ANNUAL REPORT

PUBLIC SERVICE COMMISSION

JULY 1, 1951 -- JUNE 30, 1952



LETTER OF TRANSMITTAL

To His Excellency, Phil M. Donnelly,

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 June 30, 1951, to July 30, 1952, inclusive.

Respectfully submitted,

Bу sioner Henry McKay Cary Maurice W.

Commissioner

HEADQUARTERS AND PERSONNEL

The headquarters of the Public Service Commission are located on the 9th and 10th floors of the Jefferson Building, Corner Jefferson Street and Capitol Avenue, Jefferson City, Missouri.

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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. given to the Patrol. As in past years, consideration has been given to various reciprocity contracts between this and other states pertaining to license fees on vehicles of motor carriers operating in interstate commerce. These contracts are constantly being studied and occasional conferences are held with officials of other states in order to further the purpose and intent of said contracts.

During the past fiscal year the General Assembly and certain of its committees studied the Bus and Truck Act pursuant to which the Commission regulates common carriers and contract carriers by motor vehicle. Members of the legal staff assisted and advised members of the General Assembly and certain of its committees with respect to proposed changes in the Bus and Truck Law, and many of the recommendations made were accepted by the General Assembly and incorporated into the law, which was finally passed on April 29, 1952.

During the period covered by this report, a volume of selected Reports and Orders of the Commission was prepared for publication and the completed work is due from the printer within a few weeks following the end of the fiscal period.

In addition to the foregoing, each of the lawyer-members of the Department have assisted the Commission by acting in the capacity of Hearing Examiner. They have heard many cases during the past year, enabling the Commission to dispose of its crowded docket in a more efficient and orderly manner. In addition to presiding at the hearing of a case, the Examiners prepare a suggested Report and Order, which is submitted to the Commission for its consideration and subsequent adoption or change.

It is the duty of the Legal Department to represent the general public in all rate and valuation cases heard by the Commission. During the past fiscal year, numerous cases of this nature have been before the Commission, and in all such cases one or more members of the Legal Department have appeared on behalf of the general public. In co-operation with the technical staff, they have put in evidence before the Commission all available facts and information. The Department has represented the Commission in various hearings before the Federal Power Commission and other federal agencies. It has intervened on behalf of the Commission in a number of such cases primarily for the purpose of protecting the interests of the gas consuming public of Missouri in order that it might secure an adequate flow of gas through interstate channels at reasonable rates.

In addition to all of the foregoing, the Department has represented the Commission in all litigation in the courts wherein the Commission was a party, or had an interest on behalf of the consumers of public utility services in this state. The cases handled by the Department in the course of the past fiscal year are too numerous for specific mention. At June 30, 1952, there were five cases involving various interpretations of the Bus and Truck Act in the process of judicial review. Likewise, there were three cases being considered by the courts in which interpretations of the Public Service Commission Act relating to public utilities were involved. In each of these cases, the Department has presented to the courts the Commission's views with respect thereto, and it has vigorously prosecuted such litigation to its final conclusions.

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ACCOUNTING 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 evidences 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 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 annual reports from each utility 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, by the application of Section 386.370 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 power, 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

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of the Act.

<u>Personnel</u>

The personnel of the Department at June 30, 1952, consists of the Chief Accountant, twelve Accountants, and two Senior Stenographers.

Audit 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 the largest and most important cases in which the Department was involved were, the Southwestern Bell Telephone Company, and Laclede Gas Company. Involved in the above cases were the determination of original cost and the examination of operating revenues and expenses.

Also, during the year the Commission received numerous applications from independent telephone companies asking for authority to increase their charges for telephone service, largely

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because of the rapidly increasing costs of operation. In order to expedite the many applications for increase in telephone rates, two of our field accountants have been assigned to audit and make an investigation of the books and records and report the findings to this Department so that prompt action may be taken. 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.

During the fiscal year the Accountant who was assigned permanently to the handling of accounting matters of bus and truck companies operating intrastate under the Commission's jurisdiction made fifty-two calls on various carriers. Upon receipt of the annual and quarterly reports of the various motor carriers they were immediately checked and any irregularities and omissions noted were called to the carrier's attention with a request that corrected copies of the reports be filed.

During the year 1952 a total of 450 annual reports and 1,800 quarterly reports were filed by the various Motor Carriers. 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

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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.

Other studies were made throughout the period in connection with the 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 \$137,747,860.86 or a decrease of 17.11% under the amount authorized in the preceding fiscal year. Of this amount \$3,978,430.49 was for the purpose of refunding outstanding securities and \$133,769,430.37 was for new money obtained for the acquisition, construction, completion, extension and improvement of the services of the various utility companies. The amount of refunding issues showed an increase of 32.59% over the amount authorized in the previous fiscal year and the new money authorizations showed a decrease of 18.19% for the same period.

