# PUBLIC SERVICE COMMISSION STATE OF MISSOURI



## ANNUAL REPORT

1<u>963</u> to 1964

# Missouri Public Lervice Commission

COMMISSIONERS
TYRE W. BURTON, CHM.
E. L. MCCLINTOCK
WILLIAM BARTON
FRANK W. MAY
DONAL D. GUFFEY



JEFFERSON CITY

TEL. 636-3///

January 4, 1965

GLENN D. EVANS GENERAL COUNSEL

WARREN G. TAYLOR SECRETARY

The Honorable John M. Dalton Governor of Missouri State Capitol Building Jefferson City, Missouri

Dear Governor Dalton:

In accordance with the provisions of Section 386. 380, Revised Statutes of Missouri 1949, as amended, the Public Service Commission of the State of Missouri has the honor of transmitting to you herewith for your consideration and approval its Annual Report for the fiscal year 1963-64.

We have endeavored to present, as briefly as possible consistent with the facts, a summary of the vast amount of important matters presented to the Commission and the disposition of them.

We sincerely hope that the report will prove of interest and value to you.

Respectfully submitted,

PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

Cyre W. Burton, Chairmai

E. L. McClintock, Commissioner

William Barton, Commissioner

Frank W. May, Commissioner

Donal D. Guffey, Comprissioner

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### INTRODUCTION

Few people realize that the Missouri Public Service Commission is charged with the complex task of serving to develop an equitable balance between the interests of those who receive and those who provide services that are fundamental to the state's economy. Many of the services provided, once considered luxuries, have now become necessities. Many are quasi-monopolistic by necessity. Few are competitive but dependent on regulation for their existence; but all are necessities.

Millions of dollars of investment are involved. The public interest factor, either from consumer's point of view or as an investor, as of today or for the future, must always be considered. The customer is entitled to aggressive protection of his interests, while the utility and its investors are entitled to an equally responsible and impartial tribunal.

Because the decisions of the Commission affect all concerned so vitally, Commission members must be men of sound judgment and unquestioned integrity, striving continually to keep well informed and fully conversant with the problems of the utility industry, having at their disposal an adequate staff, expert in the many details of accounting, financing and engineering problems of the industry and the economic aspects of regulation.

The rates, fares, charges, standard of service, safety of operations, financial stability and the rules and regulations governing all electric, gas and telephone utilities, together with the transportation of all passengers and property by motor vehicles, are the responsibility of your Public Service Commission.

### MISSOURI PUBLIC SERVICE COMMISSION

NAME TITLE

TYRE W. BURTON Chairman

E. L. McCLINTOCK Commissioner

WILLIAM BARTON Commissioner

FRANK W. MAY Commissioner

DONAL D. GUFFEY Commissioner

DEPARTMENT HEADS

WARREN G. TAYLOR Secretary

JAMES M. ENGLAND Chief Accountant

R. E. DUFFY Chief Engineer

GEORGE G. FOX Chief Rate Expert

GLENN D. EVANS General Counsel

LILLIAN M. CUNNINGHAM Chief Court Reporter

CARLE R. NEWBERRY \* Supervisor of Motor Bus and Truck Department

ROBERT E. DORR Supervisor of Railroad Safety

\* Deceased May 31, 1964

### MISSOURI PUBLIC SERVICE COMMISSION

### PERSONNEL

### ACCOUNTING DEPARTMENT

James Cameron	Accountant II
Paul W. Christian	Assistant Chief Accountant
Irma Pate Faris	Clerk-Stenographer III
Edward Fritsch	Accountant I
George L. Goedde	Accountant I
Sarah Catherine Goedde	Clerk-Stenographer II
Sidney M. Graf	Accountant I
Gilbert E. Hoffman	Accountant II
A. R. Hudgins	Accountant I
James Frank Mauney	Accountant II
Gerald J. Pleus	Accountant I
Elmer J. Schlueter	Accountant I

### BUS AND TRUCK DEPARTMENT

Lucille DeBroeck	Clerk-Typist III
Elizabeth Cronin Hughes	Člerk VII
Helen Rearick	Clerk-Typist II
Linda Scott	Clerk-Stenographer II
Marguerite Smith	Clerk IV
Betty Woodcock	Clerk-Typist III
Woodrow Chism	Field Inspector Supervisor
Perrin A.Cooper	Field Inspector I
Richard J. Fulton	Field Inspector I
Earl Lauer	Field Inspector I
Wallace J. Murphy	Field Inspector I
James E. Nunn	Field Inspector I
George E. Phipps	Field Inspector I
John S. Schanbacher	Field Inspector II
Bernard J. Scheve	Field Inspector I
Charles W. Wilkerson	Field Inspector I

### COMMISSIONER SECRETARIES

Hazel Benefiel	(Commissioner Frank W. May)
Sue L. Cobble	(Commissioner Donal D. Guffey)
Marie Colvin	(Commissioner William Barton)
Lucille Cybofsky	(Chairman Tyre W. Burton)
Marjorie Hardin Horn	(Commissioner E. L. McClintock)

### ENGINEERING DEPARTMENT

J. C. Alexander
Ivan A. Chester
Rose Mary Ekstam
A. R. Hamilton
Richard Kieselbach
William E. Kreisel
Dorothy L. Miller
Billy M. Nickle
Flora B. Parsons
John O. Richey
Arlie Eugene Smith
Grover R. Wicker

Engineer III
Utility Appraiser
Clerk-Stenographer III
Utility Appraiser
Assistant Chief Engineer
Engineer I
Clerk-Stenographer III
Engineer Aide
Clerk-Typist I
Engineer III
Engineer Aide
Engineer III

### GENERAL OFFICE

Gilbert J. Bax, Jr.
Elsie Dunwiddie
Eugene Jefferson
Stephen Kelly
Margaret E. Meadows
Julius Mulkey, Jr.
Leola A. Parker
Mary Potts
Ellen Sanderson
Berniece F. Selvidge
Helen Sitton
Marie Whitener

Duplicating Equipment Operator II
Clerk-Stenographer II
Custodial Worker II
Clerk I
Assistant to Commission Secretary
Custodial Worker II
Clerk VII
Clerk VII
Clerk-Typist III
Duplicating Equipment Operator II
Receptionist
Clerk III
Switchboard Operator I

### LEGAL DEPARTMENT

Dorothy G. Acree H. Burks Davis Thomas J. Downey Nadine Gillock Edna Mae Henley Walker Pierce Paul H. Reis Harvey Tessler Wanda Tipton Clerk-Stenographer III
Attorney
Assistant General Counsel
Clerk-Stenographer III
Clerk-Stenographer III
Attorney
Attorney
Attorney
Clerk-Stenographer II

### RATE DEPARTMENT

G. H. Havens
Robert F. Hencey
David C. Jobe
Henry Reinhardt
Linda Scheuler
Judy Schroeder

Rate Expert Rate Expert Field Investigator Rate Expert Clerk-Stenographer II Clerk-Stenographer III

### REPORTING DEPARTMENT

Irene McVay Marilea Stadler Robert L. Stratman Dorotha Sullivan Court Reporter Court Reporter Court Reporter Court Reporter

### RESEARCH & STATISTICS

Robert S. Phillips

Director

### MISSOURI PUBLIC SERVICE COMMISSION

Fiscal 1963-64 marked the fity-first anniversary of the establishment of the Missouri Public Service Commission. Missouri Public Service Commission was created by an Act of the Forty-seventh General Assembly of Missouri. The act became effective April 15, 1913, and has been changed very little since that time. It conferred upon the Public Service Commission complete regulation of public utilities operating in the state. In 1931, the Fifty-Sixth General Assembly of Missouri imposed additional duties upon the Commission by enacting legislation relating to the transportation for hire of persons and property by motor vehicles over the public highways of the state. It conferred upon the Commission jurisdiction to license, regulate and supervise transportation coming under the act. Due to this legislation, a bus and truck division was set up. On account of the duties required by that act, the work of the Commission was increased materially.

The 1945 Constitution of Missouri provided that the various administrative agencies be assigned to certain divisions of the state government. Under that assignment, the Missouri Public Service Commission became and is a division of the Department of Business and Administration. However, it operated as an independent commission in the exercise of its quasi-judicial functions.

The Commission is composed of five members appointed by the Governor with the advice and consent of the Senate for a statutory

term of six years. The terms of the Commissioners are staggered so that the terms of not more than two Commissioners expire at any one time. Since its inception, the Commission has functioned on a bi-partisan basis with a three-to-two majority of the members drawn from the party in power.

In 1947, the Sixty-fourth General Assembly passed an act creating a Publications Commission, composed of the members of the Public Service Commission and general counsel, for the purpose of selecting and designating what findings, orders and decisions of the Public Service Commission shall be published and cause to be prepared the syllabi for said findings, orders and decisions, and to select and designate such other news, papers or studies of the Public Service Commission relating to the field of public utility regulation as may be of interest to the public and to cause same to be published in pamphlet or book form. In addition to the members of the Commission, there is a general counsel to the Commission appointed by the Governor for a statutory term of six years. There is, also, a Secretary to the Commission who is appointed by the Commission and serves as the pleasure of the Commission. There are three examiners appointed by the Commission whose duties are to assist in holding hearings and writing reports and orders for the Commission. A Reporter of Opinions is also employed to aid the Publications Commission to carry out its duties. The Commission also employs a staff of technical, stenographic and clerical help, the staff being divided into the following departments: The Legal Department, headed by the general counsel; the Engineering Department, headed by the chief engineer; the Accounting Department, headed by the chief accountant; the Rate Department, headed by the chief rate expert; and the Bus and Truck Department, headed by a supervisor. The head of each of these departments has various assistants skilled in the particular work of the department and also the required stenographic and clerical help.

The Public Service Commission acts as an administrative agent of the legislative department of the state. Its functions are similar to those of the federal agencies in which such agencies operate, namely, the Interstate Commerce Commission, Federal Power Commission, Federal Communications Commission, and the Securities and Exchange Commission.

Formal hearings are held in the hearing room, Tenth Floor, Jefferson Building, at Jefferson City, and when necessary they are held at other places throughout the state. Procedure before these hearings is informal and the technical rules of pleadings, evidence and procedure of the court are relaxed. All parties interested in any matter before the Commission are given an opportunity to present to the Commission all facts bearing upon the case and to make complaints as to the services rendered by any utility under the jurisdiction of the Commission. Only licensed attorneys are permitted to practice before the Commission. In addition to formal cases, the Commission handles, by informal

hearings and conferences, a great volume of matter of lesser importance. The orders of the Public Service Commission relative to the various utilities over which it has jurisdiction affect as many or more citizens of the state than any other agency of the state. The Public Service Commission was created and is organized now to give prompt and efficient service to the citizens of Missouri.

