



Missouri Public Service Commission

1987 Annual Report

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William D. Steinmeier, Chairman

Charlotte Musgrave, Commissioner

Allan G. Mueller, Commissioner

Connie B. Hendren, Commissioner

James M. Fischer, Commissioner

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Statement from the Commission

Fiscal Year 1987 from the Commissioners' perspective

The Missouri Public Service Commission has the responsibility of ensuring that customers receive adequate amounts of safely delivered and reasonably priced utility service at rates which provide the companies' shareholders with an opportunity to earn a reasonable return on their investment.

The Commission regulates utility rates, service and safety. Investor-owned electric, gas, telephone, sewer, and water companies are under the Commission's jurisdiction. The Commission also monitors the construction of mobile and modular homes and recreational vehicles.

Although rates charged by electric cooperatives are determined by their governing boards, the Commission has jurisdiction over the safety of services provided by the cooperatives. Utility

services provided by city and state governments are exempt from Commission regulation.

THE WINDS OF CHANGE CONTINUE TO BLOW IN 1987

In 1987, the winds of change continued to blow with a vengeance, especially from the vicinity of Washington, D.C. The passage of the Tax Reform Act of 1986, the continuing march of federal policymakers toward more competitive environments in the telecommunications, natural gas, and electric industries, and improving economic and financial conditions represented important and significant factors that affected Missouri's investor-owned utilities and their ratepayers.

UNPRECEDENTED RATE REDUCTIONS DUE TO TAX REFORM AND IMPROVING ECONOMY

On October 22, 1986, President Reagan signed into law the most significant overhaul of our income tax system in many years. Within two weeks of the signing of the Tax Reform Act of 1986, the Commission began an investigation to determine the impact of the new income tax structure upon the public utilities in Missouri. As a result of the investigation, the Commission determined that the largest utility companies in Missouri would

save approximately \$176 million annually under the new income tax system. To ensure that these income tax savings were passed along to ratepayers, the Commission directed its Staff to begin informal discussions with the public utilities in an effort to reach agreements regarding possible rate reductions. By the end of fiscal year 1987 (June 30, 1987), the Commission had approved rate reductions or modifications to scheduled rate increases under electric phase-in plans totalling \$135 million.

In addition to rate reductions attributable to the Tax Reform Act of 1986, the Commission also approved rate reductions totalling \$21 million during the 1987 fiscal year. These rate reductions resulted principally from declining cost of capital and fuel prices as well as economic growth in the service areas of the utilities.

As a result of the combination of the effects of the improving economy and the passage of the Tax Reform Act of 1986, the Commission found it reasonable to reduce rates by approximately \$156 million during fiscal year 1987.

TELECOMMUNICATIONS REFORM

The decision of the federal government to require AT&T to divest itself of the Bell Operating Companies and the decision of the Federal Communications Commission to introduce competition into many of the telecommunications markets has required the Public Service Commission to reevaluate traditional methods for regulating telecommunications companies. At the state level, the Commission has opened long distance markets to competition,

Statement from the Commission

and adopted a policy designed to provide for more flexible regulation of the rates and services of long distance carriers. The Commission has authorized the connection of customer-owned coin telephones to the switched network in Missouri. The Commission has also permitted the provision of shared tenant services on an interim basis, and held proceedings in 1987 to establish the regulatory framework for shared tenant services on a permanent basis. Pursuant to an FCC order, the Commission has deregulated the provision of customer premises equipment for independent telephone companies.

On September 28, 1987, House Bill No. 360, the first major revision of Chapter 392 since its enactment in 1913, became effective. The new statutory framework is designed to give the Commission the necessary flexibility to manage the transition of the telecommunications industry to a more competitive environment. The stated purposes of House Bill No. 360 include:

(1) Promote universally available and widely affordable telecommunications services;

(2) Maintain and advance the efficiency and availability of telecommunications services;

(3) Promote diversity in the supply of telecommunications services and products throughout the state of Missouri;

(4) Ensure that customers pay only reasonable charges for telecommunications services;

(5) Permit flexible regulation of competitive telecommunications services; and

(6) Allow full and fair competition to function as a substitute for regulation when consistent with the protection of ratepayers and otherwise consistent with the public interest. R.S.Mo. 392.539, as amended.

In a nutshell, House Bill No. 360 authorizes the Commission to relax regulation of telecommunications services where competitive market forces are operating to protect consumers from unfair prices. It also protects the provision of basic local telephone service as a non-competitive service provided under traditional regulation by the Commission. It protects against abandonment of basic service by AT&T and the local telephone companies. Because statewide average long distance rates make long distance service available to all Missourians—both urban and rural—on equal terms, the bill requires permission from the Commission before any rates for services are deaveraged. It also requires the Commission to scrutinize rates for basic telephone service to ensure that competitive enterprises are not being subsidized by a customer's local telephone bill.

A service or company may be classified by the Commission as competitive, transitionally competitive, or non-competitive. The degree of regulation of such service or company will depend upon the classification into which it falls. Thus, the statute will allow the Commission to bring to consumers the benefits of competition in those areas where it may thrive. Consumer benefits are expected to include greater innovation, a wider variety of products and services, and of course, several companies competing to provide service at the lowest price. At the same time, it authorizes the Commission to manage the transition to a more competitive environment and to fully regulate and maintain reasonably affordable basic telephone service.

Statement from the Commission

COMMISSION PARTICIPATION BEFORE FEDERAL BODIES

As the winds of change have continued to blow from the federal government, the Commission has become more active in federal forums to ensure that national policies are consistent with the best interests of Missourians.

In recent years, there have been a number of significant regulatory initiatives undertaken by the Federal Energy Regulatory Commission (FERC) with regard to those segments of the natural gas and wholesale electric industries under its jurisdiction. These initiatives have included the establishment of an open access gas transportation system, the deregulation of "old" natural gas, and more recently, discussion of competitive bidding for supply of electricity and new rules for cogeneration. The Commission has actively participated and

testified in proceedings before the FERC where Missouri interests were affected.

The Commission has also participated in numerous proceedings before the Federal Communications Commission concerning such issues as the rewrite of the Uniform Systems of Accounts, the appropriate level of the federal subscriber line charge, jurisdictional issues regarding enhanced and competitive service pricing, and rate cap proposals for regulating AT&T and local exchange companies. In addition, the Missouri Commission was represented in oral arguments before Judge Harold Greene concerning the lifting of the line-of-business restrictions placed upon the Regional Holding Companies at the time of divestiture. The Commission also testified before the U. S. Senate Commerce, Science, and Transportation Committee chaired by Senator John Danforth concerning S. 2565, a bill proposing the Federal Policy Act of 1986, which would have transferred jurisdiction of the supervision of the breakup of the Bell System from Judge Harold Greene to the Federal Communications Commission.

The Commission also testified before the Financial Accounting Standards Board (FASB), the designated

organization in the private sector for establishing standards of financial accounting and reporting. The Commission was particularly concerned about FASB's treatment of the cost of abandoned plants, electric phase-in plans, disallowances for imprudence, and pension plans for accounting purposes. Each of these issues had the potential for adverse effects upon Missouri's regulated companies and their ratepayers.

Finally, the Commission has closely monitored the development of pollution standards by the Congress and the Environmental Protection Agency. These standards could have dramatic effects upon Missouri's regulated electric and water companies.

EDUCATION

The Missouri Public Service Commission strongly encourages regulation education. The Commission is committed to working with utility companies and educators on the implementation of a national educational program called "The Balancing Act" in Missouri. This program was developed by the American Gas Association and has been endorsed by a number of organizations including the National Association of Regulatory Utility Commissioners and the Consumer Federation of America. "The Balancing Act" program gives high school students a basic understanding of the regulatory process.

Commission Resources

Commissioners

William D. Steinmeier

Chairman

Mr. Steinmeier, an attorney, was first appointed Chairman of the Missouri Public Service Commission by Governor Christopher S. Bond on January 26, 1984, to complete an unexpired term. He was reappointed to a full six year term on April 15, 1985, by Governor John Ashcroft.

He is a member of the NARUC Electricity Committee and serves on the Administrative Law Committee of the Missouri Bar.

Mr. Steinmeier received his JD degree from the University of Missouri - Columbia Law School in 1975, and his BA in Political Science from Wheaton College, Wheaton, Illinois, in 1972.

Chairman Steinmeier's term expires on April 15, 1991.

Charlotte Musgrave

Vice-Chairman

Ms. Musgrave, a former member of the Jackson County Legislature was appointed to the Commission by Governor Christopher S. Bond on October 7, 1981.

She currently serves as Vice-Chairman of the Missouri Public Service Commission.

Ms. Musgrave received her BS degree in education from the University of Missouri - Columbia, and her AA degree from Christian College, Columbia, Missouri.

Vice-Chairman Musgrave's term expires on April 15, 1987.

Allan G. Mueller

Mr. Mueller, a former member of the Missouri Senate and House of Representatives, was appointed to the Missouri Public Service Commission by Governor Christopher S. Bond on July 11, 1983.

He is currently serving on the NARUC Committee on Energy Conservation.

Mr. Mueller received his BS degree in Business Administration from St. Mary's University in San Antonio, Texas, in 1965.

Commissioner Mueller's term expires on April 15, 1989.

Connie B. Hendren

Ms. Hendren, a Certified Public Accountant, was appointed to the Missouri Public Service Commission by Governor Christopher S. Bond on July 11, 1983.

She is currently serving as President to the Central Chapter of the Missouri CPA's and serves on the Board of Directors of the Missouri Society of CPA's. Ms. Hendren is chairman of the NARUC Finance and Technology Committee and is a member of the NARUC Committee on Utility Association Oversight. In addition, Commissioner Hendren is a member of the Business and Economic Advisory Council of William Woods College in Fulton, Missouri.

Ms. Hendren received her BS degree in Business Administration with a major in Accounting from the University of Missouri - Columbia in May 1976.

Commissioner Hendren's term expires on April 15, 1989.

James M. Fischer

Mr. Fischer, an attorney and former Public Counsel for the State of Missouri, was first appointed to the Missouri Public Service Commission by Governor Christopher S. Bond on January 3, 1984, to complete an unexpired term. He was reappointed to a full six year term on April 15, 1985, by Governor John Ashcroft.

He serves on the NARUC Committee on Communications, and the Council on Economic Regulation.

