to act as its agent in Missouri for the enforcement of HUD regulations on mobile homes. In return, the Commission receives federal funds calculated on the basis of the number of mobile homes sold in the state.

Another piece of legislation passed in 1976 requires manufacturer and dealers who do business in Missouri to register with the Commission. This act also transferred the responsibility for mobile home tie-downs from the State Health Department to the Commission.

This department also investigates complaints concerning construction, performance and mobile home emplacement. Before units can be sold, they must bear labels that indicate compliance with HUD standards and regulations.

In the 1977-78 fiscal year, the department did the following work:

Inspections and Investigations

Inspection of dealer lots	2400
Inspections of out-of-state manufacturing facilities	300
Inspections of modular home facilities	10
Consumer complaints handled	610

Fees Collected

Transacted the sales of 8192 RV seals	\$64,972
Issued seals for 90 modular homes	720
Dealer registration fees	1,195
Manufacturer registration fees	4,020
Total receipts for HUD out-of-state inspections	61,967

