

*1999*

**MISSOURI  
PUBLIC  
SERVICE  
COMMISSION**

*Annual Report*

---

*Informed consumers, quality utility services,  
and a dedicated organization  
for Missourians in the 21st century.*



Commissioners

SHEILA LUMPE  
Chair

HAROLD CRUMPTON

CONNIE MURRAY

ROBERT G. SCHEMENAUER

M. DIANNE DRAINER  
Vice Chair

## Missouri Public Service Commission

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GORDON L. PERSINGER  
Acting Executive Director  
Director, Research and Public Affairs

WESS A. HENDERSON  
Director, Utility Operations

ROBERT SCHALLENBERG  
Director, Utility Services

DONNA M. KOLILIS  
Director, Administration

DALE HARDY ROBERTS  
Secretary/Chief Regulatory Law Judge

DANA K. JOYCE  
General Counsel

November 29, 1999

The Honorable Mel Carnahan  
Governor  
State Capitol Building  
Jefferson City, MO 65101

Dear Governor Carnahan:

The Public Service Commission continues to face challenges in a changing regulatory environment. Our mission, however, remains one of assuring that Missouri's utility customers have adequate, safe, efficient and affordable services while allowing utility companies a reasonable return on their investment. The Commission and staff are dedicated to fulfilling these public interest goals.

We look forward to continued progress in opening the local telecommunications market to competition as we implement both the state and federal laws. We continue to thoroughly study the possible impacts of opening the gas and electric industries to competition. Our guiding principle is that no one should be worse off under competition than under the traditional regulatory environment. We will continue to work with the Department of Natural Resources in originating efforts to eliminate duplication in the regulation of water and sewer companies.

We have begun to implement our strategic plan as well as our information technology plan to help us better serve our customers as we enter the new century and a new millennium.

Our very professional staff have created efficiencies and used technology to keep up with our rapidly increasing caseload. Their loyalty and hard work deserve recognition.

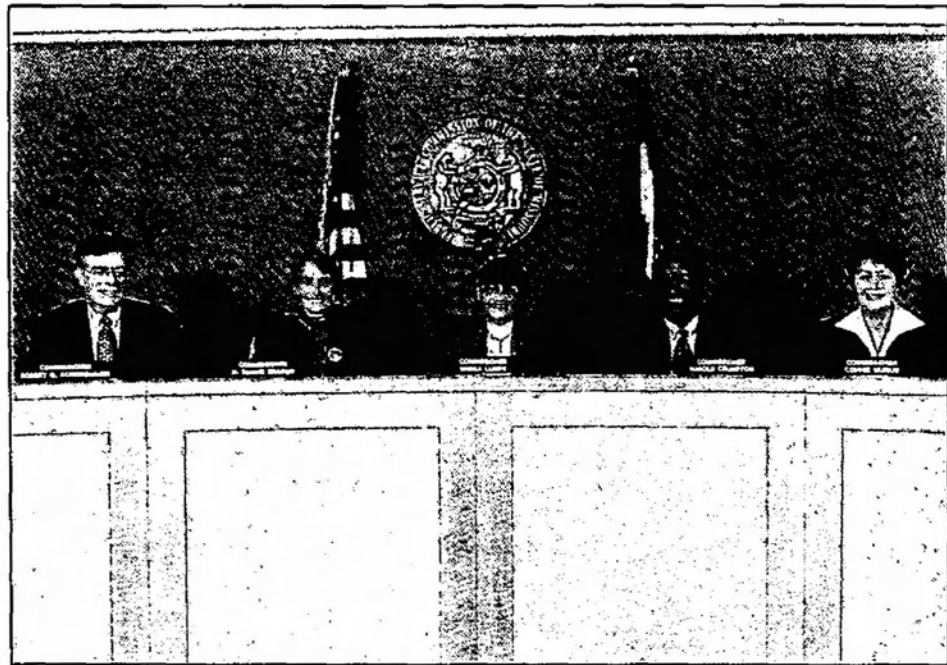
I hope that you will find our report informative. I am pleased to submit it to you in order that you can see, in more detail, the Commission's work for the 1999 fiscal year.

Sincerely,

A handwritten signature in cursive script that reads "Sheila Lumpe".

Sheila Lumpe

*PUBLIC SERVICE COMMISSION*



*From left to right, Commissioner Robert Schemenauer, Vice Chair M. Dianne Drainer, Chair Sheila Lumpe, Commissioner Harold Crumpton and Commissioner Connie Murray.*

# **MISSOURI PUBLIC SERVICE COMMISSION**

**SHEILA LUMPE, CHAIR**

**M. DIANNE DRAINER, VICE CHAIR**

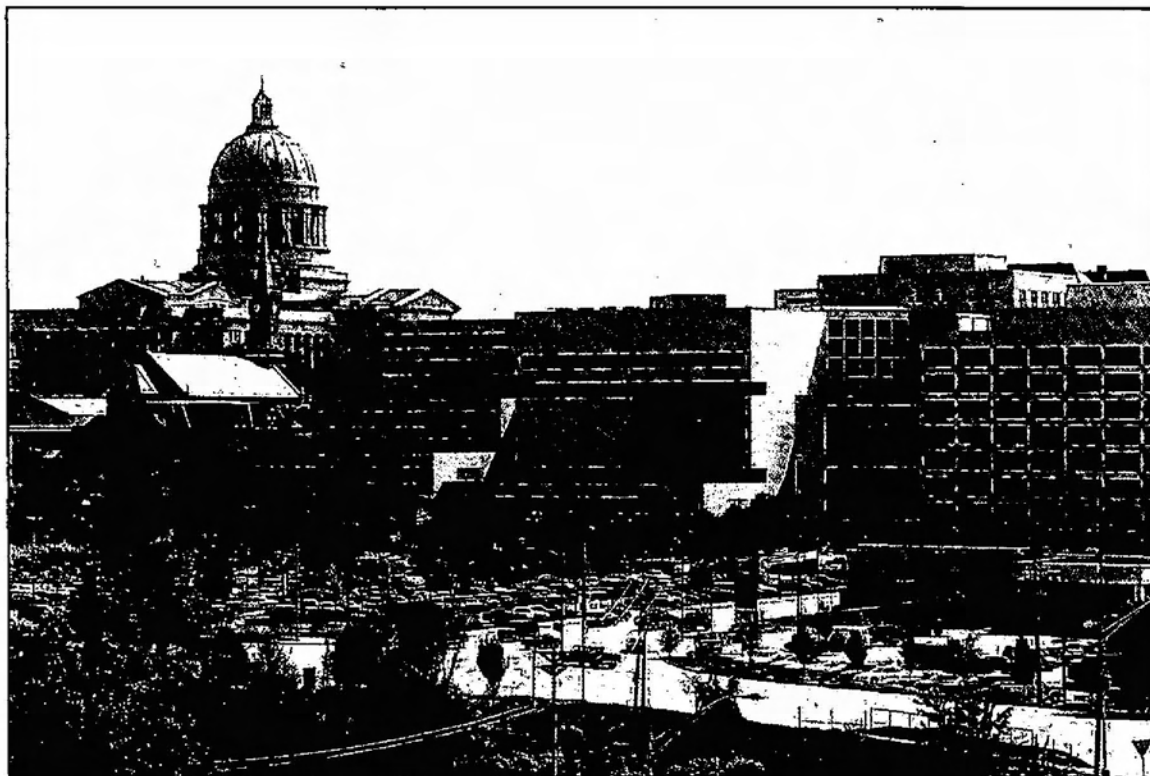
**HAROLD CRUMPTON, COMMISSIONER**

**CONNIE MURRAY, COMMISSIONER**

**ROBERT SCHEMENAUER, COMMISSIONER**



## *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.*

## TABLE OF CONTENTS

MISSION .....	6
COMMISSION BIOGRAPHIES .....	9
KEY PERSONNEL .....	12
BUDGET .....	13
PRACTICE BEFORE THE COMMISSION .....	14
UTILITY ISSUES .....	16
SERVICE QUALITY .....	35
ORGANIZATIONAL FUNCTIONS .....	36
ORGANIZATIONAL CHART .....	38
STATISTICAL INFORMATION .....	39

## MISSION

**T**he Missouri Public Service Commission regulates investor-owned public utilities operating in Missouri. The Commission has the statutory responsibility for ensuring that customers receive adequate amounts of safely delivered and reasonably priced utility services at rates that will provide the companies' shareholders with the opportunity to earn a reasonable return on their investment. The Commission must balance a variety of often competing private interests to ensure the overall public interest.

### JURISDICTION AND GOALS

The Missouri Public Service Commission was created in 1913 by the Public Service Commission Law, now Chapter 386 of the Missouri Revised Statutes. Today, the Missouri Public Service Commission regulates over 1,000 investor-owned electric, natural gas, telephone, water and sewer utilities. In addition, the Commission regulates the state's 48 rural electric cooperatives and 42 municipally-owned natural gas utilities for operational safety. The Commission also regulates the manufacturers and dealers of mobile/modular homes. The Missouri Public Service Commission is the only public utility commission in the United States that regulates manufactured housing.

The Commission also oversees service territory issues involving investor-owned electric utilities, rural electric cooperatives and municipally-owned electric utilities as well as investor-owned water and sewer utilities and public water supply districts. The PSC also acts as a mediator and arbitrator of local

telephone service disputes regarding interconnection agreements with federal law.

Virtually every Missouri citizen receives some form of utility service from an investor-owned public utility company. 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 Missouri Public Service 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 Chair who serves in that capacity at the pleasure of the Governor.

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

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



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

contested cases, which by statute must be transcribed by a court reporter. Hearings are conducted in a trial-like setting using evidentiary standards under the Missouri Administrative Procedures Act. The PSC 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 accounting, consumer affairs, economics, engineering, finance, law and management. Duties range from helping individual consumers with complaints to investigating multi-million dollar utility rate requests.

The Staff participates as a party in all cases before the Public Service Commission. It conducts audits of the books and records of utilities and makes recommendations to the Commission as to what type of increase, if any, should be granted. PSC Staff recommendations, like those filed by other parties to a proceeding, are evaluated by the Commission in reaching a decision in a complaint case or rate case. The PSC has established standards for safety and quality of service to which companies must adhere. Routine and special investigations of utilities are conducted by the PSC Staff to ensure compliance.

### **STRATEGIC PLANNING**

During the 1999 fiscal year, the Commission continued work on strategic planning which is de-

signed to provide Missouri citizens with high-quality services in an effective, cost-efficient manner. The Commission identified a critical need for baseline data in order to accurately measure successful performance. To acquire the data, extensive work has been performed in collaboration with the University of Missouri-Columbia's Center for Advanced Social Research on the development of a statewide telephone survey to be performed by the end of the current calendar year. The results of this survey will be used by agency decision-makers as a benchmark for improving operations and aligning actions and decisions with the Commission's mission and vision.

In addition, a customer satisfaction survey will be administered during fiscal year 2000 to natural gas customers in Missouri. The survey is designed to assess customers' level of satisfaction with present service and expectations.

### **PSC INFORMATION TECHNOLOGY AUTOMATED SOLUTION PROJECT**

The Public Service Commission is in the process of developing and implementing a state-of-the-art information technology project. The project will provide the PSC with an integrated electronic work management system that will include technologies such as document management, workflow, collaboration tools and imaging.

Automated work management software and collaboration tools will route documents and allow electronic interaction between the PSC Staff and intervenors. A



*Staff member Tom Imhoff testifies in a case before the Commission.*

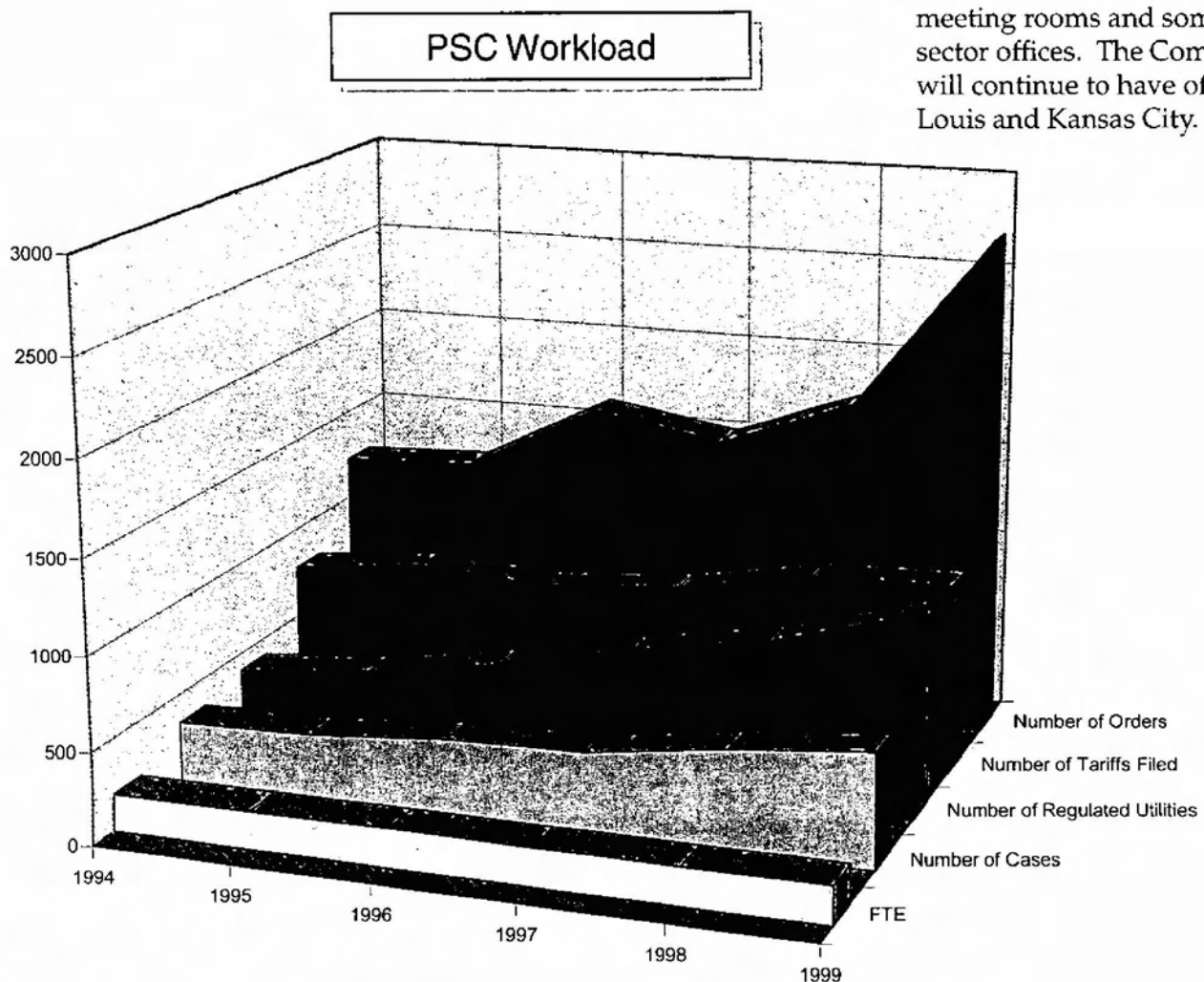
## PUBLIC SERVICE COMMISSION

central document and information repository will house all documents electronically. With proper security levels, these documents will be accessible to Commissioners, the PSC Staff, intervenors, utilities and ratepayers. The electronic information will empower ratepayers and intervenors to make educated and informed decisions on timely issues.

