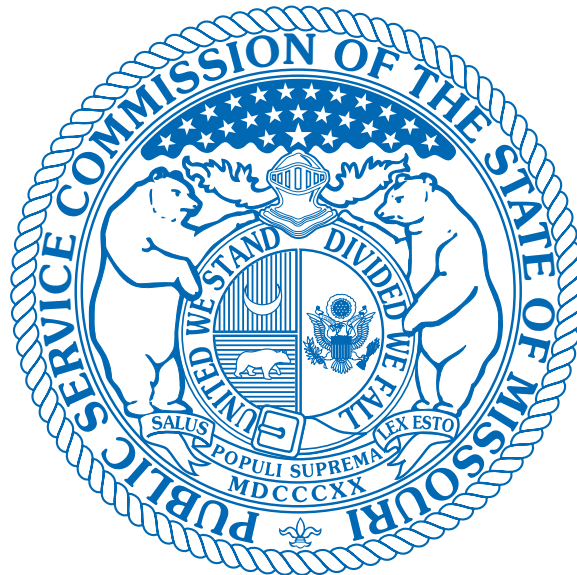

Missouri Public Service Commission



2005 Annual Report

Electric ♦ Natural Gas ♦ Steam ♦ Water and Sewer
Telecommunications ♦ Manufactured Housing



Commissioners

JEFF DAVIS
Chairman

CONNIE MURRAY

STEVE GAW

ROBERT M. CLAYTON III

LINWARD "LIN" APPLING

Missouri Public Service Commission

**POST OFFICE BOX 360
JEFFERSON CITY MISSOURI 65102
573-751-3234
573-751-1847 (Fax Number)
<http://www.psc.mo.gov>**

WESS A. HENDERSON
Executive Director

ROBERT SCHALLENBERG
Director, Utility Services

WARREN WOOD
Director, Utility Operations

COLLEEN M. DALE
Secretary/Chief Regulatory Law Judge

DANA K. JOYCE
General Counsel

December 19, 2005

Dear Governor Blunt:

The Missouri Public Service Commission continues to meet today's complex utility issues and challenges with a great deal of enthusiasm. In addition to several cases heard by the Commission, we addressed several major issues during the 2005 fiscal year including:

- Preparing Missouri consumers for wholesale natural gas prices that are higher than they have ever been for this time of the year. While the Commission does not have regulatory control over the wholesale supplier's prices, the Commission continues to alert consumers to the potential impact that those prices may have on their budgets. The Commission remains very concerned over high natural gas prices and continues to encourage consumers to find safe ways to make their homes more energy efficient and cut down on their usage.
- Fiscal year 2005 was the first winter of implementation of changes to the Commission's Cold Weather Rule. Those changes include additional protections from service disconnections for registered elderly and disabled customers who meet certain income guidelines. Changes also include raising the minimum temperature before utility shutoff.
- Missouri continues to have some of the lowest electric rates in the nation. We continue to work with all parties in efforts to maintain these low rates.
- The Commission approved innovative experimental regulatory plans for Kansas City Power & Light and The Empire District Electric Company.
- The Commission continues to actively participate in regional transmission organizations in order to protect Missouri consumers and economic development initiatives.
- The Commission adopted several telecommunications rules including truth-in-billing and customer proprietary network information.
- The Public Service Commission adopted a funding mechanism for a state universal service fund designed to assist low-income and disabled customers with telecommunications service.
- The Commission developed procedures for the licensing of entities that install or setup new manufactured homes.
- We continued work on development of a permanent rule for expanded local calling.

The Missouri Public Service Commission is pleased to submit its annual report for the fiscal year of July 1, 2004 through June 30, 2005.

Respectfully submitted,

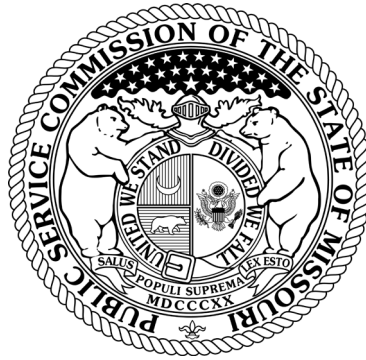
A handwritten signature in black ink, appearing to read "Jeff Davis".

Jeff Davis, Chairman

PSC MISSION STATEMENT

We will:

- ensure that Missourians receive safe and reliable utility services at just, reasonable and affordable rates;
- support economic development through either traditional rate of return regulation or competition, as required by law;
- establish standards so that competition will maintain or improve the quality of services provided to Missourians;
- provide the public the information they need to make educated utility choices;
- provide an efficient regulatory process that is responsive to all parties, and perform our duties ethically and professionally.



MISSOURI PUBLIC SERVICE COMMISSION

JEFF DAVIS, CHAIRMAN

CONNIE MURRAY, COMMISSIONER

STEVE GAW, COMMISSIONER

ROBERT M. CLAYTON III, COMMISSIONER

LINWARD "LIN" APPLING, COMMISSIONER



Missouri Public Service Commission offices are located in the Governor Office Building, 200 Madison Street, in Jefferson City.

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Key PSC Personnel

Jeff Davis, Chairman	751-3233
Connie Murray, Commissioner	751-4132
Steve Gaw, Commissioner	751-3243
Robert M. Clayton III, Commissioner	751-4221
Linward "Lin" Appling, Commissioner	751-0946
Wess Henderson, Executive Director	751-7435
Kevin Kelly, Public Information Administrator	751-9300
Gregg Ochoa, Public Information Coordinator	522-2760

Administration Division

James Jackson, Manager - Human Resources Department	751-7508
Todd Craig, Manager - Information Services Department	526-8153
Dan Redel, Manager - Budget and Fiscal Services Department	751-2457
Gay Fred, Manager - Consumer Services Department	751-3160
Consumer Services Toll-Free Hotline	1-800-392-4211
Rosemarie Riedl, Coordinator - Electronic Filing & Information System	751-7468
EFIS Toll-Free Help Desk	1-866-365-0924

Adjudication Division

Colleen M. Dale, Secretary/Chief Regulatory Law Judge	751-4255
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General Counsel

Dana K. Joyce, General Counsel	751-2481
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Utility Operations Division

Warren Wood, Director	751-2978
Dale Johansen, Manager - Water and Sewer Department	751-7074
John Van Eschen, Manager - Telecommunications Department	751-5525
Lena Mantle, Manager - Energy Department	751-7520
Ron Pleus, Manager - Manufactured Housing Department	751-7119
Manufactured Housing Toll-Free Hotline	1-800-819-3180

Utility Services Division

Robert Schallenberg, Director	751-7162
Ron Bible, Manager - Financial Analysis Department	751-8517
Joan Wandel, Manager - Auditing Department	751-4785
David Sommerer, Manager - Procurement Analysis Department	751-4356
Lisa Kremer, Manager - Engineering and Management Services Department	751-7441

PSC COMMISSIONERS

JEFF DAVIS

Chairman

Commissioner Jeff Davis was appointed to the Missouri Public Service Commission on April 30, 2004 and was named Chairman of the Public Service Commission by Governor Blunt on January 10, 2005. He also serves as a member of the Homeland Security Advisory Council, the Missouri Universal Service Board, the Financial Research Institute Advisory Board, the Missouri Oil and Gas Council, and the National Association of Regulatory Utility Commissioners (NARUC) where he serves on the gas committee.

Prior to his appointment to the Commission, Davis served as General Counsel and Chief of Staff for Missouri Senate President Pro Tem Peter Kinder. While in that capacity, Chairman Davis provided legal counsel to the Committee on Gubernatorial Appointments and the Senate Administration Committee; managed the President Pro Tem's office; and supervised the President Pro Tem's legislative agenda, which included drafting and helping pass several pieces of legislation such as: the Senior Care and Protection Act of 2003; the Dram Shop Act of 2002; the Religious Freedom Restoration Act; and legislation authorizing Missouri's first sales tax holiday.

From July 1998 until December of 2000, Chairman Davis was Chief of Staff and General Counsel to Senate Minority Floor Leader Steve Ehlmann. Prior to that, he was a law clerk for the Honorable Paul J. Simon, Missouri Court of Appeals, E.D. and was a legal intern in Missouri Attorney General Jay Nixon's Labor Division.

Chairman Davis graduated cum laude with a bachelor's of science degree in political science from Southeast Missouri State University in 1994 and received his juris doctorate degree from Washington University in 1997. Chairman Davis was admitted to the Missouri Bar in October 1997 and is a member of the Missouri Bar Association.

Chairman Davis resides in Jefferson City with his wife Tiffany (Southeast '96) and daughters Micah and Mackenzie.



CONNIE MURRAY

Commissioner

Commissioner Connie Murray was appointed to a second term on the Public Service Commission by Governor Bob Holden on April 28, 2003. She was first appointed by Governor Mel Carnahan in May, 1997. Her current term will end in April, 2009. Prior to appointment to the PSC, Commissioner Murray served as Representative of the 135th legislative district in the Missouri House of Representatives from 1991 through 1996. She served on the House Budget Committee and the House Judiciary and Ethics Committee during her tenure.