Mr. Fischer received his law degree from the University of Kansas in 1976, and his BS in Economics and Political Science from the University of Kansas in 1973.

Commissioner Fischer's term expires on April 15, 1991.

Commission Resources

Key Staff Personnel

EXECUTIVE DIVISION

William Steinmeier, Chairman	751-4132
Charlotte Musgrave, Vice-Chairman	751-4117
Allan Mueller, Commissioner	751-3243
Connie Hendren, Commissioner	751-4221
James Fischer, Commissioner	751-3233
Bob Scribner, Staff Director	751-3048
Mike Broker, Personnel Director	751-5606
Gene Fee, Chief Hearing Examiner	751-3015
Barb Skalla, Chief Court Reporter	751-4255

OFFICE OF THE SECRETARY

Harvey Hubbs, Secretary	751-7494
Dan Redel, Manager - Internal Accounting	751-2457
Ed Klein, Manager - Mobile Homes	751-7119
Judy Fritsch, Manager - Records	751-7496
Kevin Kelly, Manager - Information	751-9300

OFFICE OF GENERAL COUNSEL

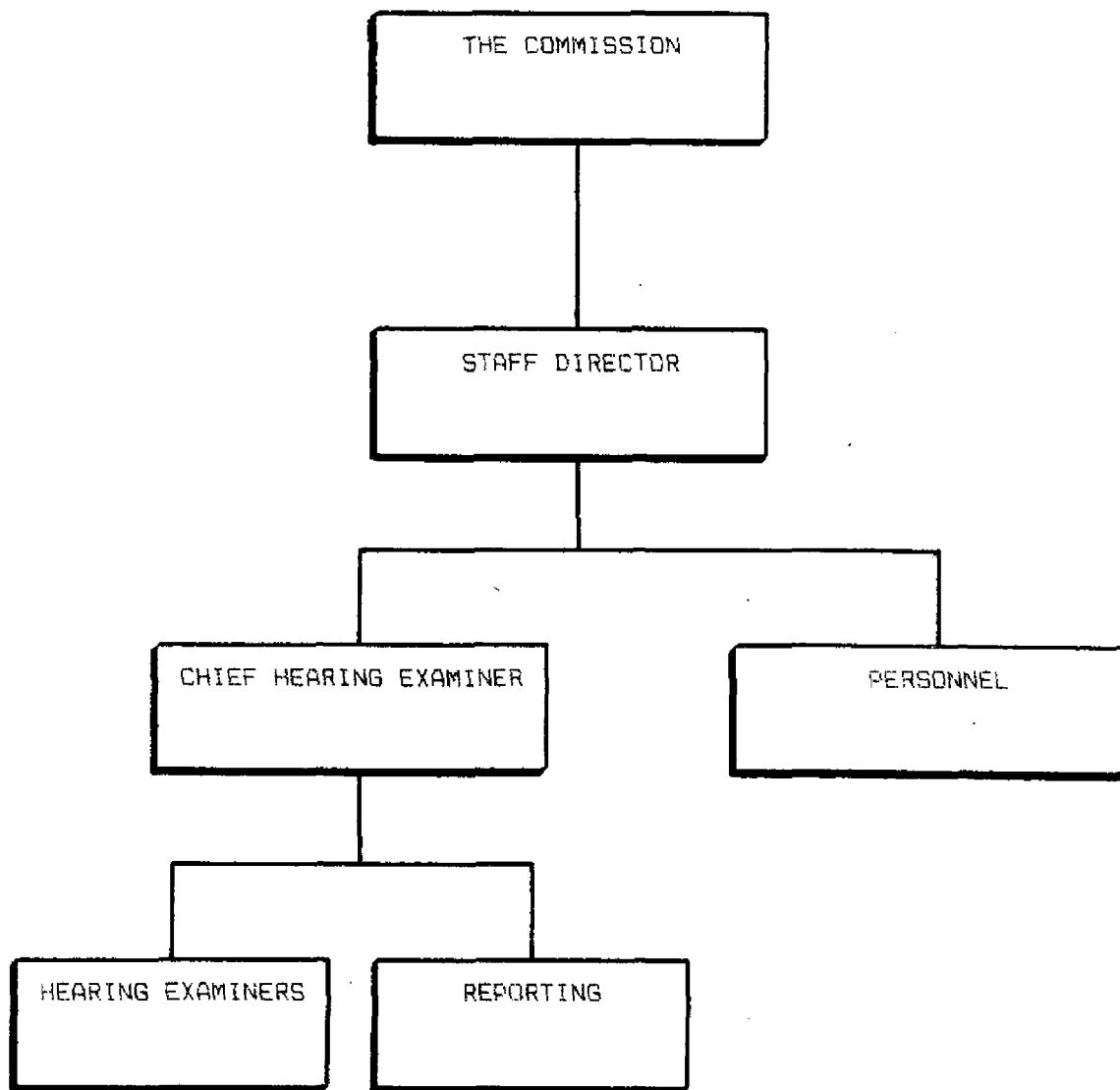
William Harrelson, General Counsel	751-2481
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UTILITY DIVISION

Gordon Persinger, Utility Division Director	751-4020
Dan Ross, Administration and Federal Affairs	751-7491
Bill Washburn, Manager - Utility Operations	751-7505
Sam Goldammer, Manager - Communications Department	751-2508
Bo Matisziw, Manager - Natural Gas Department	751-2152
Bill Sankpill, Manager - Water and Sewer Department	751-7074
John Renken, Manager - Generating Facilities	751-7527
Janet Hoerschgen, Manager - Consumer Services	751-3160
Norman Harp, Manager - Accounting Department	751-7443
Michael Proctor, Manager - Research and Analysis	751-7518
Art Wimberley, Manager - Management Services	751-7439
Ron Shackelford, Manager - Financial Analysis Department	751-8515
Terry Price, Manager - Research and Planning Department	751-7519

