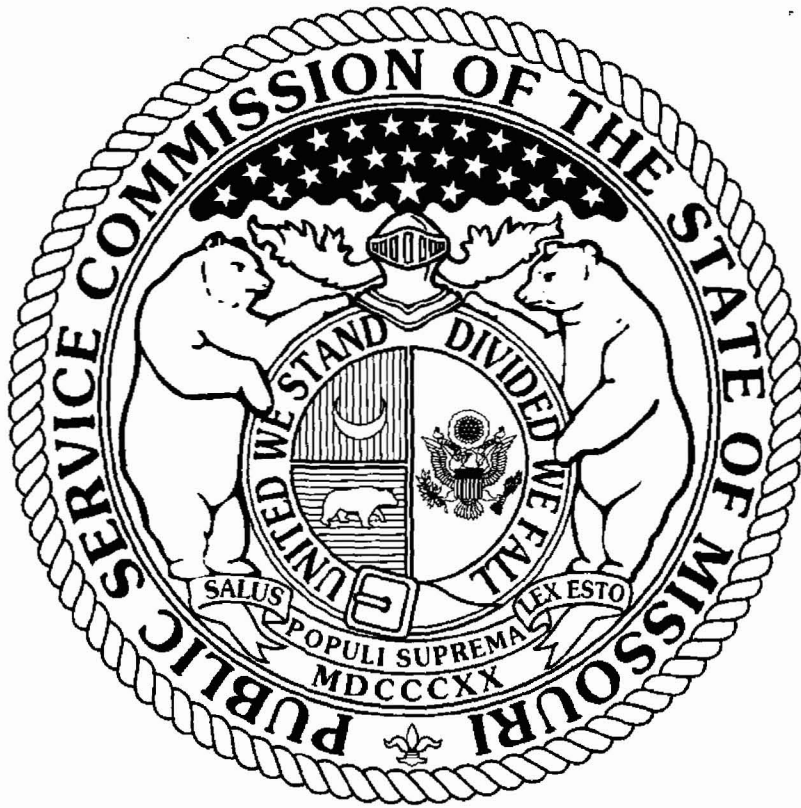




**PUBLIC
SERVICE
COMMISSION
OF MISSOURI**

Annual Report

1996





KARL ZOBRIST
Chair

KENNETH McCLURE
DUNCAN E. KINCHELOE
HAROLD CRUMPTON
M. DIANNE DRAINER
Vice Chair

Missouri Public Service Commission

December 3, 1996

CECIL I. WRIGHT
Executive Secretary
SAM GOLDAMMER
Director, Utility Operations
GORDON L. PERSINGER
Director, Policy & Planning
KENNETH J. RADEMAN
Director, Utility Services
DONNA M. PRENGER
Director, Administration
DALE HARDY ROBERTS
Chief Administrative Law Judge
STEVEN DOTTHEIM
Acting General Counsel

Governor Mel Carnahan
State Capitol
Jefferson City, Missouri 65101

Dear Governor Carnahan:

As our State and the Nation change the way government does business, the Public Service Commission strives to assure that the most efficient, safe and affordable utility services reach Missouri consumers. The Commission's jurisdiction extends to investor-owned firms that provide electricity, natural gas, telecommunications, and water and sewer service. We additionally regulate aspects of the manufactured housing and recreational vehicle industry.

Not since the Great Depression has the "ever-whirling wheel of change" so deeply affected the utility sector of the American economy. Our traditional form of utility regulation began with powerful railroads in the last century. The concept of regulated monopoly franchises was applied to the fields of energy and communication in the first part of the 20th Century, bringing the benefits of the light bulb, the gas furnace and the telephone to many of our citizens.

Today consumers are demanding much more from their utilities. They want a voice in who provides their services. They want the benefits of competition without the hassles. They want the latest technology at a price that is driven by an efficient market. They want service that treats them with respect and dignity. They want no deterioration in the safety and reliability of the utility network. They want the quality of the environment to be improved.

The Missouri Public Service Commission is dedicated to fulfilling these public interest goals and to working with the companies that it regulates in an open and constructive manner. I am pleased to submit to you this Annual Report which sets forth in detail the Commission's work for the 1996 fiscal year (July 1, 1995-June 30, 1996), as required by Section 386.380, RSMo (1994).

Respectfully yours,

A handwritten signature in black ink that reads "Karl Zobrist".

Karl Zobrist, Chair



From left to right, standing, Vice Chair M. Dianne Drainer and Commissioner Kenneth McClure. Seated, Commissioner Duncan Kincheloe, Chair Karl Zobrist, and Commissioner Harold Crumpton.

MISSOURI PUBLIC SERVICE COMMISSION

KARL ZOBRIST, CHAIR

M. DIANNE DRAINER, VICE CHAIR

KENNETH McCLURE, COMMISSIONER

DUNCAN E. KINCHELOE, COMMISSIONER

HAROLD CRUMPTON, COMMISSIONER

ALLAN G. MUELLER, COMMISSIONER

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PUBLIC SERVICE COMMISSION



State Capitol complex including the Harry S. Truman State Office Building (center), Jefferson City, Missouri. Commission offices are located on the 5th and 8th floors.

The Public Service Commission regulates investor-owned public utilities operating in the State of Missouri. It is responsible for ensuring that consumers receive adequate amounts of safely delivered and reasonably priced utility services at rates that will provide the utility companies' shareholders the opportunity to earn a reasonable return on their investment. The Commission must balance a variety of competing private interests to ensure the overall public interest.

JURISDICTION AND GOALS

The Public Service Commission was established in 1913 by the Public Service Commission Law, now Chapter 386 of the Missouri Revised Statutes. The PSC regulates the rates, practices and operations of the state's 756 investor-owned electric, natural gas, telephone, water and sewer utilities. The Commission also regulates the state's 48 rural electric cooperatives and 40 municipally-owned natural gas utilities for operational safety, and the manufacturers and dealers of mobile/ modular homes and recreational vehicles. The Missouri PSC is the only public utility commission in the United States that regulates manufactured housing.

The Commission oversees service territory issues involving rural electric cooperatives and municipally-owned electric utilities. The PSC also acts as mediator and arbitrator of local telephone service disputes regarding interconnection agreements.

Virtually every Missouri citizen receives some form of utility service from an investor-owned public utility company. Historically, these utilities have provided service under a monopoly granted to them by law. Although recent changes in federal and state law introduced competition into the local telephone market, that market remains today a de facto monopoly. Utilities providing natural gas, electric, water and sewer service continue as legally franchised monopolies. Utility services and infrastructure are essential to the economy of Missouri. They provide heating and cooling during extreme temperatures. They offer access to emergency services and vital information systems. They provide safe drinking water and assure the environmentally sound disposal of wastewater. Because utilities fulfill these essential needs, the Commission must assure the ratepaying public that quality services will be available on a nondiscriminatory basis at just and reasonable rates.

COMMISSIONERS

The Commission consists of five commissioners who are appointed by the Governor with the advice and consent of the Missouri Senate. The Governor designates one member as the Chairman who serves in that capacity at the pleasure of the Governor.

Commissioners are appointed to six-year terms. These terms are staggered so no more than two terms expire in any given year.

MISSION



Commissioners thoroughly review the record as they reach decisions during Agenda sessions.

Historically, a majority of the Commission has been of the same political party as the Governor. The Commission is both quasi-judicial and quasi-legislative. The Commission is responsible for deciding cases brought before it and for the promulgation of administrative rules and their enforcement. Many of the Commission's duties are performed by conducting hearings in contested cases, which by statute must be transcribed by a court reporter. Commission hearings are conducted in a trial-like atmosphere using evidentiary standards under the Missouri Administrative Procedure Act. The Commission must render decisions in a timely manner to afford all parties procedural and substantive due process, and to comply with statutory time limits.

THE PSC STAFF

The Commission is assisted by its staff of professionals in the fields of engineering, management, accounting, law, finance, economics, and consumer affairs. Duties range from helping individual consumers with complaints to investigating multi-million dollar utility rate requests.

The Staff participates as a party in cases filed before the Commission. It conducts audits of utilities and makes recommendations to the Commission. The recommendations of the PSC Staff, like those filed by other parties to a proceeding, are used by the Commission in reaching a decision in a complaint or rate case. The Commission has established standards for

safety and quality of service to which companies must adhere. Routine and special investigations of utilities are conducted by the Staff to ensure compliance.

ETHICAL STANDARDS

The Commissioners and PSC employees are held to strict conflict of interest standards. No person is eligible to be a Commissioner or to be employed by the Commission who holds any official relation to any entity regulated by the PSC or who holds stocks, bonds or any pecuniary interest in such entity.

Commissioners and PSC employees are prohibited from soliciting or recommending the employment of any person to any utility regulated by the Commission. Each such utility is prohibited from offering employment to any Commissioner or PSC employee, or offering or giving a gift or benefit of any kind. Any Commissioner or PSC employee violating these standards is subject to removal from office or employment.

Any utility violating these provisions is subject to judicial penalties not to exceed \$20,000, in addition to any other penalty assessed by the Public Service Commission. Any employee of a public utility found in violation of such prohibitions is guilty of a misdemeanor and, upon conviction, may be punished by a fine not exceeding \$1,000, by imprisonment not exceeding one year, or both.



Staff member James Watkins prepares testimony in an electric rate design case.

KARL ZOBRIST

Chair

Karl Zobrist is the Chair of the Missouri Public Service Commission. He was appointed by Governor Mel Carnahan in January 1996 to fill the balance of a six-year term expiring on April 15, 2001. He played a key role in the passage of Missouri's Telecommunications Reform Act, which was signed into law by Governor Carnahan on May 17, 1996.

Prior to joining the Commission, Mr. Zobrist was a partner in the Kansas City law firm of Blackwell Sanders Matheny Weary & Lombardi, L.C. He chaired Governor Carnahan's 1993-94 Task Force investigating building practices and code enforcement in Branson, Missouri. Before entering private practice, he was on active duty with the U.S. Navy, serving in the Office of the Judge Advocate General. He is currently a Commander in the U.S. Naval Reserve.

Chair Zobrist currently serves on the National Association of Regulatory Utility Commissioners (NARUC) Committee on Energy Conservation. He is a member of the American Bar Association and its Public Utilities Law Section.

He received an A.B. magna cum laude in 1971 from Augustana College in Rock Island, Illinois, where he was elected to Phi Beta Kappa, and a J.D. in 1974 from the University of Iowa Law School, where he was Note & Comment Editor of the Iowa Law Review. He did postgraduate work at Georgetown University Law Center, and served as an adjunct professor of law teaching trial advocacy at the University of Kansas.

M. DIANNE DRAINER

Vice Chair

M. Dianne Drainer is the Vice Chair of the Missouri Public Service Commission. She was appointed to the Public Service Commission on July 3, 1995, by Governor Mel Carnahan. She was named Vice Chair of the Commission in February 1996.

Prior to her appointment to the Commission, Vice Chair Drainer was Manager of Research and Evaluation for the Missouri Department of Social Services. She previously served as Chief Telecommunications Economist and Public Utility Economist for the Office of the Public Counsel from 1986 to 1991.

Vice Chair Drainer serves as a member of the National Association of Regulatory Utility Commissioners (NARUC) Committee on Finance and Technology. Previously, she served as an observer to the NARUC Staff Subcommittee on Communications from 1986 to 1991 and was a member of the National Association of State Utility Consumer Advocates (NASUCA) from 1986 to 1991.

Vice Chair Drainer graduated from the University of Missouri-Columbia with a master of science degree in agricultural economics in 1979 and a bachelor of arts degree in economics in 1977.

Vice Chair Drainer's term expires on April 15, 2001.

COMMISSIONERS

Commissioners who served during the 1996 fiscal year



PUBLIC SERVICE COMMISSION

KENNETH MCCLURE

Commissioner

Commissioner Kenneth McClure was appointed to the Missouri Public Service Commission by Governor John Ashcroft on January 3, 1990. In April 1991, Mr. McClure was reappointed to a full six-year term which expires on April 15, 1997. While at the Commission, Mr. McClure has served as its Chairman and Vice-Chairman.



Prior to his appointment, Mr. McClure served as budget analyst with the Missouri State Appropriations Committee from 1974 through 1976. From 1977 until 1981, he was Staff Director of the Missouri Senate Appropriations Committee. In October 1981, he was appointed Deputy Director/ Administration of the Missouri Department of Economic Development.

Commissioner McClure serves as the Chairman of the Communications Committee of the National Association of Regulatory Utility Commissioners (NARUC). He also serves on the NARUC Committee on Utility Association Oversight, the Subcommittee on Administration, and the Executive Committee.

