

ANNUAL REPORT
OF THE
PUBLIC SERVICE COMMISSION

July 1, 1947

June 30, 1948

1947 - 1948

MISSOURI
PUBLIC SERVICE COMMISSION

Jefferson City, Missouri

MORRIS E. OSBURN, Chairman

E. L. McClintock
Kyle D. Williams

Agnes Mae Wilson
Charles L. Henson

Commissioners

FRED H. CARR
Secretary

MISSOURI PUBLIC SERVICE COMMISSION

MORRIS E. OSBURN, Chairman.....Shelbyville
E.L. McCLINTOCK, Commissioner.....Cape Girardeau
KYLE D. WILLIAMS, Commissioner.....Albany
AGNES MAE WILSON, Commissioner.....Trenton
CHARLES L. HENSON, Commissioner.....Springfield

FRED H. CARR, Secretary.....Fulton
JOHN P. RANDOLPH, General Counsel.....St. Joseph
R. E. DUFFY, Chief Engineer.....Greenfield
HOMER L. THORP, Chief Accountant.....Shelbyville
ROY F. REED, Chief Rate Expert.....St. Louis
CARLE R. NEWBERRY, Supervisor of Motor Bus and Truck
Department.....Jefferson City

LETTER OF TRANSMITTAL

January 10, 1949

To His Excellency, Forrest Smith,
Governor of Missouri.

Dear Sir:

Pursuant to Section 5594, R.S.Mo., 1939, we have the honor to submit herewith the Annual Report of the Public Service Commission of the State of Missouri, which said report contains a full and complete account of its transactions and proceedings for the period from July 1, 1947, to June 30, 1948, inclusive.

Respectfully submitted,

By

Morris E. Johnson
Chairman

Charles L. Henson
Commissioner

E. M. Clintock
Commissioner

Kyle D. Williams
Commissioner

Agnes Mae Wilson
Commissioner

HEADQUARTERS AND PERSONNEL

The headquarters of the Public Service Commission are located in the old Federal Building at Jefferson City, Missouri.

On the third floor are located the Legal, Accounting, and Engineering Departments. On the second floor are located the offices of the five Commissioners, the hearing room and the Reporting Department. On the first floor are located the offices of the Secretary of the Commission, and the Bus and Truck Department, with the desk where travel orders may be purchased located adjacent to the foyer, so that those who have business of this nature can be served quickly and without disturbing the other personnel of the department.

Also located on the first floor is the Transportation Rate Department, the Gas, Electricity, Water and Telephone Department, and the general office of the Commission.

The Commission has succeeded in its determined effort to eliminate delay and make its docket entirely current. Unless the case be one in the nature of a complete audit and appraisal of a utility, or one which requires a great deal of field work, or is awaiting the filing of briefs, it can be heard and the report and order issued within less than thirty days after the case is filed.

In very urgent matters, where proper waivers on notices of hearing are filed, the case can be filed, heard, and the report and order issued on the same date.

The employees of the Commission are all specially trained for the position which they now hold, some have been with the Commission for a considerable number of years and several have attained statewide and nationwide recognition in their fields of work.

LEGAL DEPARTMENT

Personnel

During the past fiscal year, July 1, 1947 to June 30, 1948, the personnel of the Legal Department has consisted of the General Counsel and Assistant General Counsel, two Hearing Examiners, and a Reporter of Opinions, all of whom are lawyers, and two legal stenographer-secretaries, both of whom are especially trained in legal stenographic work.

Duties and Work

The work of the department during the past fiscal year has followed along the generally established lines, conferring with the Commissioners and the technical staff and advising them upon the legal problems that arise in the daily routine, too voluminous for detailed description. The duty imposed upon the General Counsel by statute, requiring that he give opinions and advice to the public as to their rights under the Missouri Public Service Commission Act and the legal methods and procedure for obtaining same, has been discharged, and numerous individuals or their attorneys, as well as various public officials, have conferred with the department and been given advice and opinions. The department has worked and advised with other agencies and departments of the state government and has especially worked with the General Assembly and various committees of both the House and Senate on legislation amending parts of the Missouri Public Service Commission laws. Senate Bills No. 152 and 153, which were passed and approved during the past fiscal year and are now in effect, were originally drafted by this department and were later revised and amended in conjunction with the Senate

Judiciary Committee and attorneys representing interests affected thereby. These bills were designed to remedy a situation called to the attention of the Governor in previous reports whereby there appeared considerable doubt as to the Commission's jurisdiction to regulate urban buses operated by a street railway company under the provisions of the law regulating streetcars. These bills have clarified this situation and have now brought under the jurisdiction of the Commission urban buses that are operated as a part of a street railroad or trolley bus urban transportation system. In actual effect these bills only bring under regulation those buses that are operated as a part of the transportation systems in the cities of St. Louis, Kansas City and St. Joseph.

Various problems concerning the enforcement of the Bus and Truck Act by the State Highway Patrol have arisen during the past year, and advice and opinions concerning these matters have been given the Patrol. As a part of this work it has been necessary to reconsider the various reciprocity contract agreements with other states regarding the license fees of motor carriers operating in interstate commerce. These reciprocity contracts have been mentioned in previous reports and are still a subject of study, and contracts with two additional states are now in the process of being negotiated.

By statute it is the duty of the legal department to represent the general public in all rate and valuation cases heard before the Commission. During the last fiscal year there have been a number of rate cases heard by the Commission involving rates for transportation, as well as other utilities' services. In all such cases the legal department has appeared on behalf of the general public, and in cooperation with the technical staff has presented

all available facts and information to the Commission. One especially large rate case that attracted widespread public attention during the past fiscal year was that of the Southwestern Bell Telephone Company. This case was presented at a series of hearings that ran throughout almost the entire fiscal year. The total time consumed in actual hearing was thirty days, and required a large amount of additional time in the analysis of many technical exhibits presented by the company, as well as time in the preparation of technical exhibits by the Commission's staff.

In addition to all the foregoing, this department has represented the Commission in various hearings before the Federal Power Commission and the Interstate Commerce Commission, and has represented the Commission in all litigation in the courts wherein the Commission was a party or had an interest in the result of the case on behalf of the consumers of public utilities' services in this state.

The following is a summary of the cases handled by this department but does not include each and every case.

Circuit Court Cases

STATE EX REL ARCH MAYES ET AL. VS. PUBLIC SERVICE COMMISSION
(Commission Case No. B-9445; Circuit Court No. 10,019)

This case upon date of last report of the Commission was pending in the Circuit Court of Cole County. On October 13, 1947, the cause was dismissed by relators.

~~STATE EX REL DIXIE GREYHOUND LINES ET AL. VS. PUBLIC SERVICE COMMISSION (SEMO)~~
(Commission Case No. B-9141; Circuit Court No. 10,902)

This case upon last report of the Commission was pending in the Circuit Court of Cole County. The cause was taken under

advisement on October 18, 1947, by the Judge of the Circuit Court of Cole County, and on March 23, 1948, the order of the Commission was affirmed. Nothing further being done by the relators, this judgment becomes and is now final.

STATE EX REL INTERNATIONAL UNION OF OPERATING ENGINEERS, LOCAL 148,
VS. PUBLIC SERVICE COMMISSION
(Commission Case No. 10,987; Circuit Court No. 11,168)

This case upon date of last report of the Commission was pending in the Circuit Court of Cole County. On October 14, 1947, the cause was dismissed by the relator.

STATE EX REL KINLOCH BUSINESS LEAGUE VS. PUBLIC SERVICE COMMISSION
(Commission Case No. 10,814; Circuit Court No. 11,196)

Upon date of last report of the Commission, this case was pending in the Circuit Court of Cole County. The case and a motion to dismiss filed by the St. Louis Public Service Company were taken under advisement by the Judge of the Circuit Court of Cole County on July 19, 1947. The order of the Commission was affirmed by that Court on September 24, 1947. Nothing further being done by the relators, this judgment became and is now final.

STATE EX REL. W. H. JOHNSON d/b/a GREAT SOUTHERN COACHES ET AL.
VS. PUBLIC SERVICE COMMISSION
(Commission Case No. B-9358; Circuit Court No. 11,000)

This cause at the date of the last report of the Commission was pending in the Circuit Court of Cole County and is still pending at the date of this report.

STATE EX REL BYERS TRANSPORTATION COMPANY, INC., ET AL. VS.
PUBLIC SERVICE COMMISSION
(Commission Case No. T-9881; Circuit Court Case No. 11,496)

This case originated before the Commission by the filing of an application by Thomas E. Caton and Chester B. Caton, d/b/a Caton Brothers Truck Transport, for authority to operate as a

freight-carrying motor carrier over an additional regular route. On December 10, 1947, the Commission issued its report and order granting the applicant the authority as requested. In due time some of the protestants appearing before the Commission at the time of the hearing sued out of the Circuit Court of Cole County a writ of certiorari for review of the Commission's report and order, the style of this case being as shown in this caption. The Commission in obedience to said writ filed its return thereto on April 1, 1948. The case was set down for argument in the Circuit Court but has been continued and is now pending in said Circuit Court as of June 30, 1948.

STATE EX REL DIXIE GREYHOUND LINES, INC., ET AL. VS. PUBLIC SERVICE COMMISSION
(Commission Case No. B-9778; Circuit Court No. 11,491)

This case arose as a result of the order made by the Commission on the application of W. H. Schulte, d/b/a Schulte Transportation Company, for a certificate of convenience and necessity to operate intrastate as a passenger-carrying motor carrier over a regular route. On October 29, 1947, the Commission issued its report and order granting the authority as requested. In due time relators as shown in the caption hereof, who appeared at the hearing as protestants, were granted a writ of certiorari by the Circuit Court of Cole County. Within the time required by the writ the Commission filed its return thereto. This cause was on June 30, 1948, pending in said Circuit Court.

~~STATE EX REL A. P. GREEN FIRE BRICK COMPANY VS. PUBLIC SERVICE COMMISSION, ET AL.~~
(Commission Case No. 11,003; Circuit Court No. 11,490)

This case arose as a result of an order made by the Commission providing for an investigation of all rates and charges

of the Missouri Power and Light Company for natural gas. The investigation was prompted by the filing of a contract with the Commission by the Missouri Power and Light Company providing for certain rates to the A. P. Green Fire Brick Company for interruptable industrial gas. The Commission ordered the rates as provided for in the contract suspended and after investigation and hearing on the matter, fixed the rates to be charged for the interruptable industrial gas to be sold to the A. P. Green Fire Brick Company. Relator, A.P. Green Fire Brick Company, filed a petition for a writ of certiorari to the Circuit Court of Cole County on January 16, 1948, and the Commission within the time provided for by the writ filed its return thereto. This case was on June 30, 1948, pending in said Circuit Court.

STATE EX REL WILLIAMS AND CALMER ET AL. VS. PUBLIC SERVICE COMMISSION
(Commission Case No. 10,972; Circuit Court No. 12771-D, Division 2)

This case arose as a result of the order made by the Commission after a hearing upon the complaint of Williams and Calmer, Inc., et al., charging that the Southwestern Bell Telephone Company intended to abolish a private branch exchange in use in a business office building in the City of St. Louis and to establish individual telephone service for each of the occupants thereof. The Commission dismissed the complaint, and the complainants appealed by certiorari to the Circuit Court of the City of St. Louis. On October 5, 1947, the Commission filed its return to the writ, and on June 4, 1948, the case was argued before the Judge of Division 2 of said Circuit Court and taken under advisement by said Judge on that date. This is the status of this case as of June 30, 1948.