Since her appointment to the PSC, Commissioner Murray has participated in a number of state and national utility regulatory organizations. She is a member of The Federation for Economically Rational Utility Policy (FERUP). Commissioner Murray is a 2004 alumna of the Institute of Regulatory Law and Economics held at the Aspen Institute. She is a member of the National Association of Regulatory Utility Commissioners' Committee on Water and has served on a working group of the National Water Advisory Council. She also serves on the Advisory Council for the Center for Public Utilities, New Mexico State University. Commissioner Murray has served on the NARUC Telecommunications Committee and is currently participating on the NARUC Taskforce on Intercarrier Compensation for which she is chairing a subcommittee on high-cost Universal Service reform. Because of her interest in telecommunications issues, Commissioner Murray is a frequent participant on national panels in forums discussing this complex area of regulation.

Commissioner Murray attended Temple University in Philadelphia, Pennsylvania, and earned her Bachelor of Arts degree in English Literature from Loyola College in Baltimore, Maryland, graduating cum laude. She earned a Juris Doctorate degree from the University of Maryland School of Law where she was Notes and Comments Editor of the Maryland Law Review.



STEVE GAW

Commissioner

Commissioner Steve Gaw was appointed to the Missouri Public Service Commission in March 2001 by Governor Bob Holden. Following Senate confirmation, Gaw began serving on the Commission on April 2, 2001. On November 3, 2003, Commissioner Gaw was named Chairman by Governor Bob Holden, and served as Chairman until January 2005.

Prior to his appointment, Commissioner Gaw was Speaker of the Missouri House and served as State Representative of the 22nd District representing Randolph County as well as parts of Howard, Chariton, and Boone Counties. Gaw was first elected to the Missouri House in 1992, became Speaker in 1996 and served until 2001.

While House Speaker, Gaw was instrumental in bringing new technology to the chamber, as the Missouri House became the first state legislative body to broadcast its proceedings live over the Internet.

As a Legislator and Speaker, Gaw focused on education, public safety, agricultural issues and economic development. His work on education earned him several awards including the prestigious Geyer Award, the Horace Mann Friend of Education for Legislation Award and the Distinguished Legislator Award from the Missouri Community College Association. He also passed stronger sentences for violent felony offenders particularly sex offenders, juvenile justice reform, school safety measures, a “No Call” list for telemarketers, and legislation lowering taxes on Missouri families including the elimination of the general sales tax on groceries.

Gaw graduated summa cum laude in 1978 from Truman State University with a bachelor’s degree in physics and he earned a law degree from the University of Missouri-Columbia in 1981. Gaw has served as the City Prosecutor of Moberly and practiced law with the firm of Schirmer, Suter, & Gaw also in Moberly.

Gaw currently serves as Treasurer of the Organization of MISO States (OMS). He is a member of the SPP RSC and is also a member of the NARUC Electric Committee.

Commissioner Gaw and his wife Fannie have a daughter, Skylar.



ROBERT M. CLAYTON III

Commissioner

Commissioner Robert M. Clayton III was appointed by Governor Bob Holden to a six-year term on the Public Service Commission, receiving Senate confirmation on May 8, 2003.

Prior to his appointment to the PSC, Commissioner Clayton was an attorney in private law practice in Hannibal as a partner in the general practice firm, Clayton & Curl L.L.C. Commissioner Clayton formerly served Marion and Shelby County constituents in the Missouri General Assembly as a state representative from the 10th District. He was first elected to the Missouri House in 1994 and served four consecutive terms.

As a state legislator, he chaired the House Ethics Committee and the Joint Committee on Legislative Research and was Vice-Chairman of the Committee on Criminal Law. He also served on additional House committees including, Appropriations-Transportation, Agriculture and the Judiciary. While in the General Assembly, Clayton served on the Executive Committees of the Council of State Governments and the Southern Legislative Conference.

Commissioner Clayton is an active member of the National Association of Regulatory Utility Commissioners (NARUC) serving on its governing Board of Directors. He is the Chairman of the Committee on International Relations and is active in promoting the policy objectives associated with various USAID/NARUC Cooperative Agreements. Those objectives include working with developing nations in implementing an independent utility regulatory commission to encourage private investment in recently liberalized and evolving capitalist economies. He is the NARUC representative appointed to attend the Presidium of the Energy Regulators Regional Association (ERRA) of Eastern and Central Europe and he has worked with several member nations of the African Forum for Utility Regulation (AFUR) including the nations of Rwanda and Uganda.

Commissioner Clayton also serves as a general member of the NARUC Telecommunications Committee and is involved in various organizations charged with the regulation and monitoring of telephone utilities. Clayton serves as Chairman of the Missouri Universal Service Board and is a state commission member of the FCC appointed North American Numbering Council. He is also a member of the Federal Communications Bar Association and the Public Utility, Communications and Transportation Law Section of the American Bar Association.

Commissioner Clayton recently received the UMKC Law Foundation Decade Award for Achievement in his first ten years of work following law school. He also is a past recipient of the President's Award from the Missouri Bar Association and the Kansas City Metropolitan Bar Association. He also serves as a board member for the Mark Twain Home Foundation.

Clayton received his Bachelor of Arts in History from Southern Methodist University in 1991 and earned his Juris Doctor from the University of Missouri-Kansas City in 1994.

Commissioner Clayton and his wife Erin have two daughters, Olivia and Paige.



LINWARD “LIN” APPLING

Commissioner

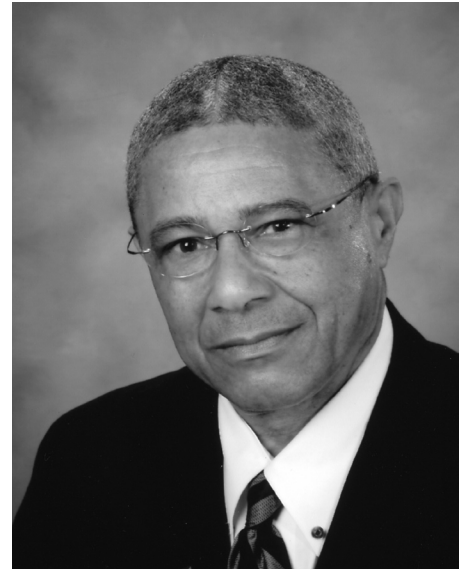
Lin Appling was born and raised in Roberta, Georgia to a family of 14. As a young man, inspired by Martin Luther King, Jr., Appling recognized his dream.

To pursue it, he joined the military, going on to serve in some of the most prestigious and elite units in the Army. After earning the U.S. Army Legion of Merit for meritorious service and the Bronze Star Medal for service in Vietnam, he retired as a Lieutenant Colonel. While in the Army, he received his Bachelor of Arts in Business and Social Science from Coker College, Hartsville, South Carolina and a Master of Arts in Political Science and Public Health Administration from Wichita State University, Wichita, Kansas.

Appling has since served Missouri State Government in several administrative positions. In January 1993, he was appointed by Governor Mel Carnahan to serve as his Deputy Chief of Staff for Constituent Services. In August 1993, he accepted the position of Director of Facilities Management with the Office of Administration and in March 1995, he was appointed by Secretary of State Bekki Cook as Executive Deputy Secretary of State. In December 1999, he returned to the Office of Administration as Special Assistant to the Commissioner and later returned as the Director of Facilities Management. On April 6, 2004, he was appointed by Governor Bob Holden as one of five Commissioners to the Public Service Commission. Appling strongly believes in the mission of the Public Service Commission - a job he takes seriously and works hard to achieve a balanced outcome for the consumers as well as the utilities.

He has been affiliated with the Capital City Boys & Girls Club since its inception in the early 90's. Appling truly feels that it is his mission to build passion within young people, adults, the community and this country.

Appling's lifelong dream has always been to help others reach their goals and his achievements are an example of what you can do if you know what you want, work hard, believe in yourself and don't quit!



BUDGET

Fiscal Year 2006

Public Service Commission

Personal Service	\$ 9,418,350
Expense and Equipment	2,614,434
Program Specific Distribution (PSD)	10,000*
Total	<u>\$ 12,042,784</u>

Full-Time Employees (F.T.E.)	199
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Deaf Relay Service and Equipment Distribution Program

\$ 5,000,000

F.T.E.	0
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Manufactured Housing Dept.

Personal Service	\$ 309,428
Expense and Equipment	146,006
PSD	17,935*
Total	<u>\$ 473,369</u>

F.T.E.	8
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TOTAL BUDGET

\$ 17,516,153

F.T.E.	207
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Budget includes program specific distributions.

* estimated appropriation

Organizational Functions

Executive Director

Wess Henderson, Executive Director/Acting Administration Director



The Executive Director has such authority as the Commissioners may, from time to time, delegate. The Public Information and Education Department, housed within the executive division, develops and distributes press and consumer information on current PSC activities, develops educational materials, maintains the PSC Reports, and deals with media requests. The Legislative Liaison, also part of the division, is the agency's primary contact person with the General Assembly.