Commissioner McClure was recently named to the North American Numbering Council and serves as a member of the FCC Universal Service Joint Board (FCC Docket No. 96-45). He has also served on the Federal-State Joint Conference on Open Network Architecture plans, Federal Communications Commission (FCC) Docket No. 88-2, Phase I.

Mr. McClure received his B.A. degree from Southwest Missouri State University in 1972 and his M.A. degree from the University of Missouri-Columbia in 1974.

DUNCAN E. KINCHELOE

Commissioner

Commissioner Duncan Kincheloe was appointed to the Missouri Public Service Commission by Governor John Ashcroft on January 4, 1992.

Prior to his appointment to the Commission, Mr. Kincheloe served as the governor's director of policy development for seven years. Prior to 1985, Mr. Kincheloe held the position of associate attorney general in the Missouri Attorney General's office.

Commissioner Kincheloe currently serves as Vice Chairman of the Committee on Electricity of the National Association of Regulatory Utility Commissioners (NARUC) and he serves on its subcommittees on Strategic Issues and Environment-Efficiency. He also serves on the NARUC Ad Hoc Committee on Electric Industry Restructuring.

Mr. Kincheloe is the NARUC representative to the North American Electric Reliability Council (NERC) and a participant in the Keystone Dialogue on Electric Policy Issues. He also acts as the Commission's primary representative in relations with the Southwest Power Pool and the Mid-America Interconnected Network. By appointment of the Secretary of Energy, he serves on the U.S. Department of Energy Task Force on Electric System Reliability.



Commissioner Kincheloe earned his B.A. degree from the University of Missouri-Kansas City in 1973 and his J.D. from the University of Missouri-Kansas City Law School in 1976. He is a member of the Advisory Board of the Financial Research Institute at the University of Missouri-Columbia.

Mr. Kincheloe's term expires on April 15, 1997.

HAROLD CRUMPTON

Commissioner

Commissioner Harold Crumpton was appointed to the Missouri Public Service Commission on May 3, 1993 by Governor Mel Carnahan.

Prior to his appointment to the Commission, Mr. Crumpton was employed by Southwestern Bell Telephone Company in its Network Operations in St. Louis. There he supervised the development of a major management information system that was deployed throughout the five state region and emulated by other Regional Bell Operating Companies. Mr. Crumpton had been with the telephone company from 1973 until 1992 when he took early retirement to pursue other career interests.

Commissioner Crumpton is a member of the Committee on Gas of the National Association of Regulatory Utility Commissioners (NARUC).

Mr. Crumpton earned his bachelor of science in chemistry from Washington University in St. Louis in 1971. In 1973, he received an M.B.A. in finance and production. He is currently pursuing a masters degree in telecommunications, and certification as a Certified Network Engineer (CNE).

Mr. Crumpton's term expires on April 15, 1999.



ALLAN G. MUELLER

Commissioner

Commissioner Allan Mueller was first appointed to the Commission on July 11, 1983 by Governor Christopher S. Bond. On June 30, 1989, he was reappointed to a six-year term by Governor John Ashcroft. In May 1993, Mueller was named Chairman of the PSC by Governor Mel Carnahan and served in that capacity until his term expired. He left the Commission in February of 1996.

Prior to his appointment to the PSC, Mr. Mueller represented districts in the City of St. Louis in the Missouri House of Representatives from 1971 to 1977 and the Missouri Senate from 1978 until 1983.

Mr. Mueller served on the National Association of Regulatory Utility Commissioners (NARUC) Committee on Energy Conservation. He also served on the advisory committee of the Electric Power Research Institute (EPRI) and the Missouri Oil and Gas Council.

In 1994 Governor Carnahan appointed Mr. Mueller to the Commission on Information Technology and to the Energy Futures Coalition. Mr. Mueller graduated from St. Mary's University in San Antonio, Texas in 1965 with a bachelor's degree in business administration.



PUBLIC SERVICE COMMISSION

KEY PERSONNEL

Karl Zobrist, Chair	751-3243
M. Dianne Drainer, Vice Chair	751-3233
Kenneth McClure, Commissioner	751-4221
Duncan E. Kincheloe, Commissioner	751-4132
Harold Crumpton, Commissioner	751-0582
Cecil I. Wright, Executive Secretary	751-3048

Administration Division

Donna M. Prenger, Director	751-7492
Mike Broker, Personnel Director	751-5606
James Phillips, Manager-Manufactured Housing Department	751-7119
Kevin Kelly, Information Officer	751-9300
Dan Redel, Manager - Internal Accounting Department	751-2457

Adjudication Division

Dale Hardy Roberts, Chief Administrative Law Judge	751-2474
Judy Fritsch, Manager - Records Department	751-7496

Policy and Planning Division

Gordon L. Persinger, Director	751-7491
Bill Washburn, Manager - Policy and Federal Affairs Department	751-7505
Michael S. Proctor, Chief Economist - Economic Analysis Department	751-7518

General Counsel

Steven Dottheim, Acting General Counsel	751-7489
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Utility Operations Division

Sam Goldammer, Director	751-2508
Bo Matisziw, Manager - Energy Department	751-2152
Dale Johansen, Manager - Water and Sewer Department	751-7074
John Van Eschen, Manager - Telecommunications Department	751-5525
David Birenbaum, Manager - Depreciation Department	751-1854

Utility Services Division

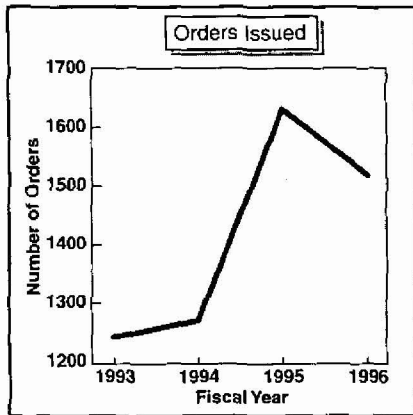
Kenneth J. Rademan, Director	751-7487
Jay Moore, Manager - Financial Analysis Department	751-8517
Janet Hoerschgen, Manager - Consumer Services Department	751-3160
Joan Wandel, Manager - Accounting Department	751-4781
David Sommerer, Manager - Procurement Analysis Department	751-4350
Art Wimberley, Manager - Management Services Department	751-7430

BUDGET

	FY 1995	FY 1996	FY 1997
Executive Section			
Personal Service	\$2,348,439	\$2,454,472	\$2,421,787
Expense and Equipment	\$292,486	\$292,486	\$321,838
Full-Time Employee (F.T.E.)	64	64	59
Administration Division			
Personal Service	\$422,138	\$434,219	\$484,812
Expense and Equipment	\$1,128,886	\$1,113,386	\$1,181,058
F.T.E.	13	13	14
General Counsel			
Personal Service	\$680,594	\$708,803	\$749,737
Expense and Equipment	\$127,044	\$127,044	\$127,044
F.T.E.	21	21	21
Utility Section			
Personal Service	\$3,417,175	\$3,619,171	\$3,929,123
Expense and Equipment	\$4,697,547	\$4,832,904	\$4,796,284
F.T.E.	101	101	103
Manufactured Housing Dept.			
Personal Service	\$213,913	\$222,193	\$233,424
Expense and Equipment	\$166,798*	\$77,598*	\$77,598*
F.T.E.	8	8	8
Totals			
Personal Service	\$7,082,259	\$7,438,858	\$7,818,883
Expense and Equipment	\$6,412,761	\$6,443,418	\$6,503,822
Total	<u>\$13,495,020</u>	<u>\$13,882,276</u>	<u>\$14,322,705</u>
F.T.E.	<u>207</u>	<u>207</u>	<u>205</u>

*Includes program specific distribution of \$7,935

UTILITY ISSUES



With continuing change in the utility industry, the workload at the Missouri Public Service Commission grows to keep pace. Case and filing statistics have shown a steady increase, while at the same time new legislation, federal agency activity and changing regulation have required a large commitment of resources in order to stay abreast of developments and to influence national policy favorable to Missouri.

New federal regulations in the natural gas and wholesale electric power markets, federal environmental legislation, mergers and acquisitions, and growing competition in telecommunications, natural gas and electricity all account for an increase in the quantity and complexity of the Commission's workload.

TELECOMMUNICATIONS

New technology and open markets continue to bring changes to telecommunications. Because of technological advances, consumers now have greater opportunities to choose the type of telecommunications services that meet their individual needs.

There are 43 local exchange carriers subject to the Commission's jurisdiction, most prominently Southwestern Bell Telephone Company, GTE Midwest, Inc., and United Telephone Co., now doing business under the name Sprint. The Commission regulates 25 shared-tenant service providers, 214 privately-owned payphone providers

and 324 long distance carriers operating in Missouri.

NEW LAWS: COMPETITION FOR LOCAL SERVICE

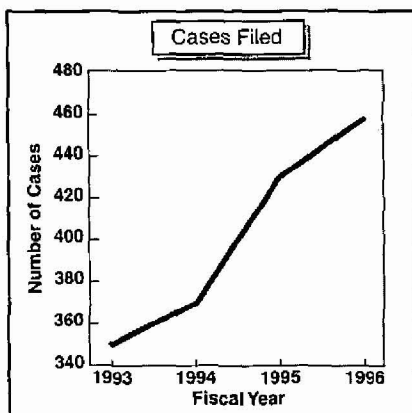
During the past year, legislation was passed at both the federal and state levels with the intent of providing lower prices, greater choice and better service. Competition in telecommunications services is intended to substitute for traditional rate of return regulation when it is consistent with the public interest.

The Commission actively supported Senate Bill 507 which was passed by the Missouri General Assembly and signed by Governor Carnahan on May 17, 1996. It took effect August 28, 1996.

The new state law permits flexible regulation of competitive telecommunications companies while ensuring customers pay reasonable charges for their services.

Under the new law, local rates for Southwestern Bell, GTE and United will be frozen until January 1, 2000. Thereafter, prices may change according to two relatively conservative government price indexes, which are based on the price of telephone services throughout the country. This standard should cause rate levels to remain affordable.

An exception to this price freeze is that GTE and United will be permitted, beginning in 1997, to raise local rates no more than \$1.50 annually (subject to Commission review) up to a maximum overall



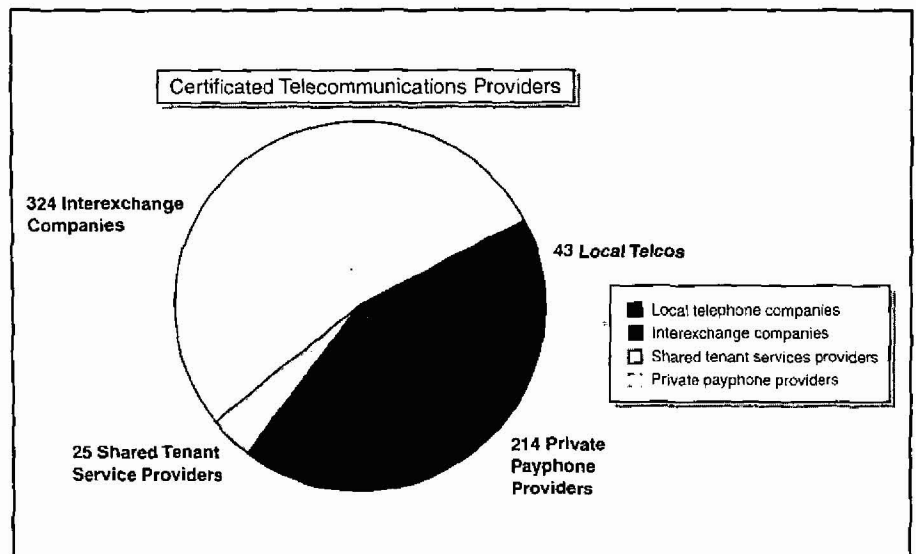
increase of \$6.00. However, those revenue increases will be offset by decreases in "access charges" paid to GTE and United by long distance carriers. The long distance carriers will then pass these savings on to their customers in the form of reduced toll rates. In addition, GTE and United must reduce intraLATA toll rates by 10 percent before they can "rebalance" rates in this manner.

Under the new law, a state universal service fund will be established to support consumers who need financial assistance to obtain and keep telephone service, as well as to support those telephone exchanges which are expensive to maintain.

The overall effect of Senate Bill 507 is to promote a competitive marketplace which should ultimately result in reduced rates, better service quality, more options for consumers, and a more progressive business environment for the state.

The Federal Telecommunications Act of 1996 was signed into law by President Clinton on February 8, 1996. This new law mandates sweeping changes in the telecommunications environment throughout the nation. Much of the Act requires federal and state regulatory cooperation to deal with the dual jurisdictional nature of many aspects of telecommunications.