### THE OFFICE OF THE SECRETARY

It is the responsibility of the Secretary's Office to keep a full and true copy of all records and proceedings of the Commission. All exhibits and pertinent information concerning all hearings before the Commission are filed and made available to the public by this office.

During the year 1963-64 two hundred fifty-four applications have been filed. All utility applications are written requests for some authority from the Commission. The various utilities file numerous applications concerning their multiple requests. The applications for establishment of railroad grade crossings, changes in rate structures, construction of new and additional utility equipment, the valuation of property so as to determine the rate of return on the investment, are just a few of the many filed.

It is the responsibility of the Secretary's Office to mail formal notices of hearing to all interested parties at least ten days prior to the hearing date. The parties may support or protest in any case before this Commission. After formal hearings are conducted and decisions have been reached, Report and Orders are issued by the Secretary's Office and copies furnished to all parties of record.

### ACCOUNTING DEPARTMENT

The Department is charged 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, and provides evidence at hearings in which these matters are involved. The Department conducts audits and examinations of the various utilities, in order to develop and present information which enables the Commission to evaluate the actual condition of utilities when considering cases involving any of the matters mentioned above.

Other functions consist of the supervision of the accounting methods of all utilities operating in the State which are subject to the jurisdiction of the Commission, including annual reports covering the operation of each utility which are filed with the Commission as public records. The Department also prepares the biennial budget, maintains current records of expenditures, and periodically advises the Commission as to the current status of each appropriation.

By application of provisions of Section 386.370, Missouri Revised Statutes 1959, which set forth the method of assessing the various classes of public utility companies by the Commission to cover the expenses incurred each fiscal year in exercising its regulatory power, the Department calculates the exact amount of each assessment against each public utility company.

### Audit and Special Duties

With the exception of the Chief Accountant and office staff, the personnel of the Department primarily perform their duties in the field, auditing and examining the books and records of the various utilities. The purpose of these audits and examinations is to determine the original cost of property, operating revenues and expenses, net operating income and the utilities' capitalization, for use in any valuation or rate case which may come before the Commission, and for any other purpose the Commission might deem proper.

During the fiscal year nine members of the Department staff were in the field on audits and examinations involving verification of original costs, operating revenues and expenses, and analyses of other facets of the capital structure, as well as the propriety of earnings rates, in connection with the following:

The Gas Service Company
(Rate Case)

Kansas City Transit Company (Rate Case and Analysis of Surplus)

Missouri Cities Water Company
(Rate Case)

St. Joseph Water Company (Rate Case)

Southwestern Bell Telephone Company (Examination as to propriety of rate of return)

In addition, the staff furnished accounting guidance where such assistance had been requested or where the Department deemed

such guidance necessary.

When not in the field these members of the Department staff from time to time made special studies for the purpose of inquiring as to the adequacy, or inadequacy, of the rate of return of the various utilities, based on the net operating income and the existing rate base.

During the fiscal year a total of 1,020 annual reports and 1,672 quarterly reports were filed by various motor carriers covering their 1963 operations. The accountant in charge analyzes these reports as to their conformity with requirements set forth by the Commission and as to the propriety of the accounting methods and practices of the carriers. Where deviations are found the carrier is notified and very often receives proffered help toward improving accounting methods and practices and the preparation of future reports. The Department is also used for obtaining such accounting and statistical data relative to the various motor carriers as might be required by the Commission from time to time in passing upon requests of various motor groups for increased rates.

### Security Issues

During the fiscal year the amount of security issues authorized by the Commission was \$205,965,666.03, 15.80% less than the amount authorized during the preceding fiscal year. Of this amount, \$1,173,384.00 was for the purpose of refunding outstanding securities and debt, as compared with \$500,000.00 for the preceding

year, and \$204,377,282.03 was new money obtained for the acquisition, construction, completion, extension and improvement of property and services of the various utility companies.

The fact that Missouri public utility companies were able to obtain their capital requirements during the past year reflects to a high degree the sound financial condition of these companies and their high 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 toward improving corporate structures and increasing the margin of safety to investors.

The following table shows the securities authorized during the period July 1, 1963, to June 30, 1964:

# SECURITIES AUTHORIZED JULY 1, 1963 to JUNE 30, 1964

OF ORITY	CASE NO. 15,316 14,785	COMPANY  Northeast Missouri Rural Telephone Co. Fidelity Telephone Company	KIND OF SECURITIES Notes Notes	REFUNDING \$	TOTAL VALUE \$ 211,000.00 100,000.00
July 10, 1963 July 10, 1963	15,282 15,281		Notes Common Stock		144,000 50,000
17,	15,313	Midstate Telephone Company			112,000
Aug. 2, 1963	15,291	Bourbeuse Telephone Company	Preferred Stock		255,000
6	15,324	Swan Lake Telephone Company	Notes		168,00
	15,340	Western Light & Telephone Company	Common Stock		180,00
15,	15,332	Citizens Telephone Company	Notes		75,00
13,	15,266	K.L.M. Telephone Company	Notes		55,000
5	15,337	Madison Telephone Company	Notes		146,00
10,	15,339	Western Dial, Inc.	Notes		860,000
.10,	15,339	Western Dial, Inc.	Common Stock		10,00
11,	15,363	Northwest Nodaway Telephone Company	Notes		16,000
16,	15,292	Fidelity Telephone Company	Notes		200,000
Sept.18, 1963	15,304	Purdy Telephone Company	Notes		232,00
Oct. 4, 1963	15,296	Southwest Dial, Inc.	Notes		140,000
•	15,359	Buffalo Telephone Company	Common Stock		25,050
Oct. 25, 1963	15,370	Greenfield Telephone Company, Inc.	Common Stock )		30,000
•	15,370	Greenfield Telephone Company, Inc.	Preferred Stock)	105,000.00	30,000
. 25,	15,370	Greenfield Telephone Company, Inc.	Notes )		443,00
Oct. 25, 1963	15,345	B & M Telephone Company	Notes		190,000.00
•	15.331	Nodaway Valley Telephone Company	Common Stock		75,000
. 21,	15,415	$\sim$	Common Stock		100,000,000
Dec. 6, 1963	15,381	Doniphan Telephone Company	Notes		2,019,00
•	15,311	Sho-Me Power Company	Common Stock		124,30
	15,421	Grand River Mutual Telephone Company	Notes		700,000
Jan. 14, 1964	15,423	Triangle Telephone Company	Notes		247,000
Jan. 14, 1964	15,402	Granby Telephone Company	Notes		34,000.00
•					

	June	June	June	June	June	Nov.	May	May	May	Apr.	Apr.	Apr.	Apr.	Apr.	Mar.	Mar.	Mar.	Apr.	Mar.	Mar.
	. 25,	24,		,9	9	. 27,	22,	12,		. 27,	7,	, 7		ر. ر	30,	30	. 27,	, _	. 24,	. 18,
	1964	1964	1964	1964	1964			1964	1964	1964	1964	1964	1964		1964		1964	1964	1964	1964
	15,210	15,474	B-15,757	15,452	15,452	15,537	15,531	15,446	15,472	15,501	15,355	15,355	15,464	15,456	15,477	15,477	15,481	15,483	15,487	15,458
	Le-Ru Telephone Company	Orchard Farm Telephone Company	Mid-American Coaches, Inc.	I. H. Utilities, Inc.	I. H. Utilities, Inc.	Stoutland Telephone Company	Laclede Gas Company	Lakeland Telephone Company	O'Fallon Gas Service, Inc.	Missouri Cities Water Company	St. Joseph Water Company	St. Joseph Water Company	Waco Telephone Company	Fidelity Telephone Company	St. Thomas Dial, Inc.	St. Thomas Dial, Inc.	Lincoln Telephone Company	Missouri Public Service Company	Panhandle-Eastern Pipeline Company	Mid-Missouri Telephone Company
TOTAL	Common Stock	Common Stock	Notes	Notes	Common Stock	Notes	Bonds	Notes	Notes	Bonds	Common Stock	Bonds	Notes	Notes	Common Stock	Notes	Notes	Common Stock	Debentures	Notes
\$1,173,384.00																	1,068,384.00			<b>-cs</b>
\$1,173,384.00 \$205,965,666.03	21,575.75	60,000.00	42,740.28	100,000.00	75,000.00	292,000.00	20,000,000.00	1,600,000.00	450,000,00	600,000.00	800,000.00	1,250,000.00	321,000.00	250,000.00	14,000.00	33,000.00	1,350,000.00	40,000.00	40,000,000.00	\$ 295,000.00

# RECAPITULATION

TOTAL	Preferred Stock Notes	Debentures	Common Stock	Bonds
\$205,965,666.03	1,530,000.00 11,080,740.28	40,000,000.00	101,504,925.75	\$ 51,850,000.00

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### Annual Reports

Approximately 1,200 electric, gas, water, heating, telephone, telegraph, street transit, 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 calendar year 1963. They are available for public inspection, and information contained in them is used extensively by security holders, investment brokers, municipal and county officials, interested public utilities and individuals.

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

Many times in the past some small utilities have been remiss in filing their annual reports and the Department has been compelled, by various means, to procure them. In spite of these efforts, there are always a few from which the Department receives no report. For the calendar year the Department's persuasive efforts culminated in the filing of reports by practically all utilities so obligated. While the Public Service Commission law grants power to assess a penalty for failure to file, the Commission has never exercised this prerogative, preferring instead by less severe methods to impress upon all utilities the importance of compliance.

### Assessments

The Department advises the Commission as to the status of each appropriation under which it operates. Current records are maintained in the Department regarding the expenditures under the various appropriations and showing the unencumbered balance in each fund. All proposed expenditures are referred to the Department to determine if money is available for such expenditure within the particular appropriation.

In accordance with the provision of Section 386.370, Missouri Revised Statutes 1959, the Commission on June 24, 1964, entered its Order in Case No. 11,110, Supplemental Order 17, in which it estimated the amount of its expenses for the 1964-1965 fiscal year, payable under this Section, at \$394,026.51.