Administration Division

The Administration Division is responsible for managing the Commission's human, fiscal and information resources. The division has agency-wide responsibilities for the annual budget, strategic planning, fiscal services and procurement, human resources, payroll, information and technology services and training. The Consumer Services Department, housed within the division, is the clearinghouse for all utility consumer inquiries, and investigates and responds to complaints to ensure compliance with Commission rules and utility tariffs. When a consumer has an issue that is not satisfactorily resolved after an initial contact with the utility, the consumer may call the PSC consumer hotline 1-800-392-4211 for assistance.

Adjudication Division

Colleen M. Dale, Secretary/Chief Regulatory Law Judge



The Adjudication Division is the PSC's quasi-judicial division. A staff of regulatory law judges handle cases from their filing until their resolution. The assigned Judge presides over the hearings, rules on objections and motions, and drafts all orders, as directed by the Commission, for that particular case. The Adjudication Division's Data Center receives all incoming pleadings and issues all Commission orders. In addition, the Data Center maintains and preserves the official case files, tariffs and other official documents of the Commission.

General Counsel

Dana K. Joyce, General Counsel



The Office of General Counsel represents the Commission and its Staff in all matters relating to regulation of Missouri investor-owned gas, electric, telecommunications, water and sewer utilities and manufactured housing. Its primary duties consist of assisting and advising agency staff in preparation and filing of evidence in legal proceedings, and preparing and presenting legal arguments in appearances before the Commission and state and federal courts and administrative tribunals. The Office provides legal defense of all Commission orders and decisions, as well as legal advice, upon request, to the Commission and each Commissioner. As directed or authorized by the Commission, the Office intervenes in utility-related civil proceedings and prosecutes civil enforcement actions against utilities on behalf of the state, representing the Commission in legal actions pursuant to PSC statutes or other laws, including proceedings before the Federal Energy Regulatory Commission and the Federal Communications Commission.

Utility Operations Division

Warren Wood, Director



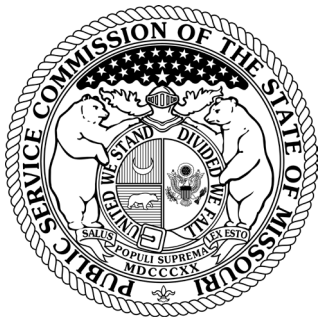
The Utility Operations Division is comprised of four departments: Telecommunications; Energy; Water and Sewer; and Manufactured Housing. It supports the Commission in meeting its statutory responsibilities by providing technical expertise in safety; utility rates, tariffs, rules and regulations; economic analysis; engineering oversight and investigations; and construction inspections. The Manufactured Housing Department is governed by Sections 700.010-700.692 of the Revised Statutes of Missouri. This department is responsible for overseeing the annual registration of dealers and manufacturers of manufactured homes and modular units; prescribing and enforcing uniform construction standards by conducting code inspections; and enforcing tie-down requirements. The division accomplishes its mission by making recommendations to the Commission in the form of expert testimony, formal recommendations, and presentations.

Utility Services Division

Robert Schallenberg, Director



The Utility Services Division consists of five departments that support the Commission by providing expertise in the areas of utility accounting, auditing, engineering, finance, management, and natural gas procurement. Division members perform audits, examinations, analysis, and/or reviews of the books and records of the utilities providing service in Missouri. These employees express their conclusions and findings in the form of expert testimony and recommendations filed with the Commission. The division is also responsible for investigating and responding to consumer complaints and making recommendations to the Commission regarding their resolution.



Mission

The Missouri Public Service Commission (PSC) regulates investor-owned public utilities operating in Missouri. The PSC has the statutory responsibility for ensuring that customers receive adequate amounts of safely delivered and reasonably priced utility services at rates that will provide the companies' shareholders with the opportunity to earn a reasonable return on their investment. The PSC must balance a variety of often competing private interests to ensure the overall public interest.

Jurisdiction and Goals

The Missouri Public Service Commission was created in 1913 by the Public Service Commission Law, now Chapter 386 of the Missouri Revised Statutes. Today, the PSC regulates over 1,000 investor-owned electric, natural gas, steam, telephone, and water and sewer utilities. In addition, the PSC regulates the state's 47 rural electric cooperatives and 42 municipally-owned natural gas utilities for operational safety. The PSC also regulates the manufacturers and dealers of manufactured homes and modular units.

The PSC also oversees service territory issues involving investor-owned electric utilities, rural electric cooperatives and municipally-owned electric utilities as well as investor-owned water and sewer utilities and public water supply districts. Under federal law, the PSC acts as a mediator and arbitrator of local telephone service disputes regarding interconnection agreements.

Virtually every Missouri citizen receives some form of utility service from an investor-owned public utility company. Utility services and infrastructure are essential to the economy of Missouri. They provide heating and cooling during extreme temperatures. They offer access to emergency services and vital information systems. They provide safe drinking water and assure the environmentally sound disposal of wastewater. Because utilities fulfill these essential needs, the PSC must assure the ratepaying public that quality services will be available on a nondiscriminatory basis at just and reasonable rates.



PSC Commissioners meet in agenda sessions--open to the public--to discuss, consider evidence and vote on pending utility cases.

Commissioners

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

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

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

The PSC Staff

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

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

Legislation

The 2005 General Assembly approved and the Governor signed three major pieces of legislation that will have a direct impact on the Public Service Commission.

SS/SCS/SB 179 provides the Public Service Commission with the authority to implement rules for periodic rate adjustments, between rate cases, for electric, natural gas and water corporations. Electric companies will be allowed to recover costs for fuel, purchased power and environmental compliance. Natural gas companies will be allowed to recover costs on usage variations for weather/conservation and environmental compliance. Water companies would be allowed to recover costs for environmental compliance. The Commission has the power to approve, modify or reject any adjustment mechanism after hearing and considering all relevant factors. The PSC is implementing this legislation through a collaborative rulemaking process with all interested stakeholders.

CCS/HCS/SS/SCS/SB 237 provides greater pricing flexibility for telephone companies. Other components of the bill make it easier for companies to qualify for price cap regulation; allow for customer-specific pricing for business service in competitive exchanges; and provide greater flexibility in targeting special promotions for existing customers.

HCS/SS/SCS/SB 462 modifies the Commission's authority to seek the appointment of a receiver for certain small water and sewer utilities. Under the bill, the Commission may appoint an interim receiver at the same time it determines that a circuit court petition seeking the appointment of a receiver should be filed. The Commission may order a "capable public utility" to acquire the assets of a certain small sewer corporation or small water corporation pursuant to a complaint action filed with the Commission.

The PSC will be opening a rulemaking docket for consideration of rules that may be needed to implement the provisions of the "ordered acquisition" authority.

Public Information and Education Department

In Fiscal Year 2005, the Public Information and Education Department issued 234 press releases on Commission-related activities. During the past fiscal year, the Public Information and Education Department expanded its catalog of consumer fact sheets designed to provide information to ratepayers. The department currently has a library of 37 different fact sheets. In its fourth year, the department's quarterly "*Consumer Connection*" newsletter provides utility-related information pieces for consumers.

The department provides key support during local public hearings by facilitating an open question-and-answer session prior to the actual local public hearing. This allows consumers the opportunity to ask questions about a rate case before the Commission. The department produces detailed information sheets that are used at these local public hearings.

The Public Information and Education Department also operates a list service, which allows the media and consumers to receive press releases and other consumer information electronically as soon as they are issued.

Each year, the Public Information and Education Department coordinates the Public Service Commission booth at the Missouri State Fair in Sedalia. The booth gives consumers from across the state an opportunity to speak one-on-one with PSC Staff about any utility questions and/or problems.

Since 2001, the department has visited local schools, talking to elementary students about how to be safe around electricity.

Practice Before the Commission

The Adjudication Division is comprised of the Data Center and the Regulatory Law Judges. The Division Director is both the Secretary of the PSC and the Chief Regulatory Law Judge. The Secretary is statutorily responsible for the records of the PSC and is specifically called upon to superintend the issuance of all PSC orders.

The Data Center is responsible for maintaining a complete and accurate record of every case that comes before the PSC. This department receives thousands of documents per month, each one of which must be reviewed, distributed and maintained in the permanent case file. The Data Center also issues hundreds of formal orders each month.

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

The Judge assigned to a case prepares and issues preliminary orders to provide notice and procedural due process so that all parties have the opportunity for a full, fair and impartial hearing. The primary concern of the Judge is to ensure the creation of a complete and competent record upon which the PSC may base its decision. The Judge is responsible for the case from initial assignment through to the post-hearing briefs and preparation of a final order reflecting the Commission's findings of fact and conclusions of law.

The Rate Making Process

Before a regulated electric or natural gas utility can change a rate or service, it must first file that request with the Missouri Public Service Commission. Under the traditional (formal) rate case filing, the company must provide a clear statement of what it is requesting, the effect the proposed change will have on company revenue, and the reasons for the change.