As a result of the Act, the Federal Communications Commission (FCC) expects to open approximately 90 proceedings within 18 months from the enactment to facilitate its implementation. The three major issues to be addressed are: 1) universal service; 2) inter-



connection between incumbent local telephone companies and new competitors; and 3) access charges levied by local telephone companies when their systems are used to send and receive toll calls.

TELEPHONE NUMBER SHORTAGES CREATE A NEW AREA CODE

To address the telephone number shortage in Missouri's 314 area code, the Commission created a new 573 area code in the 314 area in July 1995. The permissive dialing period, allowing customers to begin using the new 573 area code, began in early January. The permanent switch-over occurred in July 1996.

St. Louis and the surrounding metropolitan area retained the 314 area code. The outlying territory switched to the new 573 area code. The new area code came to such cities as Jefferson City, Columbia, Cape Girardeau and Hannibal.

Exhaustion of available telephone numbers is an issue in

PUBLIC SERVICE COMMISSION

the 816 area code, and will soon be an issue again in the "new" 314 area. The telecommunications department continues to meet with industry representatives to investigate their projected future number shortages.

CONTINUING NETWORK MODERNIZATION

The Commission has been active in promoting modern telecommunications services. In December 1992, the Commission established modernization rules which prescribe minimum technology and service standards for local telephone companies. This rule requires telephone companies submit plans to provide one party service, E911, digital interoffice transmission, Signaling Number Seven, custom calling services and interLATA equal access.

Approximately 19,900 lines, representing less than 1% of all lines in Missouri, remain on multi-party service.

DISTANCE LEARNING

The Commission has promoted economical distance learning services to schools. Most Missouri telephone companies presently offer some form of distance learning service. During the past year, the Commission encouraged Southwestern Bell to reduce its prices for distance learning services, and approved tariffs providing schools with a 20% discount of the monthly rates for local exchange services.

The PSC expects that other local telephone companies will soon offer similar discounts to schools.



TELEMEDICINE TRIAL CONTINUES

The PSC continues to play a key role in the development and execution of programs for the rural medical community. Encouraged by the PSC Staff, the medical



Photo by Linda Owen Padraley, Courtesy of MU Health Sciences Ctr.

community and local exchange telecommunications providers have joined hands to help improve rural health care in Missouri.

The telemedicine trial, in its second year, allows primary care and emergency physicians from rural areas to consult with specialists over telecommunications lines, saving patients unnecessary travel, expense and time away from work.

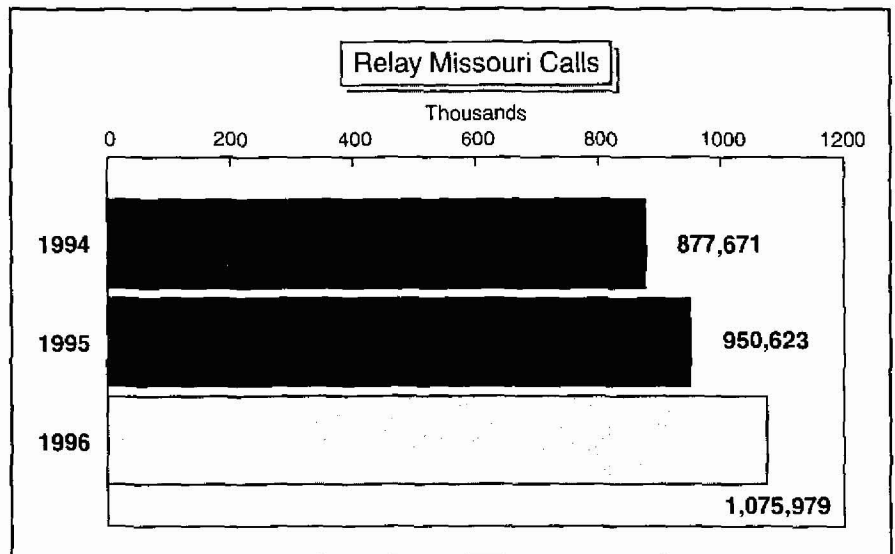
This program will strengthen the role of rural clinics and hospitals enabling them to continue care on site for patients whom they traditionally have referred to large medical centers.

RELAY MISSOURI

The PSC oversees the administration of the Relay Missouri service which assists hearing and speech impaired citizens. A 13-member advisory committee assists the PSC in ensuring that *Relay Missouri continues to provide a valuable service.*

This service originated in 1991 to allow access to the telephone network. In July 1995 the Commission issued an order increasing the monthly surcharge to all ratepayers from 6¢ to 13¢ to help pay for the service. The surcharge is reviewed every two years but not more than annually. Sprint Services, a division of Sprint Communications Corp., has provided the service since its inception from a Relay Center located in Independence.

During the past year the service was opened for bid by other providers. After reviewing the bids and soliciting comments from various parties, the Commission awarded a three-year contract to Sprint Services, effective July 1, 1996. The volume of calls handled by Relay Missouri continues to increase each year as shown below:



QUALITY OF SERVICE AUDITS

During the past year, the Telecommunications Department's Technical Services Section performed 34 quality of service field audits of local telephone companies. These audits involve testing wire centers' outside plant cable for physical and electrical faults. The audits also monitor the processing of calls through the local office as well as larger trunk facilities serving customers in individual wire centers.

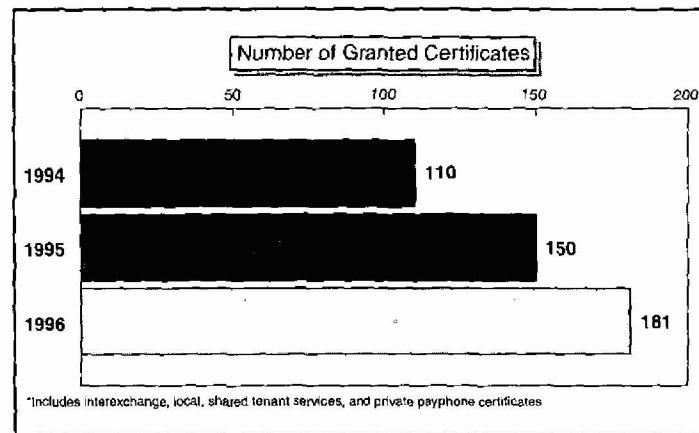
The Technical Services Section also performs remote testing of companies' end-to-end facilities. Through these audits, problems in service quality are detected so that corrective action can be taken. This group has also been involved in re-drafting the Commission's quality of service rules.

The Technical Services Section has been actively involved in Southwestern Bell's commitment to spend \$35 million annually on special projects through 1998. This four-year commitment resulted from an agreement between Southwestern Bell, the Office of the Public Counsel and the Commission which settled an earnings investigation case. Projects targeted through this commitment include distance learning, telemedicine, telecommunity centers, interoffice

fiber availability, and party line elimination.

CERTIFICATES GRANTED/ TARIFF FILINGS PROCESSED

The Commission grants certificates of service authority to provide interexchange, local exchange, basic local exchange, shared tenant services and private payphone services. During the past year, the Commission granted 181 certificates to entities seeking to provide the above services. The number of certificates is significantly higher for this year in comparison to prior years as shown by the following graph:



All interexchange and local telephone companies are required to file and maintain tariffs with the Commission. During the past year the Commission received 620 telecommunications tariff filings.

During the past year, the Telecommunications Department implemented changes to the procedures used for the internal processing of certificate applications and tariff filings. Through these changes applications and

tariff filings were processed more efficiently resulting in fewer administrative delays.

IMPROVING WAYS TO ACCESS PSC INFORMATION

The Telecommunications Department has continued to strive to make public PSC information more accessible. Various department members have worked on establishing an electronic bulletin board and a PSC web site. (Web site address is <http://www.ecodev.state.mo.us/psc/>). These sites allow browsers to gain relevant information about the Commission and its work activity. In addition, preparations have been made for electronic access to company tariffs.

NEW CHALLENGES

Address requests to compete for local telephone services. The Commission is addressing requests pertaining to competition within the local telephone market, and has established a new Competitive Group in the Department to address such issues. As required by state law, companies requesting to provide local telephone services must be certificated and have tariffs approved by the Commission. The Commission will be streamlining the certification and tariffing procedure in order to process these requests more efficiently. The Commission is in the process of approving, mediating and arbitrating interconnection agreements between the competing and incumbent local telephone companies.

Implement price cap regulation. Senate Bill 507 permits more flexible regulation as competition increases in the provision of telephone services. The Commission anticipates price cap regulation will replace rate of return regulation for various companies as local telephone service competition emerges in Missouri. Price cap regulation will set maximum prices for established local telephone companies facing competition within the local exchange market. These companies will be allowed pricing flexibility below these maximum prices.

Rate rebalancing. Price cap regulated companies are now allowed some rebalancing of rates. Within guidelines established by Senate Bill 507, the rates local telephone companies charge long distance companies for originating and terminating toll calls will be allowed to decrease while local rates increase.

Establish a Universal Service Fund Board. The Commission is now required to establish a Universal Service Board to ensure that essential local telephone services are available at reasonable rates throughout the state. This service will most likely be funded through an assessment on all telecommunications companies.

Create an equipment distribution program for telecommunications devices for the disabled (TDD). Recent state legislation requires the establishment of a TDD distribution program. The Commission is presently working with the speech and hearing impaired community, the telephone industry and other parties to create this program which will



Myron Couch tests cable pairs in a telephone central office.

PUBLIC SERVICE COMMISSION

RESIDENTIAL		
State Name	Rate (cents/kwh)	State Rank
New Hampshire	13.6	1
New York	13.6	2
Vermont	12.3	5
California	11.7	9
Illinois	9.3	12
U.S. Average	8.1	
Kansas	7.3	25
Iowa	7.2	29
Wisconsin	6.9	32
Missouri	6.0	42
Idaho	5.3	50
Kentucky	5.2	51

COMMERCIAL		
State Name	Rate (cents/kwh)	State Rank
Vermont	12.5	1
New Hampshire	11.0	5
New York	11.0	4
California	9.3	10
U.S. Average	7.7	
Illinois	7.1	17
Kansas	6.5	26
Wisconsin	5.7	40
Iowa	5.6	42
Missouri	5.3	45
Kentucky	5.0	48
Idaho	4.6	51

INDUSTRIAL		
State Name	Rate (cents/kwh)	State Rank
New Hampshire	9.5	1
Vermont	8.3	6
California	6.2	10
New York	5.4	12
U.S. Average	4.9	
Illinois	4.7	17
Kansas	4.7	16
Missouri	3.9	38
Wisconsin	3.8	41
Kentucky	3.4	49
Iowa	3.4	46
Idaho	2.6	51

State Rank: States and District of Columbia ranked 1-51 from the most costly electric rate (cents/kwh) to the least costly.

Source: US Energy Information Administration

be funded through the Relay Missouri Service surcharge fund.

Analyze the degree of competition for telecommunications services. The Commission is actively monitoring the degree of competition within the telecommunications industry. Southwestern Bell is presently banned from providing interLATA telecommunications services within Missouri. However, the Federal Telecommunications Act permits the lifting of the ban if Southwestern Bell faces robust competition in its local market.

Address intraLATA presubscription. The Commission will address issues pertaining to the establishment of intraLATA presubscription. IntraLATA presubscription, once implemented, will allow customers in exchanges with equal access capability the ability to choose the carrier to handle their 1+ intraLATA toll calls. Presently customers do not have this choice. A significant amount of work has already been performed by the Telecommunications Department on the issue of intraLATA presubscription. This work includes the drafting of an intraLATA presubscription rule for the Commission's consideration, as well as conducting numerous meetings and a workshop with the industry discussing the issues associated with this topic.

ELECTRICITY

As required by state law, Staff continually monitors the operation and maintenance of the electric power industry throughout

Missouri. Good management is essential to reduce plant operating costs, provide safe and reliable service, and to assure that plants continue to operate for their designed lives.

ELECTRICITY RATES

The efforts of Missouri's electric utilities and the PSC have benefited all classes of Missouri consumers with low electricity rates. The U.S. Energy Information Administration, a non-partisan office in the federal Department of Energy, annually ranks the states according to their average rates in cents per kilowatt hour. For calendar year 1995, Missouri ranked 10th lowest in residential rates, 7th lowest in commercial rates, and 14th lowest in industrial rates.

GENERATING FACILITIES

The electric generating facilities serving Missouri customers vary in age, condition, megawatt capacity and type of fuel. Amendments to the federal Clean Air Act place significantly more stringent emission standards on fossil fuel (coal and natural gas) generating facilities. Missouri is on the threshold of needing to construct new electric generating facilities to keep pace with the growth in electric load. However, some electric utilities serving Missouri customers may now be restricted from additional sulphur dioxide emissions.