The fact that Missouri public utility companies were able to obtain their capital requirements during the past year 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 during the period from July 1, 1951 to June 30, 1952 inclusive:-

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SECURITIES

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RECAPITULATION

\$ 79,091,485.86	10,662,000.00	525,000,00	44,760,000,00	2,709,375.00	\$137,747,660.86
Common Stock	Preferred Stock	Debentures	Bonds	Notes	

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Annual Reports

Approximately 750 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 results 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 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 pertaining to various matters under review are also developed for the use of the Commission.

Too much emphasis cannot be placed upon the importance of obtaining this required annual report from each utility regardless of its 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 culminated in the filing of reports 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

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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 the provisions of Section 386.370 Missouri Revised Statutes 1949, the Commission on June 11, 1952, entered its order in Case No. 11,110 Supplemental Order No. 5 in which it estimated the amount of its expenses for the current fiscal year payable under the provisions of this section at \$290,000.00. After crediting the various utilities with an unexpended balance from the preceding fiscal year of \$80,000.00 the Commission assessed each group in addition to the said unexpended sum as follows:

(a)	Railroad Corporations	\$40,000.00
(b)	Street Railroad Corporations	20,000.00
(c)	Other Common Carriers (Railway	
	Express Company)	250.00
(d)	Electric Corporations, Gas Cor-	
	porations, Water Corporation	
	Heating Companies and Teleph	none
	Companies	149,500.00
(e)	Telegraph Companies	250.00
	Total	\$210,000.00

The amount of \$210,000.00 assessed against all utilities in the 1952-53 fiscal year was slightly higher 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 relationship 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 on the amount assessed and the method by which payment should be made.

The expenses of the Accounting Department for the fiscal year ended June 30, 1952, were as follows:-

Salaries	\$64,852.74
Traveling Expenses	<u>4.513.75</u>
Total	\$69,366.49

Fees

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

Authority Fees	\$23,593.00
Miscellaneous Earnings	<u>13,305.31</u>
Total	\$36,898.31

The fees collected for the current fiscal year of \$36,898.31 compares with \$37,623.33 collected in the preceding fiscal year. The slight decrease in fees collected as compared to the preceding fiscal year is due to a 26.61% decrease in authority fees. However, miscellaneous earnings showed a 143.07% increase over the previous fiscal year. All authority fees and miscellaneous earnings

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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, cooperation was maintained with the Federal Power Commission, in connection with joint problems relative to 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 including a study of depreciation rates to be fixed for that company, and a study of procedures to be applied in separating telephone plant between inter and intra state operation. The Department has also cooperated with the Securities and Exchange Commission and Rural Electrification Administration in matters of mutual interest. The department has been called upon and furnished information, engaged in conferences, and cooperated with personnel of the Rural Telephone Association in connection with applications for government loans for rural telephone companies.

The Chief Accountant was 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 of interest to the Commission. General

In addition to the previously outlined duties, the Depart-

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ment 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 attempts to work 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.

At the close of the fiscal year, the Department was still faced with the problem of ever increasing demands for the service of its personnel. Because of the 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 and will continue to make the necessary studies as rapidly as physically possible.

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. The department is made up of thirteen field and office men and three stenographers. It is planned so the personnel assigned for administrative purposes is in accordance with the training and experience of the various staff members. The work handled covers generally, valuation, including original cost and depreciation studies, of the above 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. Supervision of Steam and Electric Railway crossing protection, signal systems and interlocking plants.
- 5. Investigation of accidents on Steam and Electric Railroads.
- 6. Approval of plans in regard to clearances.
- 7. Drainage investigations.
- 8. Sanitation inspections.
- 9. Safe working conditions for employees of railroads.

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

Railway Service

Discontinuance of Agency (granted)	10
Discontinuance of Agency (denied)	1
Install Caretaker	3
Agency Closed (granted)	10
Discontinuance of Caretaker	1
Construct Spur or Switch Track	12
Railway Safety	
Horizontal Clearance (granted)	3
Vertical Clearance (granted)	7
Interlocking Plans (approved)	6

Additional Tracks over Existing Cros	ssings 7
Flashing Lights Installed	9
Flashing Lights and Gates Installed	6
Wigwag Signals Removed	2
Tracks Involved - Main	15
Discontinuance of Flagman	l

<u>Crossings</u>

New Crossings Established (no protection)	12
Crossings Closed (granted)	8
Crossings Closed (denied)	1
Railroad Grade Crossings Established	1
Underpass (granted)	2

Underpass Abandonment	1
Overhead (granted)	4
Overhead Reconstruction	4

In the interest of safety of the railway employees and others, field inspections were made. Many of the inspections dealt with the problems that were before the Commission in formal cases and other field inspections resulted in the complaints being adjusted at the time of the inspection, thereby eliminating several formal hearings.

In the following tables, there are set forth data derived from the reports in the Commission's files pertaining to eight hundred seventy-four accidents on steam railroads in the state.