Kansas City Court of Appeals

STATE EX REL E. R. MINSHALL d/b/a TRANSPORT DELIVERY SERVICE VS.
PUBLIC SERVICE COMMISSION
(Commission Case No. T-9543-X; Circuit Court No. 10,965)

This case as shown by last report of the Commission was pending in the Kansas City Court of Appeals. On December 2, 1947, the cause was dismissed for failure of the appellants to perfect the appeal.

STATE EX REL ST. FRANCOIS COUNTY BUS LINES, INC., VS. PUBLIC SERVICE COMMISSION
(Commission Case No. B-9276; Circuit Court No. 10,821; Kansas City Court of Appeals No. 20,900)

This case as shown by last report of the Commission was pending in the Kansas City Court of Appeals. On December 2, 1947, the cause was dismissed for failure of the appellants to perfect the appeal.

STATE EX REL ST. FRANCOIS COUNTY BUS LINES, INC., VS. PUBLIC SERVICE COMMISSION
(Commission Case No. B-9276; Circuit Court No. 10,821; Kansas City Court of Appeals No. 20,900)

This case as shown by last report of the Commission was pending in the Kansas City Court of Appeals. On December 2, 1947, the cause was dismissed by the Court for failure of appellant to perfect the appeal

STATE EX REL ANDERSON MOTOR SERVICE, INC., AND BYERS TRANSPORTATION COMPANY, INC., VS. PUBLIC SERVICE COMMISSION
(Commission Case No. T-8336; Circuit Court No. 10,909)

This case as shown by the last report of the Commission was pending in the Kansas City Court of Appeals. At the date of this report the cause is still pending in that court.

STATE EX REL F. H. SCOFIELD, d/b/a SCOFIELD BUS LINE, INC., VS. PUBLIC SERVICE COMMISSION
(Commission Case No. B-9192; Circuit Court No. 10,750; Kansas City Court of Appeals No. 20,839)

Upon date of last report of the Commission this case was pending in the Kansas City Court of Appeals. On May 10, 1948, the order of the Circuit Court of Cole County setting aside the Commission's order was reversed and the cause remanded to the Circuit Court of Cole County by the Kansas City Court of Appeals with directions to affirm the report and order of the Commission. For report of the opinion see 211 S.W. (2d) 547.

STATE EX REL WILLIE WALLEN AND DIXIE GREYHOUND LINES, INC., VS.
PUBLIC SERVICE COMMISSION
(Commission Case No. B-9139; Circuit Court No. 10,608; Kansas City Court of Appeals No. 20,899)

Upon date of last report of this Commission the above case was pending in the Kansas City Court of Appeals. On September 16, 1947, the case was continued by stipulation to next term, and on March 2, 1948, the case was again continued by stipulation. This is the status of this case as of June 30, 1948.

STATE EX REL CITY OF FERGUSON ET AL., MUNICIPAL CORPORATION, VS.
PUBLIC SERVICE COMMISSION
(Commission Case No. 10,814; Circuit Court No. 11,191)

This case upon date of last report of the Commission was pending in the Circuit Court of Cole County. On July 19, 1947, the St. Louis Public Service Company filed a motion to dismiss. On the same date the case and the motion to dismiss were taken under advisement by the Judge of the Circuit Court of Cole County. The order of the Commission was affirmed on September 24, 1947. The relators' motion for new trial, filed October 3, 1947, was overruled as to the City of Ferguson on November 14, 1947. On December 27, 1947, the City of Berkley filed its appeal to the Kansas City Court of Appeals. This is the status of this case as of June 30, 1948.

Supreme Court

STATE EX REL D. A. RICE, d/b/a DONIPHAN TELEPHONE COMPANY VS.
PUBLIC SERVICE COMMISSION AND SOUTHWESTERN BELL TELEPHONE COMPANY
(Commission Case No. 10,076; Circuit Court No. 10,843)

At the date of last report of the Commission this case was pending in the Supreme Court of Missouri. On January 12, 1948, the judgment of the Circuit Court and the order of the Commission were affirmed. On January 21, 1948, appellant filed a motion for rehearing and a motion to transfer the cause to the Court en banc. The motions were sustained, and the matter was set for argument before the Court en banc on May 10, 1948, but was continued by stipulation of parties and is still pending.

STATE EX REL PARTNOY, SIMON, d/b/a HARMONY PUBLISHING COMPANY, VS.
PUBLIC SERVICE COMMISSION
(Commission Case No. 11,031; Circuit Court No. 11,308)

This case arose as a result of the order made by the Commission after a hearing upon the complaint of Simon Partnoy charging that the Southwestern Bell Telephone Company intended to discontinue the telephone service to his place of business, complainant's business being the dissemination of news of sporting events by means of telephone equipment. The Commission dismissed the complaint, and the complainant appealed by certiorari to the Circuit Court of Cole County. On August 14, 1947, the Commission filed its return to the writ, and on October 18, 1947, the case was submitted on briefs and taken under advisement by the Judge of the Circuit Court of Cole County. On February 2, 1948, the order of the Commission was affirmed by the Circuit Court of Cole County, and on March 3, 1948, the relator filed notice of appeal to the Supreme Court. The case is pending in the last named Court as of June 30, 1948.

United States Circuit Court of Appeals for the Tenth Judicial Circuit

CITIES SERVICE GAS COMPANY VS. FEDERAL POWER COMMISSION
(Circuit Court of Appeals No. 2813)

It was pointed out in the last annual report that this case was pending hearing for the purpose of adopting a suitable plan for making distribution to the ultimate consumers of the moneys that were impounded by the Court during the period of litigation over a rate reduction order for the wholesale rates of natural gas previously entered by the Federal Power Commission. During the last fiscal year hearings upon this matter were held in Topeka, Kansas, and Kansas City, Kansas, as a result of which the Court adopted an equitable plan for the distribution of the impounded moneys and appointed a special master to make the distribution, and as of the end of the fiscal year the distribution was in process and substantial sums of money were being refunded to the users of natural gas on the western side of Missouri whose supplier was the pipe line of Cities Service Gas Company. In some instances the refunds received by gas consumers amounted to approximately one previous year's bill.

United States Circuit Court of Appeals for the Eighth Judicial Circuit

PANHANDLE EASTERN PIPE LINE COMPANY ET AL VS. FEDERAL POWER COMMISSION, ET AL.
(Circuit Court of Appeals No. 12,466)

This case, like the one immediately above, was at the time of the last annual report pending before a special master who was holding hearings to determine upon a plan for making distribution of impounded moneys resulting from litigation of a rate reduction ordered by the Federal Power Commission, this case likewise involving wholesale rates for natural gas delivered to

distribution companies. During the past fiscal year the special master made his report suggesting to the Court a plan for distribution which did not meet with the approval of our Commission, and to which we filed exceptions which were argued before the Court in St. Louis but to no avail. The Court adopted the master's recommendations and then appointed Mr. Kenneth Teasdale of St. Louis to make the distribution under the plan of that part of the impounded moneys coming to gas consumers in the state of Missouri. At the end of the fiscal year the distribution was in the process of being made.

United States Circuit Court of Appeals for the Fifth Judicial Circuit

INTERSTATE NATURAL GAS COMPANY, INC., VS. FEDERAL POWER COMMISSION,
ET AL.

(Circuit Court of Appeals Case No. 10,701)

In 1943 the Federal Power Commission ordered a reduction in the wholesale rates for natural gas of Interstate Natural Gas Company, Inc. Following this order Interstate Natural Gas Company, Inc., sought review of the Federal Power Commission order in the Fifth Judicial Circuit Court of Appeals at New Orleans, and pending this litigation said Court of Appeals ordered an impoundment of the moneys representing the difference between the old rates of Interstate Natural Gas Company and those ordered by the Federal Power Commission. The Court of Appeals affirmed the order of the Supreme Court of the United States, which was denied on October 21, 1947. This ended the litigation over the question of rates, and thereupon the gas company filed in the Circuit Court of Appeals a motion for order of distribution of the impounded funds. The motion asked that the Court order distribution of the impounded moneys to three other natural gas pipe lines that purchased gas

from Interstate, one of which is Mississippi River Fuel Corporation of St. Louis, Missouri, which is the pipe line that supplies the St. Louis area and other communities along the eastern side of the state. Upon receipt of notice of this motion, our Commission filed a petition to intervene on behalf of consumers of the state of Missouri, and along with the Federal Power Commission and the Illinois Commerce Commission it was sought to have these impounded funds paid to the ultimate consumers of natural gas in each state. Hearings upon these matters were held by the Court in New Orleans in December, 1947, and again in January, 1948, and in an opinion filed March 12, 1948, the Court of Appeals overruled our contention that the money should be distributed to the ultimate consumers and entered an order directing the distribution of the impounded funds to the Mississippi River Fuel Corporation and the two other pipe lines involved. At the end of the fiscal year counsel was in the process of preparing a petition to the Supreme Court of the United States for a writ of certiorari to review the aforesaid order of the Fifth Circuit Court of Appeals.

Federal Power Commission and Interstate Commerce Commission

During the past fiscal year counsel has participated in several hearings before the Federal Power Commission and attended conferences with that Commission concerning the various problems of the natural gas pipe lines serving natural gas to the inhabitants of the state of Missouri. These problems again follow the usual pattern of previous years, the main problem being the shortage in pipe line capacity to meet the demands for the uses of natural gas which has made necessary the adoption of curtailment rules for the 1948-1949 winter season.

Before the Interstate Commerce Commission there have been several cases involving increases in railroad rates and motor carrier rates. However, the work in connection with this Commission which has consumed the most time and has taken a part of the time of all the lawyers in this department, as well as some of the members of the Commission, has been the hearing of motor carrier cases by Joint Boards created by the Interstate Commerce Commission. These Joint Board hearings, concerning the various authorities sought by motor carriers in interstate commerce, have been held mostly at St. Louis and Kansas City, with the exception of a few cases at St. Joseph and Springfield. For the purposes of these cases one member of the staff is designated by the Interstate Commerce Commission as the Joint Board Member, and the other staff Members are alternates. The transportation and travel expenses for doing this work is paid by the Interstate Commerce Commission. During the past fiscal year the time consumed by this work has amounted to almost a full time job for one member of the staff.

ACCOUNTING AND STATISTICAL DEPARTMENT

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

Other duties consist of the supervision of the accounting of all the utilities in the state, which are subject to the jurisdiction of the Commission, including the obtaining from each such utility an annual report of its operations, which is filed in the department as a public record. The department also assists in the preparation of the budget for each fiscal year, and maintains current records of the expenditures, and periodically advises the Commission as to the current status of each appropriation. In addition, since the revision of Section 5706 of the Public Service Commission Law, which sets forth the method of assessing various classes of public utility companies by the Commission for the expenses incurred each fiscal year attributable to the exercise of its regulatory powers, the department has been directed by the Commission to calculate the exact amount of the assessment against each public utility company, in accordance with the provisions of the Act.

Personnel

The personnel of the department at June 30, 1948, consisted of a Chief Accountant, fourteen Accountants and two Senior Stenographers.

Audits and Special Studies

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

During the fiscal year, by far the largest and most important case in which the department was involved was the application of Southwestern Bell Telephone Company for authority to file revised rates for telephone service in Missouri; such revised rates being designed to increase gross intrastate revenues by approximately \$3,250,000 annually. (Case No. 11,191). The application in this case, which was filed on September 30, 1947, was subsequently set for hearing on December 15, 1947, after various Missouri cities and municipalities had been given authority to intervene. Hearings were held on thirty separate days over the period from December 15, 1947, to and including July 1, 1948. The record contains over 3200 pages of testimony and numerous detailed exhibits filed

by the utility, the Commission's staff and the intervenors. The department examined certain records of the utility after the filing of the application, and prepared over 40 statistical and accounting exhibits pertaining to the issues of the case, which were introduced in evidence with testimony in connection therewith supplied by a member of the accounting staff. To date, the Commission has not issued its Report and Order in the case.