The Commission will begin final design and development of the Automated Solution in January 2000. It is anticipated that implementation will span a two-year period ending in Fiscal Year 2002.

### **PSC MOVE TO GOVERNOR HOTEL**

During the latter part of the 2000 fiscal year, the Missouri Public Service Commission will move its offices in Jefferson City. Commission offices are currently located on the 5<sup>th</sup> and 8<sup>th</sup> floors of the Truman State Office Building at 301 West High Street. Floor plans are being finalized for the Commission's move to the historic Governor Hotel at the corner of Capitol and Madison, which is currently undergoing extensive renovation. The Governor Office Building will house Commission offices, the Office of Public Counsel, Office of Administration meeting rooms and some private sector offices. The Commission will continue to have offices in St. Louis and Kansas City.



## COMMISSIONERS

### **SHEILA LUMPE**

#### *Chair*

Sheila Lumpe is Chair of the Missouri Public Service Commission. She was appointed to the Missouri Public Service Commission on June 5, 1997, by Governor Mel Carnahan.

Prior to her appointment to the Commission, Chair Lumpe was chair of the House Budget Committee of the Missouri House of Representatives. A nine term state representative, Ms. Lumpe represented St. Louis County in the Missouri House since first elected in 1980. In addition to chair of the House Budget Committee, Ms. Lumpe also served on the following Legislative committees: Elections; Governmental Organization and Review; Joint Committee on Legislative Research; Utilities Regulation; and Ways and Means. Prior to the Legislature, Chair Lumpe served eight years on the University City School Board.

Chair Lumpe is Vice Chair of the Water Policy Roundtable of the Public Service Commission. She also serves on the Board of the Missouri Humanities Council.

Chair Lumpe received a baccalaureate degree in government from Indiana University in 1957 and a masters degree in political science from the University of Missouri-St. Louis in 1989.

Chair Lumpe's term expires on April 15, 2003.



### **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 Electricity and on the Subcommittees on Nuclear Issues - Waste Disposal, Strategic Issues, the Ad Hoc Committee on Electric Industry Restructuring and the Ad Hoc Task Force on Y2K Readiness. Commissioner Drainer serves as





## PUBLIC SERVICE COMMISSION

a member and President of the Mid-America Regulatory Conference (MARC). Commissioner Drainer is the Chair of the Electricity Roundtable, Vice Chair of the Natural Gas Roundtable and Co-Chair of the Telecommunications Roundtable at the PSC. Previously, she served on the NARUC Committee on Finance and Technology from 1995 to 1999. Additionally, she served as an observer to the NARUC Staff Subcommittee on Communications from 1984 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's 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.



### 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. 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 National Association of Regulatory Utility Commissioners (NARUC) Committee on Telecommunications. He also serves on the board of the Financial Research Institute of the University of Missouri-Columbia and Missouri Legislative Black Caucus Foundation.

In 1996, Commissioner Crumpton developed, organized and chaired the Natural Gas Roundtable Discussion Group to foster open discussion of natural gas issues with citizens in all parts of Missouri. In 1998, he formed and currently co-chairs the Telecommunications Roundtable Discussion Group as a vehicle for including the General Assembly and Missouri citizens in the many diverse telecommunications proceedings of the Commission.

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 expired on April 15, 1999.

## CONNIE MURRAY

### *Commissioner*

Commissioner Connie Murray was appointed to the Missouri Public Service Commission by Governor Mel Carnahan on May 2, 1997.

Commissioner Murray served as Representative of the 135th legislative district in the Missouri House of Representatives from 1991 through 1996. She was appointed House Manager of Articles of Impeachment of Missouri Secretary of State before the Missouri Supreme Court in 1994. She served on several committees, including Budget and Judiciary & Ethics. She was treasurer of Women Legislators of Missouri and a member of various national legislative organizations.

Commissioner Murray is a member of the Committee on Water of the National Association of Regulatory Utility Commissioners (NARUC). She serves on the Right to Know Working Group of the National Drinking Water Advisory Council. She chairs the Water Policy Roundtable of the Public Service Commission. She is Secretary of the Missouri Universal Service Fund Board and a member of the Advisory Council for the Center for Public Utilities, New Mexico State University.

Commissioner Murray earned her bachelor of arts degree cum laude in English literature from Loyola College in Baltimore, Maryland in 1975 and a juris doctorate in 1980 from the University of Maryland School of Law where she was Notes and Comments Editor of the Law Review.

Commissioner Murray's term expires on April 15, 2003.



## ROBERT SCHEMENAUER

### *Commissioner*

Commissioner Robert Schemenauer was appointed to the Missouri Public Service Commission on March 6, 1998, by Governor Mel Carnahan. Commissioner Schemenauer was appointed to replace Karl Zobrist who resigned on August 15, 1997.

Prior to his appointment to the Commission, Mr. Schemenauer was Director of the Division of Taxation and Collection for the Missouri Department of Revenue. He is a former member of the Missouri House of Representatives (1990-1993). While in the legislature, Mr. Schemenauer served as Vice Chair of the Ways and Means Committee and the Federal-State Relations Committee, and as a member of the Appropriations Committee and the Critical Issues Committee. He also Chaired the Interim Committee investigating the plight of Homeless Veterans in Missouri.

Commissioner Schemenauer served in the United States Air Force from 1953 until 1973.

Commissioner Schemenauer Chairs the Natural Gas Roundtable of the Public Service Commission, is a member of the National Association of Regulatory Commissioners (NARUC) Committee on Gas, and is Chairman of the Missouri Universal Service Fund Board.

Mr. Schemenauer has a B.S. degree in Administration and Accounting from Central Missouri State University. He is a Certified Public Accountant who was in private practice from 1982 until 1993.

Commissioner Schemenauer's term expires on January 4, 2001.





# *PUBLIC SERVICE COMMISSION*

## **KEY PERSONNEL**

Sheila Lumpe, Chair .....	751-4221
M. Dianne Drainer, Vice Chair .....	751-3233
Harold Crumpton, Commissioner .....	751-0582
Connie Murray, Commissioner .....	751-4132
Robert Schemenauer, Commissioner .....	751-3243
Gordon L. Persinger, Acting Executive Director .....	751-7491

### **Administration Division**

Donna M. Kolilis, Director .....	751-7492
Judy Kempker, Manager - Personnel Department.....	751-7508
Todd Craig, Manager - Computer Information Services .....	526-8153
Dan Redel, Manager - Internal Accounting Department.....	751-2457

### **Adjudication Division**

Dale Hardy Roberts, Secretary/Chief Regulatory Law Judge .....	751-4256
Nila Hagemeyer, Manager - Records Department .....	751-7496

### **Research & Public Affairs Division**

Gordon L. Persinger, Director .....	751-7491
Janet Hoerschgen, Manager - Consumer Services Department.....	751-3160
Kevin Kelly, Public Information Administrator .....	751-9300
Toni Messina, Legislative Coordinator .....	751-5472

### **General Counsel**

Dana K. Joyce, General Counsel .....	751-8705
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### **Utility Operations Division**

Wess Henderson, Director .....	751-7435
Dale Johansen, Manager - Water and Sewer Department .....	751-7074
Bo Matisziw, Manager - Gas Department .....	751-2152
John Van Eschen, Manager - Telecommunications Department.....	751-5525
Bill Washburn, Manager - Electric Department .....	751-7505
Steve Jungmeyer, Manager-Manufactured Housing Department .....	751-7119

### **Utility Services Division**

Robert Schallenberg, Director .....	751-7162
Ron Bible, Manager - Financial Analysis Department .....	751-8517
Joan Wandel, Manager - Accounting Department .....	751-4785
David Sommerer, Manager - Procurement Analysis Department.....	751-4356
Art Wimberley, Manager - Management Services Department .....	751-7439

**BUDGET**

Fiscal Year 2000

**PUBLIC SERVICE COMMISSION**

Personal Service and/or Expense and Equipment  
Full-Time Employee (F.T.E.)

\$14,823,419  
207

**DEAF RELAY SERVICE AND  
EQUIPMENT DISTRIBUTION PROGRAM**  
F.T.E.

5,000,000  
-0-

**MANUFACTURED HOUSING DEPT.**

Personal Service and/or Expense and Equipment  
F.T.E.

625,624  
11

**TOTAL****\$20,449,043****F.T.E.****218**

Note: Budget includes Hotel Governor reappropriation and program specific distributions.

## PRACTICE BEFORE THE COMMISSION



*Chief Law Judge Dale Roberts assigns cases to Law Judges on a rotational basis.*

**T**he Adjudication Division is comprised of the Records Department and the Regulatory Law Judges. The Division Director is both the Secretary of the Commission and the Chief Regulatory Law Judge. The Secretary is statutorily responsible for the records of the Commission and is specifically called upon to superintend the issuance of all Commission orders.

The Records Department is within the Adjudication Division and is responsible for maintaining a complete and accurate record of every case which comes before the Commission. This department receives approximately 35,000 incoming documents per month, each one of which must be reviewed, distributed and maintained in the permanent case file. The Records Department also issues an average of 225 formal orders each month.

The Chief Law Judge is the Division Director of the Adjudication Division and acts as the Chief Judge of the nine judge panel of Regulatory Law Judges. The Law Judges receive training at the National Judicial College for procedural skills specific to the Commission and also at the various utility seminars and conferences for substantive training in the disciplines of economics, accounting and engineering as they relate to the regulated utili-

ties. The Chief Judge assigns newly filed cases to the Law Judges on a rotational basis and, thereafter, the individual judge is responsible for supervising that particular case and coordinating the procedures with the Commissioners. The Law Judge prepares and issues preliminary orders to provide notice and procedural due process so that all parties enjoy the opportunity for a full, fair and informative hearing. The primary concern for the Law Judge is to ensure a complete and competent record is compiled upon which the Commission may base its decision. It is the duty of the Law Judge to take the case from initial assignment all the way through to the post hearing briefs and preparation of a final order based upon the record which resolves the issue.

### **MEDIATION PROCESS**

During the fiscal year, the Adjudication Division developed a mediation process whereby parties may refer complaint cases to a third-party neutral mediator. This service is offered, at no cost, by the Mediation Center at the University of Missouri-Columbia School of Law, which was recently ranked among the top two mediation centers in the United States.

The mediation process is voluntary, and cases are resolved when both parties come to a

mutual agreement. This process does not require legal counsel and should be less expensive, less adversarial, less formal, less time-consuming and more personal than a formal evidentiary hearing before the full Commission.

Mediations are confidential and settlement offers as well as other disclosures made during a mediation session are generally not admissible at a later hearing or trial.

## CHAPTER 2

This portion of the Commission's rules contains the procedural requirements for pleading and practice before the Commission. These are the "rules of court", for practice before the Commission and contain filing requirements, evidentiary rules, as well as many other procedural rules and requirements for contested cases and for rulemaking procedures. The Commission has worked to reduce the filing burden on all parties who appear before the Commission. In several places the filing requirements have been reduced so that the amount of paper filed with the Commission has been significantly reduced. This chapter is filed and has been published by the Missouri Secretary of State.

## LIST SERVE

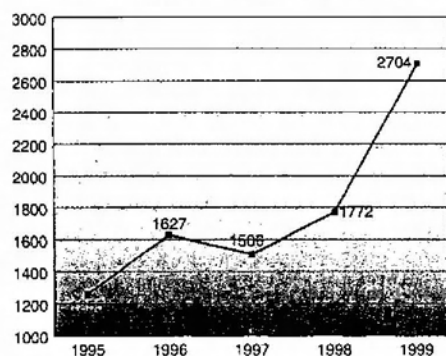
On May 1, 1999, the Adjudication Division initiated an interactive mail delivery service (generically referred to in computer circles as a "list-serv") for the purpose of delivering the Commission Agenda, hearing schedule(s), orders and other documents to various interested parties. On December 1, 1999, this service was moved to ListBot®, in order to improve the service available to the utility community. ListBot provides free access to visitors by providing a Web-based email list management system. This software collects visitor email addresses automatically, sends email to all pre-subscribed parties on the mailing list with just one click, manages the mailing list and conveniently stores all issued messages for reference or re-use. This allows the Adjudication Division to ensure mass, and immediate, electronic distribution of any order, notice or other document to all ListBot recipients and eliminates the delay and cost which is inherent in regular delivery of the paper copy. Any interested person may subscribe to this service, at no cost, by visiting the Commission's web page at: <http://www.ecodev.state.mo.us/pscl>.



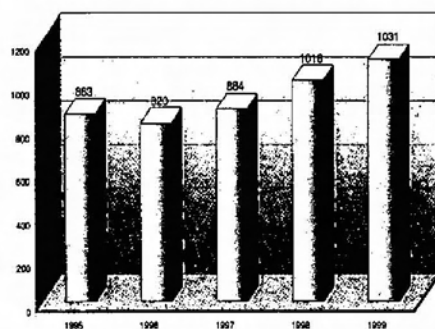
*Law Judge Shelly Register reviews testimony filed in a case before the Commission.*

## UTILITY ISSUES

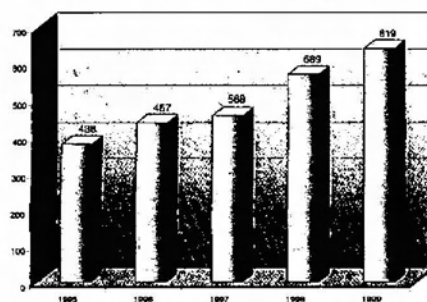
Orders Issued Per Year



Tariff Filings Per Year



PSC Cases Per Year



Change continues to occur in utility industries, and with that change, the workload of the Missouri Public Service Commission continues to grow as the Commission evaluates and implements competition. It was a record setting year for case and filing statistics during the 1999 fiscal year (see charts).