	Killed	Injured
Passengers	1	80
Employees	8	372
Trespassers	23	30
Non-Trespassers	<u>39</u>	<u>114</u>
Total	71	596

Accidents (no injury)...264 Total number of Accidents....874

Of the total eight hundred seventy-four (874) accidents, ninety-seven (97) occurred at highway grade crossings. Twenty-two (22) of the accidents were caused by vehicles on the highway running into trains, while sixty-three (63) of the ninety-seven (97) accidents were caused by the railroad trains striking vehicles. There were twelve (12) pedestrians struck at crossings. One hundred eight (108) persons were injured and forty (40) persons lost their lives as a result of these accidents. Twenty-nine (29) of the ninety-seven (97) accidents occured at protected crossings and sixty-eight (68) at unprotected crossings. Further study of the accident reports

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shows the following information as set out in the table below:

<u>Ti</u>	me of Ye ar			π	Time of D	-	· •
<u>Months</u>	No. of <u>Accidents</u>	<u>Killed</u>	Injured	Time of Day	No. of <u>Accident</u>		No. of <u>Accidents</u>
Jan. Feb. Mar. Apr. May June July Aug. Sept. Oct. Nov. Dec.	11 7 5 9 8 10 7 7 10 10	427223244244	11 8 4 10 12 8 9 6 6 11 17 6	12 to 1 1 to 2 2 to 3 3 to 5 4 to 5 6 to 7 7 to 8 9 to 10 10 to 11 11 to 12	0 1 0 1 2 2 7 5 8 4 6	12 to 1 1 to 2 2 to 3 4 to 5 5 to 6 7 to 6 7 to 9 10 to 12 11 to 12	. l
TOTAL	97	40	108		37		60

Our records show that the number of accidents has remained about the same during the past few years and while the number of accidents is still quite large, our records show that some progress has been made toward diminishing the hazard to the traveling public and employees of the railroads.

As in the past, members of the department, after contacting other interested parties, make field inspections of hazardous conditions at crossings and other safety violations. The railroad companies usually have 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's representatives at the time of inspection, thereby eliminating numerous hazards in less time than is required when a formal case is filed. Some of these inspections are made in instances when the question involved is a matter of a formal case before the Commission.

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In all instances, a full report of all inspections is made. Water and Gas Utilities

The public utilities operating water service systems have continued to expand and render adequate service. There have been no shortages of service due to lack of water at the source. These utilities have found it necessary to continue in the enlargement of their plants and facilities at the sources of supply as well as to extend and enlarge their distribution systems. There have been no difficult problems which the owners of the systems could not efficiently overcome.

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This department has continued to make inventories and cost studies of water properties for submitting to the Commission information to be used in the determination of the original cost of the properties, and for fixing allowances for charges to depreciation reserve.

The solution of some of the problems relative to the utilities of the state continue to be difficult to complete. There has been a growing demand and need for both present and prospective customers for gas service. The cause of this lack of adequate service has in the first instances been due to the continual increase in the load carried by the interstate pipe lines bringing natural gas into Missouri. Some of them pass through the state and supply gas in other states beyond Missouri. The owners of the interstate pipe lines are continually extending and enlarging their systems but the call for the service outruns the expansion programs. Except under extreme weather conditions the major pipe lines in the state are now able to supply gas to the distributing systems for use of the domestic

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customers now connected, but they are yet inadequate to supply the full requirement needs of the distribution systems served by them.

Another cause for concern in connection with the furnishing of an adequate supply of gas has been the reduced cost of natural gas for space heating in comparison with the costs resulting from the use of any other kind of fuel. The cost of coal and oil used for fuel have continually increased since 1940. Manufactured gas systems have been converted for use of natural gas. Its cost is now low enough that for space heating by the use of gas that cost is much below the cost of space heating by use of coal or oil. That, in addition to the convenience found in the use of natural gas compared to the use of coal or oil, has and is leading the public to demand more and more gas for general use and space heating.

Conferences with the Federal Power Commission have been attended and testimony has been presented to that Commission for the purpose of securing greater supplies of natural gas for the public in this state. These efforts have not been without success. Greater quantities of gas are now being supplied than ever before but there is yet more to be done.

Preparations are now being made to convert additional manufacturing gas systems to the use of natural gas. Certificates of convenience and necessity have been granted for the construction and operation of lines and distribution systems to and in additional cities in the state. It is anticipated that extension of the service to other cities and towns will be made in the near future.

The Department attempts to keep informed concerning the expansion of these facilities. It makes studies of the original

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cost of the properties and the requirements for depreciation allowance in order to assist the Commission in finding values of the properties and fixing the rates for service.

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 continuing 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 customers lines to serve two, three, and four customers, thereby providing additional service, but that has failed to meet the demand for increased wages 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 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. Considerable effort has been made to get the telephone companies to

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extend the service more and more into rural areas. The companies have responded substantially to this demand for service but there is much yet to be done.

The Department has been making original cost studies of many of the telephone systems throughout 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 telephone companies have filed many applications with the Commission to increase rates. Several applications have been vigorously opposed by customers and cities 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.

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.

Many schedules containing rates, rules and regulations relating to the various services rendered throughout the state were filed by the various utilities. These were studied and checked by the De-

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partment before allowing them to become effective.