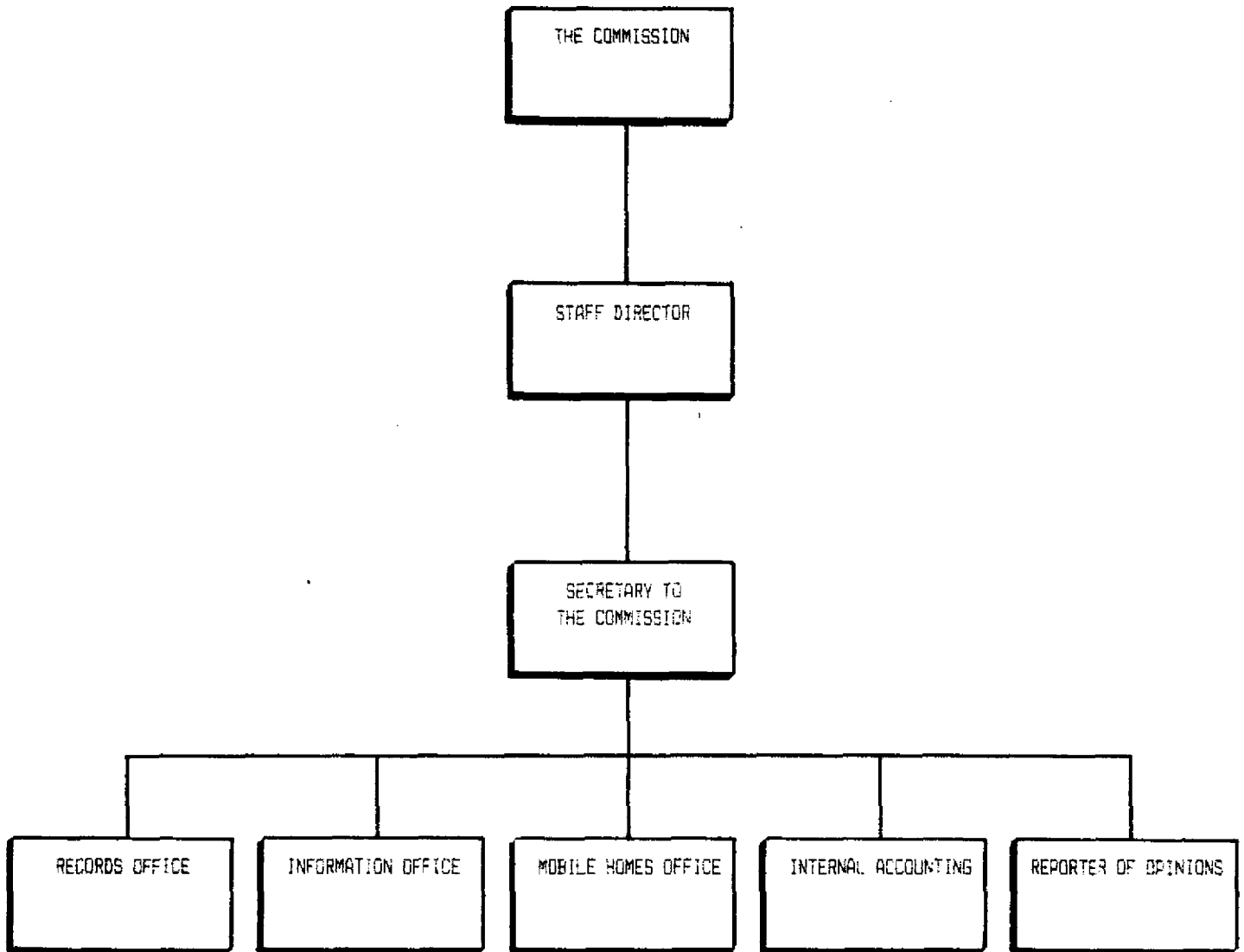
Commission Resources

Executive Division



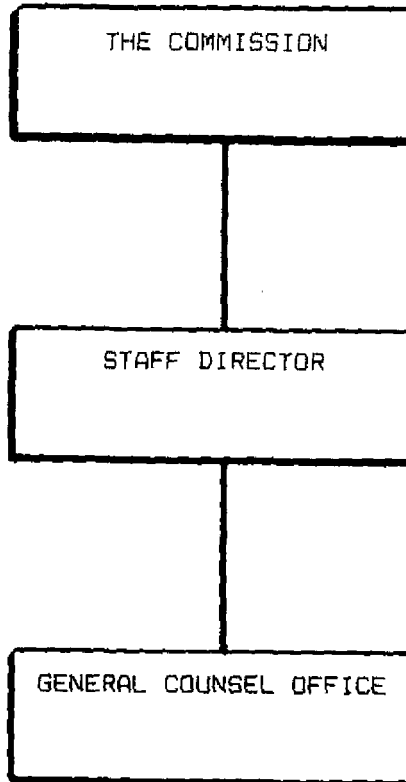
Commission Resources

Office of the Secretary



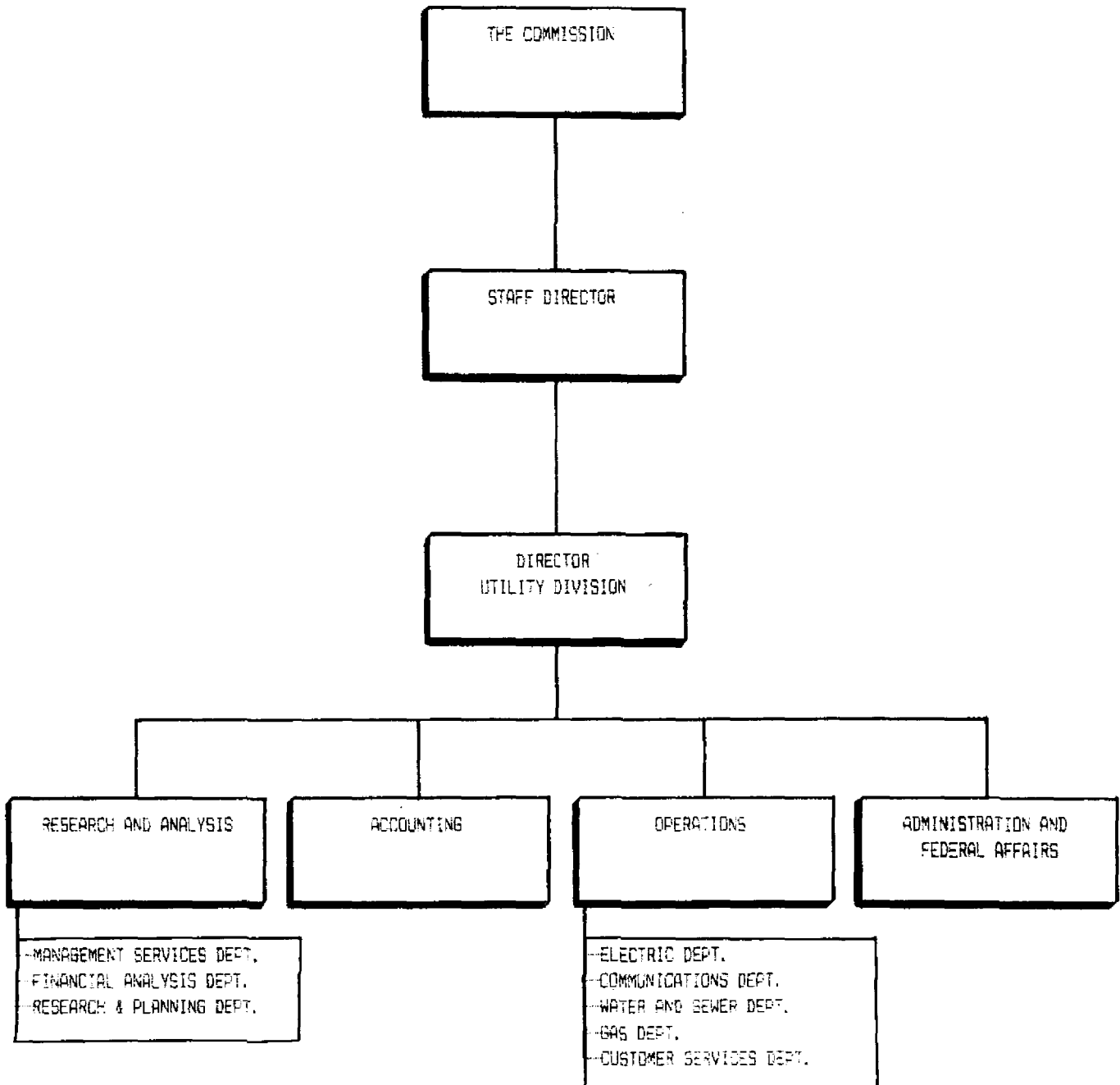
Commission Resources

General Counsel



Commission Resources

Utility Division



Commission Resources

Budget

	FY 1986	FY 1987	FY 1988
EXECUTIVE DIVISION			
Personal Service	\$ 883,320	\$ 819,987	\$ 844,587
Expense and Equipment	42,535	129,277	129,277
F.T.E.	29.00	25.00	25.00
OFFICE OF THE SECRETARY			
Personal Service	\$ 458,519	\$ 366,348	\$ 366,605
Expense and Equipment	395,360	334,882	798,422
F.T.E.	23.16	17.00	16.00
GENERAL COUNSEL			
Personal Service	\$ 455,605	\$ 462,785	\$ 476,669
Expense and Equipment	67,754	77,753	76,543
F.T.E.	18.00	17.75	17.75
UTILITY DIVISION			
Personal Service	\$ 3,427,417	\$ 3,490,100	\$ 3,589,074
Expense and Equipment	2,545,351	2,038,213	1,170,713
F.T.E.	126.50	124.50	123.00
MOBILE HOMES			
Personal Service	\$ 138,262	\$ 151,381	\$ 140,922
Expense and Equipment	27,279	45,159	163,107
F.T.E.	6.50	7.00	6.00
*TOTALS			
Personal Service	\$ 5,363,123	\$ 5,290,601	\$ 5,417,857
Expense and Equipment	3,078,279	2,625,284	2,338,062
Total	\$ 8,441,402	\$ 7,915,885	\$ 7,755,919
F.T.E.	203.16	191.25	187.75

*Excludes Transportation for FY 1986

Regulatory Activities

Year-at-a-Glance

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|-----------|----|---|
| July 1986 | 3 | St. Louis County Water Company files water rate case seeking approximately \$6.1 million. |
| | 7 | Kansas City Power and Light Company files steam service rate case with PSC. Company seeks to increase steam revenues by approximately \$5.9 million. As an alternative to a one-time increase, the company filed a four-year phase-in plan. Company filed proposed tariffs designed to phase out the steam system by December 31, 1990 and convert steam service customers to on-site electric boilers or electric space heating. |
| | 9 | KPL Gas Service withdraws \$7.9 million rate increase request. Company filed request with PSC on November 15, 1985. |
| | 24 | PSC issues decision which allows additional long-distance telephone competition. PSC allows long-distance carriers to compete with the local telephone company for long-distance calls which originate and terminate within the same area code in Missouri. |
| | 25 | PSC accepts stipulated agreement reached in the Webster County Telephone Company rate case. Decision grants a \$279,000 increase. This was the company's first rate increase request since 1960. |
| August | 22 | PSC decides Associated Natural Gas Company rate case authorizing company to increase natural gas annual revenues by approximately \$430,000. Commission approves stipulated agreement. |
| September | 12 | PSC approves agreement which reduces annual electric revenues of the Missouri Public Service Company by approximately \$10 million. |
| | 15 | United Telephone withdraws \$6.8 million rate request with the PSC. United Telephone filed its request with the PSC on February 18, 1986. |
| | 29 | PSC approves agreement which authorizes the Missouri Cities Water Company to increase gross annual revenues by approximately \$500,000. |
| October | 6 | PSC approves stipulated agreement which calls for the deregulation of telephone inside wire when deregulation of inside wire occurs on the federal level on January 1, 1987. |
| | 19 | The Missouri Court of Appeals Western District dismisses appeal made by Union Electric Company which had challenged a March, 1985 PSC decision involving the electric company's Callaway I nuclear power plant. |
| November | 3 | PSC establishes docket to receive information from utility companies as to how the new federal tax law (Tax Reform Act of 1986) will affect company revenue requirements. |
| | 5 | PSC conducts on-the-record conference regarding a management audit of the Union Electric Company. |
| | 6 | General Telephone Company withdraws \$7 million rate request with the PSC. General Telephone filed its request with the PSC on May 16, 1986. |
| | 6 | PSC authorizes the Empire District Electric Company to reduce electric rates by approximately \$574,000 to reflect a decision reached by the Missouri Court of Appeals, Southern District. Court upheld a 1983 PSC decision regarding a deferred tax issue in a rate case filed by the Empire District Electric Company. |

Regulatory Activities

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| December | 2 | Union Electric files \$4.5 million natural gas rate request with PSC. |
| | 2 | PSC approves agreement which authorizes the Empire District Electric Company to increase annual water revenues by approximately \$53,250. |
| | 22 | PSC files complaint against the General Telephone Company alleging current rates are unjust and unreasonable. |
| January 1987 | 13 | PSC approves AT&T tariffs reducing long-distance rates for interLATA calls made within Missouri by approximately \$3.3 million. |
| | 16 | Missouri PSC appeals a recent Federal Energy Regulatory Commission (FERC) decision which raises the price ceiling that producers may charge for old gas supplies, which are generally those discovered prior to 1978. PSC believes the FERC decision would allow sharp increases in the gas prices ultimately paid by Missourians. |
| | 30 | PSC approves MCI's application seeking to provide long-distance telephone service on an intraLATA basis in Missouri. |
| | 30 | PSC authorizes its Staff to begin informal meetings with each utility company who filed information in the Commission's TRA (Tax Reform Act) docket. These meetings are being held to discuss the possibility of voluntary rate decreases reflecting the revenue requirement effects of the Tax Reform Act. |
| February | 5 | Cole County Circuit Court Judge Bryon Kinder dismisses appeal made by Kansas City Power and Light Company which had challenged a PSC rate case decision involving the company's Wolf Creek nuclear plant. |
| | 11 | PSC approves agreement which authorizes St. Joseph Light and Power to reduce electric revenues by approximately \$5 million. Approximately \$2.4 million of the \$5 million reduction reflects company savings as a result of the federal Tax Reform Act. St. Joseph Light and Power becomes the first utility in Missouri to rollback rates as a result of the Tax Reform Act. Approximately \$2.6 million of the \$5 million reduction reflects adjustments made to the company's overall cost of service. |
| | 20 | PSC approves application which authorizes U. S. Sprint Communications Company to provide long-distance service on an intraLATA basis in Missouri. |
| March | 2 | PSC approves agreement which authorizes the St. Louis County Water Company to increase gross annual revenues by approximately \$3.1 million. As part of the agreement, St. Louis County Water Company will reduce gross annual revenues by approximately \$2.1 million on July 3, 1987 to reflect savings associated with the federal Tax Reform Act. |
| | 4 | PSC authorizes KPL Gas Service to reduce annual natural gas revenues by approximately \$529,000 to reflect savings associated with the federal Tax Reform Act. |
| | 20 | PSC approves agreement which authorizes the General Telephone Company to reduce annual telephone revenues by approximately \$2.1 million. This reduction is the result of a PSC Staff complaint against the utility plus savings associated with the federal Tax Reform Act. |
| | 20 | PSC unveils new experimental plan for extra-community calling. EMS or Extended Measured Service will be experimented over the next 1 to 2 years in 16 exchange groupings in Missouri. |
| | 21 | The second year phase-in of Arkansas Power and Light Company's Grand Gulf nuclear power plant rate case takes effect. |