After crediting the various utilities with the estimated unexpended amount of \$26,026.51 from the preceding fiscal year, the Commission assessed each group, in addition to said estimated sum, as follows:

(a)	Railroad Companies	\$	60,000.00
<b>(</b> b)	Street Railroad Corporations		4,500.00
(c)	Other Common Carriers (Railway Express Company)		2,500.00
(d)	Electric Corporations, Gas Corporations, Water Corporations, Heating Companies, and Telephone Corporations		299,000.00
(e)	Telegraph Corporations	_	2,000.00
	Total	Ó.	368,000.00

The Department, in the same Order, was directed to calculate the amount of 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 assessment so calculated was presented to the Secretary of the Commission, who thereafter notified 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 the Bus and Truck Department, were as follows:

Authority Fees \$24,893.50

Miscellaneous Earnings 10,376.47

Total \$35,269.97

The fees amounting to \$24,893.50 collected during the current fiscal year compare with \$58,328.68 collected in the preceding fiscal year. All authority fees and miscellaneous earnings are credited directly to the State General Revenue Fund.

### 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 and gas utilities, with the Federal Communications Commission in connection with joint

problems relative to Missouri telephone and telegraph companies, and with the Securities and Exchange Commission and the Rural Electrification Administration in matters of mutual interest. The Department, when called upon, has 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.

### General

In addition to previously outlined functions, the Department is constantly called upon for assistance and information by those regulated, as well as the general public, and, when not in conflict with Commission policy, such assistance and information are furnished. The Department works in close cooperation with other departments within the Commission, and many of the results achieved have been through the cooperation and assistance from these other departments.

The Department is faced with ever-increasing demands for the service of its personnel. Because of increasing operating costs, various utilities frequently petition the Commission for authority to file schedules of increased rates, which usually necessitates field work by Department accountants. Usually in these cases the petitioner stresses the urgency of the situation and requests immediate remedial action. The Department will, considering its limited personnel, continue to make the necessary studies and examinations as rapidly as physically possible.

### BUS AND TRUCK DEPARTMENT

### General

The State, for investigative and enforcement purposes of the Missouri Bus and Truck Law, is divided into eight subdivisions with one Inspector in each of seven subdivisions, two Inspectors in St. Louis and eastern Missouri, and one Chief, or supervising, Inspector. The office personnel, as of June 30, 1964, consisted of the Supervisor of the Bus and Truck Department, one chief license clerk, four clerk-typists, and one stenographer.

All applications for authority to operate as a common or contract carrier for hire of persons or property, unless specifically exempted under the law, are first filed and processed with the department, fees collected, and insurance requirements established.

Last year the Department received, processed, and filed 1167 applications, and 296 motions. There were 2041 Bus and Truck Orders issued, by the Commission, and from these Orders our records are compiled and a complete, and current, file maintained.

Road checks are conducted at different times throughout the year by the Inspectors in cooperation with the State Highway Patrol, State Highway Department, and representatives of the Bureau of Motor Carriers of the Interstate Commerce Commission. These road checks review operating rights, weights, and safety equipment and accessories, required of all certificated motor carriers.

### Revenue

Revenue collected from all motor carriers under the jurisdiction of this Commission from July 1, 1963 to June 30, 1964, was as follows:

Buses	\$ 47,626.00
Trucks	548,737.00
Total	\$596.363.00

The increase of \$73,924.00 over the past year was due, in part, to the cancellation of reciprocity on so-called "additional principal offices or places of business".

### ENGINEERING DEPARTMENT

### General

Problems coming before the Commission in connection with the regulation of electric, gas, steam heating, telegraph, telephone. and water utilities in the State of Missouri require the attention of the Engineering Department. The work of this Department requires the employment of trained and experienced men in order to expedite the work. As has been indicated in former reports the problem of finding and employing this class of men continues to become more difficult to solve. Recent graduates in Engineering have been employed and after they enter into the work, offers come to them that cause them to leave. Some have been called into the Armed Services and during that absence find employment elsewhere. Trained engineers are almost unobtainable at present day salaries. A number of years of training are required for new college graduates before such employees are able to handle valuation problems, including original cost and depreciation studies. It also requires several years of training for an inexperienced employee to be able to handle the various rate problems that come before the Commission. It is almost impossible to secure men who are willing to go through this training period while the engineering field outside of regulatory work offers them opportunities in immediate engineering work.

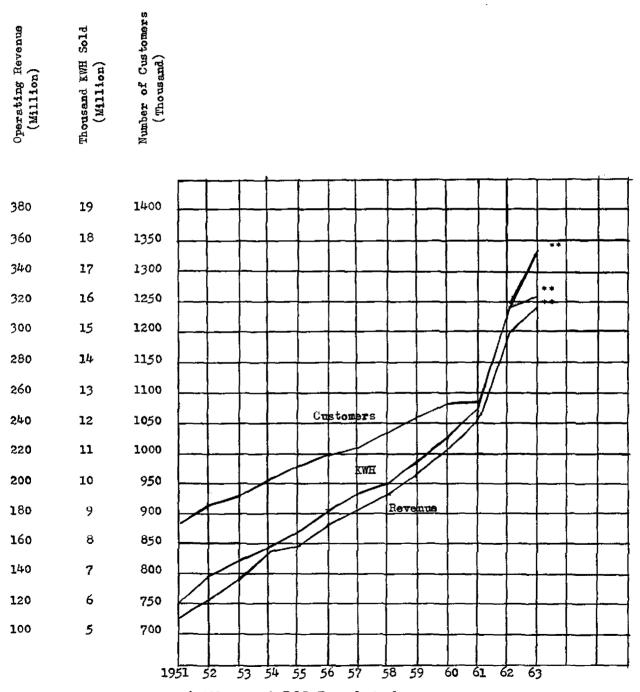
The staff in this Department has the assignment of receiving and filing tariffs of the electric, gas, steam heating, telegraph, telephone, and water utilities. The engineering staff makesoriginal cost appraisals and related studies of the tangible and intangible plant of the regulated utilities. It also makes investigations relative to complaints coming before the Commission and inquiries concerning service and safety problems.

### Electric Rates and Service

The electric utilities in the State continue to grow at what appears to be an accelerating rate and it is not possible, at this time, to foresee how long that acceleration may continue.

Following the year 1921, electric rates in Missouri have continued to decline until about the middle of the year 1958. Since the begining of World War 1 the need for additional generating and transmission capacity has grown so rapidly the utilities have been under continuous stress to provide the capacity to take care of the needs of the public for the service. They have done so in a remarkable way and by the construction of new generating facilities they have had the advantage of having available generating stations that enable them to produce electric energy at a lower fuel cost per kilowatt hour than the older stations. Furthermore, as their systems would grow, utilities have been able to operate the new generating plants near if not at 100% capacity, thereby generating the base load of the system at high thermal efficiencies.

### **ELECTRIC UTILITIES \***



<sup>\*\*</sup> Missouri PSC Regulated
\*\* December 31, 1963

Due to decreased production and/or purchased power costs and technological advances it was possible for electric distribution utilities to reduce their charges to consumers by approximately \$1,700,000.00 per annum during the year 1963.

The growth in the regulated electric utilities in Missouri during the period 1951 through 1963, inclusive, is indicated by the chart on page 24. That chart does not indicate any slowing up in the growth.

### Gas

The sources of supply for the natural gas consumed are interstate transmission line companies with lines extending from natural gas fields located in states to the south and to the west of Missouri, through Missouri and into other states in the northeastern part of the United States. Allocations of additional natural gas from the transmission line companies are under the jurisdiction of the Federal Power Commission and the problems of securing sufficient allocations of natural gas to meet the peak demand of the consuming public of Missouri are still unsolved.

The need continues for additional gas for space heating in new residences as well as the demand for additional gas in residences where other types of fuel are now being used. The availability of sufficient gas to meet the demand of the consuming public has improved to some extent. Some utilities have found that the installation of auxiliary liquefied petroleum gas plants was necessary and such plants have been provided in order to

supply service to their firm customers during extreme cold weather.

The use of auxiliary liquefied petroleum gas for supplementing the natural gas in the distribution systems creates additional rate problems which are in addition to increases that are allowed from time to time by the Federal Power Commission to the interstate pipeline companies that supply natural gas to the distributing utilities. In order to justify the installation and use of auxiliary liquefied petroleum gas plants to enable as many customers as possible particularly residence space heating consumers to avail themselves of the use of the natural gas, there have been discussions as to the feasibility of allowing the gas utilities to file a supplementary fuel clause that would be reflected in the charges for space heating when it becomes necessary to use auxiliary (liquefied petroleum) gas to supplement natural gas during the extreme demands for space heating. For many years it has been the practice of electric utilities to file and apply a fuel clause to electric energy furnished to large industrial consumers because the rates filed with the Commission are relatively low and electric energy is sold in large quantities, so that there would be a small compensating cost varying with the fluctuating cost of fuel. Similarly, gas for space heating is consumed in large quantities and at a justifiably low unit cost. This low unit cost is sensitive to the increased cost of the use of auxiliary liquefied petroleum gas. Therefore, if the needs of the public could be cared for by providing a fuel clause which would compensate the gas utility for the cost of liquefied petroleum fuel that was used during the heating season, thereby enabling the gas utilities to offer service to an increased number of users, it might be in the public interest for the Commission to give serious consideration to an auxiliary fuel clause.

One company has partially alleviated its gas peak demand problem by successfully establishing an underground storage facility whereby it stores gas during the non-heating season for the winter peak load.

From the year 1951 to the year 1963, gas utilities expanded materially. MCF sold increased by 112%. Income from gas sales increased 158%. Investment in plant physical propety increased 176% and the number of consumers increased by 38%. Statistics on the 1951-1963 expansion are shown in Table No. E-1. Table No. E-2 provides comparable data for the 1961-63 period. Pertinent data by year (1951 through 1963) is contained in graphs on pages 30, 31 and 32.