Electrical and Steam Heating

The work in this department includes the preparation of appraisal reports, depreciation studies, allocation of jointly used facilities, determination of property not used in public service and analyzing and preparing original cost studies.

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 complaints involving electric and steam heating service.

(c) General inspection of equipment and service meters and supervision of construction practices with respect to public safety.

(d) General supervision of the quality of equipment and service of electric and steam heat utilities insofar 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 certificates of convenience and necessity for construction of electric transmission lines, inductive interference controversies, sales and purchases of utilities, and other formal matters before the Commission relating to construction and safety standards, adequacy and extensions of utility service and the charges for such service.

(f) Making studies and surveys of the conditions surrounding

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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.

During the period of this report eleven certificates of convenience and necessity were granted utilities by the Commission for the construction and operation of added facilities for extending electric service into new areas or to operate under new franchises. The Department also assisted in the processing of twenty-three additional cases relating to rates, service complaints, purchases, sales abandonment of facilities and original cost studies. 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 the department handling matters relating to rates and services of the various utilities there were written and handled between two and three thousand letters. Many conferences were held.

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This phase of the work is handled informally by the department with the public and disposed of without having to be made a formal matter.

The department work 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 those 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 only small increases for electric, gas, water or steam heating service furnished by utilities in the state.

New tariffs pertaining to rates and rules of the utilities were filed and processed by the Commission staff during the period covered by this report.

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TRANSPORTATION RATE DEPARTMENT

Personnel

The personnel of the Transportation Rate Department consists of the chief rate expert, three rate experts, one service inspector and two senior stenographers.

<u>Duties</u>

This department has general supervision of the Commission's activities in administering the law providing for regulation of rates and fares of railroads, trucks, buses, street railways, express companies, freight forwarders and sleeping car companies. It also has the responsibility for ascertaining the measure of service rendered by transportation agencies and it handles complaints lodged against transportation service. The department also renders assistance in the processing of motor carrier applications for new authority and transfers, clarifications, or consolidations of intrastate operating authority.

The department examines into the reasonableness of proposed changes in rates and fares of transportation agencies doing an intrastate business in Missouri. It maintains authoritative operating records for these carriers and also for carriers engaged in interstate commerce to and from points in Missouri. The department renders general assistance to these carriers and the public in connection with interstate and intrastate rate problems and annually handles hundreds of complaints pertaining to rates and service. Many of these complaints are formal in nature but for the

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most part are informal complaints filed by the public in general.

During the past year, a total of 4,053 tariff schedules naming Missouri intrastate rates, fares, charges, rules and regulations pertaining to the carriage of persons or property were filed with the Commission. Each of these tariff schedules is examined to determine whether its provisions are reasonable and comply with the Commission's prescribed rules of publication. During the year 14 tariffs were rejected because they did not comply with statutory requirements. In four cases rates were suspended from becoming effective pending investigation and hearing as to their propriety. In many cases the department required corrective action to be taken before permitting rates to become effective. The department maintains a constant and exceedingly heavy volume of correspondence with individual carriers and their tariff publishing agents in obtaining correction of objectionable matter in tariff publications.

In addition to maintenance of the official file of all tariffs naming Missouri intrastate rates and charges for the transportation of persons or property, 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 are open to and used by other state governmental agencies and the public at large.

During the period covered by this report the department prepared 102 formal orders in response to applications received from carriers seeking authority to establish rates, charges, rules or other tariff provisions on less than statutory notice, due primarily

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to emergency situations, or seeking relief from certain provisions of the Commission's tariff publishing rules. The department also prepared 71 proposed reports and orders which were submitted to the Commission for its consideration and eventual issuance.

The department is represented at all formal hearings before the Commission when rates, charges and services of transportation agencies are involved and assists the Commission in obtaining the facts necessary for orderly and proper determination of the issues. The rate department also participates, on behalf of the Commission, in certain interstate proceedings involving interstate rates from, to and between points in Missouri. It accumulates and compiles the essential statistics of Missouri intrastate railroad and motor carrier operations and receives and analyzes various statistics prepared by other state commissions and the Interstate Commerce Commission to keep informed of transportation conditions in surrounding states, various rate territories and the United States as a whole.

The department has continued its program of restating bus and truck operating authorities to eliminate ambiguity, simplify the Commission's records and facilitate publication of tariff schedules covering such authorities. During the period covered by this report 78 such restatements of authority were made at the time such authorities were transferred. During the year the department also continued work on the clarification of irregular route authorities wherein motor carriers have been authorized to serve the "contiguous trade territory" of certain towns, and 57 such authorities were restated and clarified by use of specific limits.

The department has also continued its program of "compliance surveys" of motor carriers. "Compliance survey" is the term we use to describe our personal contacts with motor carriers throughout the state by which we are frequently able to offer suggestions and advice for better compliance with the statutes and requirements of the Commission. During the period of this report the department made 21 compliance surveys, 13 of which were made jointly with representatives of the Interstate Commerce Commission.

The department also cooperated with the Legal Department, Bus and Truck Department and the State Highway Patrol in the investigation of numerous complaints as to unlawful transportation activities.