Also, during the year the Commission received numerous applications from independent telephone companies asking for authority to increase their charges for telephone service, largely because of the rapidly increasing costs of operation. Because of the number of these applications, the department has been obliged to process these applications as quickly as possible in their order of filing. Audits and investigations were completed during the fiscal year of a number of these independent telephone companies seeking relief, and the cases have been disposed of by the Commission. As of June 30, 1948, however, the Commission, on its own motion, had directed the department to make audits and investigations of numerous additional small independent telephone companies, and this work will be accomplished as soon as possible.

Other important audits which the department had in progress during the fiscal year were those involving St. Louis Public Service Company and Kansas City Public Service Company, the two public transportation utilities serving the two largest metropolitan areas of the state. These audits were undertaken at the Commission's direction after each of the two companies had obtained interim, or temporary,

fare increases. Both of these audits were in progress at June 30, 1948, and should be completed during the current fiscal year.

The following is a list of the audits and investigations in which the department was involved during the year. As was stated previously, at June 30, 1948, the field work in some of these cases was not completed, and the accounting and other staff reports had not been filed with the Commission:

- Union Electric Company of Missouri
- The Empire District Electric Company
- Missouri Public Service Corporation
- United Telephone Company
- Southwestern Bell Telephone Company
- St. Louis Public Service Company
- Capital City Telephone Company
- Western Light & Telephone Company, Inc.
- Maryville Electric Light & Power Company
- New London Telephone Company
- New London Water Company
- LaPlata Telephone Company
- Kansas City Public Service Company

In addition, during the fiscal year the department, in cooperation with the Federal Power Commission, completed its study to determine the original cost of the property and plant of Union Electric Company of Missouri, the largest electrical utility property in the state. On February 4, 1948, in Case No. 10,673, the Commission entered its order approving for accounting purposes an adjusted original cost of the property and plant of Union Electric Company of Missouri as of December 31, 1946, aggregating \$137,489,290.96, which amount was in agreement with the recommendation of the department. Joint studies were also continued during the year of the properties of Maryville Electric Light & Power Company, and Missouri Public Service Corporation.

During the fiscal year, for the first time, the department was able to assign one accountant permanently to the handling of accounting matters of bus and trucking companies operating intra-

state under the Commission's jurisdiction. While the duties performed by this accountant are not entirely in the nature of audits, he supervises the accounting methods and practices of these companies for the purpose of improving their accounting records and reports to the Commission, and to bring them in line with the Commission's requirements. Also, this accountant is available for obtaining necessary accounting and statistical data relative to the various motor carrier operations, as might be required by the Commission from time to time in passing upon the requests of various carrier groups for increased rates. The need for this specialized work has long been recognized and the advantages are already apparent, although the accountant has been assigned this work for only a relatively short period of time.

Other studies were made throughout the period in connection with various problems which arose, and which required more information than was in the offices of the Commission.

Security Issues

During the fiscal year, the amount of security issues authorized was \$222,509,768.52, or 22 per cent greater than the amount authorized in the preceding fiscal year. Of this amount \$ 7,752,100.00 was for the purpose of refunding outstanding securities and \$214,757,668.52 was for new money obtained for the acquisition, construction, completion, extension and improvement of the facilities of the various utility companies. The amount of refunding issues was only 13 per cent of the amount authorized in the previous fiscal year, compared to an increase of 75 per cent for new money authorizations. The relatively small number of refunding

authorizations reflects the gradual stiffening of interest rates during the year, coupled with the fact that most Missouri utility companies had already taken advantage of the attractive interest rates prevailing in the immediately preceding years, by refunding old issues bearing higher interest rates. Also, the emphasis during the year was on obtaining additional new money for capital improvements in order to meet the rapidly increasing public demand for utility services. The increased availability of materials also allowed companies to proceed during the year in the completion of long delayed construction projects requiring additional capital. The fact that Missouri public utility companies were able to obtain their capital requirements during a year in which there was keen competition for the investor's dollar, reflects to some degree the sound financial condition of these companies and their good credit rating. This is further justification for the continuance by the Commission of its policy of careful scrutiny of all proposed security issues, with the view of improvement in corporate structures and in increasing the margin of safety to investors.

The following table shows the securities authorized to be issued during the period from July 1, 1947, to June 30, 1948, inclusive:

SECURITIES AUTHORIZED JULY 1, 1947 TO JUNE 30, 1948

DATE OF AUTHORITY	CASE NO.	NAME OF COMPANY	KIND OF SECURITY	TOTAL VALUE
7-2-47	11,105	EMDEN TELEPHONE COMPANY	NOTE	\$ 1,600.00
7-9-47	11,100	MARYVILLE ELECTRIC LIGHT & POWER CO.	COMMON STOCK	1,371,200.00
7-10-47	11,073	FAIRVIEW TELEPHONE EXCHANGE	NOTE	3,000.00
7-9-47	11,065	CYR GAS & DRILLING CO., INC.	COMMON STOCK	7,100.00
7-9-47	11,065	CYR GAS & DRILLING CO., INC.	NOTE	7,000.00
7-29-47	B-10,060	AMERICAN BUS LINES, INC.	BONDS	200,000.00
7-30-47	11,128	MISSOURI GAS & ELECTRIC SERVICE CO.	NOTE	250,000.00
8-2-47	B-10,066	ST. LOUIS COUNTY TRANSIT CO.	COMMON STOCK	20,856.78
8-4-47	11,102	LINCOLN TELEPHONE CO.	NOTE	30,000.00
8-20-47	B-9759	ROBERTSON BUS SERVICE, INC.	NOTE	20,400.12
9-16-47	11,178	ST. JAMES TELEPHONE CO.	BONDS	15,000.00
9-16-47	11,142	ST. JOSEPH LIGHT & POWER CO.	BONDS	990,000.00
9-16-47	11,142	ST. JOSEPH LIGHT & POWER CO.	NOTES	300,000.00
10-20-47	11,164	KANSAS CITY PUBLIC SERVICE CO.	NOTES	2,500,000.00
10-29-47	11,168-11,169	MISSOURI VALLEY TELEPHONE CO.	COMMON STOCK	500.00
11-15-47	11,222	CEDAR HILL WATER CO., INC.	COMMON STOCK	11,500.00
11-26-47	11,221	WESTERN LIGHT & TELEPHONE CO., INC.	PREFERRED STOCKS	250,000.00
11-26-47	11,221	WESTERN LIGHT & TELEPHONE CO., INC.	BONDS	1,250,000.00
12-2-47	11,141	WARRENSBURG AND PERTLE SPRINGS WATERWORKS CO.	COMMON STOCKS	50,000.00
12-2-47	11,141	WARRENSBURG AND PERTLE SPRINGS WATERWORKS CO.	PREFERRED STOCKS	20,000.00
12-2-47	11,141	WARRENSBURG AND PERTLE SPRINGS WATERWORKS CO.	BONDS	100,000.00
12-9-47	11,218	MISSOURI EDISON CO.	BONDS	200,000.00
12-8-47	11,156	ROBINSON TELEPHONE CO.	NOTE	3,000.00
12-8-47	11,209	MYRTLE TELEPHONE CO.	NOTE	5,500.00
12-10-47	11,219	ARKANSAS-MISSOURI POWER CO.	BONDS	1,000,000.00
11-26-47	11,613	SHO-ME POWER CORP.	NOTE	2,354,769.54
11-26-47	11,613	SHO-ME POWER CORP.	CAPITAL STOCK	125,000.00
12-15-47	11,232	TRIANGLE TELEPHONE CO.	NOTE	3,500.00
12-31-47	11,225	CAMDEN POINT TELEPHONE CO.	NOTE	1,500.00
1-19-48	11,263	EMPIRE DISTRICT ELECTRIC CO.	BONDS	4,000,000.00
1-19-48	11,260	SHO-ME POWER CORP.	NOTE	85,000.00
1-20-48	B-10,230	ST. LOUIS COUNTY TRANSIT CO.	NOTES	153,963.05
2-11-48	11,275	MISSOURI UTILITIES CO.	BONDS	2,500,000.00

DATE OF AUTHORITY	CASE NO.	NAME OF COMPANY	KIND OF SECURITY	TOTAL VALUE
2-11-48	11,275	MISSOURI UTILITIES CO.	NOTES	\$ 500,000.00
2-11-48	11,275	MISSOURI UTILITIES CO.	CAPITAL STOCK	600,000.00
2-16-48	11,281-11,282	UNION ELECTRIC CO. OF MISSOURI	COMMON STOCK	5,000,000.00
2-19-48	11,267	RAYTOWN WATER CO.	BONDS	100,000.00
2-20-48	11,290	LACLEDE GAS LIGHT CO.	DEBENTURES	6,084,000.00
2-20-48	11,290	LACLEDE GAS LIGHT CO.	BONDS	4,000,000.00
2-24-48	11,280	CITIZENS GAS CO. OF HANNIBAL	BONDS	450,000.00
2-19-48	11,292	PANHANDLE EASTERN PIPE LINE CO.	NOTES	10,000,000.00
2-14-48	11,289	SOUTHWESTERN BELL TELEPHONE CO.	DEBENTURES	100,000,000.00
3-4-48	11,308	ST. LOUIS PUBLIC SERVICE CO.	NOTES	1,327,632.00
4-3-48	11,275	MISSOURI UTILITIES CO.	DEBENTURES	400,000.00
4-14-48	11,310	CITIZENS ELECTRIC CORP.	COMMON STOCK	750,000.00
4-14-48	11,310	CITIZENS ELECTRIC CORP.	NOTES	1,827,247.03
4-16-48	11,320	LABELLE TELEPHONE CO.	NOTES	7,000.00
4-20-48	11,305	IRONTON-ARCADIA TELEPHONE CO.	NOTE	15,000.00
5-6-48	11,333	VANDALIA UNION SWITCHBOARD CO.	NOTE	25,000.00
5-4-48	11,002-11,339	UNION ELECTRIC CO.	DEBENTURES	25,000,000.00
5-4-48	11,002-11,339	UNION ELECTRIC CO.	PREFERRED STOCK	18,000,000.00
5-12-48	11,350	UNION ELECTRIC CO.	NOTE	1,500,000.00
5-20-48	11,347	MISSOURI POWER & LIGHT CO.	BONDS	12,000,000.00
5-20-48	11,347	KANSAS CITY POWER & LIGHT CO.	PREFERRED STOCK	8,000,000.00
5-25-48	11,349	KANSAS CITY POWER & LIGHT CO.	NOTES	340,000.00
5-29-48	11,322	SHO-ME POWER CORP.	NOTES	328,500.00
6-5-48	11,363	KANSAS CITY PUBLIC SERVICE CO.	COMMON STOCK	2,000,000.00
6-7-48	11,344	MISSOURI POWER & LIGHT CO.	BONDS	1,150,000.00
6-15-48	11,330	MISSOURI PUBLIC SERVICE CORP.	NOTE	25,000.00
6-18-48	11,354-11,355	MILAN TELEPHONE CO.	COMMON STOCK	5,000,000.00
6-30-48	11,388	UNION ELECTRIC CO.	BONDS	250,000.00
6-30-48	11,388	MISSOURI GAS & ELECTRIC SERVICE CO.		
		TOTAL		\$22,509,768.52

Recapitulation

Notes	25,570,468.52
Bonds	24,240,000.00
Debentures	131,484,000.00
Preferred Stock	26,270,000.00
Common Stock	<u>14,945,300.00</u>
Total	\$222,509,768.52

Annual Reports

Approximately 1000 electric, gas, water, heating, telephone, telegraph, street railroad, railroad, sleeping car, express, and bus and truck companies filed Annual Reports with the Commission. These reports show each reporting utility's financial condition and operating result for the last calendar year. The reports are available for public inspection, and the information contained in them is used extensively by security holders, investment brokers, municipal and county officials, and other interested public utilities and individuals.