Regulatory Activities

- April
- 1 PSC approves agreement which reduces phase-in increases for the Kansas City Power and Light Company due to savings associated with the federal Tax Reform Act. Phase-in increases relate to a 1986 PSC decision regarding the company's Wolf Creek nuclear power plant rate case.
- 2 PSC approves agreement which reduces phase-in increases for the Union Electric Company due to savings associated with the federal Tax Reform Act. Phase-in increases relate to a 1985 PSC decision regarding the company's Callaway 1 nuclear power plant.
- 13 PSC approves agreement which authorizes the Missouri Valley Natural Gas Company to reduce annual revenues by approximately \$36,000 to reflect savings associated with the federal Tax Reform Act.
- 24 PSC Staff files complaint against the Union Electric Company alleging the remaining years of the company's rate phase-in regarding the Callaway 1 nuclear power plant should not be implemented.
- May
- 19 PSC approves agreement which authorizes ALLTEL to reduce annual telephone revenues by approximately \$800,000. This reduction reflects company savings as a result of the federal Tax Reform Act of 1986 as well as adjustments made to the company's overall cost of service.
- 19 PSC approves application which authorizes the Western Union Telegraph Company to provide long-distance telephone service throughout the State of Missouri.
- 20 PSC approves agreement which authorizes the Laclede Gas Company to reduce annual natural gas revenues by approximately \$7 million. The \$7 million reduction reflects company savings as a result of the federal Tax Reform Act of 1986 as well as adjustments made to the company's overall cost of service.
- 20 PSC approves proposal filed by the Grand River Mutual Telephone Corporation which reduces the company's annual telephone revenues by approximately \$237,000.
- 26 PSC approves application which authorizes AT&T to provide long-distance throughout the State of Missouri.
- June
- 2 PSC approves agreement which authorizes the Missouri Telephone Company to reduce annual telephone revenues by approximately \$37,000 to reflect savings associated with the federal Tax Reform Act.
- 16 PSC approves agreement which authorizes AT&T to reduce annual Missouri long-distance telephone revenues by approximately \$4.1 million. A major portion of the reduction reflects savings associated with the federal Tax Reform Act of 1986.
- 23 PSC approves agreement which authorizes the Continental Telephone Company and Contel System of Missouri, Incorporated to reduce rates to reflect savings associated with the federal Tax Reform Act. Continental's reduction amounts to approximately \$2.5 million while Contel System of Missouri, Incorporated's reduction is approximately \$660,000.
- 26 PSC approves agreement which authorizes the Missouri-American Water Company to reduce annual water revenues by approximately \$330,000 to reflect savings associated with the federal Tax Reform Act.

Regulatory Activities

Key Issues during the 1987 Fiscal Year

After years of consistent rate increases for utility services, the Missouri Public Service Commission was given the opportunity during 1987 fiscal year to reverse that trend and lower some utility rates or at least moderate scheduled "phase-in" rate increases involving nuclear power plants in Missouri. The federal Tax Reform Act of 1986, the first complete recodification of the Internal Revenue Code since 1954, was a major driving force behind the rate reductions. Declining cost of capital was another major factor which contributed to this phenomenon.

TAX REFORM ACT

RELATED REDUCTIONS

On November 3, 1986, the Missouri Public Service Commission

became one of the first regulatory commissions in the country to establish a proceeding to receive data from utility companies on how the Tax Reform Act of 1986 would affect their revenue requirements. Included in the Tax Reform Act was a lowering of the corporate tax rate from 46 to 34 percent. As a result, most utility companies witnessed a lowering of their federal income tax liability as of July 3, 1987.

The Missouri Public Service Commission ordered the largest utility companies in Missouri to file information on the effect of the Tax Reform Act on their operations. Based upon the data received, the Commission ultimately determined that these utilities would save approximately \$176 million annually as a result of the federal Tax Reform Act. After receiving the data, the Commission, on January 30, 1987, directed its Staff to begin informal meetings with utility companies in

efforts to reach an agreement which would lower rates for Missouri customers.

In Missouri, the Commission does not have the authority to order a company to change its rates based upon a single issue such as tax expense. All relevant revenue, expense and investment issues must be considered by the Public Service Commission in deciding rates. Thus, if parties were not able to reach an agreement during informal meetings, the PSC Staff would have to file a complaint against the company in order to seek a rate reduction.

Through the diligent efforts of the Public Service Commission Staff, approximately \$135 million in either rate reductions or phase-in increase modifications were passed along to Missouri consumers by the end of the 1987 fiscal year. Tax Reform Act efforts were responsible for a \$91 million modification to Union Electric's scheduled phase-in rate increases relating to the Callaway nuclear power plant. Original phase-in increases of 7.3 percent for years 1987 through 1990 were reduced to 4.6 percent. Kansas City Power and Light modified its phase-in schedule to reflect the Wolf

Regulatory Activities

Creek nuclear power plant as well. This modification meant a savings of approximately \$26.9 million to Kansas City Power and Light customers. Scheduled rate increases of 3.5 percent for years 1987 through 1992 were reduced to 2.2 percent.

While the Commission acted upon several Tax Reform Act related rate changes during the 1987 fiscal year, several more were scheduled for consideration during the early part of the 1988 fiscal year.

PSC STAFF AUDITS AND/OR COMPLAINT CASES

For many years, the Commission was placed in a reactionary mode; having to react to a utility company request to increase rates. That changed, however, during the 1987 fiscal year. A decline in the cost of capital and federal Tax Reform Act changes presented the PSC Staff with the need to audit various utility companies in an effort to determine whether rates should be reduced. In many instances during the 1987 fiscal year, PSC Staff audits led to rate reductions. In fact, PSC Staff audits led to utility rate reductions of approximately \$21 million. That \$21 million is in addition to

the approximate \$135 million related to the federal Tax Reform Act.

The Commission continues to closely monitor the earnings of all utilities under its jurisdiction. If a pattern of possible over-earnings is detected, PSC Staff personnel take a closer look through an audit of the company. Based upon that audit, the PSC Staff may file a complaint against the utility company seeking to have present rates lowered. During the 1987 fiscal year, the PSC Staff in most instances, was able to reach an agreement with the utility company after conducting an audit which lead to lower utility rates for consumers. On two occasions, the PSC Staff filed a complaint against the company. A complaint case against Union Electric regarding the company's Callaway rate phase-in was scheduled for hearing before the Commission this September. The PSC Staff is seeking to end the phase-in of the Callaway

related rate increases. Presently, the phase-in plan calls for electric rate increases of 4.6 percent in years 1988, 1989 and 1990.

TELEPHONE ISSUES

For the first time since 1913, laws governing the telecommunications industry in Missouri underwent major revision when the General Assembly passed and Missouri Governor John Ashcroft signed into law House Bill 360 during the 1987 fiscal year. House Bill 360 was the end result of a telecommunications task force which was appointed by Missouri Governor John Ashcroft in April of 1986. Missouri Public Service Commission Chairman William D. Steinmeier was named to chair the task force.

Regulatory Activities

Throughout much of 1986, the 20 member task force met to extensively analyze Chapter 392 of the Revised Statutes of Missouri which provides for the regulatory framework for telephone companies operating in Missouri. The task force was to determine whether changes in current laws were needed. If so, their recommendations, in the form of a report, were to be submitted for consideration by the Governor and General Assembly. The legislation recommended by the Governor's Task Force on Telecommunications Reform was passed out of the General Assembly on June 9, 1987. It was signed into law by Missouri Governor John Ashcroft on July 17, 1987.

House Bill 360 provides the Missouri Public Service Commission with

the flexibility needed in today's rapidly changing telecommunications environment. It allows the PSC to relax regulation of telecommunications services where competition is operating to protect the interests of consumers. At the same time, it leaves the PSC with the power to fully regulate services where competition is non-existent or not sufficient to protect the public. House Bill 360 also allows the PSC to reinstate regulation if circumstances change so that competition is not effectively protecting the public.

During the 1987 fiscal year, the Missouri Public Service Commission also determined that there should be long-distance telephone competition within a LATA (Local Access Transport Area) or area code in Missouri. Missouri telephone consumers can expect additional long-distance telephone competition and company

choices as a result of the Commission's decision.

The Commission stated in its order, "authorizing intraLATA toll competition will result in new and improved services, lower prices and faster responses to customers' needs which will benefit the public. Not only will ratepayers be benefited, the telecommunications industry in Missouri should be stimulated by the opening of this new market and encouraged to develop new technology and efficiency in the industry."

Prior to the Commission's July 24, 1986, decision, only the local telephone company was authorized to complete a long-distance telephone call within a LATA or area code in Missouri. With the Commission's decision, long-distance carriers such as MCI, AT&T, US Sprint and resellers will be allowed to compete for a long-distance telephone call which originates and terminates within the same LATA or area code in Missouri.

The Missouri Public Service Commission authorized an experimental, extra-exchange calling service at less than toll rates for selected exchanges during the 1987 fiscal year. An order authorizing EMS, or Extended Measured Service, was voted out by the

Regulatory Activities

Commission on March 20, 1987. The EMS experiment will last for a one to two year period in 16 selected EAS routes in Missouri.