TABLE NO. E-1
MISSOURI GAS UTILITIES \*

1951 - 1963

	1331 - 1303		%
	1951	1963	Increase
Investment Dollars	\$109,800,195	\$302,785,860	176
Number of Consumers	597,328	822,093	38
Av. Inv. Dollars per Consum	ner 184	368	200
Gas Sold - MCF			
Residential	66,781,247	114,590,675	72
Commercial	8,752,883	38,481,811	340
Industrial	37,071,240	85,733,960	131
Total	112,605,370	238,806,446	112
Gas Sold (\$)			
Residential	43,389,191	95,723,523	121
Commercial	5,357,527	25,167,563	370
Industrial	8,134,041	26,103,238	221
Total	56,880,759	146,994,324	158
Av. Rate per MCF Sold (\$)			
Residential	0.650	0.835	28
Commercial	0.612	0.654	7
Indus <b>t</b> rial	0.219	0.304	39
Total	0.505	0.616	22

<sup>\*</sup> Does not include Municipal Utilities

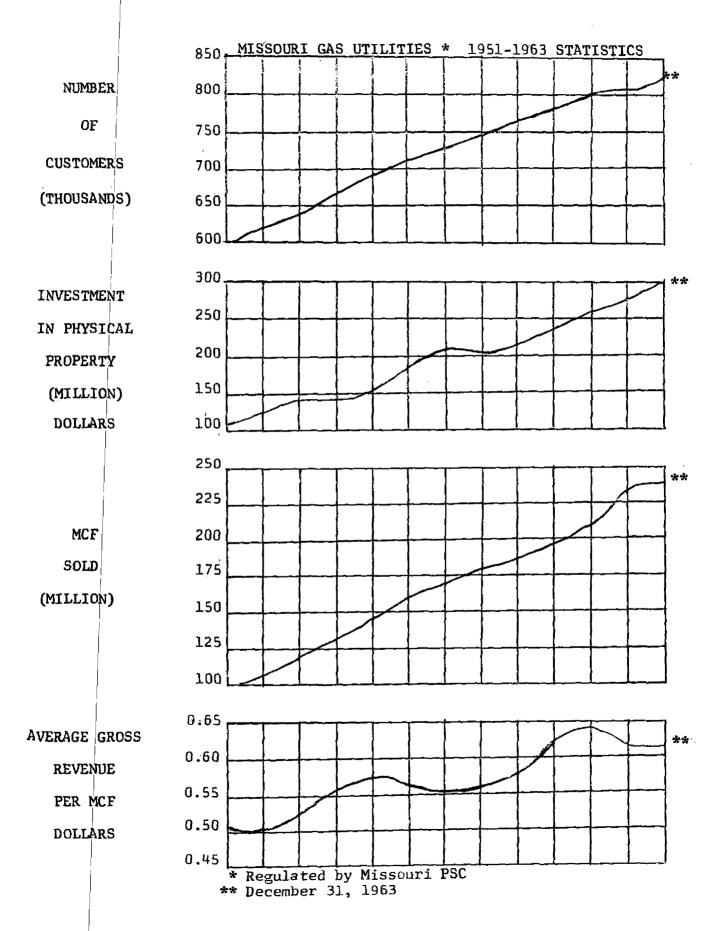
TABLE NO. E-2
MISSOURI GAS UTILITIES \*

1962 - 1963

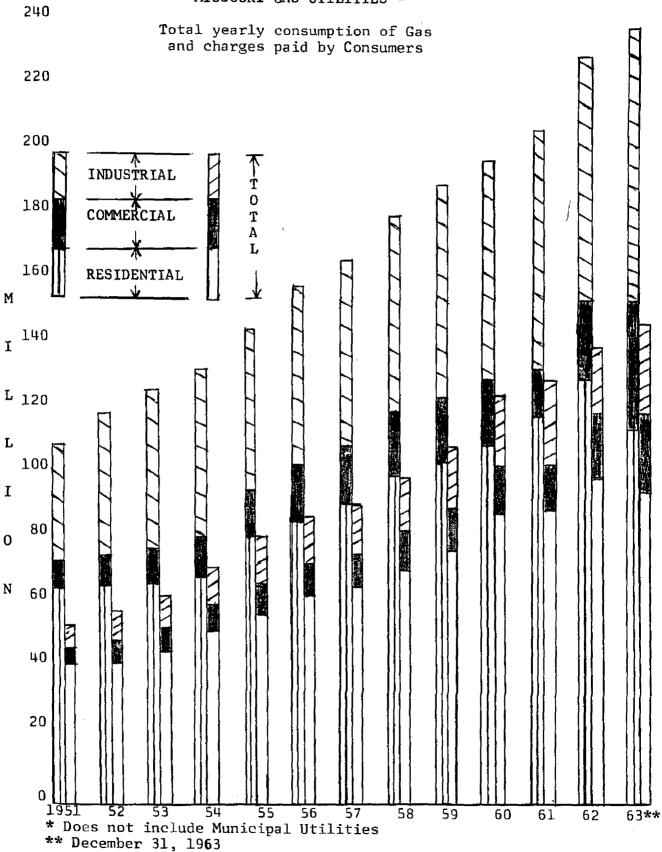
	1902 - 1903		%
	1962	1963	Increase
Investment Dollars	\$281,598,150	\$302,785,860	8
Number of Consumers	817,946	822,093	1
Av. Inv. Dollars per Consum	ner 344	368	7
Gas Sold - MCF			
Residential	131,239,051	114,590,675	(15)
Commercial	25,565,996	38,481,811	51
Industrial	75,529,246	85,733,960	14
Total	232,334,293	238,806,446	3
Gas Sold (\$)			
Residential	103,111,549	95,723,523	(8)
Commercial	17,274,691	25,167,563	46
Industrial	23,093,015	26,103,238	13
Total	143,479,255	146,994,324	2
Av. Rate per MCF Sold (\$)			
Residential	0.786	0.835	6
Commercial	0.676	0.654	<u>(</u> 3)
Industrial	0.306	0.304	(1)
Total	0.618	0.616	-

<sup>\*</sup> Does not include Municipal Utilities

<sup>( )</sup> Denotes decrease

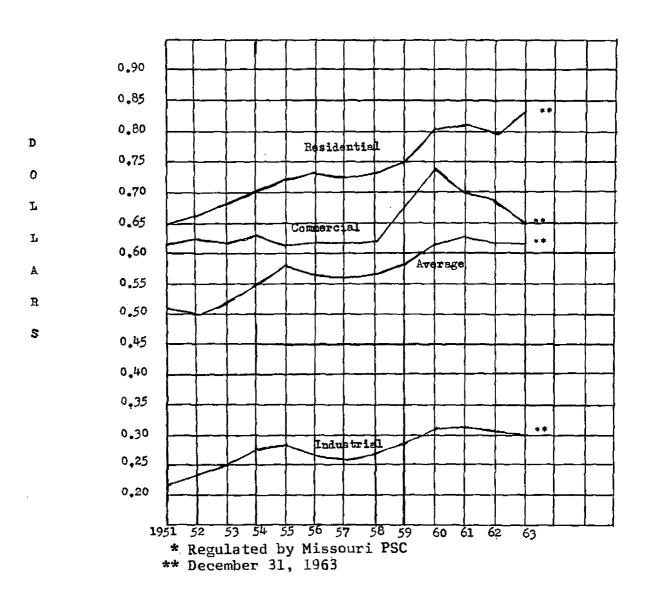


### MISSOURI GAS UTILITIES \*



### MISSOURI GAS UTILITIES \*

# Average Gross Revenue in Dollars per MCF for All Companies



# NATURAL GAS

# TRANSMISSION COMPANIES

COMPANIES	ABBREVIATION USED
Cities Service Gas Company	C.S.G. Co.
Commercial Gas Pipe Line Company	C.G.P.L. Co.
Michigan-Wisconsin Pipe Line Company	M-W.P.L. Co.
Mississippi River Fuel Corporation	M.R.F. Corp.
Mississippi River Transmission Corporation	M.R.T. Corp.
Natural Gas Pipe Line Company of America	N.G.P.L. Co. of A
Panhandle Eastern Pipe Line Company	P.E.P.L. Co.
Texas-Eastern Transmission Corporation	T-E.T. Corp.
Texas-Illinois Natural Gas Pipe Line Compa	ny T-I.N.G.P.L. Co.
Western Missouri Gas Company	W.M.G. Co.

### GAS COMPANIES AND COMMUNITIES

American Gas Company - M-W. P. L. Co.

Fairfax

Tarkio .

Rockport

Arkansas-Missouri Power Company - T.E.T. Corp.

Campbell

Adrian

Hayti

Portageville

Morehouse

Caruthersville

Holland

Greentop

Steele

Associated Natural Gas Company - T.E.T. Corp., T-I.N.G.P.L. Co., M.W.P.L. Co., N.G.P.L. Co. of A.

Amoret Holcomb Morely Archie Jackson New Madrid Benton Kennett Oran Butler Kirksville Passaic Chaffee Lancaster Puxico Lilbourn Charleston Oueen City Clarkton Sikeston Malden East Prairie Matthews Virginia

Bowling Green Gas Company - P.E.P.L. Co. Bowling Green

Carl Junction Gas Company - C.S.G. Co. Carl Junction Smithfield

Citizens Gas Company - P.E.P.L. Co. Hannibal

Gas Service Company - C.S.G. Co., P.E.P.L. Co., W.M.G. Co. Alba Holden Oakwood Park A1ma Holt Odessa Aurora Houstonia Ozark Avondale Houston Lake Palmyra Bates City Independence Parkville Belton Peculiar Jasper Jerico Springs Pierce City Billings Blackburn Joplin Pilot Grove Blue Springs Kansas City Platte Woods Buckner Kearnev Pleasant Hill Butterfield Kingsville Pleasant Valley Cameron Knob Noster Prathersville Carrollton Lakeside Prosperity Carterville Lake Lotawana Purcell. Purdy Carthage Lake Tapawingo Cassville Lake Waukomis, City of Raymore Centerview Lamar Raytown Clarksburg La Monte Redding's Mill Lathrop Claycomo Republic Cleveland Lawson Riverside Clever Lee's Summit Rural Territory Concordia Liberty Saginaw Corder Lockwood St. Joseph Crane · Lone Jack Sarcoxie Diamond Marionville Savannah Duenweg Martin City Seneca ElDorado Springs Monett Slater Smithville Mosby Excelsior Springs Mt. Leonard Stockton Mt. Vernon Stone's Corner Favette Forest Park Sugar Creek Neck City Sweet Springs Freeman Neosho Freistatt Nixa Tipton Galloway Norborne Turney Gladstone North Kansas City Verona Glen Aire Warrensburg Northmoor Golden City Waverly 0aks Oak Grove Grain Valley Webb City Grandview Wentworth Oak View Greenfield **Oakwood** Windsor Harrisonville Oakwood Manor Wood Heights Hickman Mills