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

Too much emphasis cannot be placed upon the importance of obtaining this required annual report from all utilities regardless of their size. Each year in the past, various small utilities have been delinquent in filing and the department has been compelled, by various means, to advise them of their delinquency. In spite of these efforts, there were always a few utilities from which the department was unable to obtain a report. For the calendar year, however,

our efforts for the first time culminated in the filing of a report by practically all utilities so obligated. While the Public Service Commission Law grants the Commission the power to assess a penalty for this failure, the Commission has never exercised this power, preferring instead by less severe methods to impress upon all utilities the importance of complying with this portion of the law. We feel the results of the past year justify this course of action.

Budget and Appropriations

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

In accordance with provisions of Section 5706, Laws of Missouri, 1947, the Commission on June 16, 1948, entered its order in Case No. 11,110, Supplemental Order No. 1, in which is estimated the total amount of its expenses for the current fiscal year, payable under the provisions of this section, at \$277,500.00. After crediting to the various utilities with an unexpended balance from the preceding fiscal year of \$77,000.00, the Commission assessed each group, in addition to said unexpended sum, as follows:

(a)	Railroad Corporations.	\$ 30,000.00
(b)	Street Railroad Corporations.	10,000.00
(c)	Other Common Carriers.	250,00
(d)	Electric Corporations, Gas Corporations, Water Corporations, Heating Companies	

	and Telephone Corporations	160,000.00
(e)	Telegraph Corporations	<u>250.00</u>
	Total	\$200,500.00

It should be noted that the amount assessed against all utilities this year of \$200,500.00 was \$40,000.00 less than the amount assessed in the preceding fiscal year.

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

Fees

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

Authority Fees	\$62,169.35
Miscellaneous Earnings	<u>8,153.87</u>
Total	\$70,323.22

This total compares with \$110,538.49 collected during the preceding year. The fees for the preceding year, however, included \$83,034.39 for audits and appraisals, which expenses are now included in the amount assessed various utility companies, in accordance with Section 5706. Excluding this \$83,034.39 from the collections for the preceding year, the fees collected for the current fiscal year of \$70,323.22 compare with \$27,504.10 collected in the preceding year.

This increase is due primarily to the increased collections from security authorizations. All authority fees and miscellaneous fees now collected revert directly to the state's general revenue fund, and are not subject to expenditure by the Commission under appropriations.

Cooperation with Other Regulatory Commissions

During the fiscal year, close cooperation was maintained with the Federal Power Commission, in connection with joint checks of original cost of various Missouri electric utilities; also, conferences were held between members of the department and the Federal Communications Commission, regarding the treatment of accounting problems of Southwestern Bell Telephone Company. The department has also cooperated with the Securities and Exchange Commission and Rural Electrification Commission, in matters of mutual interest.

The Chief Accountant is a member of the Committee on Accounts and Statistics of the National Association of Railroad and Utilities Commissioners, and in such capacity is frequently called upon to render opinions on current accounting problems brought to the attention of the Committee, and to attend meetings of the Committee relative to utility accounting practice and procedure.

General

In addition to the previously outlined duties, the department is constantly called upon for assistance and information by the general public and, when not in conflict with the Commission's policy, such assistance and information is rendered. The department also works in close cooperation with the other departments of the Commission, and many of the results which have been achieved have been the result of cooperation and assistance from these departments.

Worthy of note is the fact that during the year the gas customers of companies purchasing gas for resale from Panhandle Eastern Pipe Line Company and Cities Service Gas Company, which companies have received reductions in the wholesale price of natural gas, are in process of receiving cash refunds as a result of the retroactive provisions of the gate rate reductions. The passing on of these savings to the consumers has been a question of vital interest to the department, and the distribution of these impounded funds in this manner is in accordance with strenuous efforts in behalf of these consumers by the department over a period of several years.

At the close of the fiscal year, the department was faced with the problem of ever increasing demands for the services of its personnel. Because of increased operating costs, various classes of utilities are constantly petitioning the Commission for authority to file increased schedules of rates. Usually in such cases, the petitioner stresses the urgency of the situation and requests immediate remedial action. The department is attempting to make the necessary studies as rapidly as physically possible.

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ENGINEERING DEPARTMENT

The work of the Engineering Department covers engineering, problems coming before the Commission relating to railway, water, gas, electric, steam heating, telephone and telegraph utilities in the State. It is planned so that the personnel is assigned for administrative purposes in accordance with the training and experience of the various staff members. The department is made up of eight men and three clerks. The work handled covers generally valuation, including cost and depreciation studies, of the above utilities, with the exception of railway and telegraph utilities. There are many operating and service problems relating to all of the above that continually require the attention of the staff.

Railway Service and Safety

This requires work on problems of the following character:

1. Inspection of Steam and Electric properties.
2. Investigation to determine the necessity and safety of switch and side track connections.
3. All matters relating to the service offered by railroad companies at their stations.
4. Studies relating to street railway traffic and service.
5. Investigations relative to applications for certificates of Convenience and Necessity as filed by Steam and Electric Railroads.
6. Supervision of Steam and Electric Railway crossing protection, signal systems and interlocking plants.
7. Investigations of accidents on Steam and Electric Railroads.
8. Approval of plans in regard to clearances.

9. Drainage investigations.
10. Sanitation inspections.
11. Safe working conditions for employees of railroads.

The following tabulations show the Commission's disposition of 102 formal cases in this field which have come before the Commission and this Department for examination.

Railway Service

Stations abandoned (granted)	1
Discontinuance of Agency (granted)	7
Install Caretaker (granted)	7
Agency Closed	3
Discontinuance of Caretaker (granted)	1
Construct spur or switch track (granted)	10
Abandon tracks (granted)	5

Railway Safety

Reduced Horizontal Clearance (granted)	6
Reduced Vertical Clearance (granted)	3
Interlocking plans approved	9
Derail removed	1
Caboose, installation on existing runs	1
Additional tracks over existing crossings	11

Railroad Crossings

Crossings protected (lights, gates or flagmen)	32
Crossings (granted)	14
Crossings (denied)	1
Crossings (dismissed)	1
Protected Crossings (granted)	1
Grade crossings closed (granted)	10

Grade separations (granted)	6
Grade separations (abolished)	0

The above tabulation shows that the Commission considered the application for permissions to construct twenty-two crossings as applied for in seventeen formal cases. The Commission denied one of the applications and dismissed one without prejudice. In granting the application in fifteen cases the Commission gave authority to construct twenty new crossings and at the same time ordered ten existing crossings closed. In thirty-two cases before the Commission for crossing protection the Commission ordered that thirty-three existing crossings be protected by flasher lights. At eight crossings, gates were ordered installed and one crossing it was necessary to have a flagman on duty. Of the twenty new grade crossings authorized, fourteen were occasioned by the construction of new streets or roads while six were established as the result of construction of additional tracks by the railroads of the State. There were six grade separations authorized.

In the interest of safety employees and other, twenty-four field inspections were made. Five of the inspections dealt with problems that were before the Commission in formal cases. Nineteen inspections were made of complaints filed before the Commission and resulted in the complaint being adjusted at the time of the field inspection thereby eliminating a formal case.

In the following tables we have set forth data derived from the Commission's files pertaining to 1071 accidents on steam railroads in the State.

	STEAM		TOTAL	
	Killed	Injured	Killed	Injured
Passengers	16	132	16	132
Employees	33	507	33	507
Trespassers	38	28	38	28
Non-Trespassers	54	126	54	126
TOTAL	141	793	141	793

Accidents (No injury) 285 Total No. of Accidents 1071

Of the total of 1071 accidents, 95 occurred at railway-highway grade crossings. Twenty-nine of the accidents were caused by vehicles on the highway running into railroad trains, while fifty-four of the ninety-five accidents were caused by the railroad trains striking vehicles. There were twelve pedestrians struck at crossings. Fifty-four persons lost their lives as a result of the accidents and one hundred and ten persons were injured at railroad crossings.

Our records show that the number of accidents has decreased during the past few years and while the magnitude of accidents on the railroads is deplorable, this department is constantly studying ways and means to reduce this number. Members of the department, after contracting other interested parties, make field inspections of hazardous crossings and other safety violations. The railroad company usually has a representative present when an investigation is made and corrective measures in the interest of improving conditions are frequently handled informally with the railroad company representatives at the time of the inspection,--thereby eliminating numerous hazards in less time than is required when a formal case is filed. Some of these inspections, of course, are made in instances when the question involved is a matter of a formal case

before the Commission. In all instances, a full report of all inspections is presented to the Commission for its consideration.

Water and Gas Utilities

The water utilities have continued to operate in what might be considered as a normal way. There has been no serious shortage of water at the source, but continued growth in many of the cities in which these utilities operate has caused shortage of service in local areas. Shortage of basic materials has delayed the extension of local distribution systems into newly developed tracts, but, generally speaking, the public has had, under the circumstances, adequate service.

Studies and investigations have continued to be made for the purpose of supplying information to the Commission to be used for determining the original costs of the properties, and for fixing allowances for depreciation of the property.

Problems relating to the gas utilities of the State have been quite different from those connected with the water utilities. With few exceptions these utilities are supplied gas for distribution from large interstate gas pipe lines. The growth of the use of natural gas for all purposes has made the present transmission lines of insufficient capacity to carry enough gas to meet the local requirements. This condition is true throughout the United States.

Many conferences have been held with the Federal Power Commission relative to the problems relating to the inadequate supply of gas from the interstate transmission lines that lead through the State of Missouri. It is evident from the information submitted at these conferences that the construction of additional transmission lines has been and is being delayed because of an

inadequate supply of material of which the additional lines can be constructed. As a result of this condition, it has been necessary to join with the Federal Power Commission in the allocation of gas to the various utility distribution systems supplied throughout the State. In allocating the gas it has also been necessary to have the distribution utilities file rules by which the gas sales would be restricted to customers. Individual customer usage has been restricted more severely than in the past and the allowance of gas for serving new domestic and commercial customers for space heating has had to be denied until adequate facilities can be provided for bringing the necessary quantities of gas into the State.

There have been few special increases in the cost of gas to the natural gas customers, but, generally speaking, there have been decreases made as a result of customers supplied by the pipe line companies following investigations made by the Federal Power Commission. The rates have been reduced to the point now where it is very desirable to the public to use gas for space heating, particularly in homes. This condition becomes more desirable due to the increased costs in other classes of fuel, liquid petroleum and coal.

Upon authority granted by the Federal Power Commission to the so called Big Inch oil pipe line, passing through the southeastern part of Missouri, for the transportation of natural gas from the Texas fields to the Eastern United States, there has become available an additional supply of gas for the southeastern part of the State. While this additional supply is limited, the Federal Power Commission ordered an allowance of gas from the Big Inch Lines for distribution and resale to one of the utilities now operating in the southeastern part of the State, and to another certificated to

construct distribution systems in towns not now served.

Since natural gas is becoming a widely used commodity throughout the State, there have been problems, and will continue to be, because of the expansion of these facilities within the area now served and to new municipalities for use by the public.

The department has submitted to the Commission original cost studies on a number of gas systems and those systems will continue to require study for allowances for depreciation.