New state and federal legislation as well as federal agency activity and the changing regulatory environment have required, and will continue to require, a large commitment of resources in order for the Commission to stay abreast of developments and to influence state and national policy to the benefit of Missouri ratepayers.

## Y2K

The Missouri Public Service Commission responded to the Y2K challenge with the creation of Case OO-99-43. The purpose of the case was to determine the state of preparedness of all regulated utilities within the State of Missouri as well as municipalities and cooperatives. Utilities responded to a questionnaire which requested such information as the current state of preparedness, the planned date for compliance, steps taken to prevent service disruptions and explanations of the actions taken by the utility to address the Y2K compliance of the utility's external vendors.

In addition to reviewing, summarizing and compiling the data received by the utilities and filing reports with the Commission that detailed the preparedness of utilities, the Missouri staff organized

three Y2K forums that presented opportunities for the utilities to discuss Year 2000 issues. Utilities described their efforts regarding approaches to ensure a seamless transition into the next century for operations, customer service and business systems such as billing. Staff also went on-site to the regulated electric companies in the state including a cooperative and a municipal company, for the North American Electric Reliability Council (NERC) tests held in April and September of 1999. Missouri Commission staff participated throughout the year in the Governor's Y2K Advisory Council headed by Mike Benzen of the Office of Information Technology. This council provided the opportunity for state agencies to meet and coordinate their Y2K planning efforts.

Staff will be present at the State Emergency Management Agency during the evening hours of December 31, 1999, and the morning of January 1, 2000. Staff requested that major utilities in the state call in and verify the proper functioning of their systems.

## ROUNDTABLE DISCUSSION GROUPS

This concept was initiated in Missouri in 1996 when the Commission began natural gas roundtable discussion group meetings in the state. Today that concept has been expanded to include electric, water and sewer, telephone and adjudication.

Roundtables provide for an open exchange of ideas, opinions and information among various stakeholders. As a consequence,



more timely actions are taken and better and more informed decisions may be made. Roundtables provide an opportunity for dialogue among the various stakeholders so that the Commission can better serve Missouri ratepayers.

In an effort to gain new ideas, educate and exchange information, the Missouri Public Service Commission periodically holds telecommunications roundtable meetings at various locations throughout the state. During the fiscal year roundtable meetings were conducted on such topics as *The Missouri Telecommunications Industry, Calling Scopes, Consumer Telecom Billing Information and Universal Service/Telephone Modernization*.

The Commission also held three natural gas roundtables on current topics of interest. In July of 1998, a roundtable was held in Kansas City, Missouri, entitled *Consumer Choice: Risks and Opportunities* discussing non-traditional utility service options for consumers. The second meeting was held in Jefferson City during November of 1998. The topic of this roundtable was *Regulated Utilities or Competitive Providers: Finding Out What Consumers Want*. This meeting discussed proper opinion surveying techniques. The third and final meeting conducted in FY99 was held in St. Louis in March, 1999 entitled *Missouri Utilities' Dialogue On Protecting Consumers In Emergencies And Natural Disasters*. The meeting discussed Missouri's gas, electric, telecommunications and water utilities' efforts in preparing for and responding to the great flood of '93.

During the 1999 fiscal year, electric, pleading and practice and water roundtable discussion groups were formed.

The Electricity Roundtable Discussion Group held an organizational meeting in September. On January 13, 1999, the group held a roundtable on Electric Restructuring which discussed state experiences with the electric restructuring in the northeast as well as federal and state legislation updates on electric restructuring.

The Water Roundtable Discussion Group held its first session in October. A roundtable meeting was held on February 1, 1999, to discuss the role of federal and state government agencies on public drinking water issues.

A Pleading and Practice Roundtable Discussion Group was also formed. The first meeting on June 4, 1999, facilitated an informal dialogue with outside parties regarding the Commission's practices, procedures and planned improvements to that process.

## TELECOMMUNICATIONS

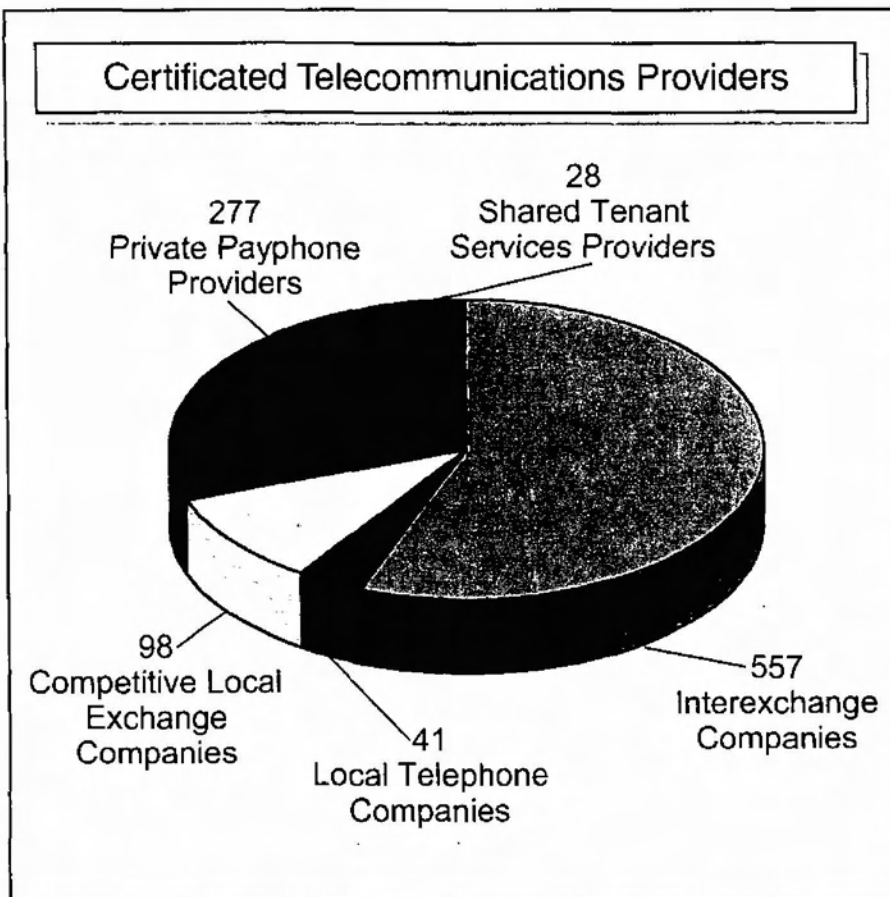
### LOCAL TELEPHONE COMPETITION

Currently, 47 companies are authorized to provide basic local telephone service in competition with 41 established incumbent local telephone companies. Each competing local exchange telephone company has been granted a certificate of service to provide basic local exchange service, has an approved interconnection agreement with the incumbents and has filed tariffs approved by the Commission which describe the services and rates that they are providing to customers.

These competing local exchange telephone companies serve approxi-



*PSC Roundtable Discussion groups provide for an open exchange of ideas, opinions and information.*



mately 84,000 access lines in Missouri, representing 2.5 percent of the total number of access lines in the state. They primarily provide service in the local territories of Southwestern Bell, GTE and Sprint.

The Commission approved 66 interconnection agreements for competitors in Missouri last fiscal year.

#### **PRICE CAP REGULATION**

During the past year, GTE and Sprint joined Southwestern Bell as the three local telephone companies to be subject to price cap regulation. According to Missouri law, a local telephone company can petition the Missouri Commission for price cap regulation if the company can

demonstrate that an alternative local telephone company is providing basic local telephone service in its area. GTE and Sprint each demonstrated to the Commission that such competition had developed in its area.

Price cap regulation replaces rate of return regulation for these companies. Essentially price cap regulation establishes maximum prices for the company. The maximum prices established for GTE and Sprint were the prices in effect on December 31, 1998. In the future, prices may increase or decrease according to various price indices. Price cap regulation also allows companies the option of a limited restructuring of certain rates. The restrictions for adjusting rates under price cap regulation should cause rate levels to remain affordable.

#### **SOUTHWESTERN BELL'S APPLICATION TO PROVIDE INTERLATA TOLL SERVICE**

The Missouri Commission conducted hearings in March 1999 concerning Southwestern Bell's application to provide interLATA (long distance service between LATAs in Missouri) telecommunications services. Currently, the Bell Operating Companies, such as Southwestern Bell Telephone Company, are limited to providing intraLATA (within a LATA) telecommunications services. The Federal Telecommunications Act of 1996 established a procedure for Bell Operating Companies to begin providing interLATA telecommunications services. This procedure is identified in Section 271 of the federal statutes.

Essentially, the procedure analyzes whether a company has sufficiently opened its local markets to competition. Ultimately, the Federal Communications Commission (FCC) will make the determination based on consultation with the respective state commissions as well as with the Department of Justice.

Missouri is divided into four LATAs (the 314 area code; the 636 and 573 area codes; the 417 area code; the 816 and 660 area codes and the Jefferson City/Columbia market area). An interLATA call would be a call between the LATAs. An example would be a call placed in the 417 area code to a person in the 314 area code.

### ***INTRALATA TOLL DIALING PARITY***

The Commission approved intraLATA Toll Dialing Parity (ILDTP) plans filed by local telephone companies. These plans were filed by local telephone companies in response to a directive by the Federal Communications Commission.

ILDTP, also referred to as intraLATA equal access, allows telephone customers to pre-select the long distance companies that will handle their 1+ and 0+ dialed long distance calls within a LATA. ILDTP has previously been implemented in Missouri telephone exchanges operated by GTE Midwest, Inc., and Sprint Missouri. The remaining Missouri telephone exchanges were to receive equal access on July 22, 1999. A few exchanges will experience a delay in receiving ILDTP for various reasons; however, by November 30, 2000, all Missouri telephone exchanges should have ILDTP.

The implementation of ILDTP represents a change in intraLATA toll service in Missouri. No longer will each exchange be assigned one company to handle all 1+ and 0+ calls originating from an exchange. In general, ILDTP is intended to provide customers with a greater choice of long distance companies in handling their intraLATA toll calls. Such a choice is similar to the choice most customers have enjoyed in Missouri for a number of years with interLATA toll calling. Unfortunately, ILDTP has caused some calling plans to be discontinued. The Commission continues to encourage companies to develop special calling plans to meet customer needs.

The change in intraLATA toll calling could potentially affect a local telephone company's revenues. In approving the ILDTP plans for various companies, the Commission also established a procedure for ensuring revenue neutrality if requested by a local telephone company. A few local telephone companies are seeking revenue neutrality. The Commission's procedure anticipates the revenue neutrality issue will be resolved in full earnings investigations of these companies in the upcoming year.

### ***TELEPHONE NUMBERING ISSUES***

During the past year, telephone number and dialing changes occurred in both the St. Louis and Kansas City areas. In St. Louis a new 636 area code was introduced into the 314 area code. The permissive dialing period for the 314 area code split began in May. During the permissive period customers are encouraged to dial the new 636 area



*Staff member Myron Couch tests telephone equipment to ensure compliance with PSC quality of service standards.*



## PUBLIC SERVICE COMMISSION

code to reach numbers in the exchanges which will no longer be part of the 314 area code. Mandatory dialing of the new 636 area code begins in late February 2000.

In the Kansas City area, the Commission took action to allay a possible shortage of numbers in the 816 area code. In May 1999, the Commission adopted an industry plan to implement 10-digit local dialing across the state line, replacing the 7-digit local dialing pattern between Kansas City, Missouri and Kansas City, Kansas. Although

customers in the Kansas City area will be required to adapt to the new dialing pattern, the 10-digit plan will have no impact on customers' telephone bills.

The Commission and its staff continue to meet with industry representatives investigating future number resource needs throughout Missouri. The Commission held proceedings in May to investigate potential measures to conserve telephone numbers in the 314 area code. The 417 area code covering the southwest portion of Missouri, the 573 area code covering the east-central portion of the state, and the 660 area code covering the northwest portion of the state, have adequate number resources available for at least the next several years.



### MISSOURI UNIVERSAL SERVICE FUND

In June 1999, the Commission held proceedings focusing on details relating to the establishment and administration of the Missouri Universal Service Fund. The fund, originally created as a result of state legislation, is intended to provide financial assistance to companies which serve high cost areas and qualifying low income/disabled customers. The fund is also anticipated to provide financial assistance to telecommunications companies that experience reduced federal universal service funding. The fund will be financially supported by all telecommunications companies providing telecommunications services in Missouri. Telecommunications companies are allowed by law to pass these costs through to their customers.

## **REVISION AND UPDATE OF COMMISSION TELECOMMUNICATIONS RULES**

The Missouri Public Service Commission has proposed the following revisions to its rules regarding telecommunications service:

### **Chapter 32 – Telecommunications Service:**

This portion of the Commission's rules pertains to quality of service standards. On September 30, 1999, CSR 240-32, dealing with quality of service for all of Missouri's telecommunications companies, went into effect. This new rule revised and updated quality of service standards for telecommunications companies.

### **Chapter 33 – Service & Billing Practices for Telephone Utilities:**

This new rule is designed to provide requirements for telecommunications companies for changing a customer's telecommunications service provider and to prevent the unauthorized change known as "slamming". The rule was initially approved on an interim emergency basis and recently approved on a permanent basis.

### **Chapter 34 – 911 Rule:**

This new rule pertains to establishing minimum requirements for local telephone companies for providing 911 data base information to the proper authorities. The Commission's newly enacted emergency telephone rule went into effect officially on September 16, 1999.

In the future, the Commission anticipates future telecommunication rulemakings on the following topics: establishing bonding requirements for local telephone companies; establishing provisions for ensuring customers have access to local telephone service if a customer's local telephone company ceases operations; billing and payment standards for telecommunications companies and tariffing requirements for telecommunications companies.

## **RELAY MISSOURI/ATEP**

The Missouri Public Service Commission oversees the administration of the Relay Missouri service in the state. Relay Missouri began in 1991 and provides hearing and speech-impaired citizens access to the telephone network. A communications assistant translates a call so that a hearing/speech impaired party can communicate with any other party.