Many telecommunications providers in Missouri are under price cap regulation, which means they do not have to file a traditional rate case with the Com-



Administrative Law Judge Vicky Ruth prepares an order for the Commission's review.

mission to adjust rates either up or down. Special rules apply for water and sewer companies with fewer than 8,000 customers in Missouri, which can pursue changes in rates (through an informal rate case procedure). Water and sewer companies with over 8,000 customers are subject to filing a traditional rate case. The PSC does not regulate the rates of municipal electric, gas, or water and sewer systems, rural electric cooperatives, public water supply districts or public sewer districts, wireless telephones or cable television.

Procedural Schedule

When a regulated Missouri utility files for a rate increase, the Commission sets a procedural schedule, including hearing dates, for the case. By law, the Commission has 11 months from the date the case is filed to make a decision on the proposal.

When issues are complex, the Commission suspends the proposed rates to allow for an appropriately thorough investigation. Existing rates remain in effect during the suspension period.

Prior to any hearings, the PSC Staff will conduct an independent investigation into the company's books and records. This permits the Staff to provide the Commission with a recommendation in the case.

Other parties, such as the Office of the Public Counsel, consumer groups, or industrial customers may also submit recommendations as to what type of rate change, if any, should be granted. Parties in a rate

case meet in a pre-hearing conference to discuss issues in the case. This procedure may help parties reach agreements which settle all or some issues.

This frequently results in cases being concluded sooner than the 11-month time period provided by law. The Commission must review any proposed settlement to ensure that the agreement is reasonable and in the public interest.

The Hearing Process

Evidentiary hearings are held for which testimony is prepared, exhibits are marked, and a court reporter records the proceedings. Testimony must address the issues in the case.

The utility company will have an attorney and expert witnesses present to testify and answer questions. In most cases, the utility, the PSC Staff, Public Counsel and any intervenors will present testimony in writing, followed by cross-examination at the hearing.

In some cases, the Commission will hold a local public hearing, giving customers an opportunity to express their opinions. Local public hearings are generally held in communities affected by the proposal.

After the hearings are complete, a transcript of the case is prepared and parties file briefs. Commissioners review that record in making their decision.

The Decision

The Commission may determine that the proposal is justified only in part, and it may allow the company to increase rates less than the utility requested. The Commission may also allow a rate change to take effect on an interim basis, subject to refund, or permit rate decrease cases where it may consider lowering rates. The Commission will only authorize rate changes that are fair and reasonable. The company must be allowed the opportunity to make enough money to meet reasonable expenses, pay interest on debts, and provide a reasonable return to stockholders.

The Commission gives its decision through a written report and order. That order is subject to appeal to a court by any of the participants in the case, except the Public Service Commission Staff.

Mediation Process

Parties may refer complaint cases to a third-party neutral mediator, available at no cost. The mediation process is voluntary, and cases are resolved when both parties come to a mutual agreement.

Annual Report Compliance Up Due to Increased Enforcement Efforts

All regulated utilities are required to file annual reports with the Commission to provide current information about company management and operations, subject to penalties for failure to comply. Compliance with this requirement as recently as 2002 was below 50%, largely due to problems with telecommunications entities—specifically competitive local exchange companies (local phone service) and interexchange companies (long-distance service). Company departures from the Missouri market without Commission notification, coupled with many similar and duplicative company and d/b/a names in Commission records contributed to database inaccuracies and low report filing percentages.

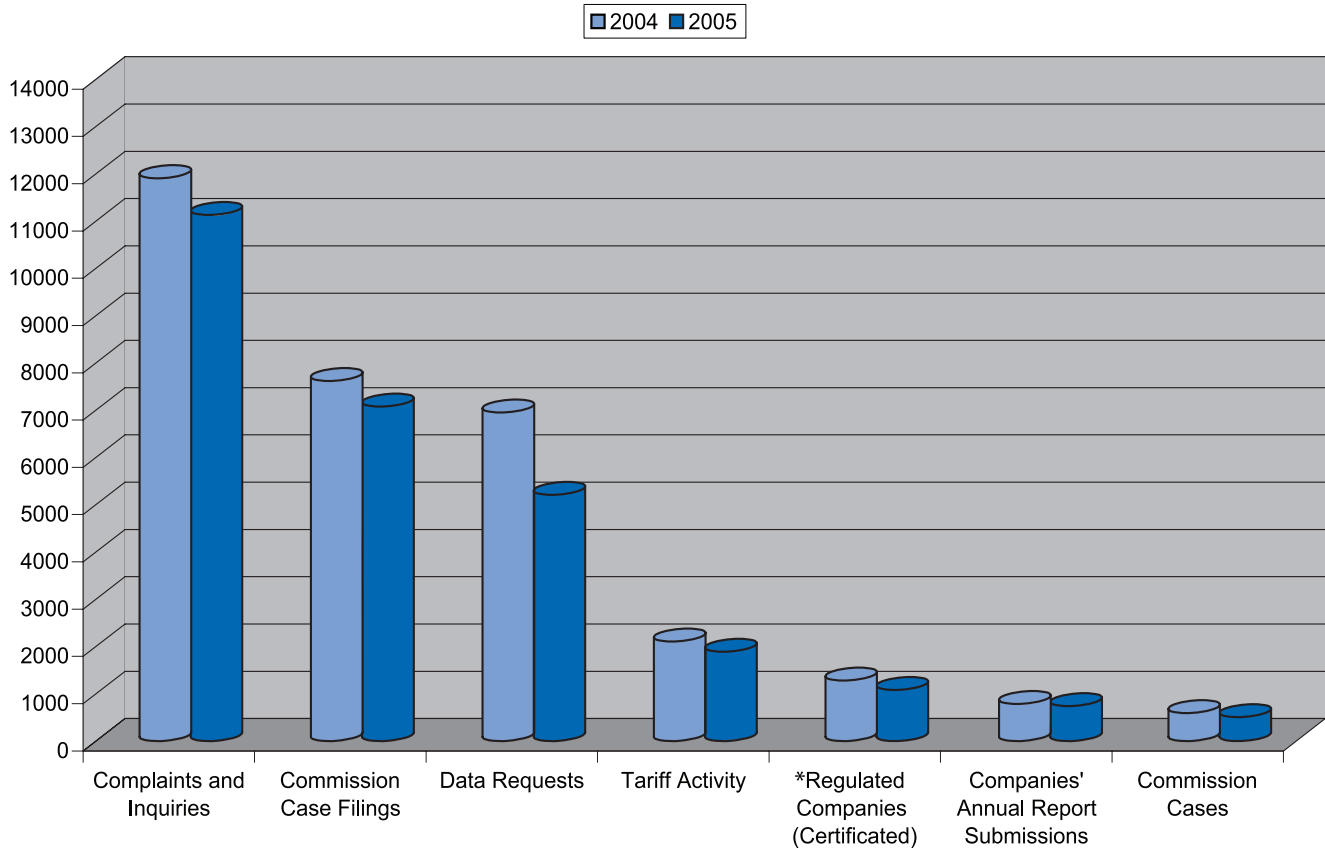
An interdepartmental team of Commission staff has worked to identify defunct companies and correct database inaccuracies, as well as target noncompliant companies for certificate termination and penalty cases to be filed before the Commission. 2004 annual reports received by the April 15, 2005 deadline were up 41.5% over the amount received on the same date in 2003 and the overall report compliance percentage for the 2004 report year has improved to 93.2%.

Utility Issues

Missouri PSC Authorized Number of Employees vs. Workload (2004-2005) Figures Quoted for Fiscal Year

FY2004 Staffing = 217 FTE

FY2005 Staffing = 217 FTE



*Not all certificated companies are required to file annual reports.

NATURAL GAS

PSC Concerned Over High Wholesale Natural Gas Prices

Throughout the summer of 2005, natural gas market prices were at their highest levels ever for this time of the year. This is of great concern to the Missouri Public Service Commission as consumers try to heat their homes this winter.

With hot summer temperatures in 2005, more natural gas was being used than ever before to generate electricity to meet air conditioning demand, not only in Missouri, but across the country. This helped drive market natural gas prices from around \$7 an Mcf in early July to over \$10 an Mcf in September.

It is anticipated that natural gas prices will remain high and could get higher in the coming months, further impacting customer bills. Approximately 65% to 80% of a customer's total natural gas bill reflects the actual costs of natural gas from wholesale suppliers, who are not regulated by the Public Service Commission.

The Commission issued news releases during the summer urging consumers to take steps to reduce their use of natural gas in order to save on their gas bills this winter. Consumers were urged to consider implementing energy saving tips and programs prior to the heating season.

Cold Weather Rule Changes Approved

A winter disconnect moratorium for registered low-income elderly or disabled customers who make a minimum payment; a change in the temperature moratorium from 30 to 32 degrees for all customers; and more favorable terms for reconnection of customers who have been disconnected for breaking a Cold Weather Rule payment agreement were among several changes to the Public Service Commission's Cold Weather Rule during the 2005 fiscal year. Those changes, approved in August, took effect on November 1, 2004.