Higginsville

Laclede Gas Company - M.P.F. Corp., M.R.T. Corp. Oakland St. Louis, Missouri Flordell Hills Arbor Terrace Florissant Olivette Ballwin Overland Frontenac Bella Villa Glendale Pagedale Glen Echo Park Pasadena Hills Bellefontaine Neighbors Bellerive Village Goodfellow Terrace Pasadena Park Pine Lawn Bel-Nor Grantwood Richmond Heights Bel Ridge Greendale Berdell Hills Hanley Hills Riverview Berkelev Hazelwood Rock Hill Hillsdale St. Ann's Village Beverly Hills St. George's Village Breckenridge Hills Huntleigh Brentwood St. John's Jennings Schuermann Heights Bridgeton Kinloch Bridgeton Terrace Kirkwood Shrewsbury Calverton Park Sunset Hills Ladue Sycamore Hills Charlack, Lakeshire Town and Country Clayton Mackenzie Cool Valley University City Manchester Country Club Hills Uplands Park Maplewood Country Life Acres Margona Velda Village Velda Village Hills Crestwood Marlborough Creve Coeur Marvin Terrace Vinita Park **Dellwoo**d Vinita Terrace Mary Ridge Des Peres Meadowbrook Downs Warson Woods Webster Groves Edmundson Moline Acres Elmdale Montago Hills Wellston Fenton Normandy Westwood Northwoods Wilbur Park Ferguson Norwood Court Woodson Terrace Unincorporated Missouri Edison Company - P.E.P.L. Co. Louisiana Missouri Natural Gas Company - M.R.F. Corp. Bonne Terre Farmington Pevely Crystal City Festus Poplar Bluff DeSoto Flat River Rivermines Desloge (Leadville) Fredericktown Ste. Genevieve Elvins Hematite Esther Herculaneum Missouri Power & Light Company - P.E.P.L. Co. Boonville Laddonia North Boonville Centralia Martinsburg Sturgeon Farber Mexico Urbandale Franklin Moberly Vandalia Hallsville New Franklin Vandiver Jefferson City New London

Wellsville

Missouri Public Service Company - C.S.G. Co., P.E.P.L. Co. Brookfield Henrietta Richmond Brunswick Keytesville Salisbury Sedalia Bucklin Laclede Chillicothe Lexington Tracy Marceline Trenton Chula Clinton Marshall Utica Deerfield-see Nevada Meadville Weston Glasgow Nevada Wheeling

Platte City

Missouri Utilities Company - P.E.P.L. Co., T.E.T. Corp. Lutesville Advance Delta Bell City Dexter Marble Hill Bloomfield Painton Essex California Glen Allen Perkins Cape Girardeau Illmo Randles Columbia Kelso Scott City Vanduser

Linclay Corporation of Kirkwood (Propane)
Forest Knell (Fenton)

O'Fallon Gas Service Inc. (Propane)
Subdivision of Steeplechase - St. Charles County
Parts of Cities of St. Peters and O'Fallon

Polo Gas Service, Inc. - Local wells Polo Rich Hill-Hume Gas Co. - C.G.P.L. Co. Rich Hill Hume

St. Charles Gas Corporation - M.R.F. Corp., M.R.T. Corp. St. Charles

St. Joseph Light & Power Company - M-W. P.L. Co.
 Maitland
 Maryville
 Mound City

Vernon County Gas Company (Local well) Richards

Western Missouri Gas Company, Inc. - C.S.G. Co. Gas Service Company

### Telephone Service in Missouri

A variety of modern communications services for home and business are provided by the telephone companies operating throughout Missouri. There are 143 Independent Telephone Companies and the Southwestern Bell Telephone Company serving 712 telephone exchanges in the state. In all, 1,973,239 Bell and Independent telephones were in service in Missouri as of December 31, 1963.

In addition to providing the state with dependable communications, telephone companies contribute significantly to the state's economy. Southwestern Bell, for example, is expected to spend approximately \$165 million for construction in Missouri during 1964-65. Estimated construction expenditures by Independent Company will total \$23 million during the same period.

Besides creating jobs in the state, these construction programs result in improved telephone service.

For example, direct dialing of long distance calls was possible from 583,800 main telephones at the end of 1962. As of December 31, 1963, facilities were available for the direct dialing of long distance calls from 638,200 main telephones.

Also, 1,297,000 main telephones were equipped to receive direct dialed long distance calls, compared to 1,253,000 in 1962.

Extensive cable pressurization programs have been carried out to provide extra resistance to service interruptions caused by storms and rain. About 96 per cent of all telephone cable

in the state has been pressurized since the program was initiated three years ago.

A program of replacing exposed long distance wires with underground cable or microwave radio relay has substantially reduced damage to wires and cable from snow, ice, sleet and rain. About 87 percent of the state's long distance circuit-miles are in cable or in microwave relay.

Automatic call-through test sets have been installed to progressively test all electrical paths a call might follow through a particular central office. The test sets detect developing trouble so it can be corrected before the telephone user has difficulty.

Data transmission facilities have been provided which allow computers and other business machines to "talk" to one another and exchange information. The first data set was offered in Missouri in 1961. At the end of 1962, 120 were in use. As of September 1, 1964, there were 275 in use.

Missouri's first expanded direct distance dialing service will be offered in Springfield in December, 1964. This new service allows telephone users to dial mamy of their calls directly, instead of asking an operator to handle them. These include person-to-person, collect, charge to third station, and credit card calls.

Use of wide area telephone service, which permits business users to call all telephones in the state or in the nation on

an unlimited basis, increased from 300 lines in May, 1963, to 470 lines as of July, 1964.

Despite record expenditures for service improvements and construction, increased operating efficiencies made rate reductions of almost \$3 million possible in mid-1964. These reductions involved primarily suburban and outlying customers around Kansas City and St. Louis. Elimination of toll charges on local interzone calls was accomplished in many areas.

Charges for interstate and intrastate station-to-station long distance calls made after 9:00 p.m., were substantially reduced beginning April 4, 1963. The "After 9" plan permits three-minute calls to be made to any points in the United States, except Alaska and Hawaii, for not more than \$1 (not including tax).

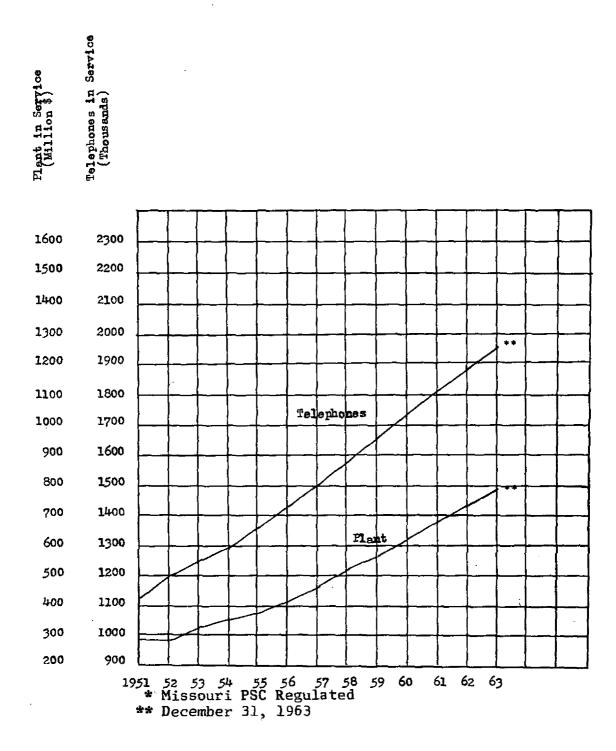
The present population of Missouri is estimated to be 4,443,000, an increase of 12 per cent in the past 13 years. In the same period, the total number of telephones has increased 71 per cent and the per cent of families using telephone service has increased from 63 per cent to 77 per cent. In the next 10 years, the per cent of families using telephone service is expected to be around 85 per cent.

Pertinent data about the telephone industry in Missouri.

# Telephones in State

Telephones in State	Telephones	6-30-63	xtensions)
	Bell	Ind.	Total
Business Residence Total Gain	458,367 1,150,963 1,609,330	55,468 <u>239,741</u> <u>295,209</u>  <u>6-30-64</u>	1,390,704
Business Residence Total Gain	479,221 1,202,484 1,681,705 72,375	58,228 269,234 327,462 32,253	537,449 1,471,718 2,009,167 104,628
Number of Telephone Companies	1	143	144
Number of Telephone Exchanges &	Zones 194	518	712
Per Cent Dial of Total Telephone	es 99.8	92.3	98.5
Per Cent of Telephones with DDD		12-31-63	
Inward Dialing	99.8	82.5	98.1
Outward Dialing	56.5	12.1	48.3
Number of Dial Conversions and Dial Replacements in Period 6-30-63 to 6-30-64	8	33	41
Number Scheduled for Next 12 Mon	nths 3	59	62

# TELEPHONE UTILITIES \*



### Water

Water utilities throughout the State have found it necessary to continue to expand their properties. However, during the current period their expansion problems have not been so severe as during the drought of a few years ago, which required large expansion of the systems to provide water for the operation of air-conditioning units.

During the current period there have been a number of small water utilities created by persons engaged in real estate ventures outside of or beyond municipalities at distances from the local municipal system too great to justify the extension of water transmission lines to the subdivisions being developed. Most of these subdivision developments have occurred in areas in the State where ground water is available by the drilling of wells. It has been necessary to allow the developers to establish the systems as public utilities, and in order to conform to the law they have been granted certificates of convenience and necessity to operate such systems as public utilities.

During the period of 1951 to 1963 there has been a continuous growth in the number of customers served, the gallons of water sold, the revenues received and the investment in plant required to render satisfactory water service, except for the year 1958. That drop was caused by increased rainfall during 1958 and by the fact that one of the larger regulated water utilities was sold to the municipality then being served. No report was then forthcoming from that municipality. The chart on page 44 shows the expansion in that service during the period of 1951 to 1963.

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# WATER UTILITIES \*

Plant in Service (Million)	Operating Revenue (Million)	Thousand Gals, Sold (Million)	No. of Customers (Thousand)															
		•	380															
		45.0	360															
	17	40,5	340															
150	16	38.0	320											<u> </u>		**		]
140	15	3 <b>7.</b> 5	300											/		, * *		
130	14	35,0	280					0	pera	ting	Reve	פטמ				**		
120	13	32.5	260			 					· - —/							
110	12	30.0	240			Cus	comez	3			1			Gell	ons	Sold		
100	11	27.5	220						1									
90	10	25.0	200															
80	9	22.5	180									Fla	nt i	ı Sen	vice			
70	8		160		_/													
60	7		140		_													
50	6		120		/													
40	5	12.5	100															
			1	951 52 * M ** D	iss	our:	i PS	C R	egul	, 5 Late	8 59 d	9 60	6	1 6	62 6	53		

### Steam Heat

A few steam heating plants in Missouri continue without much change or expansion. Those systems are used to supply steam for space heating in the heavy business district of our largest cities and since the advent of natural gas throughout the State there is not much to encourage steam heating utilities to attempt to extend their facilities to new areas.