EMS contains two alternatives. Extended Community Calling (ECC) allows all customers in both the initiating exchange and the requested exchange to call between the two exchanges at a 50 percent discount from toll. Customers would pay for the service only if they used the service. This service is sensitive to call distance, duration of the call and the time of day the call is made. The second alternative under EMS is Optional Message Rate (OMR). This service is available only to residential customers in the initiating exchange. This option would cost a residential customer \$5 per month plus 25 cents per call.

NATURAL GAS TRANSPORTATION ISSUES

In September of 1986, the Missouri Public Service Commission approved a Joint Recommendation which represented an agreement among parties concerning guidelines for natural gas transportation services in Missouri on an interim basis.

On June 13, 1985, the Commission established a docket to investigate developments in the natural gas transportation industry and how those developments relate to the local natural gas company in Missouri. The Commission authorized the development of a task force to compile a comprehensive and factual report which would give the Commission information relevant to the nature of this proceeding.

Task force members developed an extensive report based upon survey results obtained from other state commissions and local natural gas distribution companies operating in Missouri. The task force report was filed with the Commission on May 5, 1986.

Legal comments from various parties regarding issues on natural gas transportation followed before a Joint Recommendation was filed for the Commission's consideration in the

summer of 1986. That Joint Recommendation was approved by the PSC on September 18, 1986.

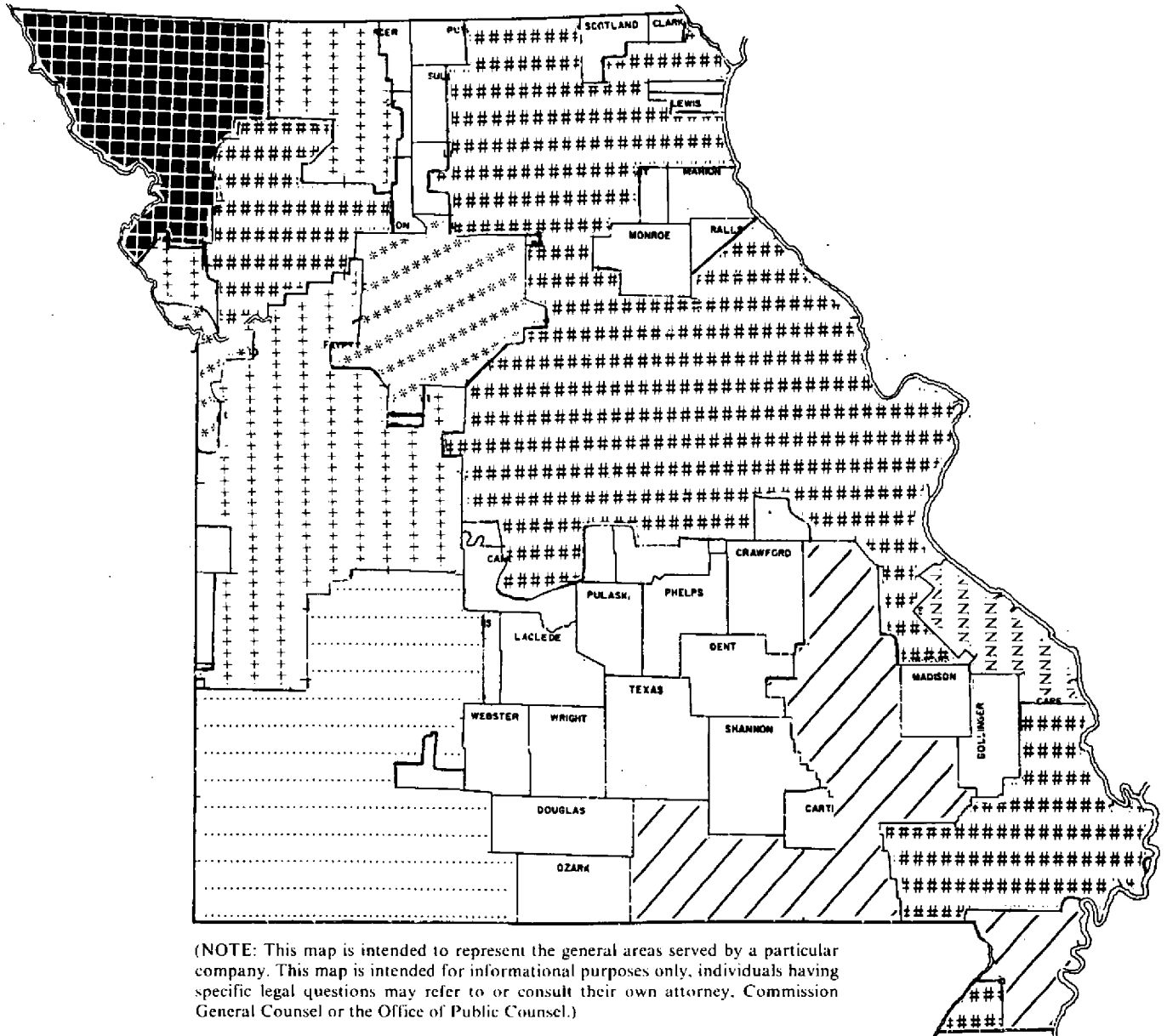
Seven of the 12 natural gas companies under Missouri Public Service Commission jurisdiction have transportation tariffs approved for use in their service areas. The remaining five have claimed an exemption for not offering transportation services as provided for under the Joint Recommendation.

At the end of the 1987 fiscal year, the Commission was reviewing many of the legal issues which arose from the generic natural gas transportation docket.








PSC

Maps and Statistics

Electric Service Areas of Regulated Utilities



(NOTE: This map is intended to represent the general areas served by a particular company. This map is intended for informational purposes only, individuals having specific legal questions may refer to or consult their own attorney, Commission General Counsel or the Office of Public Counsel.)

- | | | | |
|---|-------------------------------|---|------------------------------|
|  | ARKANSAS POWER & LIGHT CO. |  | MISSOURI PUBLIC SERVICE CO. |
|  | CITIZENS ELECTRIC CO. |  | ST. JOSEPH LIGHT & POWER CO. |
|  | EMPIRE DISTRICT ELECTRIC CO. |  | UNION ELECTRIC CO. |
|  | KANSAS CITY POWER & LIGHT CO. | | |

Maps and Statistics

Calendar Year 1986 Electric Utilities' Statistics (Missouri Jurisdictional)

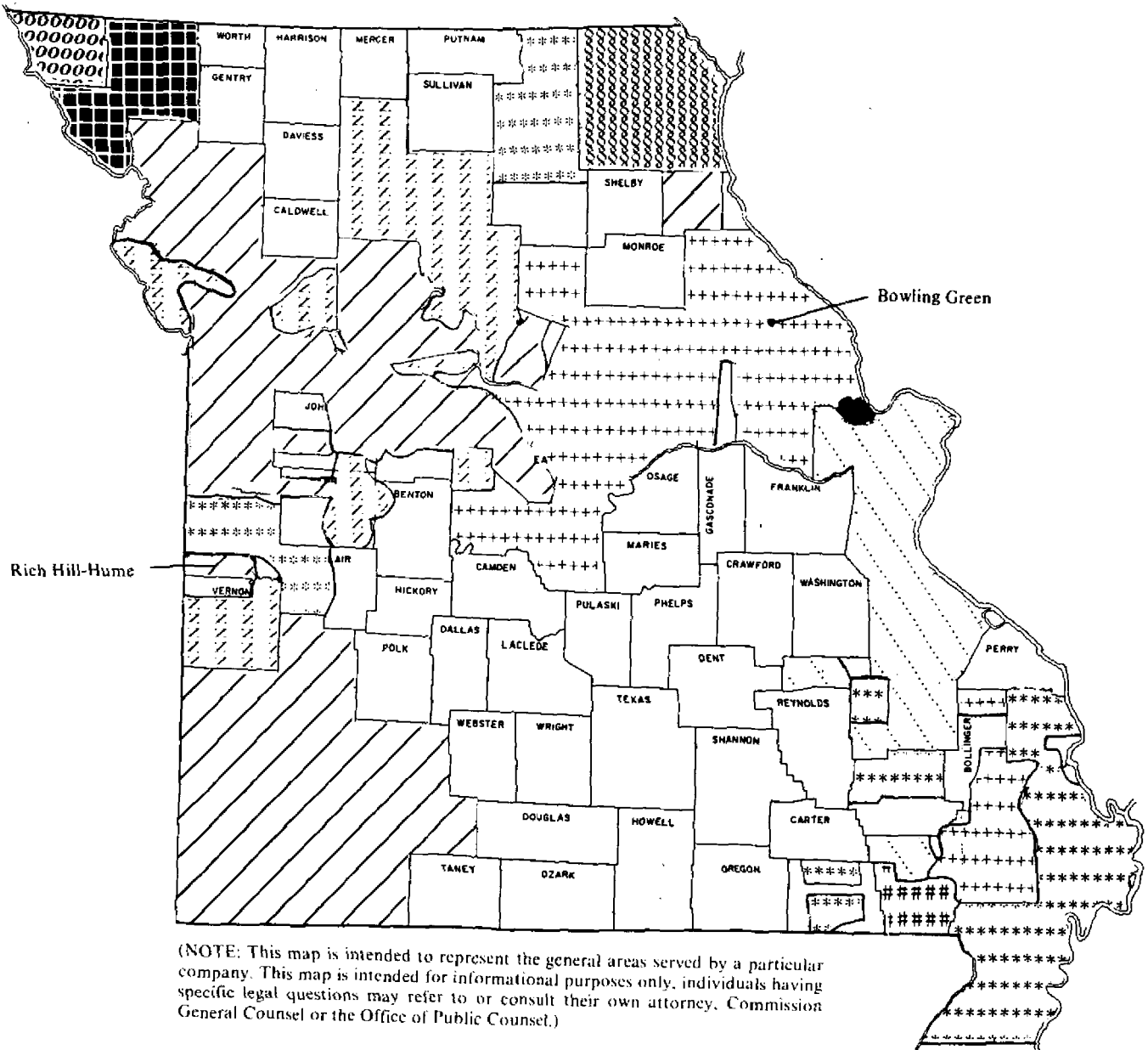
Name of Company	KWH's Sold 1986	Total Operating Revenues 1986	Total Number Residential Customers	Total Number of Customers
Arkansas Power & Light Company	596,923,000	\$ 38,154,008	22,983	26,739
Citizens Electric Corporation	480,423,389	27,781,018	16,329	17,997
Cuivre River Electric Service Company	19,240,724	1,661,824	2,549	2,627
Empire District Electric	1,872,236,000	93,666,995	77,194	90,973
Kansas City Power & Light	6,510,314,000	430,805,062	208,945	239,463
Missouri Public Service Company	2,714,944,000	186,302,036	128,638	146,672
Sho-Me Power Corporation*	1,950,894,000	79,826,747	0	30
St. Joseph Light & Power	1,143,806,000	69,506,332	51,137	57,567
Union Electric Company	22,187,963,174	1,427,308,005	840,702	949,751
TOTALS:	<u>37,476,744,287</u>	<u>\$ 2,355,012,027</u>	<u>1,348,477</u>	<u>1,531,819</u>