Electrical and Steam Heating

During the fiscal year ending June 30, 1947, the Engineering Department was subdivided into various divisions, thereby facilitating the work and enabling the staff of each division to concentrate on and expedite the work pertaining to the utilities assigned to each. The personnel of this division consists of one division engineer and one field engineer under the direction of the Chief Engineer.

The duties of the department in the field of electrical and steam heating utilities include the preparation of appraisal reports, depreciation studies, allocation of jointly used facilities, making studies relative to annual depreciation rates, determination of property not used in public service and analyzing and establishing original costs.

In connection with the foregoing, the department has a staff member present at Commission hearings in which the department has work. The department furnishes engineering testimony in valuation cases, and serves the Commission in consulting and advisory capacities, supplying technical information concerning engineering, valuation and related problems.

In addition to their participation in valuation cases,

members of the staff have assignments in miscellaneous related matters involving valuation of newly organized and reorganized utilities. They have also cooperated with other state commissions and the Federal Power Commission in making allocations of jointly used property and the separation of inter and intra state operated utilities. This latter undertaking has required not only a rather thorough investigation, but also the attendance by the Engineering Department staff members at a number of committee meetings and hearings on the subject.

The work of the Electrical Division covers:

(a) The keeping of accurate statistical records of all privately owned electric and steam heating utilities under the jurisdiction of the Commission.

(b) Adjustment of correspondence complaints involving electric and steam heat service.

(c) General inspection of equipment and test of service meters.

(d) General supervision of the quality of equipment and service of electric and steam heat utilities in so far as the public interest, public health and safety of the public and employees are concerned.

(e) Attending hearings, offering testimony and making investigations when necessary, in matters before the Commission involving permits for electric transmission lines, inductive interference controversies and transfers of utilities, and other formal cases before the Commission relating to standards, adequacy and extensions of utility service and the charges for such service, in which sales of utility property is involved.

(f) Making studies and surveys of the conditions surrounding the extensions of electric lines in order that service

may be extended to rural areas throughout the State. This work has required particular attention concerning the type and safety of the line that may be adequate for rendering good service, but at the same time encouraging the construction by the use of that type of line that can be constructed at the lowest cost.

(g) Assistance in the preparation of reports and orders involving engineering problems.

(h) Introduction of testimony and assistance in examination of witnesses in all matters of utility valuation work and other engineering problems.

For the biennium July 1, 1946 to June 30, 1948, the electrical division of the Engineering Department, in addition to the foregoing duties, has assisted in processing the following cases:

Case No.	Applicant	
10,484	Kansas City Power and Light	Determination of original cost of property not used in public service, allocation of jointly used facilities between electric and steam departments, depreciation study and recommendation for annual depreciation requirements. Approval of rate schedules.
10,630	Sho-Me Power Cooperative	To file rate schedules for Mountain Grove and Cabool.
10,673	Union Electric Company of Missouri	Determination of original cost of property not used in public service, allocation of jointly used facilities between electric and steam departments, depreciation study and recommendation for annual depreciation requirements.

10,722	Maryville Electric Light and Power Company	Determination of original cost of property not used in public service, allocation of jointly used facilities between electric and steam departments, depreciation study and recommendation for annual depreciation requirements.
10,775	Gasconade Power Company	To obtain information regarding original cost, reasonableness of rates, used and useful property, depreciation study, annual depreciation requirements, allocations, etc.
10,776	Missouri Gas and Electric Service Company	Determination of original cost of property not used in public service, allocation of jointly used facilities between electric and steam departments, depreciation study and recommendation for annual depreciation requirements.
10,819	Arkansas-Missouri Power Company	Certificate of Convenience and Necessity to construct transmission line in St. Francois County.
10,839	Ste. Genevieve Electric Cooperative	Certificate of Convenience and Necessity to construct transmission line.
10,843	Arkansas-Missouri Power Company	Certificate of Convenience and Necessity to construct transmission line in Washington County.
10,850	Arkansas-Missouri Power Company	Certificate of Convenience and Necessity to construct transmission line in Washington County.
10,851	Empire District Electric Company	Determination of original cost of property not used in public service, allocation of jointly used facilities between electric and steam departments, depreciation study and recommendation for annual depreciation requirements.

10,852	Missouri Public Service Corporation	Determination of original cost of property not used in public service, allocation of jointly used facilities between electric and steam departments, depreciation study and recommendation for annual depreciation requirements
10,853	Missouri Power and Light Company	Certificate of Convenience and Necessity to construct transmission line in Randolph County.
10,857	Missouri Power and Light Company	Certificate of Convenience and Necessity to construct a transmission line in Ralls County and to convert to 60 cycle service in New London, Mo.
10,875	Missouri Utilities Company	Certificate of Convenience and Necessity to construct, transmission lines in Miller and Morgan Counties and build new and rebuild old switching structure in Eldon and Versailles.
10,879	United Utilities Corporation	Determination of original cost of property not used in public service, allocation of jointly used facilities between electric and steam departments, depreciation study and recommendations for annual depreciation requirements.
10,880	Ste. Genevieve Electric Cooperative, Inc.	Certificate of Convenience and Necessity to construct transmission and distribution lines in Ste. Genevieve, Perry and Cape Girardeau Counties
10,882	Missouri Service Company	Certificate of Convenience and Necessity to construct transmission line in Holt County.
10,893	Missouri Service Company	Certificate of Convenience and Necessity to construct transmission lines in Atchison County.

10,895	Ste. Genevieve Electric Cooperative, Inc.	Application for authority to reorganize, etc.
10,906	Missouri Service Company	Certificate of Convenience and Necessity to construct transmission lines in Holt County.
10,912	Lebanon Development Corporation, Inc.	Certificate of Convenience and Necessity to construct electric and water properties adjacent to the City of Lebanon.
10,924	Arkansas-Missouri Power Corporation	Certificate of Convenience and Necessity to construct transmission line in Washington County.
10,925	Arkansas-Missouri Power Corporation	Certificate of Convenience and Necessity to construct transmission line in Washington County.
10,931	St. Joseph Light and Power Company	To file new schedule of rates.
10,932	Arkansas-Missouri Power Corporation	Certificate of Convenience and Necessity to construct transmission line in Wayne County.
10,933	Arkansas-Missouri Power Corporation	Certificate of Convenience and Necessity to construct transmission line in Wayne County.
10,935	Missouri Power and Light Company	Certificate of Convenience and Necessity to construct transmission line in Audrain County.
10,936	Missouri Power and Light Company	Certificate of Convenience and Necessity to construct transmission line in Daviess County and abandon lines thereby replaced.
10,951	Arkansas-Missouri Power Corporation	Authority to transfer all properties to Arkansas-Missouri Power Company.
10,958	Sho-Me Power Cooperative	To reorganize and transfer assets to Sho-Me Power Association, Inc.

10,962	Kansas City Power and Light Company, St. Joseph Light and Power Company, Maryville Electric Light and Power Co.	Certificate of Convenience and Necessity for Kansas City Power and Light Company to construct transmission line from Kansas City to St. Joseph and for St. Joseph Light and Power Company to construct transmission line to Maryville.
10,963	St. Joseph Light and Power Company	Certificate of Convenience and Necessity to change location and voltage of its transmission line and for Maryville Electric Light and Power Company to change voltage and location of transmission line.
10,964	Missouri Power and Light Company	Certificate of Convenience and Necessity to construct a transmission line in Audrain County.
10,968	United Utilities Corporation	Certificate of Convenience and Necessity authorizing United Utilities Corporation to sell and St. Joseph Light and Power Company to purchase property and assets of United Utilities Corporation.
10,970	Missouri Utilities Corporation	Certificate of Convenience and Necessity to purchase transmission line from Arkansas-Missouri Power Corporation.
10,999	Arkansas-Missouri Power Corporation	Certificate of Convenience and Necessity to construct transmission line in Washington County.
11,004	Intercounty Electric Cooperative Association & City of St. James	Authority for Intercounty to sell and City to purchase distribution system in St. James.
11,005	Intercounty Electric Cooperative Association	For approval of its conversion into co-operative subject to RECA October of 1939.
11,015	Empire District Electric Company	Permission and approval to exercise franchise granted by Pleasant Hope.

11,017	Missouri Utilities Company	Permission to reduce rates.
11,023	Consumers Public Service Company	To obtain information regarding original cost, reasonableness of rates, used and useful property, depreciation study, annual depreciation requirement, allocation, etc.
11,026	Maryville Electric Light and Power Company	Certificate of Convenience and Necessity to construct transmission line in Nodaway County, to Missouri Iowa state line.
11,038	Missouri Service Company	Certificate of Convenience and Necessity to construct transmission line in Atchison County.
11,040	Missouri Power and Light Company	Certificate of Convenience and Necessity to construct transmission line in Randolph County.
11,046	Union Electric Company of Missouri	Certificate of Convenience and Necessity to construct transmission line in Madison County.
11,047	Arkansas-Missouri Power Company	Certificate of Convenience and Necessity to construct transmission line between Poplar Bluff, Williamsville and Piedmont, Missouri.
11,048	Arkansas-Missouri Power Company	Certificate of Convenience and Necessity to construct transmission line in Washington County.
11,061	Kansas City Power and Light Company	To file rules and regulations relative to curtailment of electric service in Kansas City.
11,064	Missouri Power and Light Company	Certificate of Convenience and Necessity to rebuild and convert existing transmission line in Linn County.
11,092	Missouri Power and Light Company	Certificate of Convenience and Necessity to construct transmission line and rebuild existing line in Howard and Boone Counties.

11,093	Missouri Utilities Company	Certificate of Convenience and Necessity to construct transmission lines and increase voltage in existing lines extending from Charleston to East Prairie.
11,099	Arkansas-Missouri Power Corporation	Certificate of Convenience and Necessity to enlarge conductors and relocate transmission line between Hayti and Portageville.
11,100	Maryville Electric Light and Power Company	To issue share of common stock, to liquidate outstanding indebtedness and to issue shares of common stock to obtain cash for new construction.
11,101	Missouri Service Company	Certificate of Convenience and Necessity to construct transmission line in Atchison and Holt Counties.
11,111	Missouri Power and Light Company	Certificate of Convenience and Necessity to rebuild existing transmission line from Boonville to Prairie Home in Cooper County to Jamestown in Moniteau County.
11,113	Empire District Electric Company	Approval to exercise rights under franchises granted by town of Urbana, Mo.
11,114	Missouri Power and Light Company	Certificate of Convenience and Necessity to rebuild and convert existing transmission line from Jefferson City to Centertown, Elston, Lohman and Russellville in Cole County, Missouri.
11,119	Maryville Electric Light and Power Company	Certificate of Convenience and necessity to construct transmission line from a sub-station east of Maryville to the Missouri-Iowa State Line.
11,132	Kansas Gas and Electric Company	Application of Kansas Gas and Electric Company to sell an electric transmission line to the City of Mindenmines.

11,136	Arkansas-Missouri Power Company	Certificate of Convenience and Necessity for transmission line a distance of one and one-half miles along Highway No. 12, north of Richwoods, Washington County.
11,139	Missouri Service Company	Certificate of Convenience and Necessity for two transmission lines to serve four rural customers in Holt County.
11,145	Richland Development Corp. & International Shoe Company vs Sho-Me Power Cooperative & Sho-Me Power Corporation	Request for service.
11,149	Missouri Power & Light Company	Certificate of Convenience and Necessity to construct transmission line from sub-station in Jefferson City across the Missouri River to Junction of Highways 54 and 63 and to rebuild transmission lines to Ashland and Mokane.
11,158	Arkansas-Missouri Power Company	Certificate of Convenience and Necessity for transmission line to supply electric service to oil line pumping station northeast of Doniphan in Ripley County.
11,161	Arkansas-Missouri Power Company	Certificate of Convenience and Necessity to construct transmission line for distance of approximately five miles along county road west of Piedmont, to extend approximately one mile into Reynolds County.
11,200	Missouri Service Company	Certificate of Convenience and Necessity for four electric transmission lines to serve four rural customers in Holt County.
11,223	Missouri Power & Light Company	Certificate of Convenience and Necessity to construct transmission line in Clay County.