# HIGHLIGHTS IN THE HISTORY OF WESTERN UNION

	Year
Western Union was first formed as a corporation under the name of New York and Mississippi Valley Printing Telegraph Company.	1851
Upon the acquisition of several western lines, the company was re-named The Western Union Telegraph Company.	1856
Western Union completed the first transcontinental telegraph line in three months and 20 days.	1861
Western Union introduced its multiplex system which permitted the simultaneous transmission of several messages over one wire.	1915
Western Union installed its first teleprinters.	1923
Western Union established point-to-point facsimile service.	1935
Western Union placed the country's first commercial microwave system into operation.	1945
Western Union developed and installed the first underwater repeater in a transatlantic cable.	1950
Western Union designed and built the first communications system for use in data processing.	1954
Western Union introduced Telex service - a direct-dial, customer-to-customer teleprinter service - between New York and Canada.	1958
Western Union inaugurated Wirefax, a public facsimile service linking New York, Washington, Chicago, Los Angeles and San Francisco.	1959
Western Union entered the field of Private Voice and Alternate Record/Voice Communications.	1962
Western Union introduced AUTODIN, an automatic digital network, to serve the U.S. Department of Defense.	1963
Western Union observed rapid growth of Personal Opinion Message Service (POM).	1963

Western Union is perhaps the oldest communication utility and has undergone many changes in recent years. It is encouraging to note that many new services are being offered to customers, largely on an interstate basis. Most of the regulations governing the Company's activities are under Federal Communications Commission jurisdiction, but there still are many problems involved in intrastate matters.

Telegraphic services are continuing to be discontinued with the closing of smaller railroad stations and many local offices have been closed in large cities, but new services have offset much of the revenue loss in such instances.

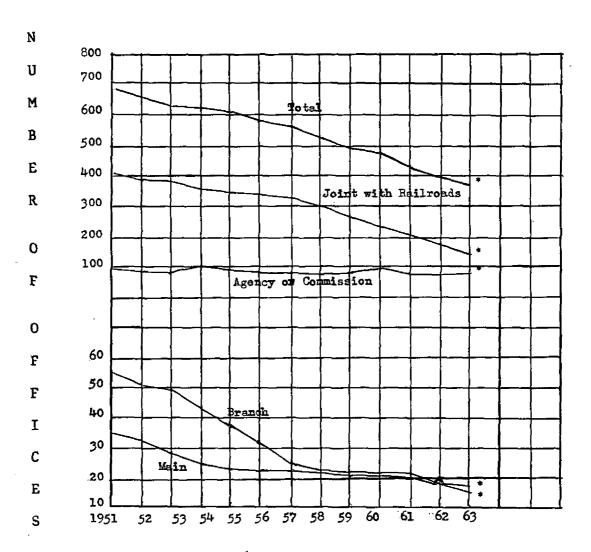
Western Union furnishes private wire record, voice, and alternate record-voice communcation systems, the recently introduced AUTODIN system for the military services, and the planning for such important projects as a transcontinental microwave system to better serve the public. TELEX, the dial communication subscriber-to-subscriber project, has expanded to a nationwide basis, and PATS, the first private automatic telephone system, is being placed in service to link brokerage firms in Washington, Baltimore and Philadelphia.

Personal Opinion Message (POM), introduced in 1962 on an experimental basis for a year, has been established on a permanent basis and has been made available on an intrastate basis.

In 1951 Western Union had 34 main offices; in 1963 there were 17, a decrease of 50%. In 1951 it had 53 branch offices;

in 1963 there were 16, a decrease of 70%. In 1951 Western Union had 505 joint offices with railroad companies; in 1963 it had 245, a decrease of 51%. In 1951 it had 187 agency and commission offices; in 1963 it had 189, an increase of 1%. The total of offices operated in 1951 was 779; in 1963 it was 467, a decrease of 40%. This information is shown graphically on Page 49.

# WESTERN UNION TELEGRAPH OFFICES



\* December 31, 1963

### LEGAL DEPARTMENT

The duties of the Legal Department are many and varied and during the past fiscal year continued to expand, largely as a result of increased business in the Commission generally. They include many conferences with members of the Commission and the technical staff, advising them upon the legal problems that arise in the daily routine of business. The General Counsel, with his assistants, gives opinions and advice to the public as to their rights under the Missouri Public Service Commission law and the legal methods and procedures pertaining thereto. Numerous individuals or their attorneys, as well as various public officials, have conferred with members of the Department and have received advice and opinions, both oral and written, with respect to the matters within the scope of its prescribed functions. A considerable volume of correspondence directed to the Commission is referred to the General Counsel for reply.

This Department has continued to work with other state agencies on matters of mutual and public concern. Various problems concerning the enforcement of the Bus and Truck Act by the Missouri State Highway Patrol have arisen during the past year and our advice and opinions have been sought by and readily given the Patrol on such matters.

Members of the Department have, on many occasions, accompanied Bus and Truck inspectors when safety inspections and compliance checkups were being made. A member of the Legal Department, on the scene at the time of inspection, facilitates prompt disposition of a legal problem. Many penalty suits have been instituted in Circuit Court and penalties collected for violations of the Bus and Truck Act and Commission Orders.

Funds so collected go to the Public School Fund.

Considerable attention has been given to the problems of licensing motor vehicles, operating in interstate commerce, by non-residents of the State, and in this work the Department has cooperated with the Missouri Highway Reciprocity Commission. The existing reciprocity contracts, between Missouri and other states, have been reviewed and conferences held, in some instances with officials of other states, in order to revise them and bring them up-to-date.

The Legal Department has appeared in all rate and valuation cases heard by the Commission and in cooperation with the Commission's technical staff, it has presented the Commission all available facts and information which it believed to be pertinent and in the public interest. The Department has actively participated in all other cases involving the public interest as the public's representative. Oftentimes individuals and groups appear before the Commission without legal assistance and the General Counsel and his staff assist and advise such individuals and groups in properly presenting their views on interested matters, so that the Commission may be fully informed thereon.

The staff attorneys have often acted as hearing examiners and have heard many cases during the past year, thereby aiding the Commission in disposing of its crowded docket in a prompt and an orderly manner. They have also prepared suggested Reports and Orders which are submitted to the Commission for consideration.

The legal staff has appeared in all cases, in both State and Federal Courts, in which the Commission had an interest. These cases included litigation which arose in the courts in the first instance and also cases which originated before the Commission and were on review by or appeal to the Circuit or Appellate Courts. It has presented to the Courts the Commission's views on the issues, and it has vigorously prosecuted such litigation to its final conclusion. Considerable time is obviously needed in preparing arguments, writing briefs, presenting evidence and otherwise properly representing the Commission in the various courts. During the last fiscal year period some twenty to twenty-five cases were taken to such courts on review or appeal from the Commission and in most every instance the upper courts eventually upheld the Commission, attesting to the staff's diligence in protecting the Commission's interest.

Reviewed or appealed Orders involved questions of importance, not only to the companies or litigants involved, but also to the Commission itself as a basis or guide to future regulation and

the possible future public effects.

In many such cases, the question involved is a request to increase rates for some utility.

The companies are always represented by competent counsel and the applicants' evidence before the Commission is usually detailed and technical, requiring experts in the various fields of rates. Cities, towns and other local communities oftentimes intervene to protest the proposed increase and often present evidence against such increase. The evidence of company witnesses and exhibits are carefully studied and analyzed to enable the Counsel's staff to intelligently and properly participate in the hearing and to present evidence from the Commission's technicans, who also make studies of the company's books and records for the preparation of exhibits and the offering of testimony.

The General Counsel also cooperates with and assists the cities, towns and other protestants in the presentation of their case and quite often appears for and presents evidence for individuals or groups of citizens in such cases when they have no counsel. The General Counsel makes a diligent effort to see that the interests of the Commission and the general public are fully protected and that a full and complete record is made to include all the pertinent evidence and the views of all interested parties, so that the Commission may study such record and

render a decision thereon.

The procedure briefly outlined for rate cases is likewise applicable to many types of cases which are heard by the Commission and in which the General Counsel engages. These cases, among others, include actions by railroad companies to close or combine stations; actions by telephone companies to service additional territory; actions and complaints by individuals, or groups of citizens, for telephone service or to change service from one company to another company; actions concerning the safety of railroad crossings and substandard switching clearances; actions by utilities to serve new territory; actions by companies for authority for new financing; actions by bus and truck companies for new or enlarged authorities for their operations; and various other actions which must be heard and decisions made thereon by the Commission.

Members of the Legal Department have also represented the Commission at various hearings before the Federal Power Commission and the Interstate Commerce Commission. The purpose of such appearances was to protect the interests of the utility consuming public of this state. These cases have involved many issues, e.g., gas rates, transportation rates, allocation of gas for particular communities, discontinuance of service by railroads, etc. An outstanding result of such participation by the legal staff in matters pending before the Federal Power Commission is the fact that, during the period here involved,

certain utility rate cases were settled or concluded, and the citizens of Missouri and customers of such utilities were paid several million dollars in refunds.

Among the important duties of the Commission requiring considerable time of the members of the department, is the representation of the state on joint boards created by the Interstate Commerce Commission pursuant to the provision of the Federal Motor Carriers Act. The function of the joint board is to hear applications for certificates of convenience and necessity and permits to operate as motor carriers in interstate commerce and to recommend to the Interstate Commerce Commission the action to be taken thereon. Missouri is now a member of thirty-five different joint boards of adjoining or surrounding states and these boards from time to time are assigned to hear certain cases by the Interstate Commerce Commission, which have been filed and which involve some ruling or interpretation of such Commission's regulations. During the last fiscal year the legal staff (representing the interests of Missouri motor carriers and Missourians generally) participated in such joint board hearings in some eighty to ninety applications and investigations of bus and truck operations, in St. Louis, Kansas City, Chicago, Jefferson City, Des Moines, Oklahoma City, Little Rock and Springfield, Illinois.