Source: 1986 Annual Reports
(Mo. Jurisdictional)

*Includes Wholesale Customers

Maps and Statistics

Gas Service Areas of Regulated Utilities



- | | | | |
|---|-----------------------------|---|--------------------------------|
|  | ASSOCIATED NATURAL GAS CO. |  | MISSOURI VALLEY |
|  | GREAT RIVER GAS CO. |  | O'FALLON GAS SERVICE, INC. |
|  | KPL GAS SERVICE |  | OSAGE NATURAL GAS CO. |
|  | LACLEDE GAS CO. |  | ST. JOSEPH LIGHT AND POWER CO. |
|  | MISSOURI PUBLIC SERVICE CO. |  | UNION ELECTRIC CO. |

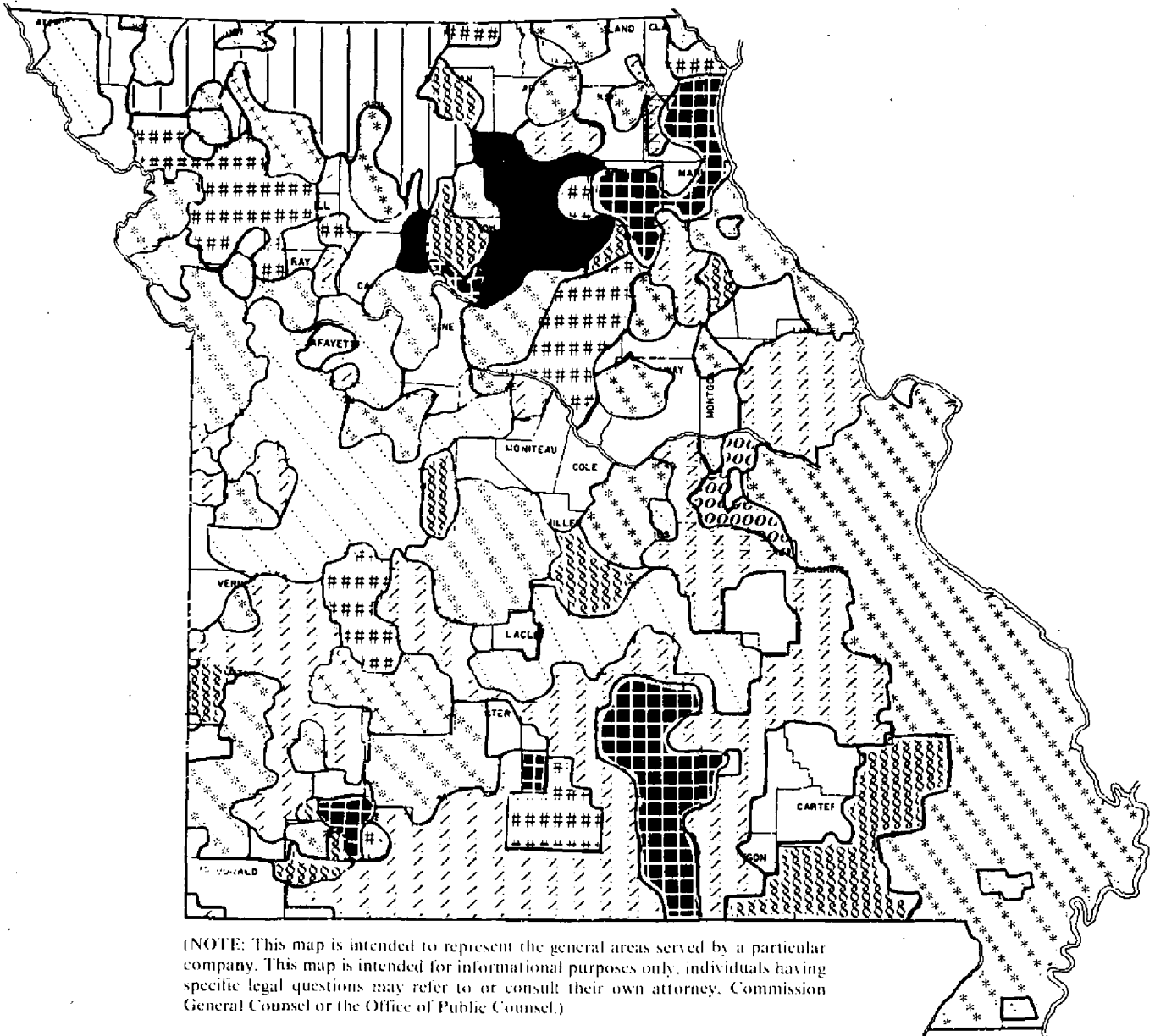
Maps and Statistics

Calendar Year 1986 Natural Gas Utilities' Statistics (Missouri Jurisdictional)











Name of Company	MCF's Sold 1986	Total Operating Revenues 1986	Total Number Residential Customers	Total Number of Customers
Associated Natural Gas Company	6,333,397	\$ 30,591,225	36,597	41,848
Bowling Green Gas Company	169,686	863,441	1,112	1,322
Great River Gas Company	1,962,641	10,647,797	10,655	11,983
KPL Gas Service Company	89,477,668	327,041,650	384,497	417,216
Laclede Gas Company	96,246,830	546,417,028	530,146	564,758
Missouri Public Service Company	7,167,251	27,942,992	35,180	39,114
Missouri Valley Natural Gas Company	213,852	1,183,072	1,177	1,388
O'Fallon Gas Service, Incorporated	17,303	293,482	2,710	2,710
Osage Natural Gas Company	57,549	324,156	560	658
Rich Hill-Hume Gas Service, Incorporated	56,077	310,411	535	615
St. Joseph Light & Power Company	762,183	4,084,748	3,925	4,517
Union Electric Company	12,592,590	68,151,628	80,241	89,837
TOTALS:	215,057,027	\$ 1,017,851,630	1,087,335	1,175,966

Maps and Statistics

Telephone Service Areas of Regulated Utilities



(NOTE: This map is intended to represent the general areas served by a particular company. This map is intended for informational purposes only, individuals having specific legal questions may refer to or consult their own attorney, Commission General Counsel or the Office of Public Counsel.)

- | | | | |
|---|-----------------------------------|---|------------------------------------|
|  | SOUTHWESTERN BELL TELEPHONE CO. |  | ALLTEL SERVICE CORP. |
|  | UNITED TELEPHONE CO. |  | GRAND RIVER MUTUAL TELEPHONE CORP. |
|  | CONTINENTAL TELEPHONE CO. |  | MISSOURI TELEPHONE CO. |
|  | GENERAL TELEPHONE CO. OF MISSOURI |  | FIDELITY TELEPHONE CO. |
|  | CONTEL SYSTEMS OF MISSOURI |  | CHARITON VALLEY TELEPHONE CO. |

Maps and Statistics

Other Telephone Companies and Counties They Serve

Webster County Telephone Company
Webster and Dallas Counties

Mark Twain Rural Telephone Company
Adair, Clark, Knox, Schuyler, Shelby,
Lewis, Marion, and Scotland Counties

Citizens Telephone Company
Lafayette County

Northeast Missouri Telephone Company
Adair, Clark, Knox, Linn, Macon,
Putnam, Schuyler, Scotland, and Sullivan
Counties

Kingdom Telephone Company
Callaway and Montgomery Counties

Mid-Missouri Telephone Company
Cooper, Moniteau, and Saline Counties

Steelville Telephone Company
Crawford, Washington and Iron Counties

Green Hills Telephone Corporation
Caldwell, Carroll, Daviess, Livingston,
and Ray Counties

McDonald County Telephone Company
McDonald County

Granby Telephone Company
Newton County

Eastern Missouri Telephone Company
Montgomery, Audrain, Lincoln, and Pike
Counties

Seneca Telephone Company
Newton and McDonald Counties

Craw-Kan Telephone Company
Bates and Jasper Counties

Rock Port Telephone Company
Atchison County

Bourbeuse Telephone Company
Franklin and Gasconade Counties

Goodman Telephone Company
McDonald County

Ellington Telephone Company
Reynolds County

KLM Telephone Company
Vernon and Bates Counties

Iamo Telephone Company
Atchison and Nodaway Counties

Oregon Farmers Mutual Telephone Company
Holt County

Lathrop Telephone Company
Clinton County

Orchard Farm Telephone Company
St. Charles County

Le-Ru Telephone Company
Newton and McDonald Counties

Miller Telephone Company
Lawrence County

Stoutland Telephone Company
Camden and Laclede Counties

New London Telephone Company
Ralls County

Holway Telephone Company
Holt and Nodaway Counties

Mo-Kan Telephone Company
Cass County

Continental of Arkansas
Barry and McDonald Counties

Choctaw Telephone Company
Lawrence and Greene Counties

Wheeling Telephone Company
Livingston County

New Florence Telephone Company
Montgomery County

Alma Telephone Company
Lafayette County

Peace Valley Telephone Company
Howell County

Farber Telephone Company
Audrain County

Continental Telephone Company of Iowa
Clark County

(NOTE: Companies serve all or parts of the counties listed. This is for informational purposes only, individuals having specific legal questions may refer to or consult their own attorney, Commission General Counsel or the Office of Public Counsel.)