11,231	Kansas City Power & Light Company	Certificate of Convenience and Necessity to construct transmission line from Holke and Downey Roads in Jackson County to a terminal in Section 8, Tp. 51-N, R. 31-W in Clay County.
11,251	Sho-Me Power Corporation	Certificate of Convenience and Necessity to construct transmission and distribution lines in Ripley County.
11,262	Missouri Service Company	Certificate of Convenience and Necessity to construct transmission line to serve one rural customer in Atchison County,
11,264	Kansas City Power & Light Company	Certificate of Convenience and Necessity to construct transmission line in Chariton County, to serve two rural customers and the Federal Game Reserve.
11,274	Missouri Edison Company	Certificate of Convenience and Necessity to construct transmission line from Weldon Springs to the vicinity of O'Fallon.
11,275	Missouri Utilities Company	Certificate of Convenience and Necessity to construct generating plant at Oran and transmission lines to connect with present system.
11,278	St. Joseph Light & Power Company	Request for authority to add fuel clause to its present electric rate schedules and contracts and to its present steam heating rate schedules within its St. Joseph division.
11,279	Arkansas-Missouri Power Company	Certificate of Convenience and Necessity to construct transmission line in Washington County.
11,283	Sho-Me Power Corporation	Application of Sho-Me Power Corp. to sell and City of Fredericktown to purchase the distribution system in the City of Fredericktown and

of Sho-Me Power Corp. to sell and Black River Electric Cooperative to purchase transmission lines outside the City limits of Fredericktown.

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|--------|-----------------------------------|---|
| 11,285 | Arkansas-Missouri Power Company | Certificate of Convenience and Necessity to construct transmission line in Clay County, Arkansas and Dunklin County, Missouri |
| 11,288 | Missouri Service Company | Certificate of Convenience and Necessity to construct transmission line in Atchison County. |
| 11,303 | Missouri Power & Light Company | Certificate of Convenience and Necessity for transmission line beginning at substation at junction of highways 69 and 6, Daviess County, through Weatherby to Maysville, Missouri |
| 11,329 | Empire District Electric Company | Authority for exercise of rights and privileges granted to it by the town of Hermitage. |
| 11,334 | Sho-Me Power Corporation | Permission given to Sho-Me to sell and City of Cabool to purchase distribution system in Cabool and Inter-County Electric Cooperative Association to purchase transmission lines in the vicinity of Cabool. |
| 11,351 | Arkansas-Missouri Power Company | Certificate of Convenience and Necessity for transmission line in Oregon County. |
| 11,360 | Missouri Power & Light Company | Certificate of Convenience and Necessity for transmission line approximately 25 miles in length from Moberly into Macon County. |
| 11,365 | Empire District Electric Company | Certificate of Convenience and Necessity for distribution system in the town of Preston. |
| 11,372 | Western Light & Telephone Company | Certificate of Convenience and Necessity for transmission lines in Cole, Maries, Miller, and Osage Counties. |

11,387	Missouri Power & Light Company	Certificate of Convenience and Necessity for transmis- sion line in Audrain County.
11,395	Murl C. Snyder, and others vs Consumers Public Service Co.	Request for service.
11,397	Missouri Power & Light Company	Petition for leave to abandon certain water heat mains in Kirksville.
11,399	Sho-Me Power Corporation	Certificate of Convenience and Necessity for transmis- sion and distribution lines in Camden County.

Telephone and Telegraph

As with the other utilities, the telephone utilities throughout the State have found themselves facing the problem of rendering telephone service to greatly increased numbers of customers through facilities that were constructed largely before the war. During the war they were restricted in most part to the construction and operation of their facilities to users of the service engaged in the war effort. Following the war the relocation of the public apparently continues to be in the urban areas, but even so, telephone companies serving small cities have found themselves with severely inadequate facilities for rendering service. For a time these utilities were able to expand by downgrading service, changing direct customer lines to serve two, three and four customers, thereby providing additional service, but that has failed to meet the demand for increased usages of the service.

Utilities have been urged to provide facilities and they have made great efforts to get materials for expansion to render service but that is yet for short of the present needs.

It is necessary to handle many complaints from persons throughout the State who desire and need telephone service but are unable to obtain it. Every effort is being made to assist in carrying on this expansion program but time and materials will be required to bring the service back to normal.

The department has made original cost studies of many of the telephone systems through the State and made many inspections of systems for the purpose of informing the Commission relative to the condition of the plants through which service has been furnished. These surveys have been required particularly because of requests for increases in rates. The utilities have filed many applications with the Commission, as the record will show, and there have been severe objections to the allowance of increases in rates because of unsatisfactory service. In some instances the Commission has refused to allow increases owing to the unsatisfactory service or has allowed increases sufficient only to meet increases in wages to employees who have the work of maintaining and operating the exchanges throughout the State. The Utilities have argued that because of their inability to get materials for properly maintaining or reconstructing their exchanges they have been unable to bring their systems up to the standards desired.

It has been found that where utilities have given first class telephone service the public has not so seriously objected to the increases in rates required to meet the operating expenses. Particularly is this true where it is found that the employees of the telephone systems have been given increases in wages. It continues to be very apparent that the public is willing to pay for high class service when furnished through a well maintained and economically operated exchange.

GENERAL

In formal cases coming before the Commission relative to problems with the foregoing utilities, it is the duty of the department to have a staff member present at hearings before the Commission to assist in every way possible. In valuation cases, a staff member testifies as to the value of utility property and is present for consultation with the Commission on matters touching upon technical engineering work and allocated property.

The department also covers the following matters:

The keeping of an accurate record of the rates charged by all public or privately owned utilities furnishing electric, gas, water, telephone and steam heating service.

The staff handles correspondence relative to these matters and to matters relating to complaints both as to rates that should be charged for the service or unsatisfactory service. When called upon, investigation is made of the equipment, manner used in rendering service and the testing of meters through which the service is measured. The quality of the service furnished by utilities and the safety of the public in the construction, operation and maintenance are matters which are studied and investigated by the Engineering Department.

While it has been necessary for the Commission to allow increases in rates for telephone service in many cases and areas, there have been no increases for electric, gas, water or steam heating service furnished by utilities in the State.

TRANSPORTATION RATE DEPARTMENT

The personnel of the Transportation Rate Department consists of the chief rate expert, three rate experts, one senior stenographer and one stenographer. This department has general supervision of the Commission's activities in administration of various laws providing for the regulation of transportation rates, fares and charges, and rules, regulations and practices affecting rates, fares and charges of railroads, motor carriers, contract haulers, street railways, express, freight forwarding and sleeping car companies. It also serves as the Commission's agency for ascertaining the measure of service afforded the public by those transportation agencies.

The department examines into the reasonableness of changes in rates and fares proposed by transportation agencies for the transportation of property and persons moving wholly within the State of Missouri, renders general assistance to the public in connection with interstate and intrastate rate problems and complaints relative to inadequate or unsatisfactory service furnished by transportation agencies where the Commission is empowered by statute with jurisdiction.

The statutes require that all carriers file with the Commission tariffs naming rates, rules and regulations for transportation of passengers and property between points within the state. The rate department receives all of these filings, each of which is carefully examined to determine the reasonableness of its contents and to determine whether it conforms to the Commission's prescribed rules of publication. With ever-changing and broadening

rate adjustments, the number of tariff filings continues to grow each year. The following tabulation of intrastate tariff filings in the past four years is, in a measure, illustrative of our increased activities in this respect.

Year	Tariffs and Supplements Received
1944-1945	4600
1945-1946	5500
1946-1947	6874
1947-1948	7197

The department initiates and maintains a constant and very heavy volume of correspondence with individual carriers seeking correction of objectionable and unlawful tariff publications. Many of these publications are rejected for just cause. Others, containing rates, fares, charges or provisions which appear to be unreasonable or injurious to the public are suspended from becoming effective and the matter is assigned for investigation by the Commission to determine the propriety thereof. In addition to the maintenance of the official file of all tariffs naming Missouri intrastate rates and charges, the department maintains an extensive file of interstate tariffs of different transportation agencies. These schedules are used by the department for rate comparative purposes and for the preparation of data for presentation in interstate rate cases. The interstate tariff file is also used by other state governmental departments.

The Commission receives hundreds of informal complaints each year with respect to the reasonableness of rates assessed and overcharges due to improper tariff interpretation, as well as complaints as to service and facilities of transportation agencies.

The rate department analyzes each of these complaints, many of which require personal investigation in the field and some of which lead to formal proceedings before the Commission.

During the period covered by this report the rate department received 232 applications from carriers seeking authority to establish rates, rules and regulations upon less than statutory notice, due to emergency situations, or seeking temporary relief from certain provisions of the Commission's tariff rules. Each of these cases was disposed of promptly, in accordance with authority delegated under Section 5607, R.S. Mo. 1939, by issuance of formal orders thereon. In the same period the department issued 38 tariff rejection notices and prepared 80 miscellaneous orders, 11 of which called for the suspension of motor carrier operating authority due to various violations of the law with respect to tariff and rate matters. Actions initiated by the rate department have resulted in indefinite suspension of authority of motor carriers for failure to comply with the state law and rules and regulations of the Commission.

The department is represented at all hearings before the Commission involving rates and charges of transportation agencies and assists the Commission in obtaining the facts necessary for orderly determination of the issues before it. The rate department also participates, on behalf of the Commission, in interstate proceedings involving interstate rates from, to and between points in the State of Missouri and accumulates and compiles essential statistics of railroad and motor carrier operations. The department also receives and analyzes various statistics prepared by other state commissions

and the Interstate Commerce Commission to keep informed of transportation conditions in the surrounding states, various rate territories and the United States as a whole.

It is the duty of the rate department to examine all contracts of contract haulers in order that the Commission may, before authorizing contract haulers' permits, determine that such contracts are lawful from the standpoint of rates and charges to be assessed thereunder.

In our last annual report we stated that considerable progress had been made in the matter of consolidation and elimination of duplications in existing bus and truck authorities as a means of simplifying the Commission's records and facilitating the publication of tariffs covering such authorities. We stated that the rate department had prepared 50 re-statements of motor carrier operating authorities in the period of July 1, 1946 to June 30, 1947. The department has, during the past year, continued its efforts in this direction and has prepared 78 such re-statements of operating authorities.

During the past year the department instituted a new program of personal contact with motor carriers throughout the state through the medium of what we term "compliance surveys" in which a member of the personnel of this department calls at the general office of the carrier and examines the books and records of the carrier in an effort to determine if it is complying with the law and the Commission's regulations pertaining to assessing proper charges for the transportation of persons and property. In the limited time that this program has been in effect personnel of the rate department has made approximately 40 such examinations. It is our opinion that these "compliance surveys", which are rather

comprehensive in scope, are of considerable benefit to the carriers, the staff and the public as a whole, and as time permits this program will be broadened.

Interstate Rate Levels

In our last report we commented on the rising costs of operations of transportation agencies, pointing out that they are exceptionally vulnerable to inflationary forces or to sudden and sharp ascending costs. The rising level of rail rates during the period covered by this report, brought about by increases in wages and higher prices of materials and supplies, have fully substantiated our views in that respect.