Any decision to add new generating capacity must weigh the costs of reducing air emissions at

existing facilities, constructing an electric generating facility using new technology, or purchasing electric capacity from another electric system. The PSC Staff works with regulated electric companies in the area of strategic resource planning to meet regulated electric load growth in the most economic and environmentally efficient manner. To assist in this, utilities provide current information on items such as electric sales, system outages, daily operations and interchange purchases. Staff also investigate technical service quality, consumer complaints, and play a significant role in electric generating plant and transmission line siting.

Staff members are required to address the substantial ongoing operation and maintenance costs of nuclear generating facilities throughout their operational life. In addition to determining the costs of nuclear fuel, the cost of scheduled shutdowns, refueling and startup, the Staff must determine the appropriate replacement cost for power purchases during the refueling process. During refueling outages, plant modifications and equipment changes are also made which create a peak load requirement for Staff monitoring and investigations.

ALTERNATIVE RATE REGULATION FOR UNION ELECTRIC

Union Electric Co. in St. Louis became the first regulated electric utility in Missouri to operate under an experimental Alternative Rate Regulation Plan under an agreement approved in July 1995.

The agreement required:

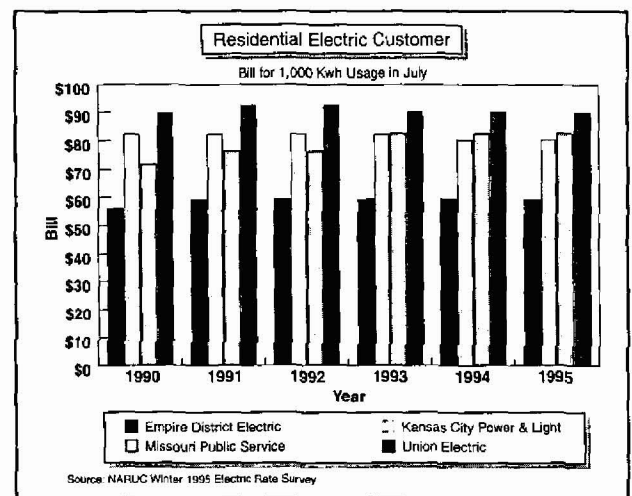
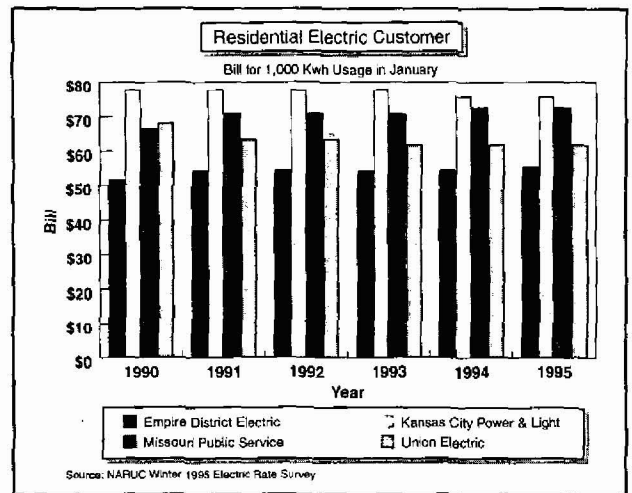
- ❖ an electric rate reduction of approximately \$30 million (1.8%) a year;
- ❖ a one-time bill credit of approximately \$30 million; and
- ❖ a three-year experimental Alternative Regulation Plan.

Under the plan, customers will benefit from the efficient operations of the company by sharing in company earnings if those earnings reach a certain level.

The experimental Alternative Regulation Plan establishes a sharing grid under which customers share in earnings if the earnings rise above a specified return on equity.

RESTRUCTURING: ELECTRICITY ROUNDTABLE

Under the leadership of Commissioner Kincheloe, the Commission established the Electricity Roundtable in August 1995 to expand understanding of the



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Syed Ahmed, David Elliott, and a UE customer service engineer inspect a substation control panel.

structural changes occurring in the electricity industry outside of Missouri and to develop a vehicle for implementing changes in Missouri. These Roundtable discussions provided an opportunity for informal dialogue, not formal deliberations. Their purpose was to share information and improve understanding among various parties of the different versions of the electric utility industry in today's rapidly changing environment.

Participants in the Roundtable meetings have included officials from investor-owned, municipal and cooperative electric utilities; consumer groups, large industrial customers, and state agencies; and the Office of the Public Counsel.

Roundtable discussion topics have focused on:

- ❖ opportunities and problems in a restructured electric industry;
- ❖ the changing role of regulation;
- ❖ retail competition; and
- ❖ stranded investments.

As a result of these sessions, a solid foundation has been formed on which future PSC decisions on restructuring and retail competition will be based.

MERGER ACTIVITY

Missouri was the scene of two significant merger proposals this fiscal year which received national attention.

UNION ELECTRIC

On November 7, 1995, Union Electric Co. (UE) sought authority to merge with Central Illinois Public Service Co. (CIPS), an electric and gas utility located in Springfield, Illinois. The boards of directors of UE and CIPSCO, Inc. (the parent of CIPS) agreed to a merger that would result in the formation of Ameren Corporation, a new public utility holding company. UE and CIPS would be operated as divisions of Ameren. The parties proposed to merge through an exchange of stock and named St. Louis as the corporate headquarters of the new holding company.

In May 1996 the PSC staff recommended approval of the merger, provided that certain conditions were met. Staff proposed that any adjusted merger savings be passed on to ratepayers through an extension to 2001 of the existing Alternative Regulation Plan now in effect at UE. The new Alternative Regulation Plan eventually became the centerpiece of a proposed Stipulation and Agreement entered into by UE, Staff, Office of the Public Counsel and other interested parties in July 1996.

The Agreement presented to the Commission for its decision provided that earnings above a 12.61% return on equity up to 14% would be divided equally between ratepayers (who would receive 90%) and stockholders (who would receive 10%). Earnings reaching a 16% return on equity and above would be credited entirely to ratepayers. The costs of any

"premium" associated with the proposed merger would not be recovered from Missouri ratepayers. The parties also agreed to an electric rate decrease beginning September 1, 1998, and to continuing PSC access to Ameren's books and records.

Finally, the Agreement required UE to propose an experimental "retail wheeling" pilot program for 100 megawatts of electric power. Such programs allow customers to buy electricity on a retail basis from the local utility as well as other energy providers. UE is required to file its proposed pilot program no later than March 1, 1997.

The Commission will most likely act on the proposed Stipulation and Agreement by the end of 1996.

KANSAS CITY POWER & LIGHT

In January 1996 Kansas City Power & Light Co. (KCPL) filed a joint application with UtiliCorp United, Inc. (UtiliCorp), seeking PSC approval to merge their companies. The \$3 billion combination of the two Kansas City-based companies would have yielded, according to the parties, \$600 million in estimated savings and the loss of 200 jobs. UtiliCorp, a public utility holding company, operates Missouri Public Service, an electric and gas utility operating in western Missouri under PSC oversight.

In April Western Resources Inc., a gas and electric utility based in Topeka, Kansas, filed a competing application with the PSC, seeking to merge with KCPL. Western Resources estimated \$1 billion in

cost savings in its plan. Both proposals offered rate cuts to consumers.

While the boards of directors of KCPL and UtiliCorp had agreed to merge, the Western Resources bid was opposed by the KCPL board. Throughout the summer of 1996 Western Resources pursued its "hostile" tender offer proposal to KCPL stockholders. KCPL and UtiliCorp advised their respective stockholders that the "friendly" merger was a superior plan. The Staff of the PSC began its investigation to determine whether the competing proposals were "not detrimental to the public interest," the statutory test which a merger must pass.

Meeting on August 16, KCPL stockholders failed to ratify the merger with UtiliCorp, giving that proposal only 46% approval. KCPL and UtiliCorp dismissed their merger application at the PSC in September. Western Resources has announced that it will pursue its plan to merge with KCPL and to seek approval of various regulatory bodies, including the Missouri PSC.

FEDERAL DECISIONS

- ❖ In April 1996, the Federal Energy Regulatory Commission (FERC) issued Order No. 888 on Electric Transmission Open Access and Stranded Cost Recovery.
- ❖ Order 888 requires electric utilities that own, operate or control interstate transmission facilities to open their transmission lines to competitors, and to offer other

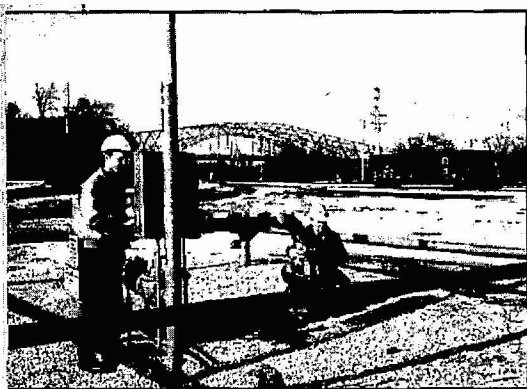


Syed Ahmed and David Elliott inspect a substation breaker panel.

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providers of wholesale electric service the same transmission services they provide themselves, under comparable terms and conditions for wholesale transactions.

- ❖ FERC also issued Order 889 in April 1996 which proposed standards of conduct between affiliates and required the electronic posting of real-time transmission information. The OASIS (Open Access Same-time Information System) concept requires utilities to obtain information about their transmission systems the same way their competitors do.
- ❖ Special provisions of Order 888 cover power pools, which are required to file a joint pool-wide tariff by December 31, 1996. Order 888 established principles for Independent System Operators which would serve as neutral parties to control transmission pricing and system operation.
- ❖ Union Electric Company along with 21 other Midwestern utilities proposed the formation of a Midwest Independent System Operator (ISO). The Midwest ISO proposes to advance wholesale competition by ensuring non-discriminatory open access to a large portion of the central United States transmission grid. Members are currently studying issues of management, operation, planning and pricing.



Gas Safety Staff members Steve Fischer and Rick Fennel check a natural gas pipeline installation.

DEPRECIATION DEPARTMENT

The Depreciation Department visited one nuclear and 14 coal-fired electric generating plants this fiscal year. Staff members interviewed plant managers, engineers and accountants in order to develop base line information regarding plant power dispatch patterns, anticipated construction needs and other factors which will assist the PSC in assessing property life and cost of removal issues.

The Department conducted workshops during the spring of 1996 for Commissioners and over 40 Staff members, covering depreciation accounting concepts, legal standards, methods of analyzing the service lives of property, and related issues. The Department purchased two PC-based commercial depreciation software packages which now offer analytical capabilities and documentation previously unavailable to Staff. The Department's manager is a co-author of *Public Utility Depreciation Practices*, published by the National Association of Regulatory Utility Commissioners and nationally recognized as authoritative in its field.

NATURAL GAS

The natural gas industry is experiencing dramatic changes due to federal deregulation and accompanying mandates.

Setting natural gas rates is a much more complex procedure than in the past. Individual customers, especially large commercial and industrial consumers, may

purchase gas on the open market at the best price available and have it transported to them pursuant to federal and state "transportation" programs. The PSC Staff must determine rates which achieve adequate return for local distribution gas companies (LDC's) without forcing customers to alternate between natural gas and other energy markets.

Staff members processed eleven Purchased Gas Adjustment filings every month, which revised the price of natural gas purchased by Missouri LDC's to reflect market fluctuations. Staff also reviewed certificate applications by new utilities and requests to expand service areas by existing utilities. New service offerings of local gas distribution companies must also be scrutinized.

DISCOUNTING AND "FLEXING" TO MEET THE COMPETITION

In deciding a general rate case filed by United Cities Gas Co., the Commission recognized the obstacles faced by local natural gas distribution companies in the competitive environment ushered in by FERC Order 636. The PSC established standards that would be applied to any discounts given certain customers.

- ❖ An LDC may discount or "flex" its tariffed transportation rates to meet competition, but must recover all variable costs plus a reasonable contribution to its fixed costs during the course of the contract.
- ❖ An LDC will be expected to show substantial and competent evidence of imminent bypass.
- ❖ Transactions involving non-regulated affiliates will be scrupulously reviewed to determine if all parties acted at arms length, and rates were flexed down no further than needed to meet the relevant competition.

EXPANSION OF NATURAL GAS SERVICE

Construction projects during FY96 have extended natural gas service to a number of areas and communities in Missouri.

- ❖ Missouri Public Service, a division of UtiliCorp United, was granted a certificate to provide natural gas service to customers in Salem, whose customers began receiving service in July 1996. Additionally, construction of gas distribution facilities in Rolla continues following the initiation of service in October 1994.
- ❖ Southern Missouri Gas Co. began construction of its facilities in April 1995, commenced service in the communities of Marshfield, Ava, Mansfield, Mountain Grove, Cabool, and Willow Springs. Construction crews are actively working in the area to serve West Plains, Rogersville, Fordland, Seymour, Diggins, and Norwood.