In addition, the Commission completed a rulemaking that provides for greater utility information gathering and reporting. Additional rule changes allow the Commission to better monitor and assess the effectiveness of the Cold Weather Rule.

The Cold Weather Rule applies to all investor-owned natural gas and electric utilities in Missouri and is designed to help customers with heat-related service during the winter months. It has been a part of the Commission's rules and regulations since 1977.

NATURAL GAS RATE CASES IN FISCAL YEAR 2005

Missouri Gas Energy

On November 4, 2003, Missouri Gas Energy (MGE) filed revised rate schedules designed to increase MGE's annual revenues by approximately \$44.9 million. MGE stated the proposed increase was needed to cover increased costs relating to operating and maintenance expenses as well as costs associated with the additional investment in gas distribution facilities since MGE's last rate case. MGE also stated that the proposed rate structure would help stabilize customer's bills by reducing the impact of weather-related fluctuations during the winter and reducing the difference between summer and winter bills.

After hearings held in late June and early July, the Commission issued an order on September 21, 2004 approving a \$22.4 million increase in annual revenues for MGE. MGE serves approximately 500,000 gas customers in Missouri.

Laclede Gas Company

On February 18, 2005, Laclede Gas Company filed a natural gas rate request with the Public Service Commission seeking to increase annual natural gas revenues by approximately \$34 million. Laclede stated the increase was necessary to reflect increased costs the company incurred to operate and maintain its 15,000-mile distribution and storage system. The proposed increase for residential customers would be approximately \$4.00 a month.

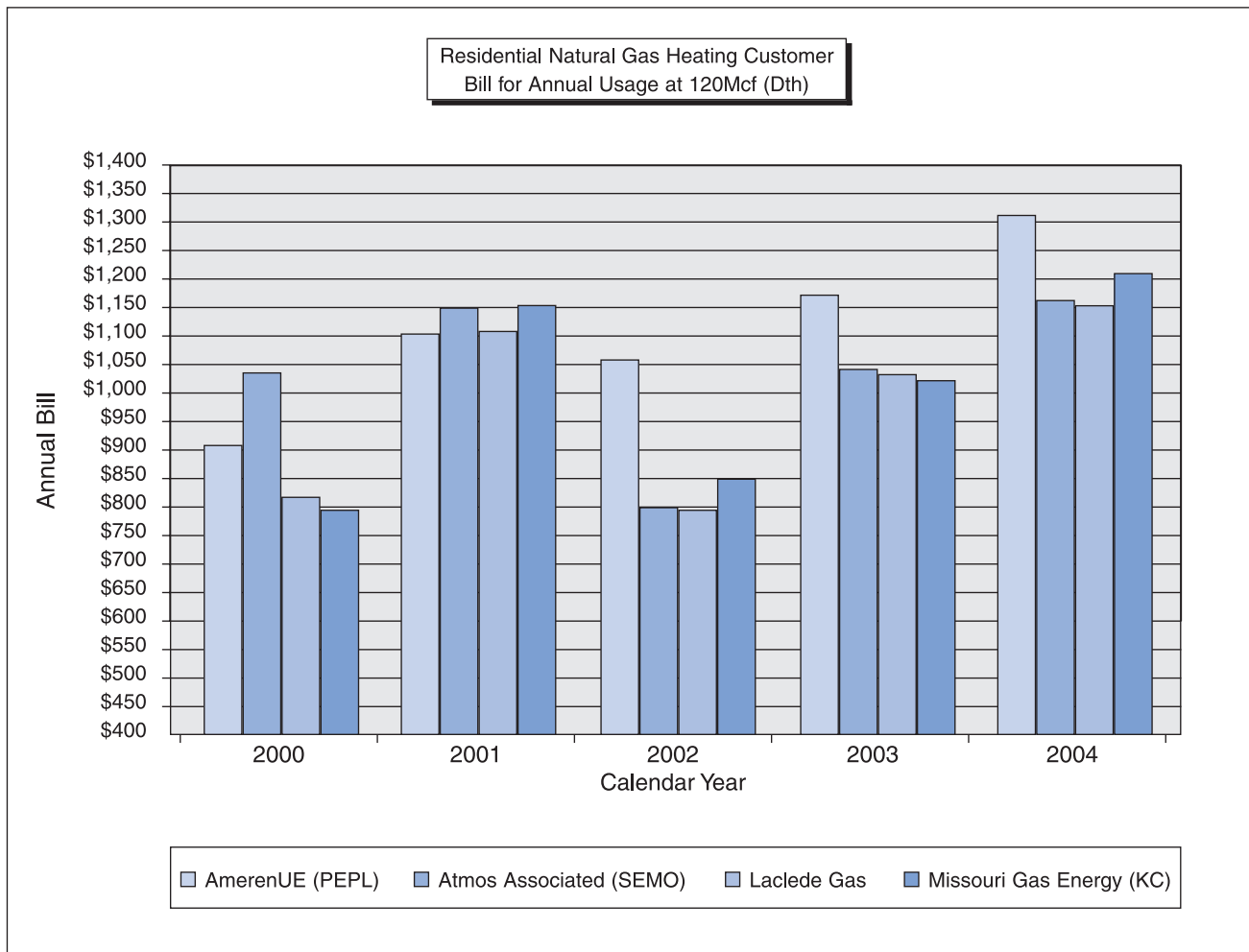
On September 30, 2005, the Commission approved an agreement which reduced Laclede's rate request by approximately 75%. Under the agreement, Laclede's annual natural gas revenues increased by approximately \$8.5 million. For a residential customer using 961 therms of natural gas a year, the increase would be approximately \$1.05 a month.

Infrastructure System Replacement Surcharges

The PSC implemented a rule on May 30, 2004 establishing the definitions, parameters and procedures relevant to the filing and processing of petitions pertaining to an infrastructure system replacement surcharge (ISRS), including the information that a local distribution company (LDC) must provide when it files a petition to establish, change or reconcile an ISRS.

This rule was necessitated by the enactment of House Bill 208 by the 92nd General Assembly. The Governor signed the legislation on July 16, 2003, making it effective August 28, 2003. The Commission must fulfill its statutory duties within the 120-day timeframe set out in the law. Implementation of this rule helps the Commission in administering the enacted statute.

LDCs may file for an ISRS which would allow them to establish a surcharge to provide for the recovery of costs for eligible infrastructure replacements; provided that the ISRS, on an annualized basis, must produce ISRS revenues of at least the lesser of one half of one percent of the LDC's base revenue level approved by the Commission in the LDC's most recent general rate case proceeding or \$1 million, but not in excess of 10% of the LDC's base revenue level approved by the Commission in its last general rate proceeding.



MGE implemented one ISRS filing during the reporting year. MGE's ISRS was implemented on May 13, 2005. The Commission approved MGE's ISRS after reviewing the Staff's recommendation and other documents filed in the case including a Stipulation and Agreement between the parties.

Laclede Gas Company implemented two ISRSs during the reporting year. The first Laclede ISRS was implemented on January 4, 2005, while the second ISRS for the year was implemented on June 16, 2005. The Commission approved these ISRS filings after reviewing the Staff's recommendation and other documents filed in each case including the Stipulation and Agreements between the parties.

Mergers

In September 2004, the PSC approved an agreement reached by Atmos Energy Corporation, the PSC Staff and the Office of the Public Counsel which

authorizes Atmos to acquire TXU Gas Company. TXU Gas Company is a wholly-owned subsidiary of TXU Corp. and is engaged in the transmission and distribution of natural gas at retail to approximately 1.5 million customers in Texas.

In December 2004, the Commission approved an agreement which granted a certificate of public convenience and necessity to Missouri Gas Utility, Incorporated to provide natural gas service as a regulated entity in the areas of Hamilton and Gallatin, Missouri.

Hamilton and Gallatin formerly operated the natural gas systems under lease-purchase agreements. However, the cities defaulted on those agreements and as a result, there were no gas supply contracts in place for the winter season. Missouri Gas Utility, Inc. provides natural gas service to approximately 750 natural gas customers in the Missouri counties of Daviess and Caldwell.

The Commission, in April, approved an agreement which allowed DTE Enterprises and DTE Ozark to sell its partnership interests in Southern Missouri Gas Company, L.P. to Sendero SMGC GP Acquisition Company and Sendero SMGC LP Acquisition Company. The agreement included a three-year rate moratorium. Southern Missouri Gas Company provides natural gas service to approximately 7,500 natural gas customers in the Missouri counties of Wright, Texas, Webster and Douglas.

NATURAL GAS SAFETY

Underground Utility Damage Prevention Statutes

The PSC worked with the Missouri One-Call System (MOCS), underground utility operators, and representatives of excavation contractors to pass House Substitute for House Committee Substitute for House Bill No. 425 during the 91st General Assembly. This legislation, which was signed by Governor Holden and became law on August 28, 2001, establishes a true one-call system in Missouri.