Interstate Rate Levels

The upward trend in transportation costs on which we have commented in previous reports continued during the past year. At the beginning of this fiscal year there was pending before the Interstate Commerce Commission in Ex Parte No. 175--Increased Freight Rates, 1951, a petition of the nation's railroads for a general 15 percent increase in freight rates. The Federal Commission had authorized on April 4, 1951, temporary increases in freight rates of 4 percent in Eastern Territory, which includes Missouri towns on the west bank of the Mississippi north of St. Louis, and 2 percent in Western Territory, which includes the balance of Missouri. These interim increases were to be effective pending determination of the railroads' petition for a general 15 percent increase.

On August 2, 1951, the Interstate Commerce Commission issued another order in Ex Parte No. 175 in which it granted further increases,

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in lieu of those granted by its order of April 4, 1951, of 9 percent within Eastern Territory and 6 percent within Western Territory. Such increases were also of a temporary nature to be effective pending final determination of the railroads' petition for a general 15 percent increase.

In its decision after further hearing in Ex Parte No. 175, dated April 11, 1952, the Interstate Commerce Commission granted the railroads' petition for an increase in freight charges in the amount of 15 percent to expire February 28, 1954, unless sooner canceled or extended. The 15 percent increase was in lieu of the increases authorized by the order of August 2, 1951, and was to be applied as a surcharge rather than added into the freight rate structure.

As the increases in rail rates authorized by the Interstate Commerce Commission have varied in the different rate territories, the overall effect of post-war general increases is rather difficult to determine. The cummulative effect of such increases varies from 79 percent in Western Territory to 106 percent in Eastern Territory. We believe the average general increase in interstate rail rates to be in the neighborhood of 85 percent.

There was no change in railroad passenger fares during the past fiscal year but on April 30, 1952, the Missouri Pacific Railroad and the St. Louis Southwestern Railway Company, together with a number of other railroads that do not operate within the State of Missouri, petitioned the Interstate Commerce Commission for a 10 percent increase in passenger fares which would increase the coach fare from 2.5 cents to 2.75 cents a mile and the parlor and sleeping

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car fare from 3.5 cents to 3.85 cents per mile. The increases sought were to be applied only on the lines of the carriers parties to the application. A hearing had not been held on the petition at the close of the fiscal year.

Railway express rates were also increased during the past year. The Interstate Commerce Commission issued its final decision in Ex Parte No. 177--Increased Express Rates and Charges, 1951, and effective November 15, 1951, the Railway Express Agency increased its rates by 30 cents a shipment, which increase was in lieu of the 20 cents a shipment increase which had been made effective April 13, 1951. On February 28, 1952, express charges were further increased by 6 cents a shipment. Since the early part of 1939 express rates have been increased by about 85 percent, but such increase does not necessarily mean that rail carriers have received more in express privileges from the express agency. For the most part the increased charges have been more than offset by increased operating expenses.

The rates of interstate truck operators in this territory were increased by 6 percent on December 1, 1951. On April 11, 1952, many of the interstate motor carriers operating in this territory further increased their charges by establishing tariff provisions for a surcharge of 50 cents on each shipment handled. Generally the increases in interstate truck rates since World War II have approximated those of the railroads.

Effective March 17, 1952, the principal inter-city bus lines operating to and from points in Missouri established a new graduated scale of fares which resulted in increased fares for shorter distances.

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Before that time the fares of these carriers had been on the basis of 2.2 cents a mile. New fares up to 50 miles were established at 2.5 cents a mile; 51 to 100 miles at 2.4 cents a mile; 101 to 200 miles at 2.3 cents a mile; and over 200 miles fares were continued at 2.2 cents a mile. The minimum fare on the new scale was set at 25 cents although most of the bus operators had already established that minimum.

Intrastate Rate Levels

At the time of our last report the Commission had not acted on a petition filed April 14, 1951, in Case No. 12,141, in which Missouri railroads sought an increase of 15 percent in freight rates and charges, which corresponded to the increase sought from the Interstate Commerce Commission in Ex Parte No. 175. In their petition the railroads sought authority to make effective on intrastate traffic the interim increase of 4 percent in Eastern Territory and 2 percent in Western Territory as authorized by the Interstate Commerce Commission, without hearing, but such interim increases were not authorized on intrastate traffic.

After hearing, the Commission issued its order dated February 1, 1952, authorizing Missouri railroads to increase their intrastate rates and charges to the same extent as authorized by the Interstate Commerce Commission, in its order of August 2, 1951, except that the 9 percent increase authorized within Eastern Territory was to be applied only in connection with charges resulting from application of standard class rates. Class rates in Eastern Territory were on a somewhat lower level than those in Western

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Territory. This order had the effect of increasing intrastate railroad rates by approximately 6 percent, which increase was to be effective pending final determination of the carriers' petition for a 15 percent increase.

While the Commission had not issued a final order in Case No. 12,141 at the end of the period covered by this report, the interim increase authorized in that proceeding brought the cumulative average increase in intrastate rail rates in the post-war period to approximately 68 percent.