Gas Safety Staff members John Kottwitz and Amy Brox check for compliance during natural gas pipeline installation.

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- ❖ The City of Gallatin began construction of its municipal natural gas system which became operational in November 1995.
- ❖ The community of Richland began construction of its municipal natural gas system, which became operational in August 1996.

GROWTH AND CAPACITY PROBLEMS IN SOUTHWEST MISSOURI

Extremely cold weather patterns during this past season tested the natural gas delivery system throughout the region. In certain parts of Missouri, notably the southwestern region, capacity constraints were encountered frequently. The PSC hosted several meetings with interstate pipelines, local distribution companies, state and local economic development leaders, customers, and local officials to discuss how to resolve the area's gas delivery problems.

PROCUREMENT ANALYSIS DEPARTMENT ACCOMPLISHMENTS

The Procurement Analysis Department reviews the natural gas purchasing practices of all Missouri LDC's to determine the prudence of other contracts, and compliance with the Actual Cost Adjustment (ACA) tariffs. The department also evaluates gas cost incentive programs and reviews LDC economic dispatch/reliability models.

- ❖ The Commission approved a new gas incentive mechanism for Missouri Gas Energy. The plan is designed to share savings achieved when actual costs are compared to a benchmark. Rather than simply passing the costs through to the customer, the plan gives the company an incentive to achieve savings.
- ❖ The Commission approved an agreement designed to reduce Western Resources and Missouri Gas Energy customer rates by approximately \$4,000,000, based upon the Actual Cost Adjustment audits for these cases.
- ❖ The Commission procured a natural gas sendout model which analyzes the optimal amounts of gas supply that service companies should obtain. This emphasis on optimal costing has resulted in more detailed reviews and recommendations on gas inventory levels that are ultimately funded by the customer.
- ❖ In Missouri Gas Energy Case No. GO-96-243, the Commission set up the review of a reliability plan to ensure that MGE is conducting its business in a manner that is consistent with maintaining a reliable supply of natural gas.
- ❖ In a Union Electric gas case, \$100,000 was returned to customers related to a prudence issue, and \$600,000 was

refunded due to a miscalculation of rates.

- ❖ A pilot program was set up to monitor Union Electric's use of the futures market to reduce gas price volatility, resulting in a savings of approximately \$200,000 to customers.

NATURAL GAS ROUNDTABLE DISCUSSION GROUP

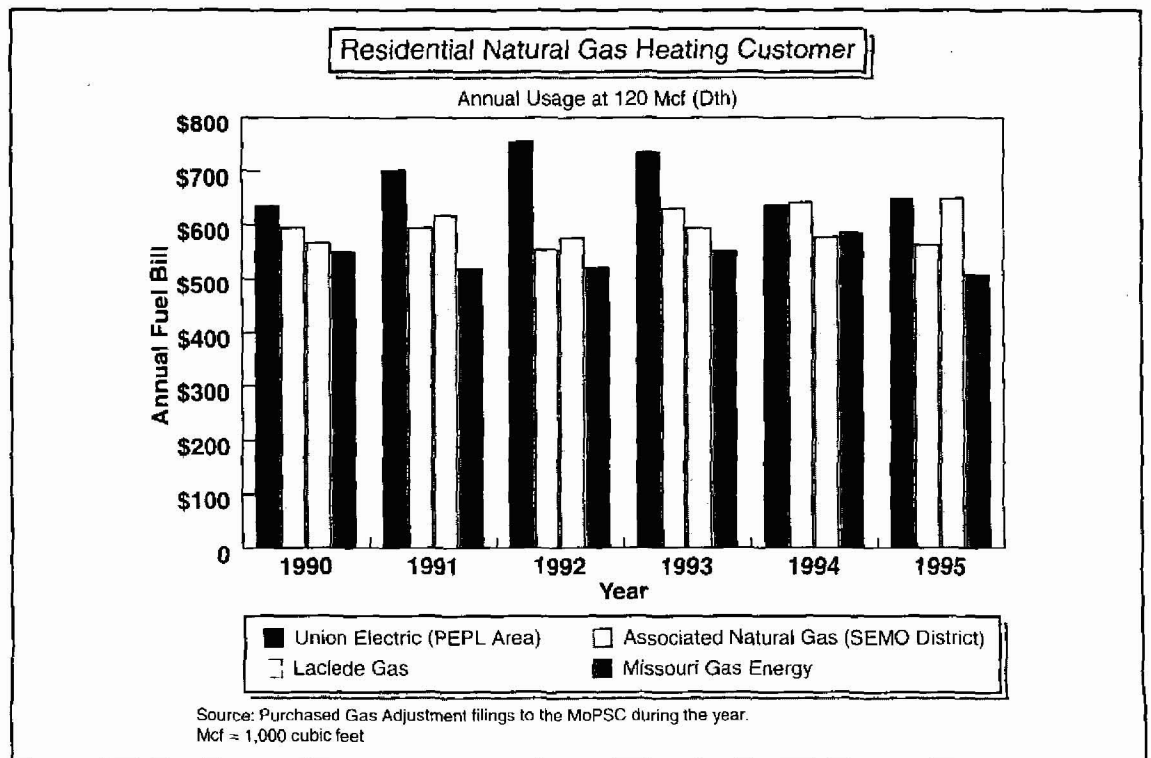
In July, the Commission announced the formation of a Natural Gas Roundtable Discussion Group (NGRDG) under the leadership of Commissioner Crumpton, which is examining the future of the natural gas industry in Missouri. As part of the roundtable concept, meetings will be held throughout Missouri, and local citizens will be encouraged to attend and participate in the discussions.

The use of roundtables to discuss emerging topics and issues has gained popularity, especially in utility industries. The Commission believes that exchanging ideas, opinions and information among various stakeholders in a non-confrontational arena will allow for better and

more informed decisions. With the formation of the NGRDG, the Commission is continuing a process already underway with the Electric Roundtable and the Telecommunications Technical Workshops.

CHALLENGES OF DEREGULATION IN THE NATURAL GAS INDUSTRY

Federal deregulation has changed the landscape of the natural gas industry, and created numerous operational and regulatory issues at the state level. Among these are issues of retail unbundling (separating various traditional utility services into distinct cost components) and giving customers a choice in who provides them with these various gas services. This customer choice issue is much like what is currently



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available to consumers in the long-distance telecommunication and health care industries. Related issues include the local utility's obligation to serve; utility company affiliate relationships; consumer protection measures; service reliability; and the changing role of regulators. These issues, as well as many others, will be actively discussed and evaluated at Natural Gas Roundtable sessions in the coming year.

Although natural gas as a commodity has been deregulated, the local utility distribution company (LDC) remains a monopoly with the obligation to serve. As witnessed by the winter of 1995-96, gas prices can be extremely volatile. Although the price of gas is market driven, large variances in prices available to LDC's develop. An LDC has flexibility and choice about various aspects that may affect the gas price eventually passed through to the consumer.

A futures market for natural gas was instituted in 1990 on the New York Mercantile Exchange (NYMEX). In an effort to encourage the gas industry to investigate all tools available for obtaining the best gas price, the Commission has encouraged evaluations of this futures market as a tool for hedging. The setting up of controls and checks is a key aspect of developing a plan to participate in the futures market.

Significant elements that will be reviewed in the future regarding natural gas relate to customer choice for natural gas, reliability of gas service in a more competitive environment, and incentive

ratemaking plans designed to create win-win outcomes.

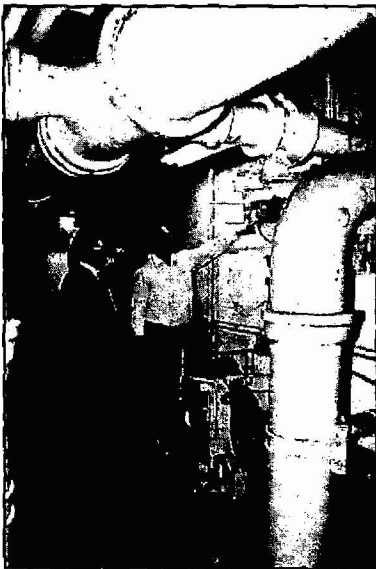
WATER & SEWER DEPARTMENT

The Water and Sewer Department conducts routine field inspections of all regulated water and sewer companies. Staff normally conducts these inspections on a regularly scheduled basis, however, they also conduct inspections in conjunction with audits of company requests for rate relief and during investigations of customer service complaints. The purpose of these investigations is to determine:

- ❖ the overall condition of the system;
- ❖ the appropriateness of the supply, storage and distribution facilities;
- ❖ the quality of service companies are providing; and
- ❖ whether the system is operating in compliance with Commission rules and Department of Natural Resources regulations.

Staff personnel also work with the Missouri Department of Natural Resources (DNR) regarding companies' compliance with environmental regulations.

While DNR has primary jurisdiction over the enforcement of federal/state environmental regulations, the Water and Sewer Department works closely with regulated companies to ensure the



A United Water technician demonstrates a plant monitor to Staff member Jim Merciel.

they make necessary system improvements in a cost effective manner.

These aspects of the field inspection program will become even more important as federal and state regulations are amended. While such changes will affect all regulated firms to some degree, the changes will have a much greater affect on smaller companies and their ratepayers.

As new home construction increases, the PSC is experiencing a growth in the number of certificate applications filed by new water and sewer utilities established to serve residential developments. Another trend in the industry is the consolidation of small water and sewer companies with larger regulated utilities or with unregulated municipalities or public districts. A number of these small utilities have experienced financial or operational problems. The PSC must then determine whether the sale of the company is in the public interest, where the promise of better service often is coupled with imminent rate increases.

EIERA LOAN PROGRAM

In 1992 the Missouri Environmental Improvement and Energy Resources Authority (EIERA) and the Commission established a small water and sewer company revolving loan program. Currently, EIERA has made seven loans to small water and sewer companies that were not able to borrow money from any other source. The interest rate on these loans was fixed at the prime

rate when the loan closed. Loan proceeds from this program must be used for capital improvements in water or sewer system facilities which are necessary for the company to provide safe and adequate service.

However, Staff believes that additional resources are needed to address the continuing and increasing needs of small companies that require substantial capital improvements to meet and comply with state and federal environmental standards.

In many cases Missouri's small water and sewer utility companies are not financially strong enough to secure the funds necessary to make the required improvements. Without some form of assistance these companies may not be able to provide safe and adequate service to their customers.

METROPOLITAN ST. LOUIS SEWER DISTRICT

A report issued in March 1996 by a task force investigating the Metropolitan St. Louis Sewer District (MSD) recommended that the sewer and storm-water service for the St. Louis region be provided by an investor-owned public utility regulated by the PSC. Subsequently, the Mayor of St. Louis and the St. Louis County Executive appointed 25 members to the MSD Conversion/Implementation Committee which is to determine by January 1997 whether it is feasible to convert MSD to a regulated public utility.

The PSC Chair, as well as the head of the Water & Sewer Department, have met with the MSD

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Conversion Committee, and have agreed to cooperate fully with the committee's effort to explore privatization. The addition of a utility the size of MSD would likely require four new full-time employees in the 7-person Water & Sewer Department, and additional staffing in the customer service, legal and auditing areas.

MANUFACTURED HOUSING DEPARTMENT

The Manufactured Housing Department is required by state law to register all manufacturers and dealers of manufactured homes who sell manufactured homes, recreational vehicles or modular units in Missouri. In addition, the PSC Staff prescribes and enforces uniform construction standards for manufactured homes, modular units and recreational vehicles manufactured and/or sold within the State.

Staff approves plans for modular units and recreational vehicles sold in the State and enforces manufactured home tie-down requirements. There are 303 manufactured housing dealers, 108 recreational vehicle dealers and 23 modular unit dealers operating in Missouri.

TECHNICAL CONFERENCE ON ANCHORING

In an effort to understand the problems encountered by the industry in anchoring mobile and manufactured homes to the ground, the PSC sponsored a technical conference in September 1996.

Attended by representatives of the manufactured housing and anchoring industries, the U.S. Department of Housing & Urban Development, civil engineers from University of Missouri-Rolla, as well as various state officials, this meeting brought together for the first time a diverse group of individuals dedicated to solving a common problem in a cooperative environment. The PSC intends to sponsor similar events to build on the goodwill established at the anchoring conference.



Manufactured housing inspector Gene Winn ensures this home meets PSC code compliance.

ELECTRICAL SAFETY

This fiscal year the Energy Department's Engineering Staff hosted the first statewide meeting of electrical safety managers. The meeting was attended by approximately 80 persons representing investor-owned, cooperative and municipal utilities. The purpose of the meeting was to raise the safety consciousness of all utility workers regarding the hazards associated with electric facilities and to encourage safe habits.