All owners of underground facilities in Missouri are now required to become members of MOCS and with “one call”, a person planning excavation work will have all the underground facility owners in the area of the proposed excavation notified and the facilities marked.

Universal participation in the MOCS will increase public safety by better protecting the state’s underground infrastructure. All owners and operators of underground facilities in first- and second-class counties were required to become members of MOCS before January 1, 2003, and in third- and fourth-class counties before January 1, 2005.

Missouri Association of Natural Gas Operators

The Missouri Association of Natural Gas Operators (MANGO) is a nonprofit organization comprised of Missouri natural gas operators (investor-owned and municipal systems). These operators work together with the PSC Gas Safety/Engineering Staff to enhance the operations and safety of natural gas systems throughout the state.

MANGO works with the PSC to review existing regulations, clarify interpretations and provide support in developing new regulations. The goal is to work

together to address operations, maintenance, and emergency response issues, as well as potential hazards (such as directional drilling, defective materials, and other issues) and to foster continuing dialogue to operate Missouri natural gas systems as safely as possible.

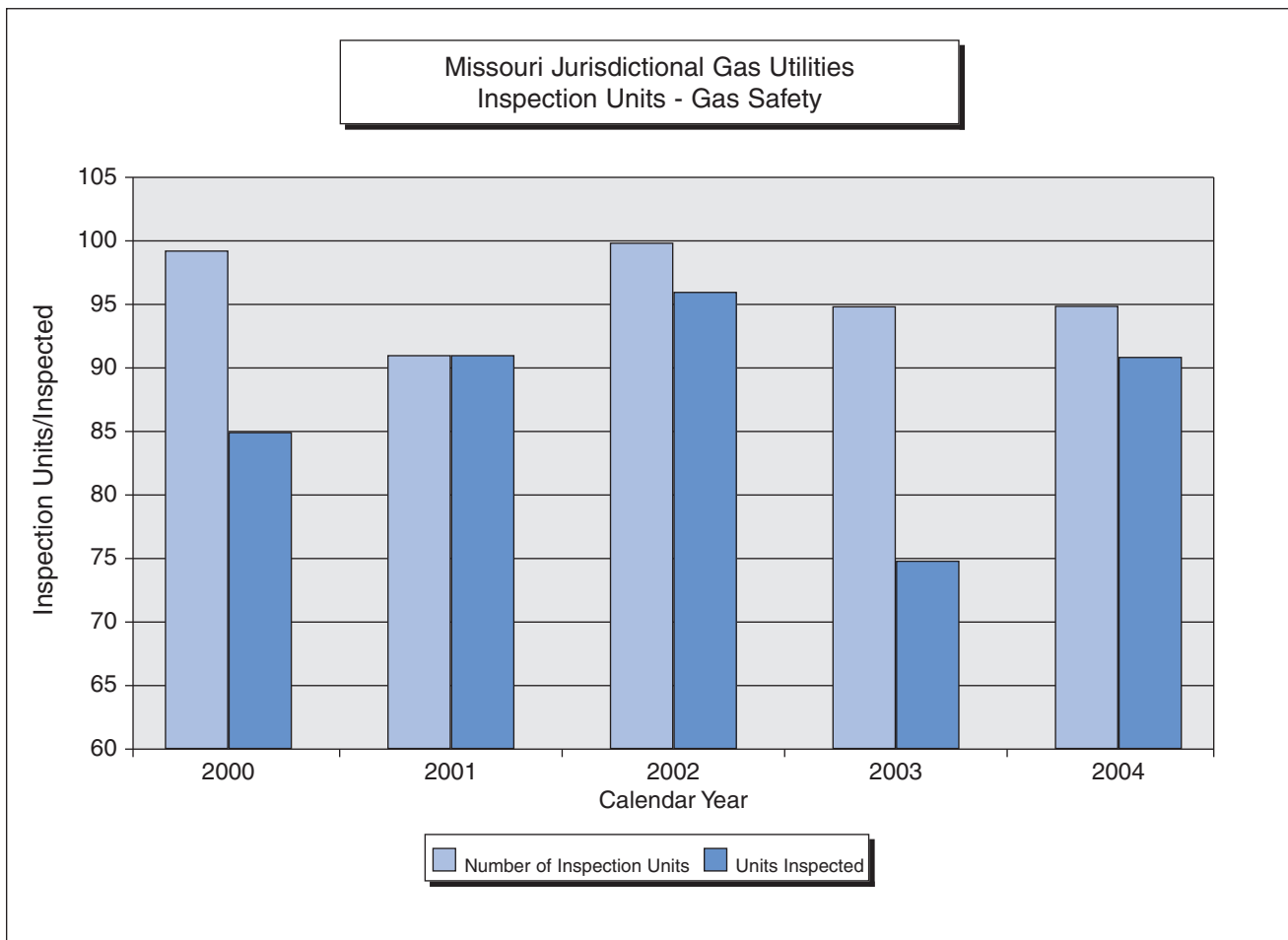
The PSC and MANGO hold quarterly meetings to stay current on issues/trends in the industry and other issues affecting the operators’ operations. In addition, the PSC and MANGO sponsor an annual pipeline safety seminar to help train and educate operators on a wide variety of pipeline and pipeline safety issues, including installation, operations, maintenance, emergency response, and products used in the industry.

FEDERAL NATURAL GAS ACTIVITIES

Decisions by the Federal Energy Regulatory Commission (FERC) directly impact Missouri ratepayers since Missouri’s natural gas utilities and some electric utilities must use FERC-regulated interstate pipelines for delivery of their natural gas supplies. The PSC believes its involvement in FERC and related judicial proceedings is necessary to ensure that Missouri natural gas consumers receive reliable service at reasonable rates. The PSC’s federal gas activities have helped Missouri consumers receive \$46 million in cost savings during fiscal year 2005 (\$17.5 million in refunds and \$28.5 million in rate reductions).

There are 10 interstate pipelines directly serving Missouri, with an additional 4-6 upstream pipelines used by Missouri utilities. The PSC actively participates in company-specific and generic proceedings, focusing on those having the greatest impact to Missouri and/or those where representation of Missouri interests is limited or absent.

The three pipelines delivering a majority of the state’s natural gas are: Southern Star Central Gas Pipeline Inc. (SSC), Centerpoint Energy-Mississippi River (MRT), and Panhandle Eastern Pipe Line Company, LP (Panhandle). SSC serves western Missouri, including the Kansas City, St. Joseph, Springfield and Joplin areas and has a small lateral terminating in St. Louis. MRT serves St. Louis and portions of southeast Missouri. Panhandle serves a number of systems across the central part of the state.



Kansas Ad Valorem Tax Refunds

Since 1989, the PSC has aggressively sought refunds of Kansas ad valorem taxes unlawfully collected from SSC and Panhandle consumers between 1983 and 1993. As a result of those efforts, Missouri ratepayers have received \$63 million in refunds — \$13 million during 1994-95, \$7.3 million during 1998-99, \$1.5 million during 2000-01, \$40.8 million during 2003-04, and \$400,000 during 2004-05. All significant FERC dockets relative to these refunds are now completed. However, the PSC continues to pursue certain unpaid refunds amounting to \$800,000, which FERC and other parties have deemed uncollectible.

Southern Star Central Gas Pipeline Inc. (SSC)

On November 27, 2002, SSC made its annual fuel use and loss reimbursement filing (RP03-135), seeking significant increases in its reimbursement percentages, particularly with respect to storage injections. In response to the PSC's protest of the filing, FERC accepted the subject tariff sheets effective January 1, 2003, subject to refund and the outcome of

a May 2004 hearing. A PSC staff member testified on behalf of the PSC. Parties were able to reach an agreement prior to the issuance of a final FERC decision. The November 4, 2004 Stipulation and Agreement provided for in-kind refunds to Missouri customers valued at \$1.2 million, implemented a methodology to reduce the volatility in fuel rates and established tariff provisions to improve storage loss testing and other procedural matters.

On May 3, 2004 SSC filed (RP04-276) with the FERC for a \$49.5 million increase in revenues, generally representing a 35-57% rate increase for its Missouri customers. SSC's motion rates went into effect November 1, 2004. However parties were able to reach a settlement whereby a reduction in those motion rates was implemented December 1, 2004. The formal settlement agreement was filed on January 21, 2005, became effective May 18, 2005, and provided to Missouri customers refunds of \$2.5 million and cost savings of \$13.6 million per year going forward. It also established a rate moratorium (precluding increases to base transportation and storage

rates) through October 2006, while requiring SSC to file for new rates to be effective November 2008.

Centerpoint Energy-Mississippi River (MRT)

As a result of a 2001 settlement in MRT’s last rate case (RP01-292), Missouri customers experienced \$14.9 million in cost-savings during FY 2005. That settlement also contained a conditional rate moratorium through September 2006.