In prior reports we have called attention to the fact that increases in intrastate rail freight rates have not been the same as interstate increases. The primary reason for this difference has been that the Interstate Commerce Commission has authorized higher increases in some rate territories than in others. The State of Missouri is divided by three of the major rate territories and the consequence has been that the northern half of the state has been subjected to higher increases in interstate freight rates than has the southern half of the state. In its orders this Commission has attempted to treat each section of the state alike. That is, it has granted equal increases throughout the state. However, its action in this respect has resulted in a difference in intrastate and interstate rates in many instances. In a petition filed with the Interstate Commerce Commission on February 15, 1952, Missouri railroads alleged that this difference in intrastate and interstate rates is causing a burden on interstate commerce and requested that the Federal Commission prescribe intrastate rates within Missouri. Its

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power to do this is found in Section 13(4) of the Interstate Commerce Act and it has exercised the authority in many states. The matter was heard by an Interstate Commerce Commission examiner in Jefferson City on June 17, 18, and 19, 1952. This department cooperated with the Legal Department in the presentation of the state's case and a great deal of time and effort were expended on the preparation for it. A decision is not expected for some time.

Increases in Missouri intrastate express rates and charges have been the same as those applicable on interstate traffic, although the increase of 30 cents a shipment which became effective November 15, 1951, on interstate traffic did not become effective on intrastate traffic until December 5, 1951.

There was no change in intrastate rail passenger fares during the past year. Intrastate bus fares were increased currently with, and in the same amount as, interstate bus fare as set out above.

As a result of a petition filed February 11, 1951, by a number of Missouri motor carriers, the Commission issued its order in Case No. T-11,371 in which it prescribed a new scale of class rates for motor carriers operating intrastate within Missouri. The scale of less-truckload class rates prescribed is identical to the scale prescribed in Docket 28,300 by the Interstate Commerce Commission for application by railroads throughout that part of the United States east of the Rocky Mountains. The prescribed scale of class rates resulted in an average increase of approximately 20 percent in less-truckload rates and approximately 12 percent in truckload rates, although the scale was revised to give effect to the pro-

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portionately higher operating costs of short-haul traffic.

After a hearing on a petition filed by a number of household goods movers, the Commission issued its order of April 18, 1952, in Case No. T-11,252, in which it authorized a new scale of rates and charges for the transportation of uncrated household goods. These rates were authorized as maximum rates and ranged from an increase of approximately 95 percent for small shipments moving 5 miles to no change in the rate for larger shipments moving longer distances. The average increase was approximately 25 percent. The order of the Commission did not require movers to establish the increased scale of rates and many household goods movers did not increase their rates and charges. Those which did increase their rates were principally those in the larger cities where operating costs are generally higher.

Transit Fares

At the beginning of the period of this report the fare structure of the Kansas City Public Service Company included a basic adult cash fare of 15 cents with a weekly permit costing 90 cents which entitled the bearer to an unlimited number of rides upon payment of 5 cents a ride. The children's fare was 5 cents. On January 10, 1952, the company filed a petition for an increase in revenue to be earned by the establishment of zone points at which an additional fare of 5 cents would be collected at various points in Kansas City, as well as at the state line on lines extending into Kansas City, Kansas. The basic cash fare was to remain at 15 cents. The zone proposal met with determined opposition from the City of Kansas City and others. Subsequently, the company amended its

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petition to request an increase in its basis cash fare from 15 to 20 cents, with four tokens for 75 cents, and increase the charge for its weekly permit from 90 cents to \$1.25. In its order of January 30, 1952, the Commission authorized the fare increase proposed in the amended petition although it expressed some doubt that the relief offered any long-term solution to the financial problems of the company and it reached no conclusion that the authorized fare structure was more equitable than some system of zone fares. The new fares became effective February 10, 1952.

Rising operating costs also had their effect on transit fares in St. Louis. On July 1, 1951, the fare structure of the St. Louis Public Service Company included a basic adult cash fare of 15 cents coupled with a weekly permit card costing \$1.00 which was good for unlimited riding upon payment of 5 cents a ride. The children's fare was 5 cents. As a result of an application filed October 25, 1951, by the St. Louis Public Service Company, and after hearing, the Commission issued its order of February 26, 1952, in which it authorized an adult cash fare of 17 cents, three tokens for 50 cents, and a 65 cent weekly permit card good for unlimited riding on payment of 10 cents a ride. The children's fare was increased to 7 cents. On express buses the fares authorized were 3 cents above those charged for local service. In its petition for increased fares the company proposed a rather extensive system of zone fares, but because of wide-spread opposition from both city and county interests the zone fare proposal, in the main, was denied. A zone fare point, at which an additional fare of 5 cents is collected,

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was established on each of the company's three longest lines. The increased fares became effective March 9, 1952.