The PSC encouraged individual utilities to identify safety issues and to find the most effective ways to deliver safety messages to their employees and the public. The Staff plans to improve the dissemination of electrical safety information in subsequent statewide meetings.

PIPELINE SAFETY LAW

On July 9, 1996, Governor Carnahan signed Senate Bill 589 giving the Public Service Commission explicit safety authority over the pipeline facilities of direct users supplying gas to institutional buildings. The amendment to Section 386.310.4 of the Revised Statutes was needed to deal with the increasing number of large gas consumers installing and operating pipeline facilities directly from the pipeline to their premises. Such facilities were traditionally operated by the pipeline companies or by the local distribution gas companies.

This legislative effort was designed to ensure that the safety

related activities of these operators are properly and clearly regulated. The law became effective on August 28, 1996.

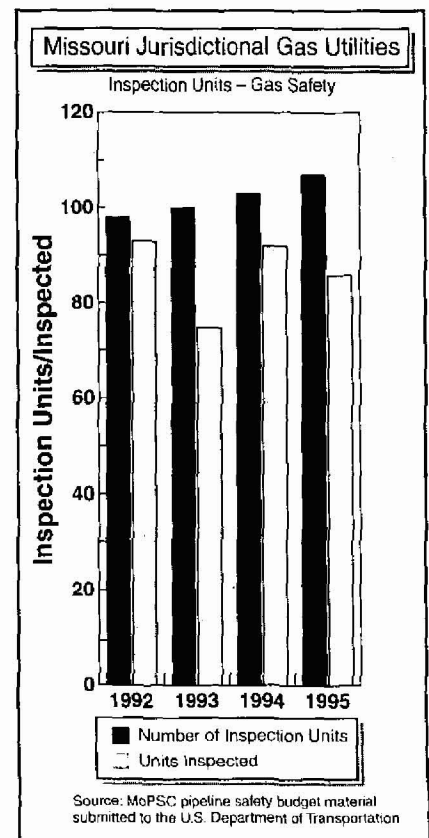
PIPELINE SAFETY RISK MANAGEMENT

The PSC is helping to develop a plan to receive, analyze, monitor and revise company-specific risk management plans that pipeline companies would submit as an alternative to the existing pipeline safety regulations. This project is supported by Congress, the United States Department Of Transportation and the gas industry.

A technical team has been formed under the sponsorship of the Office of Pipeline Safety, the American Petroleum Institute, the Interstate Natural Gas Association of America with support from the National Association of Regulatory Utility Commissioners (through which the PSC participates), the National Association of Pipeline Safety Representatives and the Gas Research Institute.

This technical team, comprised of 16 participants from a cross-section of the industry, will develop the interim risk management standards to be used in a demonstration project. The project, initially focusing on interstate transmission pipelines, is intended to assess the feasibility of applying risk management techniques to the pipeline industry and to determine the most effective way to implement risk management programs.

SAFETY ISSUES



SERVICE QUALITY

CONSUMER SERVICES DEPARTMENT

The Consumer Services Department investigates complaints and responds to inquiries concerning the PSC's regulated utility companies. Each complaint is assigned to a consumer specialist who acts as an intermediary between the customer and the utility to reach a resolution or provide the requested information.

The PSC has offices in Kansas City, Jefferson City and St. Louis that assist customers. Consumers may contact the Consumer Services Department by using the toll-free Consumer Hotline: (800) 392-4211. In FY96, the PSC received over 7,000 calls on the Consumer Hotline, in addition to other written and verbal complaints, mediation requests and inquiries.

The majority of the contacts received by Consumer Services are individual customer complaints regarding billing statements, rates and services. Consumer Services enforces Commission regulations and tariff compliance through the investigation of these complaints. When individual customers contact Consumer Services requesting assistance to negotiate payment arrangements with the utilities, the Department attempts to mediate such disputes.

LOW INCOME CONSUMER ISSUES

In 1995 the Commission amended the Cold Weather Rule reporting requirements which

require electric and gas utilities to file monthly reports with the Consumer Services Department. This information will assist the PSC in determining the effectiveness in the Cold Weather Rule.

Consumer Services specialists participated as members of the Committee to Keep Missourians Warm. The Committee is a diverse group of interested parties who encourage the provision of heat-related utility service to low-income households in Missouri.

The Department also participated in the Low-Income Energy Task Force, which developed legislation to amend the Utilicare program with funding for low-income energy assistance. The Department coordinated PSC communications with Missouri's congressional delegation to support funding of the Low-Income Home Energy Assistance Program (LIHEAP).

OTHER CONSUMER ISSUES

- ❖ **Consumer concerns caused by competition in telephone services.** Consumer Services is working with the Telecommunications Department and Office of the General Counsel to develop PSC rules prohibiting "slamming." Slamming occurs when a consumer's chosen telephone carrier is changed without customer authorization. Competition in local telephone service will likely increase such complaints which have drawn national attention in long distance service.



Candy Ambrose of the Consumer Services Department logs in a consumer complaint.

- ❖ **Revision of Chapter 33 - Service and Billing Practices for Telephone Utilities.** Consumer Services is developing revised standards, also in conjunction with the Telecommunication Department.
 - ❖ **Development of quality of service standards for Electric, Gas and Water Utilities.** Currently, quality of service standards exist only for telephone service. The need exists to develop standards that apply to electric, gas and water utilities, as well. As competitive forces continue to change the electricity and gas industries, consumers continue to insist upon reliability and safety. Amendments for the Safe Drinking Water Act will also require attention in the demands of water consumers.
 - ❖ Identify strengths and weaknesses in present utility management and recommend improvements.
 - ❖ Maintain communications with utilities to promote a free exchange of information, ideas and experiences.
 - ❖ Provide on-site management services to support and promote effective management practices.
- Missouri utilities realized savings of over \$18 million this year as a result of their implementation of recommendations from management audits. There are numerous instances where the benefits of a recommendation are not quantifiable, where more effective record keeping, better automation, and a higher level of customer service to the ratepayer are carried out.

MANAGEMENT SERVICES DEPARTMENT

The Management Services Department's mission is to develop, enhance, and support utility management practices which provide quality services to customers and effective cost control of critical resources (such as capital, technology, and people). Management Services staff work actively to:

- ❖ Educate utilities on:
 - Strategic Planning
 - Financial Management
 - Customer Services
 - Automation
 - Documentation
 - Human Resources
- ❖ Management Audit at Missouri Gas Energy. A billing and customer services investigation resulted in a detailed report to the Commission. Opportunities for improvement were identified in the handling of customer inquiries and complaints, billing and customer remittance procedures, and disconnection and reconnection practices.

Among the major projects of Management Services this year were:

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- ❖ Extensive implementation review at Associated Natural Gas Company, and small water and telephone companies. These activities resulted in reports identifying the actions companies have taken to address various management problems and provided an opportunity to enhance the companies' efforts to improve their operations.
- ❖ Staff presentations on strategic planning and budgeting at Missouri Water and Wastewater Association meetings. These presentations provided an opportunity to emphasize the importance of good strategic planning and budgeting to several hundred management and supervisory personnel from small Missouri water companies.
- ❖ The development of plan documents identifying Management Services priorities and factors affecting Commission operations in the future.



From left to right, Gary Bangert, Debbie Bernsen, Art Wimberly, and Lisa Kremer of the Management Services Dept. review information gathered during a recent audit.

ORGANIZATIONAL FUNCTIONS

EXECUTIVE SECRETARY

Cecil I. Wright

The Executive Secretary is the PSC's chief operations officer. He is responsible for the statutory obligations of the Secretary to the Commission, overall agency administrative functions, and the policy direction of the Staff. The Executive Secretary also serves as the primary liaison between the Commissioners and the Staff.

ADJUDICATION DIVISION

Dale Hardy Roberts, Chief Administrative Law Judge

A staff of full-time administrative law judges is utilized to meet the procedural demands of the large volume of contested cases filed with the Commission. Each case is assigned an administrative law judge on a rotational basis. The administrative law judge prepares the necessary orders for the Commission's issuance which are required to comply with notice and procedural due process requirements to afford full and fair hearings to the parties on matters before the Commission.

It is the duty of the administrative law judge to take a case through the hearing and post-hearing process and to draft proposed orders based upon the evidence of record.

ADMINISTRATION DIVISION

Donna M. Prenger, Director

The Administration Division is responsible for managing the fiscal, personnel, and information resources of the agency and for oversight of the Manufactured Housing Department's regulation of manufactured home dealers and recreational vehicle dealers operating in Missouri. This Division oversees budget development, internal accounting, public relations, procurement, staff services, personnel, payroll and training functions for the agency.

GENERAL COUNSEL

Steven Dottheim, Acting General Counsel

The Office of the General Counsel represents the Staff and Commission in all matters relating to Missouri utility regulation. Its duties consist of traditional legal work and include providing advice, upon request, to the Commission and each Commissioner. The Office also represents the Commission in actions involving questions under the PSC or other laws, the defense of Commission orders or decisions and, as directed or authorized by the Commission, the intervention in related proceedings and the prosecution of actions on behalf of the state as authorized by law.

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POLICY AND PLANNING DIVISION

Gordon L. Persinger, Director

The Policy and Planning Division assists the Commission in representing the interests of the State of Missouri and its utility customers in proceedings before the Federal Energy Regulatory Commission, the Federal Communications Commission, the Environmental Protection Agency, Congress and the federal courts. In addition, the division is involved in a variety of gas and electric regulatory functions including rate design, class cost-of-service, weather normalization, load forecasting, electric demand-side programs and electric resource planning. The division is also active in emerging issues involving incentive regulation at the state level and deregulation at both the federal and state levels.

UTILITY OPERATIONS DIVISION

Sam Goldammer, Director

The Utility Operations Division is comprised of four departments: Telecommunications, Energy, Water and Sewer, and Depreciation. It supports the Commission in meeting its statutory responsibilities by providing technical expertise in energy safety; depreciation analysis; utility rates, tariffs, rules and regulations; economic analysis; engineering oversight and investigations; and construction inspections. The division accomplishes its mission by making recommendations to the Commission in the form of expert testimony and formal recommendations.

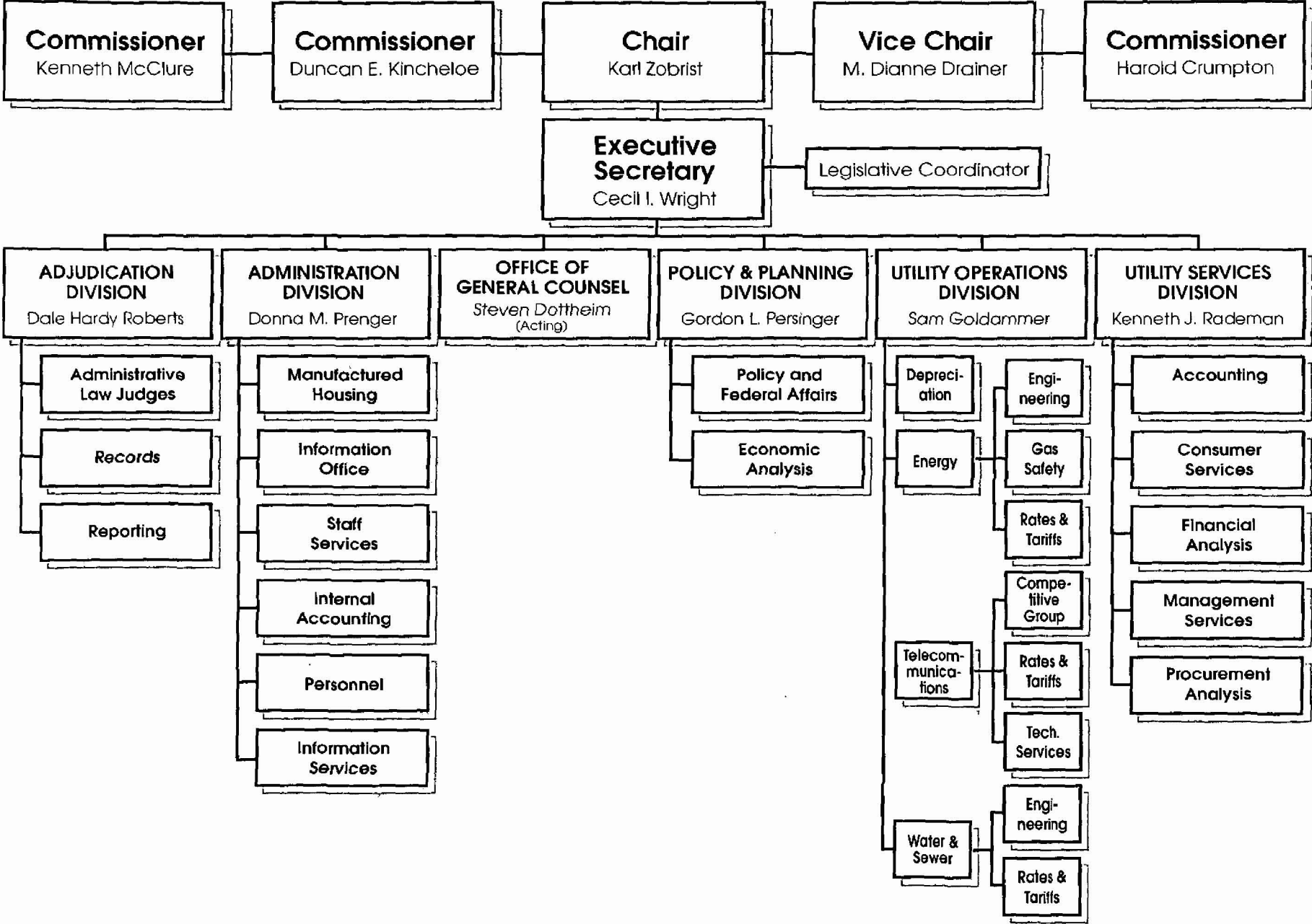
Because of its diverse responsibilities, the Utility Operations Division retains a professional staff with expertise in accounting, economics, finance and engineering.