The Missouri Public Service Commission is assisted in its administration of this program by the Relay Missouri Advisory Committee which is charged with a number of duties including: promoting awareness to the general public and to any public agency needing information regarding Relay Missouri; assisting in the evaluation of promotional efforts of the Dual Party Relay Service (DPRS); providing suggestions and possible solutions about complaints or the needs of relay users when requested through the Relay Missouri Contractor or the Missouri Public Service Commission; and monitoring legislation dealing with telecommunications issues surrounding



*A communications assistant translates a call at the Relay Missouri Center.*

## PUBLIC SERVICE COMMISSION

relay users on a local, state, and national level when requested through the Relay Missouri Contractor or the Missouri Public Service Commission.

Various consumers, including speech and hearing impaired individuals, telephone industry representatives, Commission Staff and the Office of the Public Counsel comprise the Relay Missouri Advisory Committee.

Relay Missouri is funded through a monthly Relay Missouri surcharge of 13 cents which is applied to all telephone lines in Missouri. The surcharge is reviewed at least every two years but not more than annually.

Sprint is the current contracted Relay Missouri provider. Sprint's primary center for handling relay calls for Missouri is located in Independence, Missouri.

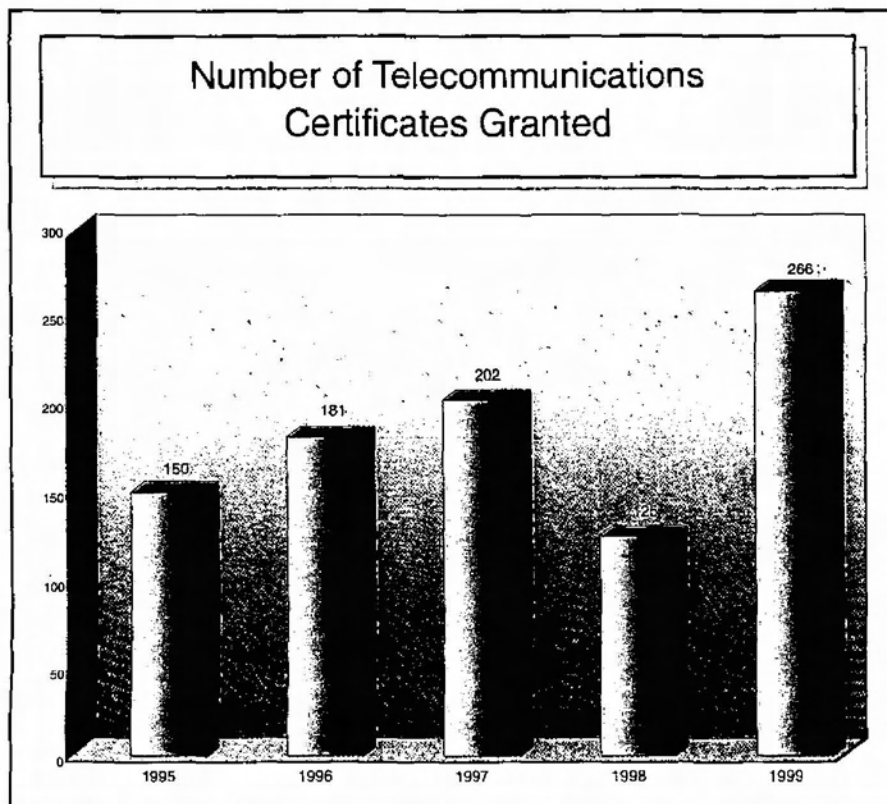
Prior to December 1, 1998, the Missouri Public Service Commission also administered the Adaptive Technology Distribution Program (ATEP), which provided TDD and other equipment to qualified individuals. However, through a joint executive/legislative/agency agreement, responsibilities for the ATEP program were transferred via a Memorandum of Understanding to the Missouri Department of Labor and Industrial Relations (DOLIR).

### TECHNICAL SERVICES

When the year 1999 comes to a close, the telephone industry in Missouri will close the chapter on party line telephone service and electro-mechanical switching. Party lines have for many years been considered standard service in rural Missouri exchanges. All telephone party lines in the state will be converted to single party line service by the end of 1999.

Electro-mechanical switches have provided telephone-switching service in Missouri since the 1920s. By the end of this century all of the exchanges with electro-mechanical switches will have been converted to digital switching.

The Technical Services Section has the responsibility for monitoring the quality of telephone service in Missouri. Engineers in the Depreciation Department, in cooperation with the Technical Services Section, audited 129 telephone exchanges for quality of service. Quality of service audits were also performed on almost 1,000 pay telephones in the Kansas City and St. Louis areas during the summer of 1999.



## CONSUMER OUTREACH PROGRAMS

In keeping with its mission statement to "provide the public the information they need to make educated utility choices," the Missouri Public Service Commission is working on several consumer outreach initiatives.

In collaboration with the Missouri telecommunications industry and JCTV, the Missouri Public Service Commission produced "PSC Consumer Corner," a televised talk show designed to educate consumers on telecommunications issues including telephone bills and charges. The Missouri Telecommunications Industry Association also collaborated with the Commission to develop a consumer brochure entitled "Understanding Your Phone Bill." This brochure describes how a telephone bill is organized plus explains some of the charges found on most telephone bills. The brochure also provides important information on obtaining telephone service if a residential customer has a financial need, along with tips to avoid being slammed (unauthorized changes to your telephone company) or crammed (adding charges to a telephone bill for services the customer did not order).

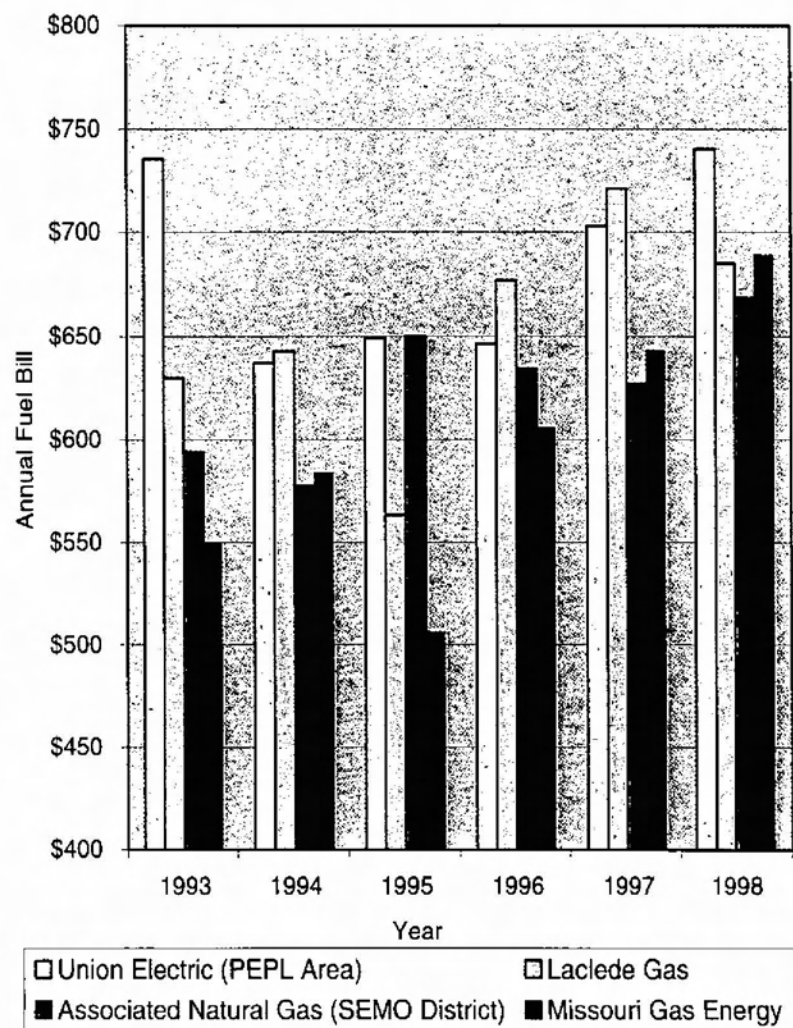
The Missouri Public Service Commission is developing an interactive telecommunications web page to provide consumers easy access to information on telecommunications issues. The interactive web page will also provide contact information on the various competitive local telecommunications companies providing service in areas throughout the State.

## NATURAL GAS

### INCENTIVE PLANS

Through incentive plans, the Commission, its Staff and Local Distribution Companies (LDC) are

Residential Natural Gas Heating  
Customer Annual Usage at 120Mcf(Dth)



Source: Purchased Gas Adjustment filings to the MoPSC. (Calendar year comparison) Mcf = 1,000 cubic feet



continuously seeking innovative ways to keep the cost of gas at a reasonable and consistently flat level while at the same time giving LDCs the latitude of obtaining natural gas using the most reliable and economical methods available. This will save money for the ratepayer and the company plus eliminate the burdensome and costly process of performing after-the-fact prudence audits. In the past, Missouri LDCs have tried experimental programs. One is currently in the process of being modified to allow the plan to work more efficiently and another has been extended for one year.

### **NATURAL GAS IN THE BRANSON AREA**

In August 1998, the Commission approved an application authorizing Ozark Natural Gas Company, Inc. to serve natural gas customers in portions of Christian, Stone and Taney Counties including the Branson area. The certificated service area covers approximately 373 square miles and brings to an acceptable conclusion many years of attempts to provide Branson and surrounding areas with natural gas service. In addition, Ozark was granted a line certificate that allows the installation of mains from its service territory to Williams Gas Pipelines-Central in portions of Greene and Christian Counties. Even with its approval in early FY99, no construction related to this project took place during the fiscal year.



*PSC staff members Steve Fischer and Greg Williams inspect the installation of new natural gas pipeline.*

### **WENTZVILLE CERTIFICATE APPLICATION**

As communities grow and expand, the question of who has the right and obligation to provide service in the expanded area occasionally comes into play. This is especially so when competing gas utilities provide service in common or adjacent areas. As the city limits of Wentzville, Missouri, were expanded and as plans were revealed for even greater future expansion, a need arose to more precisely define the natural gas service areas of Laclede Gas Company and AmerenUE, both of St. Louis, Missouri. It was important to eliminate any confusion or ambiguity as to who may serve what area. Since physical expansions of both utilities would be necessary to serve their customers, it was critical that those resources were properly and effectively allocated.

Through a stipulation, the two utilities were able to reach a territorial agreement to provide natural gas service south of the City of Wentzville in St. Charles County. This territorial agreement will allow both utilities to plan orderly natural gas expansions to areas south of Wentzville.

### **AFFILIATE TRANSACTIONS**

The changing business environment has caused regulated utilities to form corporate affiliates to explore and venture into various unregulated businesses. To protect utility consumers, it is important that the regulated portion of a company not be allowed to subsidize or underwrite its unregulated

affiliate. It is also important that the affiliate does not have an unfair advantage over possible competitors.

To address these types of concerns, the Commission Staff drafted a series of affiliate transaction rules. These rules were designed to address issues such as: financial and evidentiary standards; record keeping requirements and marketing codes of conduct. During the 1999 fiscal year, workshops were held with appropriate utilities. These rules were published in the June 1, 1999, *Missouri Register*.

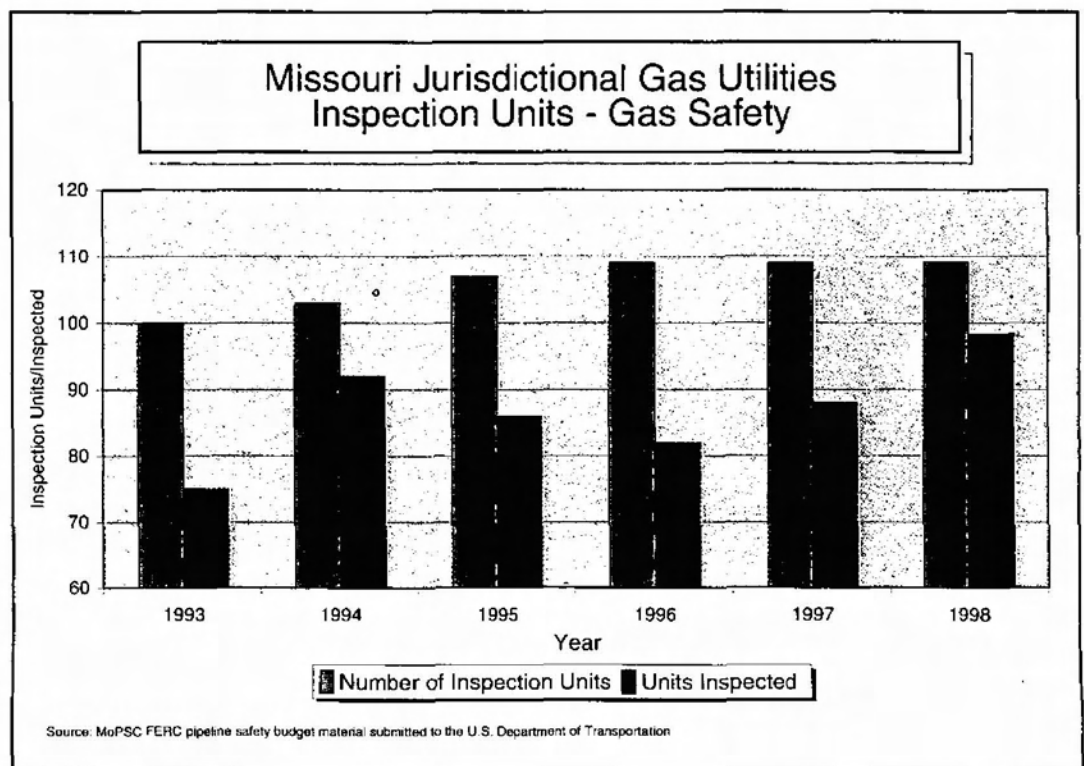
During the 1998 legislative session, HB 1038 was passed. This bill established rules respecting the activities of regulated gas utilities when they form affiliates providing Heating, Ventilation, and Air Conditioning (HVAC) services and activities. Upon the Governor's approval of HB 1038, the Commission initiated a rulemaking to codify the requirements of the bill. The Commission issued its HVAC order of rulemaking on May 25, 1999, with an effective date of July 1, 1999.

### **WEATHERIZATION ASSISTANCE PILOT PROGRAMS**

In February, 1997, the Commission authorized Missouri Gas Energy (MGE) of Kansas City, Missouri, to implement an Experimental Weatherization Program

(Program). The Program uses \$250,000 annually in MGE revenues to fund the City of Kansas City (KC) to implement weatherization for eligible residential customers. Eligibility is determined by the customer's income and family size. This MGE-KC Program often combines MGE funds with state and federal funds for the most effective weatherization measures for the client. At the conclusion of the MGE rate case in September of 1998, the Commission authorized the continuation of the Program.