### RAILROAD SAFETY DEPARTMENT

The chief duties of the Railroad Safety Supervisor are to report to the Commission hazardous conditions in connection with all railroad operations and equipment and to bring to the attention of the management the cause of accidents together with suggestions for probable preventions of future incidents of like kind, and to see that General Orders of the Commission are not violated.

Beginning August 1, 1963, 79 diesels have been inspected in connection with sanitation facilities covered by General Order No. 40. These inspections were made in three cities - St. Louis, Springfield and Kansas City. Ten yards were inspected and recommendations made that they be cleaned, which has been done. There were 16 locker rooms inspected and cleaned up and some of them painted. Fixty-six cabooses were inspected, 29 of which were reported for repairs.

The Sixth Street Viaduct accident in Kansas City was inspected and reported to the Commission. The Bosworth propane gas explosion was inspected. There were four wrecks and derailments which were covered. There were 85 crossing surveys made, all of which had been involved in accidents.

There were seven meetings with railroad officials and safety clubs in connection with grade crossings. A survey was made of the passengers boarding and detraining at Tower Grove.

The Union Station facilities at St. Louis which consisted

of West End subway washroom, Subway Floor, Subway near Elevator 26 south, Wash and Locker room on the Hill, Lunch room East End Subway, Sub-basement Post Office, parcel separation section, first floor new mail facility, second floor new mail facility, and washroom rear of the check counter were inspected. Recommendations were made on all of the above.

The Railway Safety Supervisor met with the Terminal Railroad Association of St. Louis and the Brotherhood of Railroad Trainmen and was informed of an agreement on the number of men to be used switching in and around Union Station.

MISSOURI GRADE CROSSING ACCIDENTS 1954 to October 1, 1964

	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964
Killed	44	36	30	32	20	25	27	41	31	47	40
Injured	78	92	9/	75	91	74	67	85	83	99	56
Protected	29	30	23	20	22	26	11	17	12	12	12
Unprotected	55	07	95	47	51	67	4.5	43	29	63	54
Auto Struck	7	19	23	20	1.7	15	20	20	19	18	23
Train Struck	99	50	50	52	54	52	42	<b>4</b> 4	58	55	43

From 1960 to December 1, 1964, the Missouri Public Service Commission has approved and ordered 63 grade separations and 80 flashing light signals at grade crossings. It also made 97 grade crossing surveys in the period August 1, 1963 to December 1, 1964.

### TRANSPORTATION RATE DEPARTMENT

### General

Responsibility for assisting and advising the Commission in the administration of the law providing for regulation of rates, fares and services of railroads, motor carriers, street railways, express and pullman car companies is that of the Transportation Rate Department.

The Department receives and exmaines all rate and fare schedules, filed by regulated transportation agencies, to determine the reasonableness of proposed changes in rates and charges and to make suggestions and recommendations to the Commission as to whether any such changes should be suspended and assigned for public hearing. During the past year the Department received and examined 3,944 railroad freight rate schedules, 266 rail passenger fare schedules, 65 express rate schedules, 1,421 motor truck rate schedules and 483 motor bus fare schedules. (Each new tariff schedule is examined to determine if it provides statutory notice to the public and if there is reasonable compliance with the tariff circular requirements). During the year it was necessary to reject 11 tariff schedules for failure to give proper notice or for flagrant violation of tariff circular requirements.

Changes in rates which appear to be unusual in any respect or upon which complaint is made are called to the attention of the Commission and if it appears the interest of the public may be adversely affected or that the complaint may be justified, the effective date of the rate change or other provision is suspended pending hearing to determine its propriety. In initiating and disposing of investigation and suspension proceedings last year, the Department prepared 16 recommended orders for consideration by the Commission.

Because of emergency situations or other unusual circumstances and conditions, carriers frequently seek to effect changes in tariff schedules on less than thirty days' notice or to depart from the tariff circular requirements in other respects. In the past year the Department received and disposed of 129 applications for short notice or other tariff rule relief.

Errors in tariff publications and inadvertent departures from tariff circular rules are called to the attention of the carriers or their tariff agency and correction is generally made before the schedules become effective. This necessitates a heavy volume of correspondence. Although every effort is exerted to obtain compliance with the statutory requirement that carriers must publish and file proper tariff schedules, it is sometimes possible to obtain compliance only by suspending the carrier's authority until a proper tariff has been filed. During the past year the authority of 44 motor carriers was suspended because of their failure to post and file tariffs or to establish rates prescribed by the Commission. Ordinarily the period of suspension in such cases is short and at the end

of the report period, 42 of the suspended authorities had been reinstated.

In addition to the tariff schedules naming rates and charges for transportation wholly within Missouri, the Department maintains an extensive file of interstate tariffs of various transportation agencies which are useful for rate comparisons and other purposes, not only by the Department but for other state departments and the public generally.

Motor carriers of passengers operating over regular routes are required to file time schedules with the Commission and the maintenance of the file of time schedules is the responsibility of this Department. Last year 170 new or amended time schedules were received. These time schedules are examined to determine whether the changes in service will adversely affect the public interest. Schedules that propose any substantial change in service are called to the attention of the Mayor or Postmaster of the affected communities and if there are protests made as to the proposed changes, which cannot be resolved informally, the matter is referred to the Commission for consideration as to whether the changes should be suspended and a hearing held for the determination of the reasonableness and propriety of the new schedules. In instances where a carrier proposes to discontinue its last remaining passenger service, the matter is assigned for hearing.

The responsibility of receiving and acknowledging inquiries

and complaints concerning proposals for the discontinuance of passenger and freight train service, as well as the consolidation, dualization or abandonment of agency stations, has been assigned to the Department. To discharge this responsibility the Department seeks to keep informed of service changes and to obtain information necessary to determine whether any such proposals should be assigned for public hearing.

The Department is represented in hearings before the Commission when rates and services of transportation agencies are involved and evidence is offered by Department personnel when it seems appropriate or necessary to inform the Commission of all the facts pertinent to the issue. The personnel of the Department also participate on behalf of the Commission in proceedings before the Interstate Commerce Commission involving rates and services of transportation agencies operating within Missouri.

The Department has been made responsible for the initial recommendation with respect to the granting or denying of applications for temporary motor carrier authorities which seek to fill an immediate and urgent need for service when there is no other regulated carrier deemed capable of meeting the need.

During the year the Department prepared 104 recommended orders to grant or deny temporary operating rights.

The Department maintains accurate records of motor carrier authorities which are invaluable in the processing of motor

carrier applications for permanent authorities and consolidation of transfers or operating rights. During the year the Department prepared 175 restatements of operating authorities for use in transfer orders or in orders granting additional authority.

The Department endeavors to keep itself and the Commission informed with respect to transportation conditions in Missouri and throughout the country, and to this end accumulates and compiles statistical information of Missouri intrastate rail and motor carrier operations and receives and analyzes various statistics received from other state commissions, the Interstate Commerce Commission and various transportation associations.

All inquiries and informal complaints pertaining to transportation rates and service matters are first referred to this Department. Hundreds of informal complaints are received annually, many of which require rather extensive investigation.

Such investigation is generally made by the service inspector assigned to the Department, but he is often assisted by other members of the Department. During the year 56 specific complaint assignments were referred to the service inspector for investigation. Thirty-two of the assignments required extensive investigations, and in 11 cases the investigation resulted in citation proceedings before the Commission. The other assignments involved complaints that investigation indicated to be without merit or on which sufficient evidence could not be obtained to take further action. In addition to the special as-

signments, the service inspector also participated in 13 compliance surveys of motor carriers' operations, 8 equipment checks of major trucking companies, 11 highway vehicle checks, 8 dump truck operation surveys and attended four refresher courses of the State Highway Patrol. The service inspector participated in or assisted in some way in the trial of 13 cases filed in magistrate courts.

### Railroad Operations

Operating in a very favorable economic climate in 1963, the nation's railroads experienced for the second consecutive year, moderate gains in freight traffic and net earnings. Revenue carloadings increased from 28,722,437 in 1962 to 28,866,618 in 1963, an increase of only one-half of one percent. However, because of the trend to larger cars, heavier loading of cars and longer rail hauls, revenue ton miles in 1963 increased by an estimated 5% over 1962. Trailer-on-flat car service continued to be a bright spot in the railroad picture. Piggyback loadings for 1963 totaled 797,474 cars, an increase of 91,033 cars or 12.9% above 1962 and 34.9% above 1961. Carloadings for the first half of 1964 continued to run ahead of the prior year. For the first twenty-six weeks of 1964, the railroad handled 14,312,905 carloads, as compared to 14,203,189 carloads for the same number of weeks in 1963. The estimated revenue ton miles for the first twenty-six weeks of 1964 was up 6.4%. A week-by-week comparison of carloadings for 1962, 1963 and the first twenty-six weeks of 1964 is shown below:

# 720 680 640 560 520 -600 480 440 **4**00 CARS OF REVENUE FREIGHT LOADED WEEKLY 1964 WEEK ENDED SATURDAY Thousand Cars 1964 For the purpose of componison National Holiday Weeks are made to fall together. 4 11 18 25 1 MOTE 720 7 520 -- 089 640 560 8 440 8 \$ 360

A recently completed investigation by the Interstate Commerce Commission of the adequacy of railroad freight car ownership shows that the industry supply of freight cars is not sufficient to handle future traffic demands. In a report issued by its Division 3 in Ex Parte No. 241, Investigation of Adequacy of Railroad Freight Car Ownership, Car Utilization, Distribution, Rules and Practices, the Commission called for a further study to determine what should be done "to alleviate this chronic freight car shortage." As pointed out in the division's report, the national freight car fleet as of May 1, 1964 had dwindled to a new low of 1,503,318 cars, compared with a total of 1,667,176 cars on January 1, 1947. The seriousness of the situation is shown by the fact that the gross national product has doubled since 1947 but in the same period, the carriers' car fleet has been reduced by over a quarter of a million cars. The report further states that the railroads have consistently assured Congress that they would conduct studies of the freight car situation but have apparently failed to implement such studies.

By the elimination of the more unprofitable service and by increasing passenger fares, the railroads have succeeded in reducing their passenger service deficit from a high of \$723,000,000 in 1957. The deficit was reduced each year through 1962, however, the passenger service deficit in 1963 amounted to \$398,400,000, an increase of \$4,400,000 over the 1962 deficit.