In May 2004, due to age and deterioration, MRT requested to abandon 307 miles (between Perryville, LA and Poplar Bluff, MO) of one of its three parallel mainlines. In its October 2004 order authorizing the abandonment (in CP04-334), FERC addressed some but not all PSC concerns.

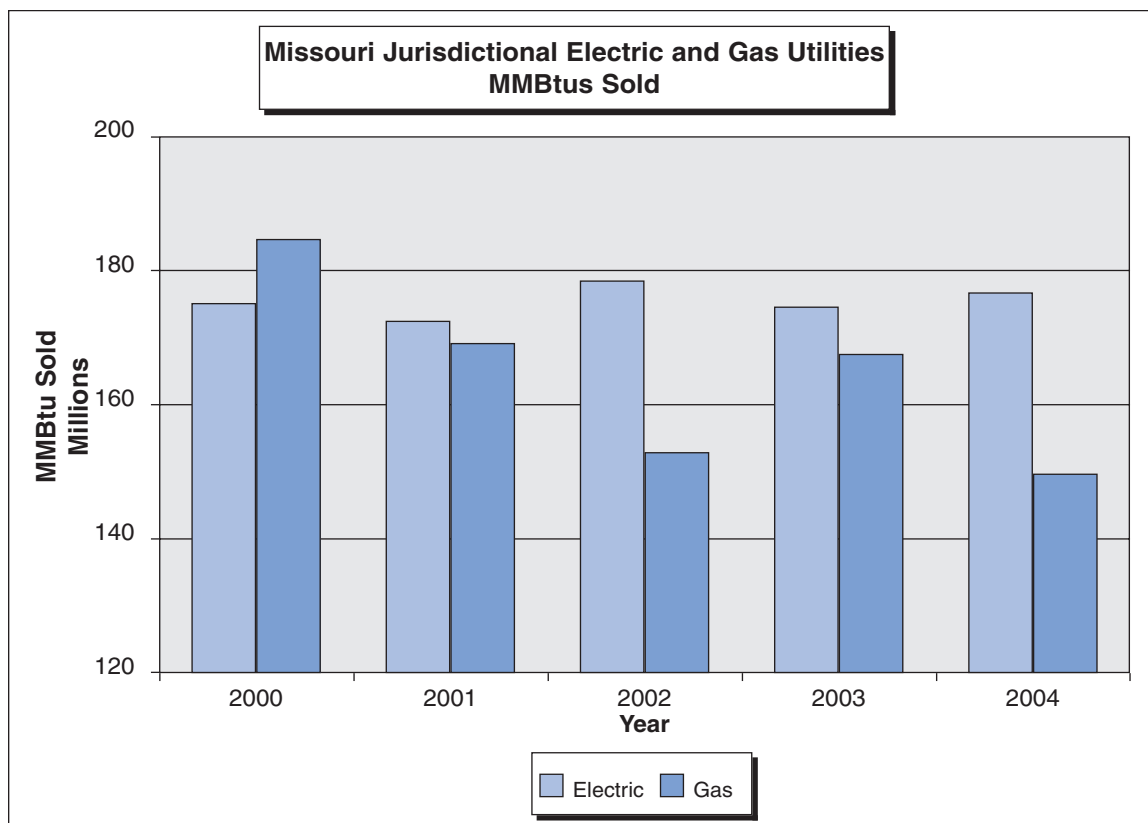


Natural gas lines are a key part of Missouri’s energy infrastructure.

Enbridge Pipelines-KPC (KPC)

A portion of the gas supply for Kansas City is transported over KPC. FERC allowed KPC (in CP96-152) to begin charging FERC transportation rates, which were significantly higher than what the PSC believed reasonable. Although the PSC obtained a favorable U.S. Court of Appeals decision in its appeal of FERC initial rate orders during December

2000, the PSC believed FERC’s subsequent orders on remand were erroneous. Therefore the PSC filed another appeal (Case No. 02-1132) on April 17, 2002. On August 12, 2003, the court once again remanded the matter to the FERC because it found the FERC’s previous orders on remand were not reasonable. On October 8, 2004, FERC directed KPC to make additional refunds. Accordingly, in





A photo of the turbine deck and auxiliary boiler system at the Hawthorn 5 power plant operated by Kansas City Power & Light.

January 2005, Missouri customers received \$13.5 million in refunds (for the period December 2, 1997 through November 8, 2002).

Other Proceedings

The PSC filed an appeal of FERC's (US Court of Appeals DC Circuit No. 04-1099) October 31, 2002 and January 29, 2004, orders eliminating the 5-year right-of-first-refusal term cap for firm service contracts. The PSC's appeal was consolidated into AGA v. FERC (No. 04-1094). Briefs have been filed and oral argument was heard on September 13, 2005.

In November 2004 FERC rejected the Gas Technology Institute's (GTI's) application to impose a discountable surcharge on volumes transported through interstate pipelines (RP04-378).

The PSC submitted comments in several other generic FERC dockets including Policy for Selective Discounting (RM05-2) and Income Tax Allowances (PL05-5). Numerous pipeline compliance filings were also made for purposes of implementing FERC's Order No. 2004 - Standards of Conduct for Transmission Providers. FERC also adopted standards for gas quality reporting and pipeline credit worthiness criteria (RM96-1-026).

ELECTRIC

Missouri Electric Rates

Electric rates for Missouri's residential, commercial and industrial customers continue to be among the lowest in the nation.

Through the efforts of the Missouri Public Service Commission, Missouri's electric utilities and various parties that have participated in proceedings before the Commission, all classes of Missouri customers have benefited from low electric rates while receiving safe and reliable service.

The United States Energy Information Administration, a non-partisan office in the federal Department of Energy, annually ranks states according to their average rates in cents per kilowatt-hour.

In 2004, Missouri electric rates for residential, commercial and industrial customers were better than the national average (please see tables on this page).

PSC Staff Issues Report On Storm Restoration Efforts

On August 31, 2004, the PSC Staff issued its report on AmerenUE's storm restoration efforts due to a series of severe thunderstorms that hit on July 5, 2004. Staff concluded that AmerenUE had an emergency plan in place and executed that plan in response to these severe storms in a timely manner.

The PSC Staff report made a number of recommendations including increased tree-trimming efforts, which were behind schedule. Other recommendations included evaluating call back systems; providing clearer language in notices regarding power restoration times; communication with those customers who are on AmerenUE's medical equipment registry; and reviewing AmerenUE's mutual assistance agreements with other utilities regarding crew availability.

The PSC Staff report strongly recommended AmerenUE immediately implement programs to begin addressing the existing backlog in the tree-trimming cycles in its distribution systems in rural and suburban areas.

After reviewing the Staff report, AmerenUE agreed to comply with the report's recommendations.

RESIDENTIAL

State Name	Avg. Revenue (cents/kWh)	State Rank
Hawaii	18.06	1
New York	14.58	2
Vermont	13.07	3
California	11.78	9
Iowa	9.06	16
U.S. Average	8.94	
Illinois	8.51	21
Mississippi	8.17	26
Kansas	7.82	35
Oklahoma	7.67	36
Arkansas	7.44	39
Missouri	7.06	44
Kentucky	6.08	50
Idaho	6.08	51

COMMERCIAL

State Name	Avg. Revenue (cents/kWh)	State Rank
Hawaii	16.46	1
New York	12.10	2
California	11.90	3
U.S. Average	8.17	
Illinois	7.51	23
Wisconsin	7.22	26
Iowa	6.80	33
Oklahoma	6.66	35
Kansas	6.63	37
Missouri	5.86	46
Nebraska	5.86	47
Arkansas	5.84	48
Kentucky	5.60	49
West Virginia	5.46	50
Idaho	5.34	51

INDUSTRIAL

State Name	Avg. Revenue (cents/kWh)	State Rank
Hawaii	13.36	1
New Hampshire	10.04	2
New Jersey	8.67	3
California	8.53	5
U.S. Average	5.11	
Illinois	4.73	26
Oklahoma	4.72	27
Kansas	4.59	30
Iowa	4.39	34
Missouri	4.39	35
Nebraska	4.25	38
Arkansas	4.19	41
Maine	3.56	50
Kentucky	3.30	51

Source: US Energy Information Administration - 2004 data
Table 5.6.B, *Electric Power Monthly*, March 2005

Aquila Rate Case

Aquila, Inc. d/b/a Aquila Networks – MPS and Aquila Networks – L&P filed on May 24, 2005, for a rate increase of approximately \$69.2 million a year for its Aquila Networks – MPS customers and \$9.6 million for its Aquila Networks – L&P customers. Aquila also requested a rate increase of \$5.0 million a year for its steam customers. The Company stated that the increase is primarily driven by increased fuel costs and new investments Aquila has made to serve the demands of its customers. Hearings have been set for January 2006.