In view of the fact that the City of St. Louis in opposing any increase in transit fares for the St. Louis Public Service Company alleged that the transit service was **insufficient** and inadequate to meet the needs of the transit riders in St. Louis, the issues in Case No. 12,252 were broadened to include the service question and considerable testimony and evidence were adduced as to the service rendered by the public service company. After due consideration of all the evidence, the Commission concluded that the existing service of the transit company was reasonably adequate and sufficient. The Commission also found that present circumstances did not warrant the prescription of service standards of headways and loading as had been proposed by the city.

Collective bargaining negotiations between the St. Louis Public Service Company and labor unions representing most of its employees resulted in new labor contracts calling for substantial increases in wages on April 1, 1952, and further increases on June 1, 1952. As a result of these wage increases and other increased costs, the transit company filed an application on April 15, 1952, seeking to further increase its revenues by some \$2,255,000 annually. This petition was pending at the close of the period of this report.

Railroad Mileage

The following tables show the miles of railroad tracks in Missouri as of December 31, 1951, for Class I railroads, street

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railways, small railroads and switching and terminal companies.

The total main line tracks of Class I railroads have decreased since last year by 36.94 miles. This reduction is due principally to changes in the main line tracks of the C.R.I. & P. R. R. and the St. L.-S.F. Ry. Co. The main line tracks of the C.R.I. & P.R.R. were reduced by approximately 7 miles by reason of a change brought about by the completion of a new bridge across the Missouri River at Kansas City. The reduction of approximately 22 miles in main line tracks of the St. L.-S.F. Ry. Co. was due to the abandonment of a line from Poplar Bluff Junction to the Missouri-Arkansas state line at Fagus.

The reduction in main line tracks, however, is offset by the increase in switching tracks so that the total mileage as of December 31, 1951, is approximately the same as reported for December 31, 1950.

Construction of the cut-off on the line of the C.B. & Q. R.R. between Missouri City and a point near Tina, which will add approximately 45 miles of new track, has not been completed.

The mileage of street railways has been reduced approximately 25 miles since our last report. This reduction represents almost entirely the elimination of second main tracks as previously reported for the St. Louis Public Service Company.

While there were additions and betterments on some small railroads and terminal companies, the total mileage of these companies was reduced slightly by the reduction of 2.06 miles in the trackage of the St. Francois County Railroad Company.

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MILEAGE OF RUAD AND TRACKAGE OF CLASS I RAILROADS OPERATED IN MISSOURI AS OF DECEMBER 31, 1951

RAILROAD	MAIN LINE TRACKS	Second Main Tracks	OTHER Main Tracks	PASSING Track Cross- overs, Turnouts	Way Switch- Ing Tracks	YARD Switch- ing Trackb	TOTAL
A.T. & S.F. Ry. Co.	308,17	199.29	26.54	55,55	33.02	40,53	663.10
.B. & Q., RR. Co.	1311.80	132.85		133.71	81.61	255.75	1915.72
.G.W. RY. Co.	101.22	3.61		10.61	4.66	18,79	138,89
M.ST.P. & P. RR. CO.	154.56	56.77	12.45	44.39	۱6 ,3 9	76,26	360,82
.R.1. & P. RR. Co.	510.22	70.41	27,60	54.77	35,76	97.60	796 .3 6
.M. & O. RR. Co.	254.01	19.72	9.12	49.38	20,97	29.15	382.35
. T. RR. Co.	2.72	2.54	·	2.54		8.50	16.30
.C.S. Ry, Co.	199.59	10.33	<u> </u>	38,05	19.48	100.33	367.78
11. RR. Co.	89.04			6,22	19,73	10,63	125.62
1KT. BR. CO.	470.22	28.29		61.95	39.02	49.63	649.11
A. PAC. RR. CO.	1433,67	223.21	3.29	195,90	116.46	432,25	2404.78
ST.LS.F. RY. CO.	1444.42	34.21		177.15	116,37	277.67	2049.82
STALS.W. RY. CO.	220.90	26.58		24.25	32,58	13,50	317.81
J. P. RR. Co.	2.16	1.54		5,96		16.11	25.77
MABASH RR. CO.	629,54	82,89	13,31	90,58	78.65	124.77	1019.74
TOTALS	7132.24	892.24	92.31	951.01	614,70	1551.47	11,233.97
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MILEAGE OF CITY STREET RAILWAYS IN MISSOURI

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KANSAS CITY PUBLIC Service Co.	43.28	1.05		 	· · · · · · · · · · · · · · · · · · ·	44',33
ST. LOUIS PUBLIC Service Co.	136.65		<u></u>	 		136,65
TOTALS	179.93	1.05				180.98

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MILEAGE OF SMALL RAILROADS AND SWITCHING AND TERMINAL COMPANIES OPERATED IN MISSOURI AS OF DECEMBER 31, 1951

MILES OF ROAD OPERATED

SMALL ROADS (Steam):