No general changes were made in railroad passenger fares or

services during the past year. However, the Missouri Pacific Railroad Company, after a public hearing, was permitted to increase its first class and coach class fares by 10%, effective August 3, 1963. About the first of February 1964, the Missouri Pacific discontinued its Pullman service on Trains 11 and 12, formerly commonly known as the Colorado Eagle. A proposal of the Missouri Pacific to discontinue its Train No. 16 from Kansas City to St. Louis was set for hearing on February 10, 1964 but was withdrawn on request of the railroad. On May 18, 1964 the Missouri Pacific discontinued its slumbercoach service between St. Louis and the Missouri-Arkansas state line south of Poplar Bluff, Missouri.

In December 1963 the Chicago, Rock Island and Pacific Railroad Company served notice of its intention to consolidate its
Golden State Trains 3 and 4 with its Trains No. 39 and 40.

After opposition developed at many points, the proposed consolidation was withdrawn. However, effective April 5, 1964 the
Rock Island discontinued the operation of Trains 39 and 40 between Rock Island, Illinois and Kansas City, Missouri.

Application of the St. Louis-San Francisco Railway Company to discontinue its mixed class trains between Clinton and Kansas City, Missouri was denied by the Commission on February 27, 1963 and shortly thereafter the railroad made application to the Interstate Commerce Commission to abandon that part of its line between Harrisonville and Bolivar, Missouri. The Commission's

staff will take an active part in this proceeding as it has in other abondonment cases. The application to abandon the Frisco line between Nash, Missouri and Potcahontas, Arkansas was denied by the Interstate Commerce Commission. The Commission intervened in opposition to said application.

## Railway Express Operations

A number of smaller railway express agencies were closed during the year and the collection and delivery areas of metropolitian Kansas City and St. Louis were expanded to some extent to accommodate new industry developments. On January 27, 1964 a general increase in express rates became effective in the form of a 25 cent per shipment charge which was applied to most less-than-carload express traffic. In May 1964 the company incorporate the 25 cent charge into its rate structure on shipments up to 100 pounds. For shipments over 100 pounds a new scale of rates only 10 cents higher than the rates in effect prior to January 1, 1964 was established.

### Truck Operations

Tonnage of intercity freight transported by truck during 1963 was up 5% compared with 1962 and was up 14.5% over 1961. This comparison is based on the operations of 2499 Class 1 and 2 intercity common and contract motor carriers of property throughout the United States which reported 450,659,882 tons of intercity freight in 1963 as compared with 429,403,097 tons in 1962. The following table, taken from a recent release of the

American Trucking Association, illustrates the substantial increase in truck tonnage by relating the annual tonnage for each year since 1940 to the average for 1957-59 as Index 100:

<u>YEAR</u>	TONNAGE INDEX	YEAR	TONNAGE INDEX
1940	23	1952	78
1941	26	1953	84
1942	33	1954	81
1943	35	1955	93
1944	39	1956	96
1945	39	1957	97
1946	42	1958	95
1947	49	1959	108
1948	56	1960	109
1949	58	1961	111
1950	72	1962	120
1951	77	1963	126

Reports filed with the Commission by 27 of the larger motor carriers having operations in Missouri show a slight reduction of 1.4% in tonnage hauled in 1963 but an increase in intrastate revenue of 3.5%. For the year 1963, the 27 Class A carriers reported total intrastate revenues of \$11,761,101 for transporting 608,714 tons of freight, as compared to total intrastate revenues in 1962 of \$11,367,771 for transporting 617,666 tons of freight.

Due primarily to the signing of a new labor contract, increased truck rates were sought by Missouri motor carriers by petition filed with the Commission on March 11, 1963. The petition sought an increase of about 15% in class rates and to increase the present minimum charge to \$4. Pending completion of hearing and decision by the Commission, an Interim Report and Order was entered authorizing and requiring an increase of 10% in the minimum charge on less-truckload shipments and in

the charges applicable on all shipments moving on the class rates prescribed by the Commission. The interim increase was to be made effective July 10, 1963 and was to be in the form of an emergency surcharge.

Following completion of the hearing, the Commission authorized in lieu of the interim basis of rates, (1) a new basis of class rates to be determined by increasing the existing Class 100 rates for shipments weighing 2,000 pounds and over by 5% and further increasing the Class 100 rates thus determined by a differential of 30 cents for shipments less than 2,000 pounds, with the existing relationship for classes other than Class 100 being retained, and (2) minimum charges of \$3.50 (previously \$3.06) for less-than-truckload shipments between points where the rate basis is 85 or less and \$3.80 (previously \$3.30) for less-than-truckload shipments between points where the rate basis is 86 or more. The new rates became effective December 2, 1963.

By petition filed by thirty-eight motor carriers of house-hold goods on June 17, 1963, authority was sought to increase the maximum rates and charges for the transportation of uncrated household goods as prescribed by Order dated October 23, 1959 in Case No. T-18,333 and to modify certain of the rules heretofore prescribed for application in connection with such transportation. In its Report and Order issued following a hearing on the proposed increase in rates, the Commission concluded that the evi-

dence adduced by the carriers did not support a finding that the rates, charges and other provisions proposed were in all respects just and reasonable. The increased rates and charges were sought to be justified in the main by evidence of costs and operating conditions in the St. Louis and Kansas City areas but were proposed for application throughout the State.

### Intercity Bus Operations

No change was made in the level of fares of the major intercity bus lines during the past year. However, two smaller carriers increased fares 5% due to increased cost of operation. One smaller carrier failed and discontinued all service in June 1964. The number of bus runs of several of the larger carriers increased somewhat in April and May 1964, due apparently to increased travel to the World's Fair in New York.

### Transit Operations

With the acquisition of equipment and facilities of St.Louis Public Service Company and commencement of transit operations by the Bi-State Development Agency on April 1, 1963, the only remaining transit operations subject to regulation by the Commission are those in Kansas City and St. Joseph.

During the past year the number of transit patrons continued to decline and operating expenses continued to increase with the result that Kansas City Transit, Inc., was forced to seek relief. To this end it filed a new tariff schedule to be effective April 11, 1963 in which it proposed to increase adult cash fares from 25 cents to 30 cents and to increase the children's fare from 10 cents to 15 cents. It also proposed to increase the transfer charge from three cents to five cents. The increases were suspended and the matter was assigned for hearing. After the proposal was partly heard, the Commission issued an Interim Order authorizing the company to establish a 27-cent adult fare to be applicable until a final decision was reached by the Commission. Following completion of the hearing, the Commission issued its Report and Order on September 30, 1963, in which it authorized an increase from 25 cents to 30 cents in the adult fare, but established a token rate of four for \$1.10, and reduced the transfer charge from three cents to two cents and did not allow an increase in the children's fare. The increased fares were published to be effective October 10, 1963.

Apparently the increase in fares authorized on September 30, 1963 did not succeed in producing the results hoped for. By application filed May 25, 1964, Kansas City Transit, Inc. sought to further increase its fares by eliminating the token rate of four for \$1.10 and increasing the transfer charge from two cents to five cents. On the same day an application was filed to discontinue its North Prospect motor bus line and to partially discontinue service on its East 12th Street motor bus line. No report and orders have been issued pursuant to these applications but hearings have been assigned.

The St. Joseph Light & Power Company, which operates transit service in St. Joseph, continued to operate throughout the year on fares which were made effective originally on April 27, 1958. However, by tariff schedule filed June 22, 1964 to be effective July 26, 1964, the company proposes to increase its adult cash fare from 15 cents to 20 cents, its token rate from seven tokens for \$1.00 to six tokens for \$1.00. The student fare of 10 cents is to be eliminated and in lieu thereof a token rate of eight for \$1.00 will be made available to students. The children's fare of 10 cents will not be changed. The company hopes the increased fares will reduce the deficit incurred in its transit operations, which for several years has been absorbed by its utility operations.

# Railroad Mileage

Class 1 railroads operating in Missouri has total track mileage of 10,899 miles on December 31, 1963 as compared to 10,960 miles on December 31, 1962. The reduction in mileage resulted from elimination of some second main tracks and changes in yard switching tracks and passing tracks, the mileage of main line tracks remaining approximately the same as reported a year ago. There were no abandonments of lines during the period.

In our prior reports we have included street railway mileage for the St. Louis Public Service Company. However, this operation was taken over by the Bi-State Development Agency in April 1963 and the Bi-State does not report to the Commission.

Therefore, future reports will not show street railway mileage of the transit operation in St. Louis.

Track mileage operated by the small railroads is identical to that reported a year ago.

The following table shows track mileage in Missouri operated by the various railroads as of December 31, 1963:

# RAILROAD MILEAGE OPERATED IN MISSOURI AS OF DECEMBER 31, 1963

361.22 784.08 354.57 11.67	105.05 125.63 50.39 8.72	30.29 51.37 46.62	12.45 27.60	57.46 69.60 12.49		C.M. St.P & P RR. Co. C.R.I. & P. RR. Co. G.M. & O. RR. Co. I. T. RR. Co.
638.14 1,798.18 136.36 361.22 784.08 354.57 11.67 372.09 224.44 550.58	66.62 341.62 22.42 105.05 125.63 50.39 8.72 125.64 30.04 87.30	38.96 141.39 9.11 30.29 51.37 46.62 .41 33.84 16.55 53.18	26.54  12.45 27.60	197.85 31.30 3.61 57.46 69.60 12.49 10.33 4.35 18.84	308.17 1,283.87 101.22 155.97 509.88 245.07 2.54 202.28 173.50 391.26	A.T. & S. F. Ry. Co. C.B. & Q. RR. Co. C.G.W. Ry. Co. C.M. St.P & P RR. Co. C.R.I. & P. RR. Co. G.M. & O. RR. Co. I. T. RR. Co. K.C.S. Ry. Co. M-I RR. Co. M-K-T RR. Co.
TOTALS	Way & Yard Switching Tracks	Passing Tracks Crossovers Turnouts	Other Main Tracks	Second Main Tracks	Main Line Tracks	Class I Railroads

TOTALS

29.14

### REPORTING DEPARTMENT

The Reporting Department employs one chief official reporter and one official reporter, one hearing reporter and two dictaphone reporter-transcribers. With the increase in the number of cases being heard, it is impossible with the limited staff and funds available, to keep the transcripts on anything near a current basis.

During the last fiscal year the Reporters spent 863 hours in the hearing rooms on 435 cases. There were 25,455 master pages transcribed and 25,648 pages were sold to attorneys and litigants at twenth-five cents per page.