The initial authorization included an independent review of the Program by *TecMRKT Works*. *TecMRKT Works* submitted its impact evaluation in May 1999. It found that from its inception, the MGE-KC Program has served 343 clients providing an estimated savings to Missouri citizens of \$61,720 a year in 1997 dollars or



\$1,167,540 over the 20 year life of the installed measures. Gas savings are 20.9 percent of total gas consumption for Program-wide savings of 296 billion British Thermal Unit (BTU) over the 20-year life of the installed measures. The Program also provides some residual savings in electric use for an overall benefit-to-cost ratio of 1.62 to 1. *TecMRKT Works* concluded that the MGE-KC Program "is cost effectively providing weatherization services to the residents of Missouri."

In December 1997 the Commission approved an Experimental Weatherization Program (EWP) for natural gas customers of AmerenUE. Subsequent to the approval of tariffs in February 1998, the two-year program was implemented in April 1998. The EWP provides \$100,000 annually in AmerenUE revenues to fund three community agencies in their gas service territory to implement weatherization for eligible residential customers. The EWP can combine AmerenUE funds with state and federal funds for the most effective weatherization measures for the client. There will be an evaluation of the EWP at its conclusion in April 2000.

### **PURCHASED GAS ADJUSTMENT FILINGS**

During the 1996-1997 winter season, the price of natural gas was extremely volatile nationally and reached new highs for Missouri's LDCs and their customers. Not only were the Purchased Gas Adjustment (PGA) filings frequent, but the magnitude of the changes were significant as well. These two

elements combined to cause opportunities for billing errors among the gas utilities and concern to regulators.

As a result of these problems, beginning October 1, 1997, revised PGAs for all LDCs (except for United Cities Gas Company) were implemented to minimize cost fluctuations to the consumer. The new process was expected to:

1. Reduce customer rate shock and confusion by developing a PGA factor that would be in effect for the entire winter period;
2. Reduce the number of PGA filings by limiting the LDC to two PGA filings per year plus an unscheduled winter PGA filing if necessary;
3. Provide a simplified and equitable proration billing procedure to be used for PGA factor changes; and,
4. Reduce opportunities for billing errors by reducing the number of PGA changes.

Since its implementation, the revised PGA process has successfully achieved the above expectations and, in Staff's opinion, has been well received by customers. The number of PGA filings have been reduced from a high of 16 filings to two scheduled filings annually for each participating LDC. One fear that some LDCs expressed prior to revisions to the PGA Clause was that their deferred accounts would greatly over-recover or under-recover gas costs due to the limited opportunities for change and leave them with significant cost balances. In actuality, this has not materialized. In fact, the



Staff members Tom Imhoff and Mike Straub review a Purchased Gas Adjustment filing.

balances have changed very little from what they were previous to the change.

### **INVOLVEMENT WITH NATIONAL DAMAGE PREVENTION INITIATIVES**

In 1998 and 1999, the United States Department of Transportation coordinated a study to determine the "best practices" for preventing third party damage to underground facilities. The study brought together stakeholders with an interest in damage prevention including excavators, owners/operators of underground facilities, regulators, one-call center operators, and facility locators.

The study produced a report that identifies the best practices for preventing damage in the areas of: planning and design; one-call center operations; locating and marking; excavation mapping; compliance; public education and awareness; reporting and evaluation; and emerging technologies.

The Commission's Gas Safety Staff was one of the few state pipeline safety staffs asked to participate in the study. Not only did the Missouri Gas Safety Staff participate, but its representative also co-chaired a task group in the national study. Staff plans to continue this damage prevention initiative by using the best practices as a foundation for improving Missouri's One-Call program.

### **LEGISLATION TO REVISE AND ENHANCE THE DAMAGE PREVENTION STATUTES**

During the 1999 Missouri legislative session, the Commission

worked with representatives of Missouri One-Call, utilities that are members of Missouri One-Call, and various excavation organizations to draft and support legislation pertaining to underground facility damage prevention. The proposed legislation would have made several revisions to Chapter 319, but the most significant was a requirement of universal participation in the Missouri One-Call system by all underground facility owners/operators.

### **LEGISLATION TO INCREASE PENALTIES FOR VIOLATIONS OF PIPELINE SAFETY RULES**

The Commission again pursued efforts during the 1999 legislative session to increase the civil penalty amounts for violations of the Commission's pipeline safety regulations. The proposed legislation would have increased the penalties from the current maximum amount of \$2,000 per violation per day to \$10,000 per violation per day.

The Commission's current penalty amount of \$2,000 was established in 1919 and has remained unchanged since that time. Despite repeated efforts over the past 10 years to bring the penalty amount into compliance with federal requirements, Missouri's effort leaves it as the only state in its 12-state region without penalties close to federal minimums.

The Commission receives a grant from the United States Department of Transportation-Office of Pipeline Safety (OPS) for approximately 40% of the cost of the operation of the Commission's Pipeline



*Staff members John Amerman and Bob Leonberger checking the corrosion protection level on the pipeline.*



Safety program. As a condition of that grant, the Commission is expected to have monetary penalties substantially the same as federal law. Even though the federal penalty amount is presently at \$25,000 per offense, OPS expects the states receiving pipeline safety grants to have penalties of at least \$10,000.

### FEDERAL ACTIVITIES

Decisions by the Federal Energy Regulatory Commission (FERC) directly impact Missouri ratepayers since Missouri's LDCs must use FERC-regulated interstate pipelines for delivery of their natural gas supplies. The Commission believes its involvement in FERC and related judicial proceedings is necessary to ensure that Missouri natural gas consumers receive reliable service at reasonable rates.

While there are ten interstate pipelines directly serving Missouri with an additional six or so upstream pipelines used by Missouri LDCs, the Commission actively participates in various rate and tariff proceedings of Mississippi River Transmission Corporation (MRT), Panhandle Eastern Pipe Line Company (Panhandle), and Williams Gas Pipelines-Central (Williams). These three pipelines provide service to a majority of the state's natural gas consumers. MRT serves the eastern side of the state, including St. Louis. Panhandle traverses the central part of the state while Williams serves western Missouri, including the Kansas City, St. Joseph, Springfield and Joplin areas.



*PSC Pipeline Safety Engineer Amy Brox checks the odorant level in natural gas.*

### KANSAS AD VALOREM TAX REFUNDS

Since 1989, the Commission has been aggressively seeking refunds of Kansas ad valorem taxes unlawfully collected from consumers. During 1994-95, Missouri ratepayers received nearly all of the \$13 million in refunds owed for the 1989-93 time period. However, as of September 1999, only \$7.3 million of the estimated \$50-60 million in additional refunds (for 1983-88) have been received by Missouri consumers.

Many producers have petitioned FERC to waive some or all of their refund obligations. The Commission has protested over 70 of these requests. Commission Chair Sheila Lumpe has submitted information to Congress and testified opposing federal legislative proposals which seek to reduce producers' refund obligations. Also, the Commission has asked the Court of Appeals to review various FERC orders which have unduly complicated the recovery of refunds from producers. The Commission will continue to take the necessary legal and regulatory actions to pursue the Kansas ad valorem tax refunds due Missouri consumers.

### WILLIAMS

Following months of extensive negotiations, Williams and the Commission, along with other interested parties, entered into two settlement agreements. On August 30, 1999, FERC unconditionally approved both settlement agreements.

The first settlement, filed on June 14, 1999, resolves the issue of corporate and affiliate charges taken to hearing by the Commission in Williams' most recent rate case. Under this agreement, customers of Missouri Gas Energy, Missouri Public Service, and Greeley Gas will receive over \$4 million in refunds, plus accrued interest, for the period August 1, 1995, through October 31, 1999. The settlement also provides for an additional \$2 million per year rate reduction, applicable to all customers, effective November 1, 1999, and continuing until at least October 1, 2000.

The second settlement, filed June 18, 1999, is a final, comprehensive resolution of the many complex issues related to Williams' recovery of past, present, or future gas supply transition (GSR) costs. Under this settlement, Williams agrees to absorb \$77.6 million (43.7 percent) of the \$177.6 million in challenged transition costs. Of the remaining \$100 million to be paid by firm customers, Missouri customers will pay only \$36.5 million. In return, the Commission agreed to no longer pursue its prudence and eligibility challenges or its litigation of GSR cost allocation issues (19 pending FERC dockets and two appeal cases). Without the Commission's litigation and this subsequent settlement, Missouri customers' share of Williams' GSR costs would have been \$90-100 million.

In connection with its rate case for the period November 6, 1993, through July 31, 1995, Williams distributed \$9.4 million in refunds to Missouri LDCs during May 1999. However, since FERC modified its

rate of return policies in its final orders in this case, which reduced Williams' refund obligation to Missouri customers by over \$7.5 million for this 22-month period, the Commission requested the U.S. District Court of Appeals to review these orders.

### KANSAS PIPELINE COMPANY

The Commission actively participated in the certificate and initial rates proceeding for Kansas Pipeline Company (KPC). KPC provides transportation services for Missouri Gas Energy customers. FERC allowed KPC to begin charging initial rates in May 1998 which were significantly higher than the Commission believed were reasonable. Therefore in June 1999, the Commission filed an appeal of FERC orders establishing KPC's initial rates.

## ELECTRIC

### MISSOURI ELECTRIC RATES

Through the efforts of Missouri's electric utilities and the Missouri Public Service Commission, all classes of Missouri customers have benefited from low electric rates. The United States Energy 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 1998, Missouri's electric rates for residential, commercial and industrial customers were better than the national average (see tables).

RESIDENTIAL		
State Name	Avg. Revenue (cents/kWh)	State Rank
Hawaii	14.80	1
New York	14.12	2
New Hampshire	13.67	3
California	11.50	9
Illinois	10.43	12
<b>U.S. Avg.</b>	<b>8.43</b>	
Iowa	8.21	20
Arkansas	7.80	25
Kansas	7.71	28
Missouri	7.09	33
Oklahoma	6.63	41
Nebraska	6.38	43
Oregon	5.56	49
Idaho	5.15	50
Washington	4.95	51

COMMERCIAL		
State Name	Avg. Revenue (cents/kWh)	State Rank
Hawaii	13.26	1
New York	12.13	2
New Hampshire	11.35	3
California	9.98	10
Illinois	7.93	13
<b>U.S. Avg.</b>	<b>7.59</b>	
Arkansas	6.78	23
Iowa	6.61	28
Kansas	6.47	29
Missouri	6.00	37
Oklahoma	5.73	42
Nebraska	5.46	46
Oregon	4.97	49
Washington	4.79	50
Idaho	4.17	51

INDUSTRIAL		
State Name	Avg. Revenue (cents/kWh)	State Rank
Hawaii	10.32	1
New Hampshire	9.06	2
California	6.95	9
Illinois	5.29	12
New York	5.20	13
<b>U.S. Avg.</b>	<b>4.53</b>	
Kansas	4.51	19
Missouri	4.46	21
Arkansas	4.45	22
Iowa	3.95	36
Oklahoma	3.63	44
Nebraska	3.61	45
Oregon	3.23	48
Idaho	2.60	50
Washington	2.59	51

### RESTRUCTURING

The debate on electric restructuring is continuing at both the national and state level. A number of states are restructuring and have implemented plans which allow customers to choose their suppliers of electricity.

The Commission is actively participating in the electric restructuring debate at both the federal and state level. In Missouri, the Joint Interim Committee on Telecommunications and Energy continues to meet to discuss electric restructuring. Commissioners and the PSC Staff are active participants in these meetings and in providing information to the Committee. Any decision to implement restructuring in Missouri would require changes in current Missouri law.

At the national level, the Commission works with the National Association of Regulatory Utility Commissioners (NARUC) to actively monitor federal legislation and provide testimony at hearings. The NARUC Electricity Committee as well as the NARUC Subcommittee on Strategic Issues direct the NARUC Staff on positions to take or assign Commissioners to testify on NARUC's position.

### PRICE SPIKES

Again, during the summer of 1999, Midwest electric utilities experienced sharp price increases in wholesale electric power. Missouri electric companies under PSC jurisdiction do not have a procedure to pass higher costs on to their customers absent the filing of a

general rate case. The PSC Staff was very active in monitoring the electric supply in Missouri during the hot weather experienced in Missouri this summer.

A number of generation facilities are under construction in the Midwest and will be in commercial operation by the summer of 2001. A few units are scheduled for operation in the summer of 2000.

### MERGER OF KANSAS CITY POWER & LIGHT AND WESTERN RESOURCES

The Missouri Public Service Commission approved an agreement on September 2, 1999, which authorized the merger of Kansas City Power & Light Company and Western Resources, Incorporated. Under the agreement, the merger premium of approximately \$870 million would not be recovered in Missouri rates, there would be a rate moratorium (a three year rate freeze) and a one-time bill credit of approximately \$5 million for KCPL customers.

Western Resources and Kansas City Power & Light agreed to merge in February of 1997. Upon completion of the merger, Western's utilities, Kansas Gas & Electric and Kansas Power & Light, will join Kansas City Power & Light in a new company to be called Westar Energy. The executive headquarters of Westar will be located in Kansas City, Missouri.

As part of the agreement, parties established reasonable and appropriate customer service standards for Westar's Missouri customers.



Mike Proctor and Steve Dottheim of the Commission staff testify before the Missouri Legislature on electric restructuring issues.



PSC engineers Jim Ketter and Tom Lin check the height of overhead lines.

## RATE REDUCTION: KANSAS CITY POWER AND LIGHT COMPANY

Kansas City Power and Light Company (KCPL) electric customers saw a rate reduction in April, 1999, when the Commission ordered KCPL to implement a rate decrease of approximately \$15 million. This order was the result of an earnings audit conducted by the PSC Staff as part of the Kansas City Power and Light Company/Western Resources, Inc. merger application case.

The rate reduction was the result of an agreement between KCPL, the PSC Staff, and the Office of Public Counsel, in which the parties also agreed that, barring exceptional events, they will not file any case requesting a general rate increase or decrease prior to the earlier of September 1, 2001 or the closing of the Western Resources/KCPL merger.

Electric rates dropped by approximately \$2.00 (3.2 percent) a month for the typical residential customer.

## ELECTRIC TARIFF FILINGS

During the fiscal year, the Commission received 36 electric tariff filings, which included the following:

### Green Power

Missouri Public Service filed a Green Power Rate Schedule which took effect on July 26, 1999. Green Power refers to electricity that is generated using technologies that have minimal impact on public health and the environment (i.e., electricity derived from renewable

energy sources such as solar, wind, geothermal or biomass). Customers will be allowed to choose from an approved list of options.