UTILITY SERVICES DIVISION

Kenneth J. Rademan, Director

The Utility Services Division consists of five departments and supports the Commission by providing technical expertise in utility finance, accounting and auditing, natural gas procurement, consumer relations and management services. Staff members assigned to the Division accomplish their mission by performing audits and/or reviews of the books and records of the utilities. Staff draws conclusions from these findings and makes recommendations to the Commission in the form of expert testimony and formal recommendations. The Division is also responsible for investigating and responding to consumer complaints and making recommendations to the Commission regarding their resolution.

MISSOURI PUBLIC SERVICE COMMISSION ORGANIZATIONAL CHART



The seal of the United States Department of Commerce is a circular emblem. It features a central figure of a ship, likely a steamship, sailing on the sea. The ship is surrounded by a wreath of cotton and wheat stalks, symbolizing commerce and industry. The entire seal is rendered in a light, dotted or wireframe style.

STATISTICAL INFORMATION

YEAR IN REVIEW

1995

July 5

Commission determined that the 314 area code should be split and created a new area code (573). The 314 area code is retained by the St. Louis metropolitan area.

July 12

Commission established a docket to examine exhaustion of central office codes in the 417, 816 and 314 area codes.

July 21

Union Electric Co. became the first regulated electric utility in Missouri to operate under an experimental Alternative Regulation Plan under an agreement approved by the PSC. The agreement also called for an electric rate reduction of \$30 million and a one-time credit to ratepayers of \$30 million.

August 9

PSC approved an application authorizing Missouri Gas Co. to construct and maintain a natural gas transmission pipeline from a point near Rolla to a point near Salem.

August 31

Commission approved the merger of Wheeling Telephone Co. with the Green Hills Telephone Corp.

September 5

PSC approved an agreement authorizing Southwestern Bell Telephone Co. to provide two-way, interactive video services for distance learning.

September 14

PSC approved an agreement authorizing Tartan Energy Company, L.C. to construct natural gas facilities and provide gas service in certain parts of Greene, Wright and Webster Counties.

September 15

PSC rejected a territorial agreement between Union Electric Co. and Black River Electric Cooperative, Inc. because of concern regarding Black River's manner of dealing with the capital credits of involuntarily transferred customers.

September 19

In a water rate case filed by St. Louis County Water Co., PSC authorized a \$2.9 million annual revenue increase. Company sought \$11.9 million in an October 28, 1994 filing.

October 2

United Cities Gas Co. is authorized to increase natural gas revenues by \$903,000 a year. Company sought \$1.1 million in a November 10, 1994 filing.

October 23

Steelville Telephone Exchange, Inc. filed a rate case seeking to increase telephone revenues by \$767,000 a year.

November 2

PSC established a docket to examine telephone Shared Tenant Services (STS).



November 2

PSC established a docket to examine long-distance telephone competition within each LATA in Missouri.

November 3

PSC approved an agreement which authorized the Empire District Electric Co. to increase electric revenues by \$1.4 million a year. Company sought \$8.5 million in a March 15, 1995 filing.

November 9

PSC dismissed a complaint filed by Ahlstrom Development Corp. and Cottonwood Energy Partners, L.P. against the Empire District Electric Co. Ahlstrom alleged Empire had declined to enter into a long-term power purchase agreement for the sale of capacity and associated energy.

November 22

PSC authorized the Missouri-American Water Co. to increase water revenues by \$1.9 million a year and sewer revenues by approximately \$6,100 a year. Company sought a \$3.78 million increase in water revenues and \$6,100 in sewer revenues when it filed its request.

November 30

Southwestern Bell tariffs regarding Maximizer 800 and "IntelliNumber" services approved.

December 12

PSC approved merger of the Eastern Missouri Telephone Co. and the Missouri Telephone Co. into ALLTEL Missouri, Inc.

December 15

Laclede Gas Co. filed a \$23.8 million natural gas rate case.

December 21

PSC approved an agreement which reduced ALLTEL Missouri, Inc.'s annual telephone revenues by \$392,000. A network modernization plan was also approved for ALLTEL.

1996

January 4

Governor Mel Carnahan appointed Karl Zobrist to the Missouri Public Service Commission, naming him Chair.

February 1

PSC determined Missouri Gas Energy, a Division of Southern Union Co., should be authorized to implement a gas cost incentive mechanism which will provide it with an incentive to take on additional risks to provide benefits to ratepayers. In the same order, the Commission determined the Purchased Gas Adjustment/ Actual Cost Adjustment (PGA/ACA) process should not be eliminated for natural gas distribution companies in Missouri.

February 9

St. Louis County Water Co. filed a rate case seeking to increase water revenues by \$14.3 million a year.

March 1

Missouri Gas Energy filed a natural gas rate case seeking to increase revenues by \$34 million a year.



PUBLIC SERVICE COMMISSION

March 8

PSC denied Southwestern Bell's application to restructure its local transport rates.

March 11

PSC approved a territorial agreement between Marshall Municipal Utilities and Central Missouri Electric Cooperative, Inc., designating the exclusive service areas of each electric supplier for new customers in portions of Saline County.

March 11

PSC approved a territorial agreement between Ralls County Electric Cooperative and the City of Vandalia which designates the boundaries of each electric supplier in Audrain, Pike and Ralls Counties.

March 11

PSC approved a territorial agreement between Empire District Electric Co. and White River Valley Electric Cooperative designating the boundaries of each electric supplier within certain areas of Taney County.

March 21

PSC approved a territorial agreement between Grundy Electric Cooperative, Farmers Electric Cooperative and Northwest Missouri Electric Cooperative which designates the boundaries of each electric supplier in 19 northwest Missouri counties.

March 22

PSC approved a territorial agreement between Union Electric Co. and Black River Electric

Cooperative, Inc. which designates the boundaries of each electric supplier in 11 southeast Missouri counties. Case was originally denied by the Commission on September 15, 1995.

April 11

PSC approved the merger of Tartan Energy Company of Missouri, L.C., d/b/a Southern Missouri Gas Co. (Tartan) with Southern Missouri Gas Co., L.P. (SMG).

April 19

Steelville Telephone Exchange, Inc. granted a revenue increase of \$641,000 a year, attributable to recent modernization costs. Company sought \$767,000 in an October 23, 1995 filing.

May 29

PSC approved tariffs filed by Southwestern Bell offering an optional payment plan for switched access service.

May 31

PSC approved tariffs filed by Southwestern Bell to offer a new service called Multipoint Video Service (MVS).

June 25

PSC denied Southwestern Bell's request to increase rates for local and toll operator services.

June 28

Natural Gas Roundtable Discussion Group formed to examine the future of the natural gas industry in Missouri.



RATE CASE DECISIONS DURING FISCAL YEAR 1996

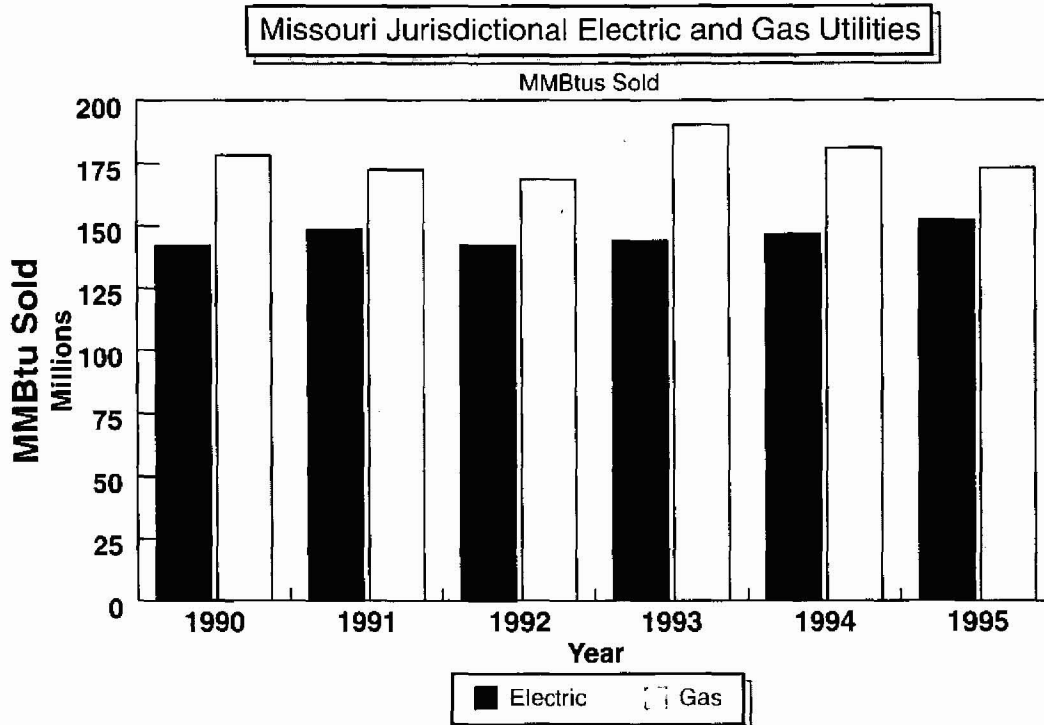
ELECTRIC

Date of Order	Case No.	Company	Rate Request	PSC Decision
7/21/95	ER-95-411	Union Electric		(\$30,000,000)(1)
11/3/95	ER-95-279	Empire District	\$8,500,000	\$1,400,000

(1) This decision also included a one-time bill credit of \$30,000,000.

NATURAL GAS

Date of Order	Case No.	Company	Rate Request	PSC Decision
9/29/95	GR-95-160	United Cities	\$1,100,000	\$903,000



Source: From MoPSC FERC Form 1 and FERC Form 2 Annual Report Data
1 MMBtu = 1 Million British Thermal Units

PUBLIC SERVICE COMMISSION

RATE CASE DECISIONS DURING FISCAL YEAR 1996

TELECOMMUNICATIONS

Date of Order	Case No.	Company	Rate Request	PSC Decision
12/21/95	TO-96-147	ALLTEL		(\$392,000)
4/19/96	TR-96-123	Steelville Telephone	\$767,000	\$641,000

WATER AND SEWER

Date of Order	Case No.	Company	Rate Request	PSC Decision
11/21/95	WR-95-205	Missouri-American	\$3,789,000	\$1,900,000
11/21/95	SR-95-206	Missouri-American	\$ 6,100	\$ 6,100
9/19/95	WR-95-145	St. Louis Co. Water	\$11,900,000	\$2,900,000

SMALL WATER AND SEWER

File Number	Company	Effective Date	Amount
9500401	Gold Investment	8-1-95	\$11,078
9500518	Herculaneum Sewer	No increase recommended	-0-
9500519	Central Jefferson	11-6-95	\$3,592 (water)
9500520	Central Jefferson	No increase recommended	-0- (sewer)
9500535	Hickory Hills	8-16-95	\$1,600
9500715	Stockton Hills	12-1-95	\$6,100