By far, the most sweeping and comprehensive general increase proceeding ever to come before the Interstate Commerce Commission was held in the period covered by this report. We refer to Ex Parte No. 166, Increased Freight Rates, 1947. The original petition in that case was filed July 3, 1947 when Class I railroads asked authority to make effective on short notice substantial increases in rates and charges. Following wage awards effective September 1, 1947, to certain large groups of railroad employees and because the level of supply and material prices continued to rise, petitioners concluded their original petition sought insufficient relief, and amended it September 5, 1947, asking permission to make effective larger increases than initially sought. By the amended petition, carriers sought general percentage increases of 38 percent in eastern territory and 28 percent in southern and western territories. Western territory includes the whole of Missouri with the exception of St. Louis and points in the St. Louis switching district, and the main line of the C.B. & Q. railroad from St. Louis to Alexandria, the latter

portion of the state being located in eastern territory.

At the initial hearing in the case carriers moved for an order permitting them immediately to make effective a temporary increase of 10 percent in all basic freight rates. In its first interim report in Ex Parte No. 166, dated October 6, 1947, the Interstate Commerce Commission authorized an emergency increase of 10 percent, in the nature of a surcharge to be added to total charges. The increased rates became effective October 13, 1947.

On December 3, 1947 carriers further amended their original petition based upon allegations of further increased costs for wages of employees, effective November 1, 1947, by increasing the percentages of increase shown to 41 percent in eastern territory and 38 percent in southern and western territories.

By order dated December 29, 1947, the Interstate Commerce Commission authorized all carriers to make another interim increase of 10 percent in all rates and charges. This increase became effective January 5, 1948.

On April 13, 1948 the Commission issued its third interim report in Ex Parte No. 166, authorizing general percentage increases, subject to maximums in cents per hundredweight or per ton on certain commodities, of 30 percent in eastern territory, 25 percent in southern territory and Zone I of western trunk-line territory and 20 percent in western territory other than Zone I territory. Zone I territory includes approximately the northern half of Missouri. These increases became effective May 6, 1948.

In our last report we discussed general increases in interstate rates as a result of Ex Parte No. 162, Increased Rates, Fares and Charges, 1946. Recapitulated and summarized, the dates of increases and the estimated overall percentage increases effected

by that proceeding and Ex Parte No. 166 are stated in the following table. The increases, as already shown, were not in uniform percentages in all regions and the over-all effect shown is a nation wide composite of aggregated regional amounts, determined by the Interstate Commerce Commission.

Proceeding	Effective date of freight rate increases	<u>Percent Increases Over</u>	
		Rates in effect on June 30, 1946, accumulated	Rates in effect immediately prior to previous increases
Ex Parte 148-162	July 1, 1946	6.5	6.5
Ex Parte 148-162	January 1, 1947	17.6	10.4
Ex Parte 166	October 13, 1947	28.1	8.9
Ex Parte 166	January 5, 1948	37.8	7.6
Ex Parte 166	May 6, 1948	42.8	3.6

The amount of increases, over-all, applied to basic rates in effect before the Ex Parte No. 162 proceeding, may be judged from a comparison of freight revenue per ton mile (nation wide figures of the Interstate Commerce Commission) with the revenue from those rates as increased May 6, 1948, in the third supplemental order in Ex Parte No. 166.

Freight Revenue per ton mile, Class I Railroads

As of June 30, 1946896 cents
As of May 6, 1948	1.279 cents
Increase, June 30, 1946 to May 6, 1948.	42.8 percent

The going average freight revenue per ton mile on May 6, 1948 of approximately 1.279 cents, is the highest, according to the Interstate Commerce Commission, since the creation of the Commission in 1887. It was approached only in the year 1921, when average receipts per ton mile amounted to 1.257 cents. The average freight revenue per ton mile of Class I railroads operating in the western district, on the basis of interstate rates made

effective May 6, 1948, was 1.260 cents, an increase of 41.3 percent since June 30, 1946.

Railroad passenger traffic has consistently declined since the close of hostilities and the demobilization that followed. Competition with motor-bus lines and air lines has become more severe, and the private automobile, the chief competitor of all passenger carriers, has increased in numbers with the resumption of manufacture and removal of war time restrictions.

In December, 1947 and January, 1948, respectively, railroads were authorized by the Interstate Commerce Commission to increase basic passenger fares to 3.5 cents per mile in parlor and sleeping cars and 2.5 cents per mile in coaches. These general bases were authorized in Increased Passenger Fares, Western Railroads (269 I.C.C. 281) and Increased Coach Fares on Western Railroads (269 I.C.C. 632).

As in the past, with the exception of the war years, freight operations of railroads continue to subsidize passenger operations.

Another source of increase revenue for railroads during the period covered by this report was a 25 percent increase in rates for transportation of mail. The increases, authorized by the Interstate Commerce Commission in Railway Mail Pay (269 I.C.C. 357) decided December 4, 1947, was made retroactive to February 19, 1947.

In October, 1947 less-carload rates of the Railway Express Agency were increased substantially in Increased Express Rates and Charges, 1946 (269 I.C.C. 161), and in December, 1947, a further increase of 10 percent in all class rates was authorized. Subsequent to that time numerous increases in express commodity rates, both carload and less-carload, have been allowed to become

effective through voluntary filings, without suspension. These increases amounted generally to approximately 20 percent.

Interstate rates of motor carriers have generally continued the upward trend discussed in our last report. In most instances increases in motor carrier rates have been by voluntary action and without the necessity of formal proceedings before the Interstate Commerce Commission.

Intrastate Rate Levels.

The level of rates on intrastate traffic has continued to rise during the past year but not to the extent of interstate rates.

In Case No. 11,203 (counterpart of the first interim report in I.C.C. Ex Parte No. 166) we authorized, after hearing, a 10 percent emergency increase in all rail freight rates and charges. The increase became effective November 15, 1947 on intrastate traffic.

On February 3, 1948, in Case No. 11,192, we authorized a further increase of 10 percent in intrastate rail freight rates and charges. This action followed a similar grant by the Interstate Commerce Commission in its second interim report in Ex Parte No. 166. During the period covered by this report no action was taken with respect to the railroads' request for further increases in freight rates paralleling those granted by the Interstate Commerce Commission in its third interim report in Ex Parte No. 166, dated May 6, 1948. It is estimated that by our action in Cases Nos. 11,203 and 11,192, rail carriers received an annual increase of \$2,065,000. in freight revenue.

Intrastate rail passenger fares in Missouri were permitted to be increased in the same manner and concurrently

with those on interstate traffic as described above, such increases becoming effective in December, 1947 and January, 1948.

In like manner we authorized increases in express rates comparable to those of the Interstate Commerce Commission and on concurrent effective dates with Interstate increases.

Missouri motor carriers of general commodities continued to operate on the class rates prescribed in our supplemental report and order in Case No. 8397, dated June 22, 1946, until April 3, 1948, at which time they were authorized, after hearing, to establish interim emergency increases of 15 percent on less-truckload traffic and 10 percent on truckload traffic. Such increases were to be applied as surcharges until such time as the Commission makes a final determination of the carriers' petition for a 30 percent increase in rates.

During the past year motor carriers have increased particularly all commodity rates in the same relative amounts as authorized by us for class rates in Case No. 8397, dated June 22, 1946.

In our last report we made mention of the fact that the Commission, on its own motion, had instituted an investigation into and concerning the lawfulness of rates and practices of motor common carriers in Missouri affecting the transportation of milk and cream in less-truckload quantities. This investigation, Case No. T-9833, was concluded and by an order dated October 10, 1947, we prescribed a uniform scale of rates for the transportation of these products and related commodities. The new uniform scale of rates, the first ever to be prescribed by this Commission on such commodities, was required to be made effective December 10, 1947.

Due to the many complaints received from the public relative to the measure of rates and charges and practices of motor common carriers of household goods, and because of the wide variance in rates of the different carriers, the Commission, by order dated October 14, 1947, entered into an investigation of the rules, charges, regulations and practices of motor common carriers in Missouri, affecting the transportation of said commodities. Hearing concerning this matter was held before the Commission on February 9-10, 1948 and by order dated May 21, 1948 new rates, as well as governing rules and regulations, were prescribed. Two scales of rates were prescribed, one for application by carriers who specialize in handling these commodities and have the necessary facilities for rendering a superior service, and a somewhat lower scale for application by those motor carriers who do not regularly engage in such transportation and do not have the facilities to offer a specialized service in such transportation. The new rates and regulations were required to be established July 1, 1948. Said rates resulted in increases and reductions and are the first uniform rates ever to be prescribed by us on the commodities involved.

The decrease in patronage and increase in operating expenses of the Kansas City and St. Louis street railway systems, as noted in our last report, continued during the past year.

The Kansas City Public Service Company, by schedules filed to become effective November 1, 1947, proposed a straight 10 cent cash fare for adults, thus eliminating the fare of 4 tokens for 35 cents in effect at that time. The Commission, after due consideration, concluded not to suspend the proposed rates and accordingly the new fare became effective November 1,

1947. This new basis of fares was in effect throughout the remainder of the period covered by this report.

The St. Louis Public Service Company, by schedules filed to become effective August 3, 1947, proposed certain increases in its passes. The proposal sought to increase the regular weekly pass from \$1.25 to \$1.50; the express pass from \$1.50 to \$1.75; the Sunday-holiday pass from 25 cents to 30 cents; and the shopper-theater weekly pass from 75 cents to \$1.00. The Commission, after receiving numerous complaints from interested parties in St. Louis, suspended the proposed fares in Case No. 11,124 pending a hearing as to the reasonableness of such fares. The matter was heard on July 22, 1947 and we concluded that the proposed fares should be allowed to become effective on August 3, 1947 on a temporary experimental basis until an investigation to determine the justness and reasonableness of the rates could be completed. In our order in that proceeding, dated July 31, 1947, we directed our Accounting and Engineering departments to make an examination of the books, records, files, accounts and property of the company for future use in determining the reasonableness of fares. The investigation has not yet been completed.

On February 20, 1948 the St. Louis Public Service Company filed schedules to become effective March 22, 1948, providing for the cancellation of the tariff provision authorizing the sale of 4 adult token fares for 35 cents, thus requiring patrons to pay an individual cash fare of 10 cents or purchase weekly passes. Upon complaint of the city of St. Louis the Commission suspended the proposed increase in fares and assigned the matter for public hearing in Case No. 11,313. By order dated April 16, 1948 we found that the evidence in the proceeding established proof as

to the emergency nature of the proposed fare adjustment and that the token elimination should be authorized immediately, and it became effective April 25, 1948. The 10 cent cash fare, together with the various types of weekly and Sunday passes above referred to, remained as the fare structure of St. Louis Public Service Company throughout the remainder of the period covered by this report.

There has been very little change in the mileage of railroads operating in Missouri in the past year. There have been no abandonments and such changes in mileage that have occurred have been because of relocation of main-line track or alterations in yard facilities.

There have been several abandonments of streetcar tracks operated by St. Louis Public Service Company and Kansas City Public Service Company during the past year. The St. Louis company reduced its total mileage of tracks operated by 48.06 miles and the Kansas City Company reduced its trackage by 39.25 miles.

A statement showing the mileage of all railroads and street railway systems operating in the state of Missouri as of December 31, 1947 follows:

MILEAGE OF SMALL RAILROADS AND SWITCHING AND TERMINAL COMPANIES OPERATED IN MISSOURI AS OF DECEMBER 31, 1947.