### Real-Time Pricing

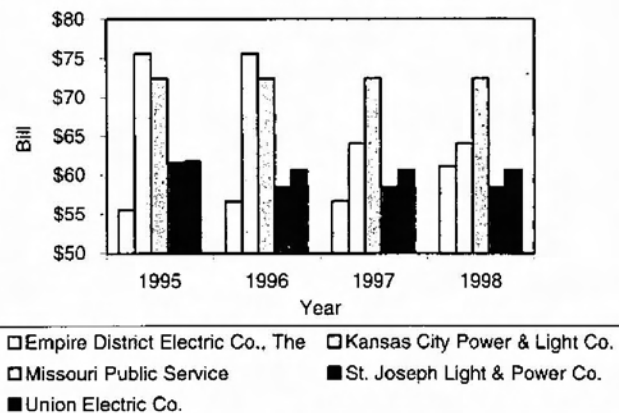
Kansas City Power and Light Company changed its successful Real-Time Pricing pilot program to a permanent rate schedule in May 1999. This rate provides commercial and industrial customers an opportunity to purchase additional electricity at marginal cost-based prices.

The program is designed to make the hourly energy prices more like "market prices" that would occur in a competitive market for power. Missouri Public Service began offering a real-time pricing program in October 1998 and The Empire District Electric Company has had a real-time pricing option available to customers since 1995.

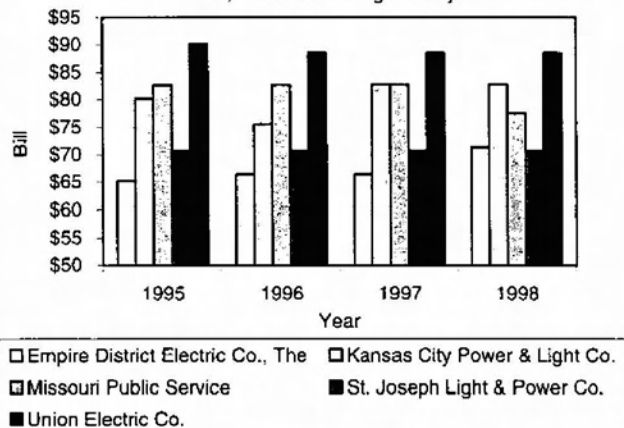
### Voluntary Load Reduction

AmerenUE initiated a Voluntary Curtailment Rider on June 1, 1999. This rider provides bill credits to customers for curtailing electrical

Residential Electric Customer  
Bill for 1,000 kWh Usage in January



Residential Electric Customer  
Bill for 1 000 kWh Usage in July





usage during specified periods at the request of the utility. Customers are credited for each actual load reduction, unlike interruptible rates, which credit customers the same amount each month whether or not curtailments are called and no matter how many curtailments are called. Kansas City Power and Light Company and Missouri Public Service have also filed for Voluntary Load Reduction Riders.

### **TERRITORIAL AGREEMENTS AND CHANGE OF ELECTRIC SUPPLIER**

On December 10, 1998, AmerenUE and Boone Electric Cooperative filed a territorial agreement and change of supplier for 176 customers in Boone County from UE to the Cooperative and 55 customers in Boone and Randolph counties from the Cooperative to UE. The Commission approved the agreement and change of supplier application on March 4, 1999. This agreement will allow each utility to consolidate customers in the areas which they presently serve.

On March 22, 1999, Callaway Electric Cooperative and the City of Fulton filed to change 102 customers from the Cooperative to the City and 78 customers from the City to the Cooperative. This change will allow the city and cooperative to centralize their service areas and eliminate duplication of facilities. The Commission approved the territorial agreement on September 28, 1999.

On April 20, 1999, AmerenUE and Ozark Border Electric Cooperative filed to transfer 320 customers and associated facilities from UE to the Cooperative. These customers

are located in Wayne and Butler Counties, within the historical service area of the Cooperative and remote from UE service centers. These customers were part of the Arkansas Power & Light property purchased by UE a few years ago. The Commission approved this application on July 6, 1999.

On June 16, 1999, AmerenUE and Ozark Border Electric Cooperative filed an application to transfer approximately 812 customers from UE to the Cooperative and approximately 434 Cooperative customers to UE. The Commission approved a revised territorial agreement on October 19, 1999.

Under the terms of the revised territorial agreement, AmerenUE customers listed in the joint application will be transferred to Ozark. Existing members of Ozark in the AmerenUE service area will not be transferred from Ozark to AmerenUE.

### **AFFILIATED TRANSACTIONS**

As the electric industry anticipates possible restructuring, Missouri electric utilities are beginning to offer more non-regulated services. The provision of these non-regulated services opens a potential for ratepayers to subsidize or underwrite these non-regulated services.

In the Fiscal Year 1999, the Commission proposed an affiliate transaction rule which sets forth financial and evidentiary standards and record-keeping requirements for electric utilities. This rule will provide the information necessary for the Commission to determine if subsidization has occurred.



*PSC Engineer Leon Bender analyzing a load profile in a merger case.*

The Commission has received comments on the proposed rule and will likely issue a final rule during the 2000 Fiscal Year.

During the past fiscal year, the Commission promulgated a rule regarding the provision by electric utilities of non-regulated HVAC services that incorporates HB 1038 passed in the 89<sup>th</sup> General Assembly.

### SAFETY SEMINARS

The PSC Staff continues to hold semi-annual electric safety meetings to provide training and to exchange information involving worker safety and public safety. Safety managers from investor-owned, cooperatives and municipal electric utilities in the state meet to discuss ways to heighten awareness of the hazards associated with the delivery and use of electricity. In addition, these meetings are used to develop strategies to communicate this message to the citizens of Missouri.

### CERTIFICATE CASES

On October 20, 1998, The Empire District Electric Company filed an application for a certificate of public convenience and necessity for authorization to serve in an area in Greene County. In the application, Empire stated that it is the franchised electric supplier in Republic, and that it wishes to extend its service area to newly annexed portions of the City. Empire also filed to extend its service area in three additional areas of Greene County, which would be extensions to its existing certified service area. This case is pending before the Commission.

## WATER & SEWER

The Water and Sewer Department Staff conducts routine field inspections of all PSC regulated water and sewer companies. Staff normally conducts these inspections on a regularly scheduled basis. Staff also conducts 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 following:

- the overall condition of the systems;
- the appropriateness of the supply, storage and distribution facilities;
- the overall quality of service that the companies are providing; and
- whether the systems are operating in compliance with Commission rules and Department of Natural Resources (DNR) regulations.

Staff personnel also work with the DNR regarding companies' compliance with environmental regulations. While the DNR has primary jurisdiction over the enforcement of federal/state environmental regulations, the Water and Sewer Department works closely with regulated companies to ensure that they make necessary system improvements in the most cost effective manner possible. These aspects of the field inspection program will become even more important as federal and state regulations and enforcement policies are changed. While such



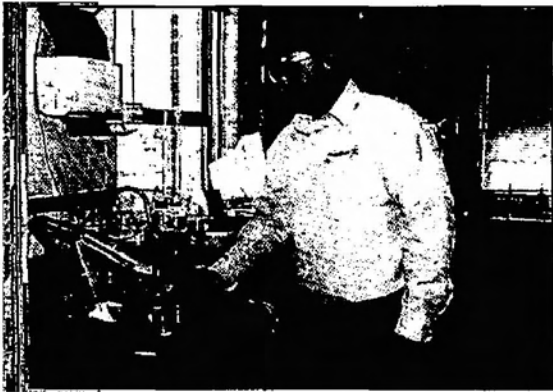
*Martin Hummel of the PSC staff examines newly constructed drinking water treatment facilities.*

changes will affect all regulated firms to some degree, they will have a much greater impact on smaller companies and their ratepayers.

As in the past, the PSC continues to experience a significant number of certificate applications filed by new and existing water and sewer utilities that are proposing to serve residential developments. Another trend in the water and sewer industries is the consolidation of small water and sewer companies with larger Commission regulated utilities or with municipalities or public districts that are not regulated by the Commission. Many of these small utilities have experienced financial and/or operational problems. The PSC's role in such matters is to determine whether the sale of the company is in the public interest, where the promise of better service is often coupled with imminent increases in customer rates.

The Commission oversees the efforts of investor-owned water utilities in Missouri as they work to comply with federal requirements contained in the Safe Drinking Water Act. As part of that compliance, the United States Environmental Protection Agency (EPA) required all water suppliers to issue a report by October of 1999 which tells customers where their water comes from, what is in it and how safe it is. This information is designed to help consumers understand and make informed decisions about their drinking water. Consumers may contact their water suppliers with questions regarding the quality of their water.

Consumer confidence reports are a part of the right-to-know provisions contained in the federal Safe Drinking Water Act.



*A United Water Missouri employee conducts a drinking water quality test.*

### **EIERA/PSC LOAN PROGRAM**

In 1992 the Missouri Environmental Improvement and Energy Resources Authority (EIERA) and the PSC established a small water and sewer company revolving loan program. The interest rate on loans made under this program has historically been fixed at the prime rate when a loan closes. Companies obtaining loans under this program must use the loan proceeds for making capital improvements to existing water or sewer system facilities, when such improvements are necessary for the company to provide safe and adequate service to its customers. Additionally, to qualify for a loan under this program, a company must be able to show it is unable to secure financing from traditional lending sources.

Most loans made under this program over the last few years have now been paid off, and monies are currently available through the program. However, Staff believes that even more 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, small water and sewer utility companies are not financially strong enough to secure the funds necessary to make necessary system improvements. Without some form of assistance, these companies may not be able to meet the DNR's water and wastewater standards or to continue to provide safe and adequate service to their customers.

Additional monies may be made available through the EIERA/

PSC loan program or through other revolving loan programs that the DNR administers. Discussions between the PSC Staff and the EIERA Staff regarding improvements to the loan program are underway, and proposed changes to the loan program will likely be submitted to the Commission and the EIERA Board of Directors for their consideration.

## MANAGEMENT SERVICES

The Management Services Department's (MSD) 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:

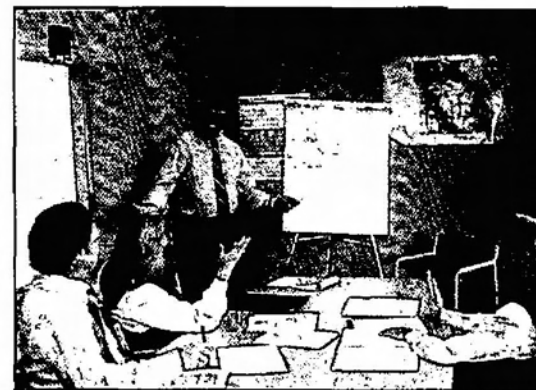
- Strategic Planning
- Financial Management
- Customer Services
- Automation
- Documentation
- Human Resources
- Identify strengths and weaknesses in present utility management practices and regulatory processes and recommend improvements.
- Maintain communications with utilities to promote a free exchange of information, ideas and experiences.
- Provide on-site management services to support and promote effective management.

Major projects of the MSD staff included:

- Participation in the KCPL-Western Resources merger case to develop a series of quality of service indicators to ensure that service quality does not deteriorate in the post-merger company.
- Participation in the Southern Union-Pennsylvania Gas merger case to develop a series of quality of service indicators to ensure that service quality does not deteriorate in the post-merger company.
- Development of a customer satisfaction survey to be administered to customers of gas utilities to assess their level of satisfaction with present service and expectations.
- Case coordination of the Investigation into Public Utility Preparedness for the Year 2000 Conversion, Case 00-99-43.
- An implementation review of the Raytown Water Company to determine the progress made towards implementing 48 recommendations for improvement in field operations, the business office, and management oversight responsibilities.
- An implementation review of Missouri Gas Energy to assess the progress of audit recommendations in the customer billing and meter reading areas.

MSD staff also participated in a number of other projects that included strategic planning, a review of affiliated transactions at GTE Midwest Incorporated, the Task Force on Electric Restructuring, a consumer education survey, and internal process improvements through a consumer quality team.

## SERVICE QUALITY



*Management Services personnel review information gathered during a recent audit.*



## **ORGANIZATIONAL FUNCTIONS**

### **EXECUTIVE DIRECTOR**

Gordon L. Persinger, Acting Executive Director

The Executive Director is the PSC's chief operations officer. The Executive Director is responsible for the overall administrative functions and the policy direction of the Staff. The Executive Director also serves as the primary liaison between the Commissioners and the Staff.

### **ADJUDICATION DIVISION**

Dale Hardy Roberts, Secretary/Chief Regulatory Law Judge

The Secretary/Chief Regulatory Law Judge is responsible for the statutory obligations of the Secretary of the Commission.

A staff of full-time regulatory law judges is utilized to meet the procedural demands of the large volume of contested cases filed with the Commission. Each case is assigned a regulatory law judge on a rotational basis. The regulatory 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 regulatory 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. Kolilis, Director

The Administration Division is responsible for managing the fiscal, personnel, and information resources of the agency. This Division oversees budget development, strategic planning, internal accounting, procurement, staff services, personnel, payroll, information services and training functions for the agency.

### **GENERAL COUNSEL**

Dana K. Joyce, 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.

## **RESEARCH AND PUBLIC AFFAIRS DIVISION**

Gordon L. Persinger, Director

The Research and Public Affairs Division contains the Consumer Services Department, the Public Information Office, the PSC's Legislative Coordinator and the Research Group. Consumer Services, with offices in Jefferson City and St. Louis, is the clearinghouse for all inquiries and complaints received by the PSC. The Public Information Office develops and distributes press and media information on current PSC activities, maintains the PSC Reports and deals with other media requests. The Legislative Coordinator is the PSC's primary liaison with the Missouri General Assembly and also assists with other education and consumer relations activities. The manager of the information technology project which will automate most of the PSC's functions is a member of the Research Group.

## **UTILITY OPERATIONS DIVISION**

Wess Henderson, Director

The Utility Operations Division is comprised of five departments: Telecommunications, Electric, Gas, Water and Sewer, and Manufactured Housing. It supports the Commission in meeting its statutory responsibilities by providing technical expertise in energy safety; utility rates, tariffs, rules and regulations; economic analysis; engineering oversight and investigations; and construction inspections. The Utility Operations Division also has oversight of the Manufactured Housing Department's regulation of manufactured home dealers operating in Missouri. 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.