TELEPHONE STATISTICS

COMPANY	ACCESS LINES	EXCHANGES
Southwestern Bell Telephone Co., St. Louis	2,728,152	166
GTE Midwest, Inc., Columbia	417,714	206
United Telephone Co. d/b/a Sprint, Jefferson City	221,210	79
ALLTEL Missouri Service Corp., Little Rock, Ark.	53,992	60
Grand River Mutual Telephone Corp., Princeton	13,583	32
Fidelity Telephone Co., Sullivan	12,190	8
Chariton Valley Telephone Corp., Bucklin	7,318	18
Cass County Telephone Co., Peculiar	6,600	6
Kingdom Telephone Co., Auxvasse	4,440	7
Mark Twain Rural Telephone Co., Hurdland	4,100	14
Steelville Telephone Exchange, Inc., Steelville	4,100	4
Northeast Missouri Rural Telephone Co., Green City	4,056	11
Citizens Telephone Co., Higginsville	3,800	3
Modern Telecommunications Co., Green City	3,600	3
Mid-Missouri Telephone Co., Pilot Grove	3,415	12
Green Hills Telephone Corp., Breckenridge	3,366	13
BPS Telephone Co., Malden	3,300	3
McDonald County Telephone Co., Pineville	2,901	3
Seneca Telephone Co., Seneca	2,734	4
Granby Telephone Co., Granby	2,620	2
Craw-Kan Telephone Cooperative, Inc., Girard, Kansas	2,231	6
Bourbeuse Telephone Co., Sullivan	1,956	1
Ozark Telephone Co., Seneca	1,950	2
Ellington Telephone Co., Ellington	1,732	5
Goodman Telephone Co., Goodman	1,688	2
Rock Port Telephone Co., Rock Port	1,589	2
KLM Telephone Co., Rich Hill	1,400	4
Lathrop Telephone Co., Princeton	1,266	1
Stoutland Telephone Co., Stoutland	1,236	2
Le-Ru Telephone Co., Stella	1,200	2
Iamo Telephone Co., Coin, Iowa	1,142	4
Oregon Farmers Mutual Telephone Co., Oregon	1,130	1
Miller Telephone Co., Miller	923	1
New London Telephone Co., New London	905	1
Orchard Farm Telephone Co., St. Charles	740	1
Mo-Kan Dial, Inc., Louisburg, Kansas	685	1
Holway Telephone Co., Maitland	560	2
Choctaw Telephone Co., Halltown	512	1
New Florence Telephone Co., New Florence	415	1
Peace Valley Telephone Co., Peace Valley	355	1
Alma Telephone Co., Alma	330	1
Farber Telephone Co., Farber	238	1
Total	3,527,374	697

Note: Access Lines in use as of July 1, 1996. Billed access lines would be somewhat less.

PUBLIC SERVICE COMMISSION

NATURAL GAS STATISTICS

CALENDAR YEAR 1995 (MISSOURI JURISDICTIONAL)

NAME OF COMPANY		MCFs SOLD 1995	TOTAL OPERATING REVENUES 1995	TOTAL NUMBER OF RESIDENTIAL CUSTOMERS	TOTAL NUMBER OF CUSTOMERS
Associated Natural Gas Co.	(1)	7,571,350	\$ 32,577,109	40,402	46,154
Fidelity Natural Gas, Inc.		64,562	236,886	581	662
Greeley Gas Co.	(2)	55,720	352,113	494	555
Laclede Gas Co.		78,860,568	413,694,952	571,869	609,722
Missouri Gas Energy	(3)	63,790,499	293,518,875	412,469	472,489
Missouri Public Service	(4)	5,414,666	33,525,895	37,241	41,983
St. Joseph Light & Power Co.		860,209	4,673,740	5,452	6,298
Southern Missouri Gas Co., L.C.	(5)	3,915	24,525	24	25
Union Electric Co.		13,948,498	73,828,109	89,622	100,653
United Cities Gas Co.		2,428,146	12,845,054	13,568	15,341
TOTALS:		<u>172,998,133</u>	<u>\$ 865,277,258</u>	<u>1,171,722</u>	<u>1,293,882</u>

Source: From MoPSC FERC Form 2 1995 Annual Reports (Missouri Jurisdictional)

INTRASTATE PIPELINES		MCFs DELIVERED	REVENUE	TRANSPORTATION CUSTOMERS
Missouri Gas Co.	(6)	911,232	\$ 1,422,215	7
Missouri Pipeline Co.	(7)	16,116,468 ‡	<u>6,286,271</u>	9 ‡
TOTALS:			<u>\$ 7,708,486</u>	

Notes:

‡ Cumulative total for Missouri Gas Company and Missouri Pipeline Company

- (1) - Associated Natural Gas Co., a Division of Arkansas Western Gas Co., a subsidiary of Southwestern Energy Co.
- (2) - Greeley Gas Co., a Division of Atmos Energy Corp.
- (3) - Missouri Gas Energy, a Division of Southern Union Co.
- (4) - Missouri Public Service, a Division of UtiliCorp United, Inc.
- (5) - Tartan Energy Co., L.C., d/b/a Southern Missouri Gas Co., L.C.
- (6) - Missouri Gas Co., a Division of UtiliCorp Pipeline Systems, Inc.
- (7) - Missouri Pipeline Co., a Division of UtiliCorp Pipeline Systems, Inc.

ELECTRIC STATISTICS

CALENDAR YEAR 1995 (MISSOURI JURISDICTIONAL)

NAME OF COMPANY	MWHs SOLD 1995	TOTAL OPERATING REVENUES 1995	TOTAL NUMBER OF RESIDENTIAL CUSTOMERS	TOTAL NUMBER OF CUSTOMERS
Citizens Electric Corp.	727,017	\$ 38,263,254	19,369	21,389
Empire District Electric Co.	2,960,139	153,676,702	96,977	115,993
Kansas City Power & Light Co.	7,764,715	511,723,666	221,027	253,298
Missouri Public Service (1)	3,786,684	261,242,113	160,635	184,129
St. Joseph Light & Power Co.	1,480,033	80,048,745	53,900	60,714
Union Electric Co.	<u>27,892,451</u>	<u>1,801,593,811</u>	<u>933,589</u>	<u>1,062,546</u>
TOTALS:	<u>44,611,039</u>	<u>\$ 2,846,548,291</u>	<u>1,485,497</u>	<u>1,698,069</u>

Source: From MoPSC FERC Form 1 1995 Annual Reports (Missouri Jurisdictional)

Notes:

(1) - Missouri Public Service, a Division of UtiliCorp United, Inc.

PUBLIC SERVICE COMMISSION

WATER STATISTICS

CALENDAR YEAR 1995 (MISSOURI JURISDICTIONAL)

NAME OF COMPANY	CUSTOMERS	NAME OF COMPANY	CUSTOMERS
CLASS A		CLASS D (CONTINUED)	
Clarence Cannon Whsl. Water Comm.	13	Hickory Hills Water & Sewer Co.	44
Empire District Electric Co.	4,229	Highway H. Utilities, Inc.	195
Missouri American Water Co.	86,669	Hillcrest Utilities, Inc.	153
Raytown Water Co.	6,734	Incline Village Water & Sewer Co.	121
St. Louis County Water Co.	299,066	Kimberling City Water Co.	107
United Water Missouri, Inc.	10,233	KMB Utility Corp.	788
U. S. Water/Lexington, Mo., Inc.	2,265	Lake Northwoods Utility Co.	13
CLASS B		Lakeland Heights Water Co.	122
Community Water Co., Inc.	2	Lakewood Manor Limited	30
Ozark Shores Water Co.	930	Little Water Co.	50
Tri State Utility Co.	2,283	LTA Water Co.	85
CLASS C		McCord Bend Water Co.	95
Capital Utilities, Inc.	392	Missouri Utilities Co.	134
I. H. Utilities, Inc.	686	Moore Bend Water Co.	99
Loma Linda Development, Inc.	195	Oakbrier Water Co.	40
Middlefork Water Co.	2	Osage Water Co.	49
Noel Water Co.	589	Peaceful Valley Service Co.	154
Ozark Mountain Water Co.	335	Port Perry Service Co.	111
Rex Deffenderfer Enterprises, Inc.	792	Public Funding Corp.	162
Riverside Utility Co.	352	Quail Run Water & Land Co.	77
Taney County Utilities Corp.	550	Riverfork Water Co.	34
The Meadows Water Co.	968	Riverside Utility Co.	88
Terre Du Lac Utilities Corp.	998	Roark Water & Sewer, Inc.	14
CLASS D		Rogue Creek Utilities	74
Argyle Estates Water System	46	Roy L. Utilities, Inc.	56
Ascension Resorts, LTD	387	Shell Knob Estates Utilities, Inc.	36
Camelot Utility Co.	228	S K & M Water & Sewer Co.	210
Cat-Pac Waterworks, Inc.	136	South Jefferson County Util. Co.	136
Cedar Hill Estates Water Co.	168	Spring Valley Estates Water Sys.	114
Central Jefferson County Util.	265	Stockton Hills Water Co.	128
Emerald Pointe Utility Co.	8	Suburban Water Co.	151
Evergreen Lake Water Co.	65	Swiss Villa Utilities, Inc.	122
Foxfire Utility Co.	182	The Willows Utility Co.	208
Franklin County Service Co.	33	Valley Woods Water Co.	6
Franklin County Water Co.	125	Village Water & Sewer Co., Inc.	73
Frimel Water Systems, Inc.	72	Whispering Hills Water System	49
Gladlo Water & Sewer Co.	61	White River Valley Water Co.	131
		Wilden Heights Water Co.	21
		Woodland Heights Utilities, Inc.	68
		Woodland Manor Water Co.	86

SEWER STATISTICS

CALENDAR YEAR 1995 (MISSOURI JURISDICTIONAL)

NAME OF COMPANY	CUSTOMERS	NAME OF COMPANY	CUSTOMERS
CLASS A		CLASS D (CONTINUED)	
Imperial Utility Corp.	2,465	Lake Northwoods Utility Co.	13
West Elm Place Corp.	3,592	Lincoln County Utilities Co.	128
CLASS B		Mill Creek Sewers Inc.	74
House Springs Sewer Co.	910	Missouri American Water Co.	102
CLASS C		Missouri Utilities Co.	133
Capital Utilities, Inc.	1,054	M.P.B. Inc.	68
Cedar Hill Utility Co.	507	P.C.B. Inc.	282
Four Seasons Lake Sites Sewer Co.	12	Peaceful Valley Service Co.	140
Herculaneum Sewer Co.	266	Port Perry Service Co.	52
Meramec Sewer Co.	728	Riverside Utility Co.	100
Ozark Water & Wastewater Mgm't	421	Roark Water & Sewer, Inc.	36
Terre Du Lac Utilities Corp.	958	Rogue Creek Utilities	82
CLASS D		Roy L. Utilities, Inc.	53
Ascension Resorts, LTD	387	Schell Sanitation Inc.	183
Batson Development Co.	240	Shell Knob Estates Utilities, Inc.	42
Bill Gold Investments, Inc.	109	S K & M Water & Sewer Co.	100
Central Jefferson County Util.	265	South Jefferson County Util. Co.	120
Eastern Missouri Utilities Co.	2	Southwest Sewer Corp.	0
Foxfire Utility Co.	121	Spokane Heights Sewer Co.	16
Franklin County Service Co.	48	S. T. Ventures, LLC	32
Gladlo Water & Sewer Co.	61	Stoddard County Sewer Co.	152
Hickory Hills Water & Sewer Co.	43	Swiss Villa Utilities, Inc.	120
Highway H. Utilities, Inc.	36	Taney County Utilities Corp.	85
Hillcrest Utilities, Inc.	153	Taneycomo Highlands, Inc.	10
Incline Village Water & Sewer Co.	112	The Meadows Water Co.	257
KMB Utility Corp.	188	The Willows Utility Co.	208
L W Sewer Corp.	183	Timber Creek Sewer Co.	50
Lake Carmel Development Co.	16	Valley Woods Water Co.	6
Lake Hannibal Sewer Corp.	16	Village Water & Sewer Co., Inc.	83
		West 16th Street Sewer Co.	84
		Woodland Heights Utilities, Inc.	68
		WPC Sewer Co.	41

CONTACTING THE PSC

The Missouri Public Service Commission offices are located in Kansas City, Jefferson City and St. Louis. The Commission is open from 8:00 a.m.-5:00 p.m., Monday through Friday, except on state holidays.

JEFFERSON CITY: Missouri Public Service Commission
Harry S. Truman State Office Building
301 W. High Street
(Mailing Address: P.O. Box 360)
Jefferson City, MO 65102
**Toll-free Consumer Hotline for
Complaints: (800) 392-4211**
Other Business: (573) 751-3234
Fax: (573) 751-1847

St. LOUIS: Missouri Public Service Commission
The New Frisco Building
Suite 330
906 Olive Street
St. Louis, MO 63101
Telephone No.: (314) 340-6807
Fax: (314) 340-6840

New location effective February 1997:

Missouri Public Service Commission
815 Charter Commons Dr.
Suite 1
Town and Country, MO 63107

KANSAS CITY: Missouri Public Service Commission
3675 Noland Road
Suite 110
Kansas City, MO 64055
Telephone No.: (816) 325-0100
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