Maps and Statistics

Missouri Jurisdictional Telephone Companies by Access Lines

Company	No. of Access Lines
1. Southwestern Bell Telephone Company, St. Louis	1,884,336
2. United Telephone Company, Jefferson City	170,901
3. Continental Telephone Company, Wentzville	146,525
4. General Telephone Company, Columbia	82,279
5. Contel Systems of Missouri, Inc., Wentzville	40,243
6. ALLTEL Service Corporation, Little Rock, Ark.	26,109
7. Missouri Telephone Company, Columbia	15,061
8. Grand River Mutual Telephone Corporation, Princeton	12,238
9. Fidelity Telephone Company, Sullivan	9,171
10. Chariton Valley Telephone Company, Bucklin	7,312
11. Craw-Kan Telephone Company, Girard, Kansas	5,379
12. Webster County Telephone Company, Marshfield	4,388
13. Mark Twain Rural Telephone Company, Hurdland	3,792
14. Kingdom Telephone Company, Auxvasse	3,409
15. Citizens Telephone Company, Higginsville	3,346
16. Northeast Missouri Rural Telephone Company, Green City	3,269
17. Steelville Telephone Company, Steelville	3,078
18. Mid-Missouri Telephone Company, Pilot Grove	2,939
18. Green Hills Telephone Company, Breckenridge	2,673
20. Eastern Missouri Telephone Company, Bowling Green	2,369
21. Seneca Telephone Company, Seneca	2,167
22. McDonald County Telephone Company, Pineville	2,138
23. Granby Telephone Company, Granby	2,059
24. Rock Port Telephone Company, Rock Port	1,508
25. Bourbeuse Telephone Company, Sullivan	1,489
26. Ellington Telephone Company, Ellington	1,345
27. Goodman Telephone Company, Goodman	1,297
28. Iamo Telephone Company, Coin, Iowa	1,118
29. KLM Telephone Company, Rich Hill	1,092
30. Lathrop Telephone Company, Lathrop	1,019
31. Oregon Farmers Mutual Telephone Company, Oregon	1,000
32. Le-Ru Telephone Company, Stella	916
33. Miller Telephone Company, Miller	839
34. Stoutland Telephone Company, Columbia	824
35. Orchard Farm Telephone Company, St. Charles	640
36. Holway Telephone Company, Maitland	615
37. New London Telephone Company, New London	565
38. Mo-Kan Dial, Inc., Columbia	540
39. Continental of Arkansas, St. Louis	481
40. Choctaw Telephone Company, Halltown	380
41. Alma Telephone Company, Alma	334
42. New Florence Telephone Company, New Florence	333
43. Wheeling Telephone Company, Columbia	310
44. Peace Valley Telephone Company, Peace Valley	235
45. Farber Telephone Company, Farber	220
46. Continental Telephone Company of Iowa, St. Louis	69
Total Access Lines in Missouri	2,452,350

(Figures as of 3/31/87)

Maps and Statistics

Calendar Year 1986 Sewer Company Statistics (Missouri Jurisdictional)

Classification and Company	Customers	Classification and Company	Customers
Class A (Revenue over \$500,000)		House Springs Sewer Company	-
Missouri Cities Water Company	4,716	Incline Village Sewer Company	31
Saline Sewer Company	4,400	Kimberling Inn Incorporated	188
		LW Sewer Corporation	183
Class B (Revenue from \$250,000 - \$500,000)		Lake Carmel Development Company	12
West Elm Place Corporation	1,858	Lake Hannibal Sewer Corporation	13
		Lake Northwoods Utility Company	14
Class C (Revenue from \$50,000 - \$250,000)		Lakeside Gardens Sewer Service	25
Crystal Springs Development Company	1,713	Lincoln County Utility Company	109
Imperial Utility Corporation	716	Martell Private Water & Sewer Company	31
Maplewood Service Company	401	Mill Creek Sewers Incorp.	74
Meramec Sewer Company	591	MPB Incorporated	68
Terre Du Lac Utilities Corporation	869	Nehai Tonkayea Lake Association, Inc.	7
		P.C.B. Incorporated	147
Class D (Revenue under \$50,000)		Peaceful Valley Service Company	104
Antire Sewer Company	65	PIHI Investments Incorporated	52
Batson Development Company	155	Port Perry Service Company	36
Cedar Hill Utility Company	266	Riverside Utility Company	36
Central Jefferson County Utility Inc.	37	Rogue Creek Valley Incorporated	60
Cleanco Sewer Corporation	8	Roy L. Utilities Incorporated	49
CMPS Sewer Company	54	SK&M Water & Sewer Company	80
Eastern Missouri Utilities Company	2	Schell Sanitation Incorporated	90
Elledge & Lewis Enterprises Incorporated	73	SLR Development Company	195
English Village Sewer Company	346	South Jefferson County Utility Company	87
Franklin County Service Company	44	South Walnut Hills Sewer Corporation	27
Gladlo Water & Sewer Company	60	Southwest Sewer Corporation	-
Godfrey Gardens Utilities Inc.	29	Stoddard County Sewer Company	125
Gold Investments Incorporated	115	Swiss Villa Utilities Incorporated	134
Herculaneum Sewer Company	82	The Meadows Sewer Company	73
Hickory Hills Water & Sewer Company	40	Vogel Sewer System Incorporated	162
Hillcrest Utilities Company	123	WC Sewer Systems Incorporated	614
		Waters Edge Sewer Company	170
		Willows Utility Company	165
		Woodland Heights Utilities Incorporated	68

Maps and Statistics

Calendar Year 1986 Water Company Statistics (Missouri Jurisdictional)

Classification and Company	Customers	Classification and Company	Customers
Class A		Gladlo Water & Sewer Company	54
(Revenue over \$500,000)		Hickory Hills Water & Sewer Company	40
Capital City Water Company	9,653	High Ridge Manor Water Company	28
Empire District Electric Company	3,877	Hillcrest Utilities Company	123
Missouri Cities Water Company	27,876	Incline Village Water Company	29
Missouri-American Water Company	44,923	Jefferson County Water Company	32
Raytown Water Company	6,554	Kimberling City Water Company	100
St. Louis County Water Company	271,653	Lake Northwoods Utility Company	14
Union Electric Company	12,822	Lakeland Heights Water Company	129
U.S. Water/Lexington, Mo., Inc.	2,142	Lakeview Heights Water Service	49
Class B		Lincoln County Utilities Company	109
(Revenue from \$250,000 - \$500,000)		LTA Water Company	65
Tri-State Utility Company	572	Maplewood Service Company	401
Class C		Martell Private Water & Sewer Company	26
(Revenue from \$50,000 - \$250,000)		McCord Bend Water Company	93
Cassidy Water Company	249	Merriam Woods Water Company	438
Four Seasons Lake Sites W & S Company	544	Moore Bend Water Company	90
I H Utilities Incorporated	599	Nehai Tonkayea Lake Association, Inc.	80
Noel Water Company	542	Oaktrees Incorporated	11
Terre Du Lac Utilities Corporation	873	Osage Utilities Incorporated	71
The Meadows Water Company	601	Ozark Mountain Water Company	239
Willard Water Company	674	Peaceful Valley Service Company	115
Class D		PIHI Investments Incorporated	52
(Revenue under \$50,000)		Port Perry Service Company	95
AREN Corporation	40	Rankin Acres Water Company	81
Batson Development Company	201	Rex Deffenderfer Enterprises, Inc.	225
Big Val Utility Corporation	8	Riverside Utility Company	91
Cat-Pac Waterworks Incorporated	135	Rogue Creek Utility Incorporated	88
Cedar Hill Estates Water Company	177	Roy L. Utilities Incorporated	49
Central Jefferson County Utility Inc.	37	Royal Oaks Water & Sewer Utility Co.	23
Coney Island Water System Incorporated	80	SK&M Water & Sewer Company	164
Culbertson-Henss Incorporated	91	South Jefferson County Utility Company	88
Davis Water Company	167	Southwest Village Water Company	50
Dawn Valley Sub. Water System	107	Stockton Hills Water Company	102
Evergreen Lake Water Company	33	Stoneshire Water Company	42
Finley Valley Water Company	23	Suburban Water Company	148
Franklin County Service Company	25	Swiss Villa Utilities Incorporated	134
Franklin County Water Company	104	Taneycomo Projects Incorporated	294
Frimel Water Systems Incorporated	70	White Branch Water Service	168
Gatliff Water Company	90	White River Valley Water Company	107
George J. Cyrus and Company	91	Wilden Heights Water Company	19
		Willows Utility Company	172
		Woodland Heights Utilities Incorporated	68

Rate Case Decisions

Telephone Rate Cases Decided During Fiscal Year 1987

Date of Order	Case No.	Company	Company Requested	%	PSC Decision	%
7/25/86	TR-86-63	Webster County Telephone	\$ 513,000	*	\$ 279,000	*
1/13/87**	8700282	AT&T	—	—	(\$ 3,300,000)	(3.3%) (1)
5/20/87	TR-87-25	Grand River Mutual Tel.	—	—	(\$ 236,689)	(16.5%) (2)
3/20/87	TC-87-57	General Telephone Company	—	—	(\$ 2,100,000)	(15.0%) (3)
5/19/87	TR-87-126	ALLTEL	—	—	(\$ 800,000)	(24.7%) (4)
6/2/87	TR-87-150	Missouri Telephone Co.	—	—	(\$ 37,000)	(2.0%) (5)
6/16/87	TR-87-156	AT&T	—	—	(\$ 4,152,640)	(3.4%) (6)
6/23/87	TR-87-168	Continental Telephone Co.	—	—	(\$ 2,506,294)	(9.7%) (7)
6/23/87	TR-87-168	Contel Systems of Missouri	—	—	(\$ 660,620)	(10.7%) (8)

- (1) Rate reduction resulting from PSC Staff audit.
 (2) Rate reduction resulting from PSC Staff audit.
 (3) Rate reduction resulting from PSC Staff complaint case and Tax Reform Act.
 (4) Rate reduction resulting from Tax Reform Act and PSC Staff audit.
 (5) Rate reduction resulting from Tax Reform Act.
 (6) Rate reduction resulting from PSC Staff audit and Tax Reform Act.
 (7) Rate reduction resulting from Tax Reform Act.
 (8) Rate reduction resulting from Tax Reform Act.

* Percentage change varies among rate groups.