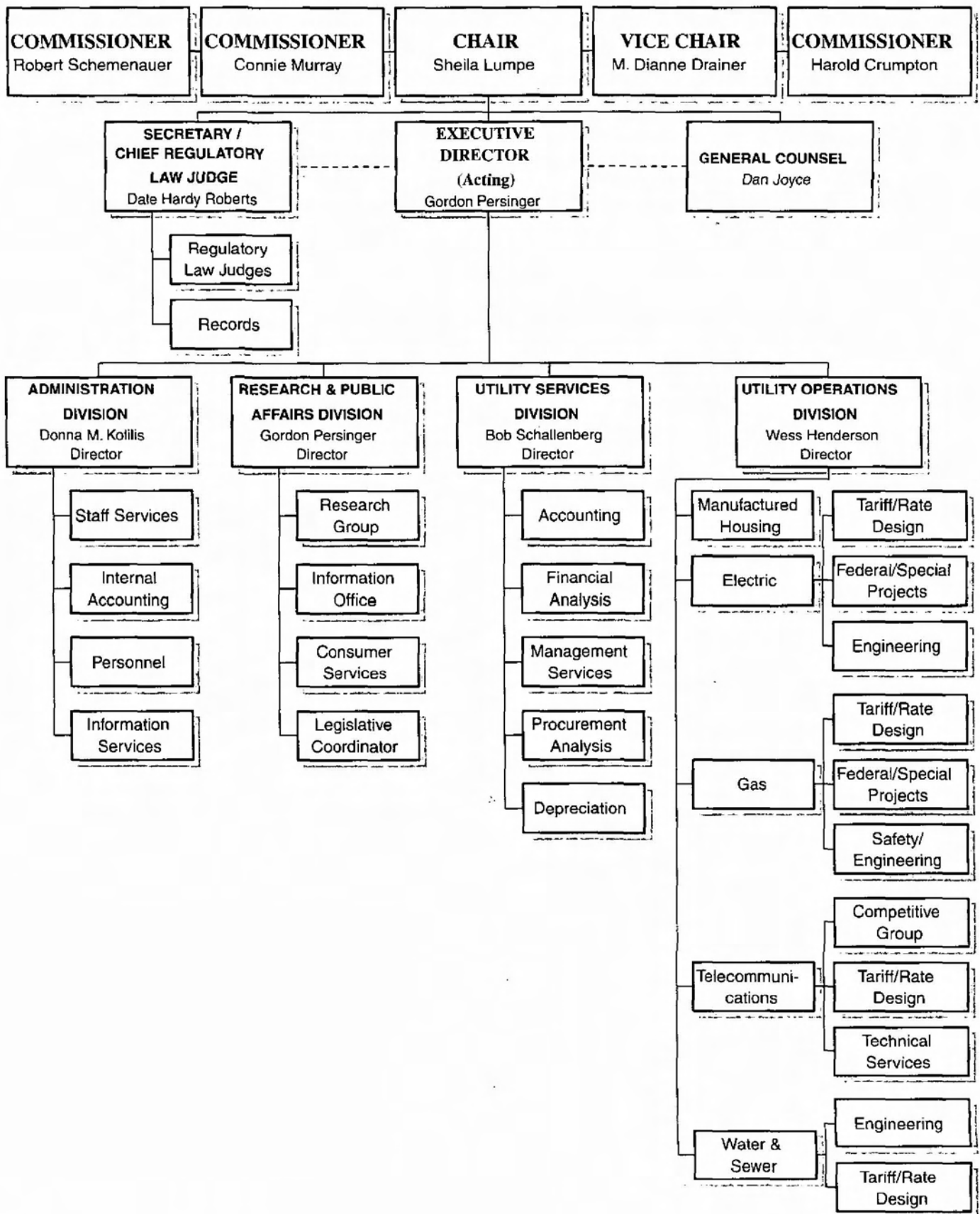
## **UTILITY SERVICES DIVISION**

Robert Schallenberg, 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, depreciation analysis 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.

# PUBLIC SERVICE COMMISSION

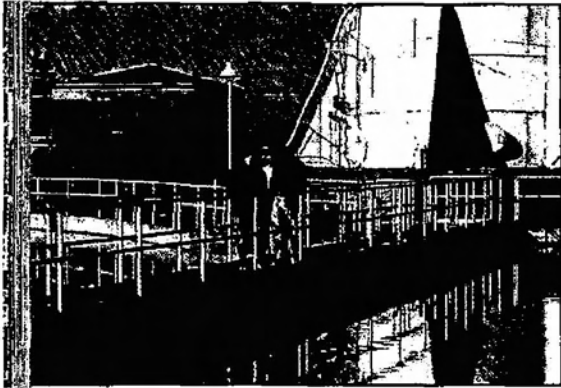
## MISSOURI PUBLIC SERVICE COMMISSION ORGANIZATIONAL CHART





# STATISTICAL INFORMATION

## YEAR IN REVIEW



### 1998

#### JULY 8

AmerenUE electric customers receive \$17.9 million one-time bill credit which represents the second year of an experimental alternative regulation plan approved by the PSC in July of 1995.

#### JULY 22

PSC determines that a geographic split should be used to alleviate the exhaustion of available telephone numbers in the current 314 area code. Cities such as St. Charles, Warrenton, Chesterfield and Festus will receive the new 636 area code.

#### AUGUST 19

PSC opens case to continue Y2K evaluation.

#### AUGUST 4

PSC approves the merger of the Bourbeuse Telephone Company and the Fidelity Telephone Company. As part of the case, annual telephone revenues will be reduced by approximately \$800,000.

#### AUGUST 18

PSC approves agreement which reduces the annual telephone revenues of the Northeast Missouri Rural Telephone Company by approximately \$222,600.

#### AUGUST 24

PSC issues decision which authorizes Missouri Gas Energy to increase annual natural gas revenues by approximately \$13.2 million. MGE sought a \$27.8 million increase when it filed its rate request on October 3, 1997.

#### SEPTEMBER 3

PSC approves territorial agreement between AmerenUE and Farmers' Electric Cooperative which designates the boundaries of each electric supplier in nine northwest Missouri counties.

#### SEPTEMBER 24

PSC announces the formation of an Electricity Roundtable Discussion Group.

#### OCTOBER 1

PSC approves agreement which reduces the annual telephone revenues of the Oregon Farmers Mutual Telephone Company by approximately \$22,400.

#### OCTOBER 8

PSC announces the formation of a Water Policy Roundtable Discussion Group.

#### OCTOBER 8

PSC approves agreement which reduces the annual telephone revenues of the Le-Ru Telephone Company by approximately \$312,000.



**OCTOBER 15**

PSC approves agreement resulting in no natural gas rate increase for the Laclede Gas Company. When the Company filed its rate request on February 27, 1998, it sought to increase natural gas revenues by approximately \$25.4 million.

**OCTOBER 21**

PSC approves agreement which reduces the annual telephone revenues of the Citizens Telephone Company by approximately \$170,000.

**OCTOBER 26**

PSC files proposed anti-slaming emergency rule with the Missouri Secretary of State.

**NOVEMBER 19**

PSC approves Southwestern Bell's TRIMS (Telecommunications Revenue Interactive Management System) proposal designed to manage the problem of rising uncollectible revenues.

**DECEMBER 1**

St. Joseph Light & Power files electric, natural gas and steam rate cases with the Missouri Public Service Commission. St. Joseph Light & Power seeks to increase steam revenues by approximately \$274,400 a year; natural gas revenues by approximately \$499,000 a year; and electric revenues by \$6.1 million a year.

**DECEMBER 17**

PSC rejects tariffs filed by GTE Midwest Inc. seeking to provide LATA-wide Extended Reach Plan because the company sought to have the plan listed as a "local service" offering.

**DECEMBER 30**

PSC approves territorial agreement between AmerenUE and the City of Kennett which designates the boundaries of each electric supplier around the City of Kennett.

**1999**

**JANUARY 26**

PSC approves territorial agreement between the City of Columbia and Consolidated Public Water Supply District #1 which designates the boundaries of each water supplier in a part of Boone County near Columbia.

**JANUARY 26**

Laclede Gas Company files a \$30.5 million natural gas rate case with the Missouri Public Service Commission.

**JANUARY 28**

Territorial agreement between AmerenUE and Crawford Electric Cooperative, Inc. approved. Agreement designates the boundaries of each electric supplier in Washington County.



## PUBLIC SERVICE COMMISSION



### FEBRUARY 2

United Water Missouri, Inc. files to raise water revenues by approximately \$1.1 million.

### FEBRUARY 4

PSC determines GTE Midwest Inc. meets the standard to become price cap regulated in Missouri.

### FEBRUARY 10

PSC approves agreements which reduce the annual telephone revenues of the Seneca Telephone Company by approximately \$444,560 and the Goodman Telephone Company by approximately \$269,510.

### MARCH 4

PSC approves territorial agreement between AmerenUE and Boone Electric Cooperative which designates the boundaries of each electric supplier within portions of nine mid-Missouri counties.

### APRIL 8

PSC approves agreement which reduces the annual telephone revenues of the McDonald County Telephone Company by approximately \$91,000 a year.

### APRIL 13

PSC approves agreement which reduces the annual electric revenues of Kansas City Power & Light by approximately \$15 million.

### APRIL 20

PSC announces there will be no change in the surcharge for providing a statewide dual party relay system for the deaf, hearing-impaired and speech-impaired (Relay Missouri).

### MAY 6

PSC approves plan to extend the life of the 816 and 913 area codes in the Kansas City metropolitan area.

### MAY 6

PSC approves agreement which reduces the annual telephone revenues of the Miller Telephone Company by approximately \$90,700.

### MAY 6

PSC approves agreement reducing the annual telephone revenues of the Mid-Missouri Telephone Company by approximately \$254,500.

### MAY 22

Permissive dialing begins in the new 636 area code in eastern Missouri.

### MAY 27

PSC approves agreement which reduces the annual telephone revenues of the Rock Port Telephone Company by approximately \$171,000.

### JUNE 10

Equal access given to customers to choose their own IntraLATA long distance carrier.

# RATE CASE DECISIONS DURING FISCAL YEAR 1999

## TELEPHONE

Date of Order	Case No.	Company	Rate Request	PSC Decision
8/4/98	TR-98-344	Fidelity Telephone Co. Bourbeuse Telephone Co.	-0-	(\$800,000)
8/18/98	TO-98-216 TT-98-277	Northeast Mo. Rural Telephone Co.	-0-	(\$222,595)
10/1/98	TR-98-348	Oregon Farmers Mutual Telephone Co.	-0-	(\$22,436)
10/8/98	TR-98-372	Le-Ru Telephone Co.	-0-	(\$312,000)
10/21/98	TR-98-346	Citizens Telephone Co.	-0-	(\$170,000)
2/10/99	TR-98-373	Seneca Telephone Co. Goodman Telephone Co.	-0- -0-	(\$446,500) (\$269,510)
4/8/99	TR-98-347	McDonald County Telephone Co.	-0-	(\$91,100)
5/6/99	TC-98-350	Miller Telephone Co.	-0-	(\$90,700)
5/6/99	TR-98-343	Mid-Missouri Telephone Co.	-0-	(\$254,500)
5/27/99	TR-98-349	Rock Port Telephone Co.	-0-	(\$171,000)

## ELECTRIC

Date of Order	Case No.	Company	Rate Request	PSC Decision
7/8/98	EO-96-14	Union Electric Company d/b/a AmerenUE	-0-	(\$17,900,000) <sup>1</sup>
4/13/99	ER-99-313	Kansas City Power & Light	-0-	(\$15,000,000)

1-One-time bill credit under experimental alternative regulation plan.

## NATURAL GAS

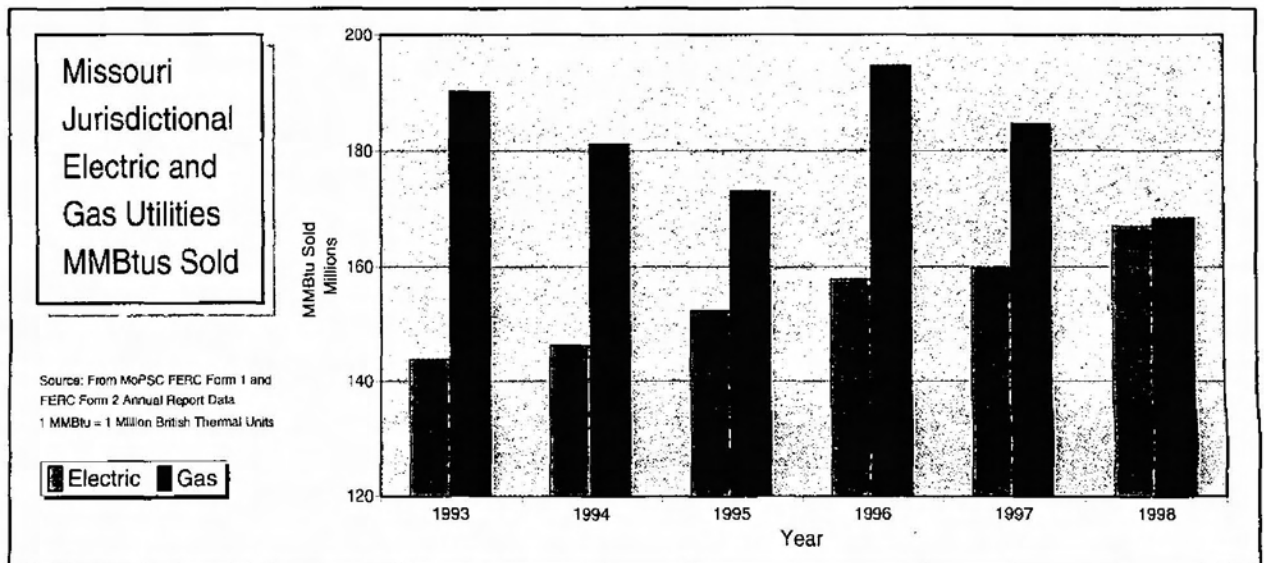
Date of Order	Case No.	Company	Rate Request	PSC Decision
8/24/98	GR-98-140	Missouri Gas Energy	\$27,800,000	\$13,200,000
10/15/98	GR-98-374	Laclede Gas Co.	\$25,400,000	-0-

# PUBLIC SERVICE COMMISSION

## SMALL WATER & SEWER

Reference Numbers	Company	Amount of Increase	Effective Date or Case Status
9700873 (WR-99-183)	Ozark Shores Water Company	\$75,283 (20.9%)	12/11/98
9800812	Lakeland Heights Water Company	N/A	No Increase Granted
9800962	Loma Linda Water Company	N/A	No Increase Granted
9900127	Gladlo Water & Sewer Company (water operations)	N/A	No Increase Granted
9900128	Gladlo Water & Sewer Company (sewer operations)	N/A	No Increase Granted
9900156 (WR-99-361)	Hickory Hills Water & Sewer Company (water operations)	\$1,426 (20.1%)	04/09/99
9900157 (SR-99-362)	Hickory Hills Water & Sewer Company (sewer operations)	\$478 (20.4%)	04/09/99
9900219 (SR-99-421)	Eastern Missouri Utilities	N/A	No Increase Granted
9900333 (WR-2000-68)	Terre Du Lac Utilities Corporation (water operations)	N/A	Request Pending
9900334 (SR-2000-69)	Terre Du Lac Utilities Corporation (sewer operations)	N/A	Request Pending
9900481	Spokane Highlands Water Company	N/A	Request Pending
9900787	Warren County Water & Sewer Company (water operations)	N/A	Request Pending
9900800	Warren County Water & Sewer Company (sewer operations)	N/A	Request Pending
9900788 (WR-2000-241)	McCord Bend Water Company	N/A	Request Pending
9900915	Emerald Point Utility Company (water operations)	N/A	Request Pending
9900916	Emerald Point Utility Company (sewer operations)	N/A	Request Pending
9900946	RDE Water Company	N/A	Request Pending

- Notes: (1) The first two numbers of the Reference Number (97 — 98 — 99) indicate the fiscal year in which the rate increase request was originally submitted to the Commission.
- (2) A status of "Request Pending" indicates a final disposition of the rate increase request had not yet been reached as of September 30, 1999.