	<u>Miles of Road</u> <u>Operated</u>
<u>SMALL ROADS (Steam):</u>	
Bevier & Southern Railroad Co.	22.95
Cassville & Exeter Railway Co.	4.70
Hannibal Connecting R.R. Co.	7.35
Kansas City Connecting R.R. Co.	4.73
Missouri & Illinois Bridge & Belt R.R. Co.	2.08
*Rockport, Langdon & Northern Ry. Co.	6.18
St. Louis & Troy Railroad Co.	5.20
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Total	53.22

SMALL ROADS (Other than Steam):

The Joplin-Pittsburg Railroad Co.(Deisel).	7.63
St.Francois County Railroad Co.(Electric).	9.74
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Total	17.37

Miles of All Tracks

SWITCHING AND TERMINAL COMPANIES:

Hannibal Union Depot Co.81
Joplin Union Depot Co.	6.64
Kansas City Terminal Railway Co.	110.54
Manufacturers Railway Co	21.82
Rock Island-Frisco Terminal Railway Co	2.45
St. Joseph Belt Railway Co	18.96
St. Joseph Terminal Railroad Co.	12.77
St. Joseph Union Depot Co.	2.07
Terminal Railroad Association of St. Louis	166.74
Union Terminal Railway Co.	7.41
	<hr/>
Total	350.21

*Not operating

MILEAGE OF CLASS I STEAM RAILROADS AND CITY STREET RAILWAYS OPERATED IN MISSOURI AS OF DECEMBER 31, 1947

MILEAGE OF CLASS I RAILROADS IN MISSOURI

RAILROAD	MILES OF ROAD	MILES OF SECOND MAIN TRACKS	MILES OF ALL OTHER MAIN TRACKS	MILES OF PASSING TRACK, CROSS-OVERS, TURNOUTS	MILES OF WAY TRACKS	MILES OF SWITCHING YARD SWITCHING TRACKS	TOTAL
THE ATCHISON, TOPEKA & SANTA FE RAILWAY CO.	308.95	200.10	15.28	59.42	32.97	39.75	656.47
CHICAGO, BURLINGTON & QUINCY RAILROAD CO.	1334.41	129.25	-----	103.83	94.76	236.99	1899.24
CHICAGO, GREAT WESTERN RAILWAY CO.	101.25	3.61	-----	14.70	6.78	20.04	146.38
CHICAGO, MILWAUKEE, ST. PAUL & PACIFIC RAILROAD CO.	153.94	56.39	12.45	41.65	14.59	94.65	373.67
THE CHICAGO, ROCK ISLAND & PACIFIC RAILROAD CO.	529.48	89.14	10.79	57.83	33.08	99.50	819.82
GULF, MOBILE & OHIO RAILROAD CO.	257.48	24.51	-----	43.37	18.85	29.28	373.49
ILLINOIS TERMINAL RAILROAD CO.	2.72	2.52	-----	-----	-----	6.95	14.19
THE KANSAS CITY SOUTHERN RAILWAY CO.	199.60	10.42	37.18	-----	18.77	104.20	370.17
MISSOURI & ARKANSAS RAILWAY CO.	69.13	-----	8.00	-----	.48	5.03	82.64
MISSOURI-ILLINOIS RAILROAD CO.	89.04	-----	-----	6.14	19.90	10.63	125.71
MISSOURI-KANSAS-TEXAS RAILROAD CO.	470.22	28.29	-----	61.26	38.16	50.67	648.60
MISSOURI PACIFIC RAILROAD CO.	1463.23	223.31	1.50	203.75	121.44	437.47	2450.70
ST. LOUIS-SAN FRANCISCO RAILWAY CO.	1476.10	63.59	-----	183.08	113.40	258.33	2094.50
ST. LOUIS SOUTHWESTERN RAILWAY CO.	220.90	19.11	-----	34.37	17.28	34.61	326.27
WABASH RAILROAD CO.	629.55	83.91	13.31	93.61	76.39	120.95	1017.72
TOTAL	7306.00	934.15	98.51	903.01	606.85	1551.05	11399.57

MILEAGE OF CITY STREET RAILWAYS IN MISSOURI

KANSAS CITY PUBLIC SERVICE CO.	66.15	42.82	-----	5.79	-----	7.48	132.24
ST. LOUIS PUBLIC SERVICE CO.	133.32	125.85	-----	23.05	-----	17.73	299.85
TOTAL	199.47	178.67	-----	29.84	-----	25.21	432.09

BUS AND TRUCK DEPARTMENT

This department on June 30, 1948, consisted of a Supervisor, Chief Inspector, seven inspectors, Chief Clerk and eight clerks and stenographers.

The Bus and Truck Department has been operated on the theory that carriers under the jurisdiction of this Commission deserve the most efficient and courteous administration of the Bus and Truck Law and General Order No. 33-B.

This department has made every effort to be of service to the general public as well as the transportation industry. The Inspection Division made it their objective to give assistance to every one involved in this field. Contact was made by Inspectors with the operators of Motor Bus and Truck Companies, Shippers, Consignees, and Individuals on complaints, investigations, information, etc. These men also cooperated on all Safety Programs being conducted in the State.

Full cooperation was offered and received by this Department from all State Departments involved with Motor Carrier Transportation. The Missouri State Highway Patrol was especially helpful in their efficient handling of enforcement problems; and are to be commended for their fine work and excellent cooperation. Other departments giving full cooperation were State Treasurer, State Auditor, Secretary of State, State Highway and Revenue Departments.

Compliance of requirements of the Missouri Public Service Commission by carriers has been exceptionally good the past year, and only a minimum number of complaints were received in this office in regard to their service.

The following tabulations show the revenues from carriers for the twelve months period

July 1, 1947, to June 30, 1948

Truck License Fees - - - - -	\$333,839.31
Truck Emergency Fees	183,167.50
Bus License Fees	186,280.62
Bus Emergency Fees	<u>7,266.50</u>
Total	\$710,553.93

Registration Credit given from July 1, 1947, to June 30, 1948, inclusive, by the Bus and Truck Department: (The following credits were allowed carriers as provided by law, incident to the purchase of their license plates from the Motor Vehicle License Unit of the Department of Revenue:)

Credit on Bus Fees - - - - -	\$ 38,979.79
Credit on Truck Fees - - - - -	<u>143,979.40</u>
Total	\$182,959.19

TRUCK--COMMON CARRIERS

INTRASTATE	
REGULAR ROUTE	12
IRREGULAR ROUTE	24
REGULAR AND IRREGULAR ROUTES	<u>25</u> 61
INTERSTATE	
REGULAR ROUTE	4
IRREGULAR ROUTE	405
REGULAR AND IRREGULAR ROUTES	<u>20</u> 429
INTRASTATE AND INTERSTATE	
REGULAR ROUTE	3
IRREGULAR ROUTE	83
REGULAR AND IRREGULAR ROUTES	<u>227</u> 313

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TRUCK--CONTRACT HAULERS

INTRASTATE

REGULAR	3
IRREGULAR	44
REGULAR AND IRREGULAR	<u>0</u> 47

INTERSTATE

REGULAR	14
IRREGULAR	133
REGULAR AND IRREGULAR	<u>4</u> 151

INTRASTATE AND INTERSTATE

REGULAR	0
IRREGULAR	41
REGULAR AND IRREGULAR	<u>5</u> 46

244

BUS--COMMON CARRIERS

INTRASTATE

REGULAR	41
IRREGULAR	13
REGULAR AND IRREGULAR	<u>8</u> 62

INTERSTATE

REGULAR	4
IRREGULAR	11
REGULAR AND IRREGULAR	<u>0</u> 15

INTRASTATE AND INTERSTATE

REGULAR	4
IRREGULAR	2
REGULAR AND IRREGULAR	<u>17</u> 23

100

BUS--CONTRACT HAULERS

INTRASTATE

REGULAR	1
IRREGULAR	4
REGULAR AND IRREGULAR	<u>0</u> 5

COMMON CARRIERS

	TRUCK RECIPROCITY LICENSE CARDS ISSUED	BUS RECIPROCITY LICENSE CARDS ISSUED
JULY,	329	3
AUGUST, 1947	127	0
SEPTEMBER, 1947	217	0
OCTOBER, 1947	409	37
NOVEMBER, 1947	196	6
DECEMBER, 1947	99	0
JANUARY, 1948	5,238	53
FEBRUARY, 1948	699	52
MARCH, 1948	722	17
APRIL, 1948	254	0
MAY, 1948	179	22
JUNE, 1948	<u>618</u>	<u>0</u>
Total	9,087	190

CONTRACT HAULER
CARDS ISSUED

	TRUCK	TRUCK RECIPROCITY	BUS
July, 1947	131	26	0
August, 1947	65	38	0
September, 1947	60	24	0
October, 1947	34	25	0
November, 1947	40	18	0
December, 1947	44	7	0
January, 1948	1,102	1,028	6
February, 1948	162	137	0
March, 1948	158	107	1
April, 1948	65	47	0
May, 1948	46	127	0
June, 1948	<u>51</u>	<u>55</u>	<u>0</u>
	1,958	1,639	7

TEMPORARY PERMITS ISSUED
TRUCK

	<u>4 TONS</u>	<u>7 TONS</u>	<u>9 TONS</u>	<u>OVER 9 TONS</u>
July, 1947	2	0	1	0
August, 1947	5	3	0	0
September, 1947	2	1	1	0
October, 1947	2	0	0	0
November, 1947	0	1	0	0
December, 1947	4	1	1	0
January, 1948	2	2	1	0
February, 1948	1	2	0	0
March, 1948	2	2	0	0
April, 1948	2	2	0	0
May, 1948	0	3	0	2
June, 1948	<u>1</u>	<u>1</u>	<u>0</u>	<u>1</u>
Total	23	18	4	3

TEMPORARY PERMITS ISSUED
RECIPROCITY

	<u>4 TONS</u>	<u>7 TONS</u>	<u>9 TONS</u>	<u>OVER 9 TONS</u>
July, 1947	1	1	0	2
August, 1947	1	2	0	3
September, 1947	4	1	0	1
October, 1947	1	1	0	1
November, 1947	0	1	0	1
December, 1947	0	2	0	2
January, 1948	1	0	0	1
February, 1948	0	0	1	1
March, 1948	0	0	1	2
April, 1948	1	1	0	1
May, 1948	3	0	1	2
June, 1948	<u>1</u>	<u>2</u>	<u>2</u>	<u>1</u>
Total	13	11	5	18

TEMPORARY PERMITS ISSUED
BUS

	<u>OVER 18</u>	<u>RECIPROCITY OVER 18</u>
July, 1947	2	5
August, 1947	1	7
September, 1947	0	1
October, 1947	2	7
November, 1947	1	4
December, 1947	1	3
January, 1948	0	2
February, 1948	0	3
March, 1948	0	2
April, 1948	1	2
May, 1948	3	2
June, 1948	<u>1</u>	<u>5</u>
Total	12	43

During the period from July 1, 1947, to June 30, 1948, inclusive, orders relating to motor carriers subject to the Bus and Truck Law were issued classified as follows:

Report and orders licensing new carriers	99
Additional authority	37
Extension of authority	2
Denials	6
Dismissals	47
Transfers	137
Joint and through rates.	2
Citations	11
Dismissal of citations	1
Revocations	7
Rehearings	2
Overruling motions	5
Extending effective date	4
Cancelling permits	13
Supplemental orders.	2
Tariffs.	12
Suspensions.	233
Reinstatements	194
Changing name.	4
Discontinuing service.	3
Correcting orders.	10
Granting carrier permission to partially self insure	1
Investigations	5
Ordering filing of time schedules.	64
Temporary permits.	150
Permission to increase capital stock	3
Permission to purchase additional travel orders.	217
Change from contract to common carrier	1
Order on motions	6
Temporary discontinuance of schedules.	47
Permanent discontinuance of schedules.	<u>12</u>
TOTAL	1,325