*	Bevier & Southern Railroad Co Cassville & Exeter Railway Co Hannibal Connecting R. R. Co Kansas City Connecting R. R. Co Missouri & Illinois Bridge & Belt F Rockport, Langdon & Northern Ry. Co St. Louis & Troy Railroad Co		0 6 5 0	0 0 0	0 0 0 0	• • •	0 • • •	0 0 0 0	0 0 0 0	. 4.70 . 7.35 . 4.73 . 3.48 . 6.18
¥	Not operating	TOTALS.	•	•	٠	•	•	•	•	. 47.22
5M/	LL ROADS (Other than Steam):									
	The Joplin & Pittsburg Railroad Co. St. Francois County Railroad Co. (1	. (Diesel) Diesel)	o A	9 0	¢ 0	0 0	р 0	•	0 4	• 7.63 • 7.68
		TOTALS	۵	a	8	•	•	-	v	. 15.31
SW	ITCHING & TERMINAL COMPANIES:									
· ·	Hannibal Union Depot Co. Joplin Union Depot Co. Kansas City Terminal Railway Co. Manufacturers Railway Co. Rock Island-Frisco Terminal Railway St. Joseph Belt Railway Co. St. Joseph Terminal Railroad Co. St. Joseph Union Depot Co. Terminal Railroad Association of St Union Terminal Railway Co.	/ Co	• • • • • • • •	0 • • • • •	• • • • • • • • • • • • • • • • • • • •	• • • • • • • • • • • • • • •	5 • • • • • •	• • • • • • • • •	• • • • •	. 5.49 .111.38 . 28.50 . 2.45 . 18.78 . 14.21 . 2.07 .164.69
#	Not operating	TOTALS	ę	Ŷ	٥	P	•	•	•	.371.90

BUS AND TRUCK DEPARTMENT

The Bus and Truck Department of the Missouri Public Service Commission on June 30, 1952, consisted of a Supervisor, a Chief Clerk, seven clerks and stenographers and eight district Inspectors.

This Department made every effort to be of service to the public on transportation problems involving Motor Carriers that are under the jurisdiction of the Missouri Public Service Commission. This group includes Carriers granted authority by the Public Service Commission to operate for hire as Common Carriers and Contract Haulers of persons and property. The employees of this department maintained the practice of disseminating information that was beneficial to the Carriers and to the consuming and shipping public.

Compliance of the rules of the Commission was exceptionally good by all of the carriers for the past year.

Only a few complaints on service rendered by P.S.C. Operators were received in this office.

The Bureau of Motor Carriers of the Interstate Commerce Commission gave full cooperation to this department as well as all of the State Departments having business with the Motor Carriers.

Due to the change in the Missouri Bus and Truck Law, General Order 33 C to be effective July 20, 1952 this Department will collect only twenty-five (\$25.00) per license sticker. This will show a decided drop in the amount to be collected by this Department. However, the increase in fees on Bus and Truck license plates will more than off set any decrease of receipts by this Department.

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The following tabulations show the revenues from carriers from the twelve month period of:

July 1, 1951, to June 30, 1952

Truck License Fees	\$ 561,016.37
Truck Emergency Fees	315,389.50
Bus License Fees	187,308.42
Bus Emergency Fees	7,697.00
	\$ 1,071,411.29

Registration Credit given from July 1, 1951 to June 30, 1952, 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 Truck Fees \$ Credit on Bus Fees

\$ 275,498.26
43,131.25
\$ 318,629.51

COMMON CARRIERS --- TRUCK

Intrastate Regular Route Irregular Routes Regular and Irregular Rou	18 17 17 24 59
Interstate Regular Route Irregular Routes Regular and Irregular Rou	5 522 17 544
Intrastate and Interstate Regular Route Irregular Routes Regular and Irregular Rou	1tes <u>214</u> 291

894

CONTRACT HAULERS TRUCK

Intrastate Regular Route Irregular Routes Regular and Irregular	Routes	39
Interstate Regular Route Irregular Routes Regular and Irregular	Routes	16 190
Intrastate and Interstate Regular Route Irregular Routes Regular and Irregular	Routes	0 39 <u>5</u> 44 292

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COMMON CARRIERS ---- BUS

Intrastate Regular Reute	273
Regular Route	57
Irregular Routes	4
Regular and Irregular Routes	
	49
Interstate	
Regular Route	6
Irregular Routes	19
Regular and Irregular Routes	
MOBULAL AND TILOBARAL MORIOD	
Tata ta tata ta ang Tata ta ta ta	
Intrastate and Interstate	<i>ب</i> ې
Regular Route	3
Irregular Routes	2
Regular and Irregular Routes	18
	23
	106

CONTRACT HAULERS---BUS

1

Intrastate	
Regular Route	- 1
Irregular Routes	0
Regular and Irregular Routes	0
· ·	1

CONTRACT HAULERS CARDS ISSUED

_	TRUCK	BU S
July, 1951	47	0
August, 1951	133	0
September, 1951	89	0
October, 1951	79	. 0
November, 1951	246	0
December, 1951	70	0
January, 1952	95 7	2
February, 1952	1238	0
March, 1952	139	. 0
April, 1952	133	0
May, 1952	101	0
June, 1952	18	0
Total	3250	2

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