# TELEPHONE STATISTICS

COMPANY	ACCESS LINES	EXCHANGES
Southwestern Bell Telephone Co., St. Louis .....	2,534,994 .....	166
GTE Midwest, Inc., Columbia .....	504,012 .....	208
United Telephone Co. d/b/a Sprint, Jefferson City .....	265,118 .....	79
ALLTEL Missouri Service Corp., Little Rock, Ark. ....	60,283 .....	60
Grand River Mutual Telephone Corp., Princeton .....	14,639 .....	32
Fidelity Telephone Co., Sullivan .....	13,812 .....	9
Chariton Valley Telephone Corp., Bucklin .....	8,268 .....	18
Cass County Telephone Co., Peculiar .....	7,000 .....	6
Kingdom Telephone Co., Auxvasse .....	4,993 .....	7
Steelville Telephone Exchange, Inc., Steelville .....	4,350 .....	4
Mark Twain Rural Telephone Co., Hurdland .....	4,330 .....	14
Northeast Missouri Rural Telephone Co., Green City .....	4,300 .....	11
Citizens Telephone Co., Higginsville .....	4,182 .....	3
Modern Telecommunications Co., Green City .....	3,957 .....	3
Mid-Missouri Telephone Co., Pilot Grove .....	3,879 .....	12
Green Hills Telephone Corp., Breckenridge .....	3,691 .....	13
BPS Telephone Co., Malden .....	3,608 .....	3
McDonald County Telephone Co., Pineville .....	3,419 .....	3
Seneca Telephone Co., Seneca .....	3,106 .....	4
Granby Telephone Co., Granby .....	2,966 .....	2
Craw-Kan Telephone Cooperative, Inc., Girard, Kansas .....	2,417 .....	6
Ozark Telephone Co., Seneca .....	2,175 .....	2
Ellington Telephone Co., Ellington .....	1,849 .....	5
Goodman Telephone Co., Goodman .....	1,857 .....	2
Rock Port Telephone Co., Rock Port .....	1,815 .....	2
Lathrop Telephone Co., Princeton .....	1,422 .....	1
Stoutland Telephone Co., Stoutland .....	1,409 .....	2
KLM Telephone Co., Rich Hill .....	1,400 .....	4
Le-Ru Telephone Co., Stella .....	1,350 .....	2
Iamo Telephone Co., Coin, Iowa .....	1,177 .....	4
Oregon Farmers Mutual Telephone Co., Oregon .....	1,176 .....	1
Miller Telephone Co., Miller .....	1,047 .....	1
New London Telephone Co., New London .....	1,031 .....	1
Orchard Farm Telephone Co., St. Charles .....	784 .....	1
Mo-Kan Dial, Inc., Louisburg, Kansas .....	766 .....	1
Choctaw Telephone Co., Halltown .....	570 .....	1
Holway Telephone Co., Maitland .....	560 .....	2
New Florence Telephone Co., New Florence .....	470 .....	1
Peace Valley Telephone Co., Peace Valley .....	425 .....	1
Alma Telephone Co., Alma .....	352 .....	1
Farber Telephone Co., Farber .....	238 .....	1
<b>TOTAL</b>	<b>3,479,197</b>	<b>699</b>

Note: Access Lines in use as of July 1, 1999. Billed access lines would be somewhat less.



# NATURAL GAS UTILITIES STATISTICS

CALENDAR YEAR 1998 (MISSOURI JURISDICTIONAL)

<u>Name of Company</u>		Mcf Sold 1998	Total Operating Revenues (\$)	Total Number of Residential Customers	Total number of Customers
Associated Natural Gas Co.	(1)	7,184,200	33,563,999	40,899	46,914
Fidelity Natural Gas, Inc.		172,603	562,270	833	963
Greeley Gas Co.	(2)	47,539	323,379	492	539
Laclede Gas Co.		82,577,534	500,525,799	584,181	623,306
Missouri Gas Energy	(3)	55,664,330	361,171,986	424,934	485,926
Missouri Public Service	(4)	4,981,884	37,865,934	40,375	44,723
Southern Missouri Gas Co., L.C.	(5)	804,167	5,005,425	5,609	6,154
St. Joseph Light & Power Co.		737,186	4,364,526	5,445	6,298
Union Electric Co.	(6)	13,882,214	87,224,298	110,992	123,952
United Cities Gas Co.	(2)	2,069,086	12,575,679	13,341	15,069
Totals:		168,120,743	\$ 1,043,183,295	1,227,101	1,353,844

Source: MoPSC FERC Form 2 1998 Annual Reports (Missouri Jurisdictional)

<u>Intrastate Pipelines</u>		<u>Mcfs Delivered</u>	<u>Revenue (\$)</u>	<u>Transportation Customers</u>
Missouri Gas Co.	(7)	1,713,429	2,039,946	16
Missouri Pipeline Co.	(7)	12,904,734	5,111,912	19
Totals:		<u>14,618,163</u>	<u>\$ 7,151,858</u>	

(1)-A division of Arkansas Western Co.

(2)-A division of Atmos Energy Corp.

(3)-A division of Southern Union Co.

(4)-A division of UtiliCorp United, Inc.

(5)-Southern Missouri Gas Co., L.C., Tartan Energy Co., L.C.

(6)-Union Electric Company d/b/a AmerenUE.

(7)-A division of UtiliCorp Pipeline Systems, Inc.

# ELECTRIC UTILITIES STATISTICS

CALENDAR YEAR 1998 (MISSOURI JURISDICTIONAL)

Name of Company	MWhs Sold 1998	Total Operating Revenues 1998	Total Number of Residential Customers	Total Number of Customers
Citizens Electric Corp.	827,862	\$ 42,530,103	20,715	22,902
Empire District Electric Co., The	3,381,029	\$ 192,036,969	103,290	123,918
Kansas City Power & Light Co.	8,536,620	\$ 524,061,015	223,673	255,822
Missouri Public Service (1)	4,451,441	\$ 290,232,877	171,680	197,350
St. Joseph Light & Power Co.	1,639,928	\$ 86,905,336	55,082	61,988
Union Electric Co. (2)	30,140,821	\$ 1,899,397,935	953,082	1,090,927
<b>TOTALS:</b>	<u>48,977,701</u>	<u>\$ 3,035,164,235</u>	<u>1,527,522</u>	<u>1,752,907</u>

Grand MMBtu 167,209,871

Source: 1998 Annual Report

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

(2) - Union Electric Company d/b/a AmerenUE

# STEAM UTILITIES STATISTICS

CALENDAR YEAR 1998 (MISSOURI JURISDICTIONAL)

Name of Company	MMBtus Sold 1998	Total Operating Revenues 1998	Total Number of Residential Customers	Total Number of Customers
St. Joseph Light & Power Co.	1,798,357	\$6,267,341	0	6
Trigen-Kansas City District Energy Corp.	903,021	\$ 8,839,866	0	77
Union Electric Co.	*	\$ 370,125	0	1
<b>TOTALS:</b>	<u>2,701,378</u>	<u>\$ 15,477,332</u>	<u>0</u>	<u>84</u>

Source: Utility supplied data

\* Billed on energy use & monthly fee

# WATER STATISTICS

CALENDAR YEAR 1998 (MISSOURI JURISDICTIONAL)

NAME OF COMPANY	CUSTOMERS	NAME OF COMPANY	CUSTOMERS
<b>CLASS A</b>		<b>CLASS D (CONTINUED)</b>	
Clarence Cannon Whsl. Water Comm.	13	Hickory Hills Water & Sewer Co.	49
Empire District Electric Co.	4,379	Highway H. Utilities, Inc.	269
Missouri American Water Co.	90,616	Hillcrest Utilities, Inc.	180
Raytown Water Co.	6,739	Kimberling City Water Co.	118
St. Louis County Water Co.	304,707	Lake Northwoods Utility Co.	19
Tri State Utility Co.	2,524	Lakeland Heights Water Co.	124
United Water Missouri, Inc.	10,448	Lakewood Manor Limited	31
U. S. Water/Lexington, Mo., Inc.	2,265	LTA Water Co.	84
<b>CLASS B</b>		McCord Bend Water Co.	85
Noel Water Co.	615	Midland Water Co.	50
Ozark Shores Water Co.	1,100	Missouri Utilities Co.	134
The Meadows Water Co.	1,025	Moore Bend Water Co.	99
<b>CLASS C</b>		Oakbrier Water Co.	47
Aqua Source/CU	394	Peaceful Valley Service Co.	158
Aqua Source/RU	907	Port Perry Service Co.	144
I. H. Utilities, Inc.	689	Public Funding Corp. of Ozark, MO	184
KMB Utility Corp.	878	Quail Run Water & Land Co.	100
Lake Region Water & Sewer	23	Riverfork Water Co.	34
Loma Linda Development, Inc.	210	Roark Water & Sewer, Inc.	115
Middlefork Water Co.	2	Rogue Creek Utilities	102
Osage Water Co.	389	Roy L. Utilities, Inc.	56
Rex Deffenderfer Enterprises, Inc.	884	Shell Knob Estates Utilities, Inc.	54
Silverleaf Resorts, Inc.	779	S K & M Water & Sewer Co.	213
Taney County Utilities Corp.	560	South Jefferson County Util. Co.	158
Terre Du Lac Utilities Corp.	1,019	Spokane Highlands Water Co.	24
<b>CLASS D</b>		Stockton Hills Water Co.	148
Argyle Estates Water System	49	Suburban Water Co.	151
Camelot Utility Co.	228	Swiss Villa Utilities, Inc.	84
Cat-Pac Waterworks, Inc.	144	The Willows Utility Co.	208
Cedar Hill Estates Water Co.	171	Valley Woods Water Co.	9
Central Jefferson County Util.	359	Warren County Water & Sewer	243
Emerald Pointe Utility Co.	103	Whispering Hills Water System	52
Evergreen Lake Water Co.	33	White River Valley Water Co.	130
Foxfire Utility Co.	175	Wilden Heights Water Co.	21
Franklin County Service Co.	33	Woodland Heights Utilities, Inc.	68
Franklin County Water Co.	145	Woodland Manor Water Co.	86
Frimel Water Systems, Inc.	72		
Gladlo Water & Sewer Co.	62		

## SEWER STATISTICS

CALENDAR YEAR 1998 (MISSOURI JURISDICTIONAL)

NAME OF COMPANY	CUSTOMERS	NAME OF COMPANY	CUSTOMERS
<b>CLASS B</b>		<b>CLASS D (CONTINUED)</b>	
Aqua Source/CU	1,225	Lake Northwoods Utility Co.	19
House Springs Sewer Co.	952	Lincoln County Utilities Co.	128
		Mill Creek Sewers Inc.	74
<b>CLASS C</b>		Missouri American Water Co.	102
Cedar Hill Utility Co.	568	Missouri Utilities Co.	133
Central Jefferson County Util.	359	M.P.B. Inc.	75
Foxfire Utility Co.	175	P.C.B. Inc.	290
KMB Utility Corp.	187	Peaceful Valley Service Co.	143
Lake Region Water & Sewer	46	Port Perry Service Co.	80
Meramec Sewer Co.	717	Roark Water & Sewer, Inc.	109
Ozark Water & Wastewater Mgm't	421	Rogue Creek Utilities	106
Silverleaf Resorts, Inc.	165	Roy L. Utilities, Inc.	53
Terre Du Lac Utilities Corp.	880	Savannah Heights Industrial Treatment	72
		Shell Knob Estates Utilities, Inc.	48
<b>CLASS D</b>		S K & M Water & Sewer Co.	96
Cannon Home Association	New	South Jefferson County Util. Co.	120
Eastern Missouri Utilities Co.	3	Southwest Sewer Corp.	0
Emerald Point Utility Co.	103	S. T. Ventures, LLC	32
Franklin County Service Co.	48	Stoddard County Sewer Co.	152
Gladlo Water & Sewer Co.	63	Swiss Villa Utilities, Inc.	83
Hickory Hills Water & Sewer Co.	47	Taney County Utilities Corp.	77
Highway H. Utilities, Inc.	57	Taneycomo Highlands, Inc.	20
Hillcrest Utilities, Inc.	175	The Meadows Water Co.	267
Incline Village Water & Sewer Co.	174	The Willows Utility Co.	208
L W Sewer Corp.	188	Timber Creek Sewer Co.	157
Lake Hannibal Sewer Corp.	22	Valley Woods Water Co.	6
TBJ Sewer System, Inc.	New	Village Water & Sewer Co., Inc.	98
		West 16th Street Sewer Co.	93
		Woodland Heights Utilities, Inc.	68
		WPC Sewer Co.	47

## *PUBLIC SERVICE COMMISSION*

# CONTACTING THE PSC

The Missouri Public Service Commission offices are located in Kansas City, Jefferson City and St. Louis. The Commission is open from 8:00-12:00 noon and 1:00-5:00 p.m., Monday through Friday, except on state holidays.

### **JEFFERSON CITY:**

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