** Effective date of tariff.

Electric Rate Cases Decided During Fiscal Year 1987

Date of Order	Case No.	Company	Company Requested	%	PSC Decision	%
9/12/86	EO-87-9	Missouri Public Service	—	—	(\$ 10,000,000)	(5.9%) (1)
11/6/86	ER-83-42	Empire District Electric	—	—	(\$ 574,000)	(.8%) (2)
1/15/87	ER-85-143	Citizens Electric Corp.	\$ 1,551,000	7.0%	\$ 1,551,000	7.0% (3)
2/11/87	EO-87-87	St. Joseph Light & Power	—	—	(\$ 5,000,000)	(7.2%) (4)
3/21/87	ER-85-265	Arkansas Power & Light	\$ 17,178,000	46.9%	\$ 1,300,000	3.2% (5)
4/2/87	EO-85-17	Union Electric Company	\$ 639,000,000	65%	\$ 57,400,000	4.6% (6)*
4/1/87	EO-85-185	Kansas City Power & Light	\$ 194,700,000	52%	\$ 7,700,000	2.0% (7)**

- (1) Rate reduction due to PSC Staff audit.
 (2) Rate reduction relating to court case.
 (3) Wholesale increase from Union Electric - Third Year Phase-in.
 (4) Rate reduction due to PSC Staff audit and Tax Reform Act.
 (5) Grand Gulf Plant Increase - Second Year.
 (6) Callaway Plant Increase - Third Year.

* Under original order, the third year phase-in increase would have been 7.3 percent. Due to the Tax Reform Act, the third year phase-in increase was reduced to 4.6 percent.

- (7) Wolf Creek Plant Increase - Second Year.

** Under original order, the second year phase-in increase would have been 5 percent. Due to the Tax Reform Act, the second year phase-in increase was reduced to 2 percent.

Rate Case Decisions

Natural Gas Rate Cases Decided During Fiscal Year 1987

Date of Order	Case No.	Company	Company Decision	%	PSC Granted	%
8/22/86	GR-86-86	Associated Natural Gas Co.	\$ 1,200,000	*	\$ 430,000	*
3/4/87	GR-87-89	KPL Gas Service	—	—	(\$ 529,000)	(.2%) (1)
4/13/87	GR-87-110	Missouri Valley Natural Gas	—	—	(\$ 36,000)	(3.3 %) (2)
5/20/87	GO-87-147	Laclede Gas Company	—	—	(\$ 7,000,000)	(1.5 %) (3)
Informal Rate Cases						
Effective Date						
10/27/86	8600395	Bowling Green Gas	\$ 65,359	7.3%	\$ 9,160	1.0 %

- (1) Rate reduction resulting from Tax Reform Act.
 (2) Rate reduction resulting from PSC Staff audit and Tax Reform Act.
 (3) Rate reduction resulting from PSC Staff audit and Tax Reform Act.
 * Percentage change varies among districts.

Water and Sewer Rate Cases Decided During Fiscal Year 1987

Date of Order	Case No.	Company	Company Requested	%	PSC Granted	%
9/29/86	WR-86-111	Mo. Cities Water	\$ 1,177,324	*	\$ 452,573	*
9/29/86	SR-86-112	Mo. Cities Sewer	\$ 62,728	*	\$ 49,118	*
12/2/86	WR-86-151	Empire District Electric	\$ 132,488	23.7%	\$ 53,250	8.0%
3/2/87	WR-87-2	St. Louis County Water	\$ 6,146,851	12.5%	\$ 3,098,225	6.1%
3/2/87	WR-87-2	St. Louis County Water	—	—	(\$ 2,134,236)	(1.9%) (1)
6/26/87	WR-87-177	Missouri-American Water	—	—	(\$ 330,000)	(3.0%) (2)

- * Percentage change varies among divisions.
 (1) Rate reduction resulting from the Tax Reform Act which was part of the Commission's 3/2/87 order. Tax Reform Act reduction took effect 7/3/87.
 (2) Rate reduction resulting from the Tax Reform Act.

Informal Rate Cases			
Date of Order	Case No.	Company	Decision
11/1/86	8600353	Incline Village Water	—
11/1/86	8600354	Incline Village Sewer	—
7/1/86	8600372	Hickory Hills Sewer	—
2/1/87	8600399	Maplewood Service	—
—	8700023	Lincoln County Utilities	No Increase Recommended
—	8700050	SLR Development	No Increase Recommended
2/15/87	8700064	Lakeview Heights	—
—	8700085	Tri-State	Withdrawn
—	8700128	Merriam Woods	No Increase Recommended
6/20/87	8700176	Gatliff Water	—
—	8700010	Terre Du Lac	Withdrawn
—	8700107	Cedar Hill	Withdrawn

Rate Reduction Decisions

Utilities that Adjusted Rates to Reflect the Tax Reform Act During the 1987 Fiscal Year Which Ended on June 30, 1987

Utility Company	Amount of Reduction
Union Electric Company	\$ 91,000,000
Kansas City Power and Light Company	26,900,000
Laclede Gas Company	5,208,000
Continental Telephone Company	2,506,294
St. Joseph Light & Power Company	2,437,000
St. Louis County Water Company	2,134,236
AT&T	2,088,000
Contel Systems of Missouri	660,620
General Telephone Company	650,000
KPL/Gas Service	500,000
Missouri-American Water Company	330,000
Alltel	200,000
Missouri Telephone Company	37,000
Missouri Valley Natural Gas Company	18,000
TOTAL:	<u>\$134,669,150</u>

Utility Rate Reductions as a Result of PSC Staff Conducted Audits During the 1987 Fiscal Year Which Ended on June 30, 1987 (Not including Tax Reform Adjustments.)

Utility Company	Amount of Reduction
Missouri Public Service Company	\$10,000,000
AT&T	3,300,000
St. Joseph Light & Power Company	2,563,000
Laclede Gas Company	2,247,349
General Telephone Company	1,792,000
Alltel	1,450,000
Grand River Mutual Telephone Corporation	236,689
Missouri Valley Natural Gas Company	18,000
TOTAL:	<u>\$21,607,038</u>

Additional Information

Customer Services

The Missouri Public Service Commission has three offices for assisting consumers. The offices are located in Jefferson City, St. Louis and Kansas City. The Commission is open from 8-12 noon and 1-5 p.m., Monday through Friday, except on state holidays.

If you live outside of the St. Louis and Kansas City areas, you may contact the Jefferson City office without charge by using the toll-free Consumer Hotline: (800) 392-4211.

If you live in the St. Louis or Kansas City areas, you may take your complaint to the PSC Consumer Services Offices in those cities.

Jefferson City: Missouri Public Service Commission
Harry S Truman State Office Building
301 W. High
(Mailing Address: P.O. Box 360)
Jefferson City, MO 65102
Toll-free Consumer Hotline for
Complaints: (800) 392-4211
Other Business: (314) 751-3234

St. Louis: Missouri Public Service Commission
The New Frisco Building
Suite 330
906 Olive Street
St. Louis, MO 63101
Telephone No: (314) 444-6807

Kansas City: Missouri Public Service Commission
Suite 510
615 E. 13th Street
Kansas City, MO 64106
Telephone No: (816) 472-2816

Additional Information

Commissioners past and present

The Missouri Public Service Commission was formed in 1913 by the Missouri General Assembly. Those who have served as Commissioners of the Missouri Public Service Commission since its beginning appear below:

PRESENT COMMISSION

* William D. Steinmeier	February, 1984
Charlotte Musgrave	October 17, 1981
Allan G. Mueller	July 11, 1983
Connie B. Hendren	July 11, 1983
James M. Fischer	January 3, 1984

Former Commissioners	Length of Service	Former Commissioners	Length of Service
* John M. Atkinson	**1913-1916	* Frederick Stueck	1941-1943
William F. Woerner	**1913-1914	John A. Ferguson	1936-1944
John Kennish	**1913-1917 and 1920	* Albert Miller	1943-1944
Frank A. Wrightman	**1913-1916	Richard Arens	1944-1945
Howard B. Shaw	**1913-1917	* Kyle Williams	1941-1952
Edwin J. Bean	1914-1925	Agnes Mae Wilson	1943-1949
Eugene McQuillin	1915-1921	* Morris E. Osburn	1945-1952
* William G. Busby	1916-1921	John P. Randolph	1949-1951
David E. Blair	1917-1920	Henry McKay Cary	1950-1951
Noah W. Simpson	1917-1923	Frank Collier	1953-1954
Edward Flad	1917-1921	Maurice W. Covert	1952-1953
* John A. Kurtz	1920-1923	Charles L. Henson	1942-1959
Hugh McIndoe	1921-1923	M. J. McQueen	1954-1956
A. J. O'Reilly	1921-1925	D. D. McDonald	1955-1961
Richard H. Musser	1923-1925	Frank J. Iuen	1959-1963
* Merrill E. Otis	1923-1924	* Tyre W. Burton	1952-1965
D. F. Calfee	1925-1929	William Barton	1957-1965
* Thomas J. Brown	1923-1928	Frank W. May	1961-1967
J. P. Painter	1928-1929	E. L. McClintock	1945-1967
* Almon Ing	1925-1933	Donald D. Guffey	1963-1968
S. M. Hutchison	1925-1931	Howard Elliott, Jr.	1967-1970
* Milton R. Stahl	1929-1933	* Marvin E. Jones	1967-1973
J. Fred Hull	1929-1934	* William R. Clark	1965-1975
* J. C. Collett	1933-1935	Willard D. Reine	1968-1975
Harry E. McPherson	1934-1935	* James F. Mauze	1971-1975
J. H. Porter	1925-1933	* A. Robert Pierce	1973-1977
George H. English	1931-1936	* James P. Mulvaney	1975-1977
William Stoecker	1933-1936	Charles J. Fain	1965-1977
Albert D. Nortoni	1936-1938	Stephen B. Jones	1975-1979
William M. Anderson	1933-1938	Hugh A. Sprague	1975-1979
Scott Wilson	1938-1941	Stephanie Bryant	1979-1981
* Sam O. Hargus	1935-1938	* Alberta Slavin	1977-1981
John S. Boyer	1935-1941	Larry W. Dority	1979-1983
Marion S. Francis	1938-1941	Leah Brock McCartney	1977-1983
* J. D. James	1938-1942	* Charles J. Fraas	1977-1983
Paul Van Osdol	1941-1943	* John C. Shapleigh	1981-1984

*Those who have served as Chairman of the Public Service Commission

**First Commissioners of the Public Service Commission