Empire District Electric Company Rate Case

On April 30, 2004, The Empire District Electric Company filed an electric rate case seeking to increase annual electric revenues by approximately \$38.3 million. In March 2005, the Commission authorized an increase to permanent rates of approximately \$25.7 million a year. The decision also included an interim energy charge of approximately \$8.2 million a year that generally reflects Empire's fuel and purchased power costs. This interim energy charge is subject to refund with interest based upon Empire's prudently incurred fuel and purchased power costs. The decision also included one-time funding to conduct tall tower wind assessments; annual funding for a low-income weatherization program; and residential and commercial energy efficiency programs.

Noranda Aluminum, Inc. Becomes Customer of AmerenUE

In March 2005, the Commission approved an agreement that authorized AmerenUE to provide electrical service to Noranda Aluminum, Inc. in New Madrid County. AmerenUE began serving Noranda on June 1, 2005. Noranda contracted with AmerenUE to meet its power and energy needs for a minimum of 15 years. Noranda is Missouri's largest industrial electric energy user and is a major employer in southeast Missouri. It had previously sought, and gained, approval from the Missouri Legislature to purchase its electric service on the open market.

KCPL Regulatory Plan Working Group

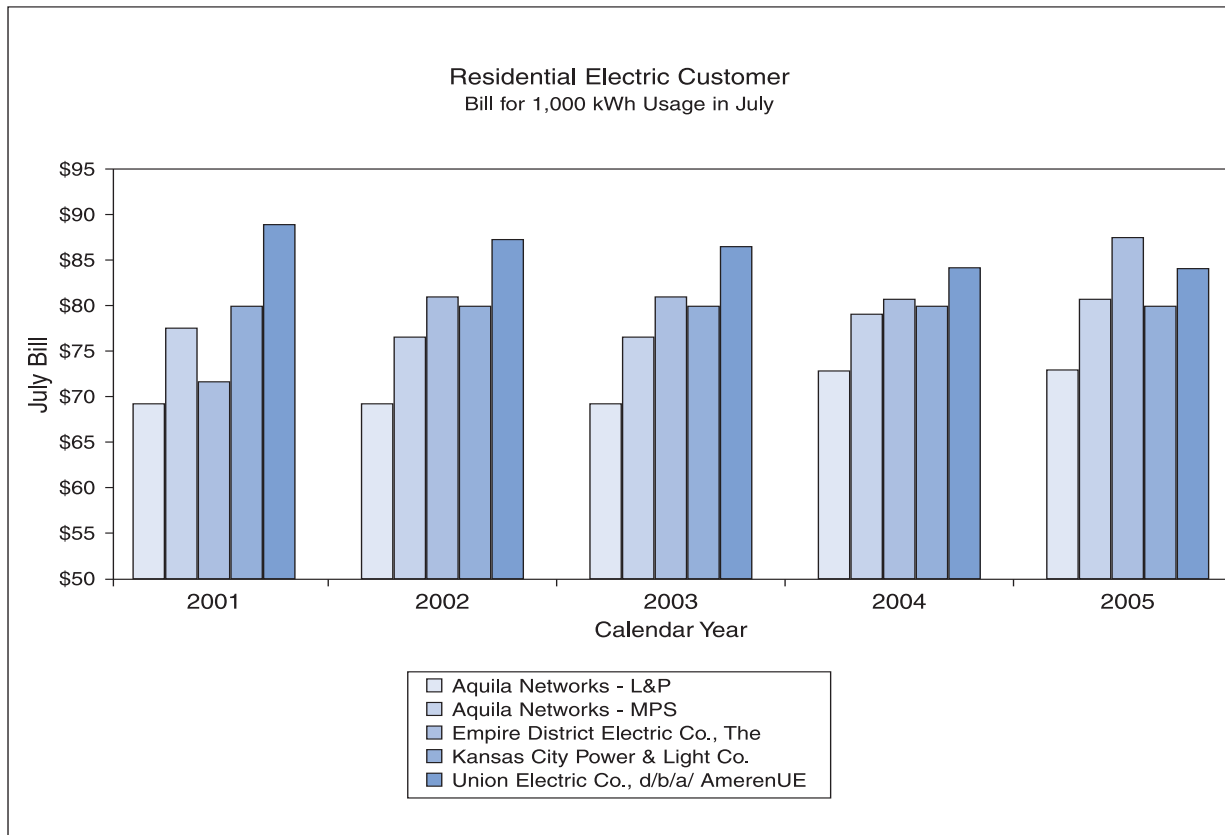
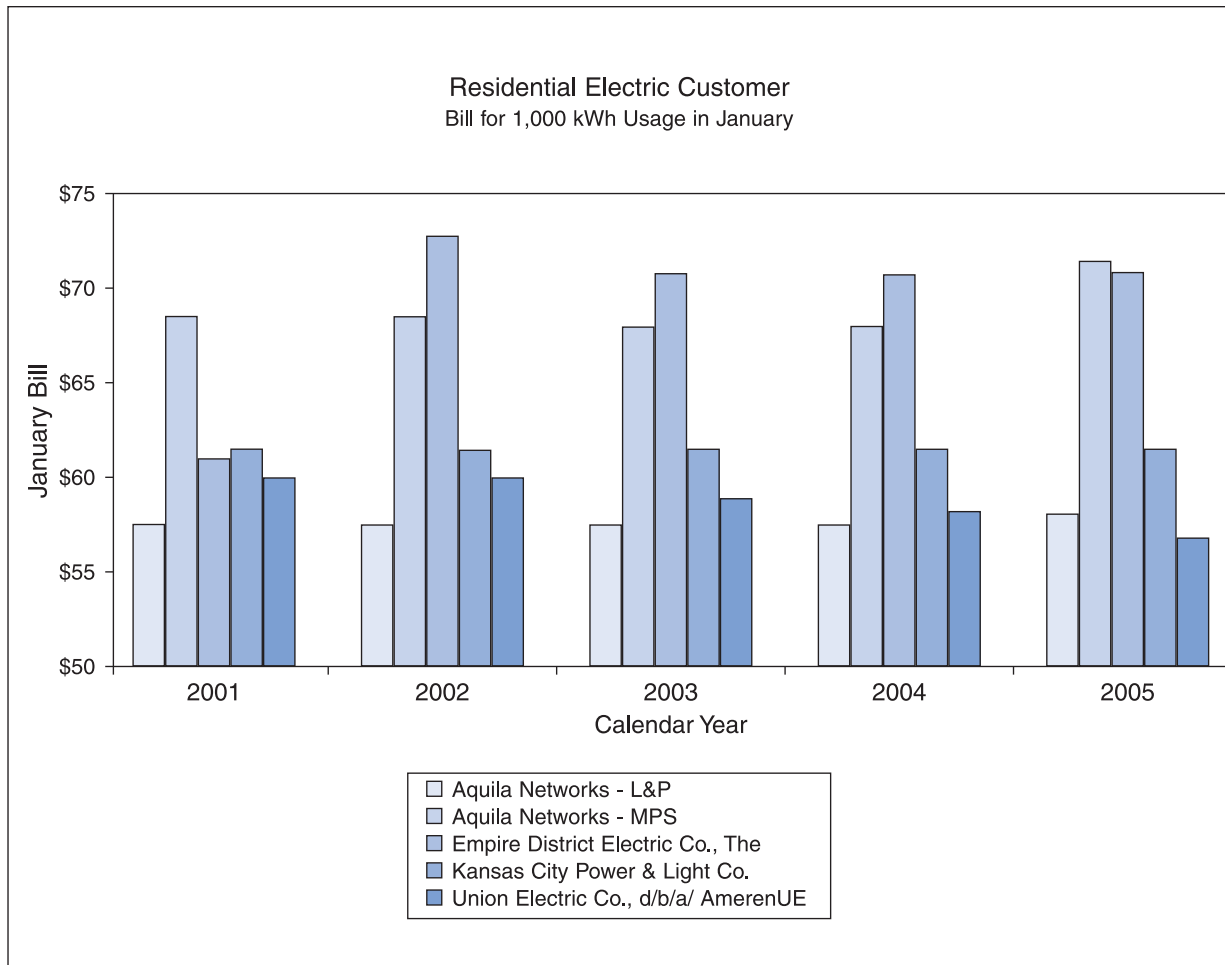
Throughout the 2005 fiscal year, Kansas City Power & Light Company (KCPL), PSC Staff, and

the Office of the Public Counsel held workshop meetings with other interested parties including the Department of Natural Resources, Concerned Citizens of Platte County, City of Kansas City, Sierra Club and industrial consumer groups to discuss the future resource needs of KCPL. Some parties believed future needs include a coal-fired base load plant on the west side of Missouri. This was an effort, not only to educate the various groups on KCPL's resource needs and the resource planning process, but to also get input from different groups regarding resource alternatives including energy efficiency and low-income affordability programs. This working group case was closed after several months of meeting to file a regulatory plan.

Experimental Regulatory Plans

Throughout most of the year, KCPL conducted public workshops regarding its decision to proceed with the construction of a second coal-fired generating unit at the Iatan I site. These workshops dealt with every phase of KCPL's planning process, including forecasts of its demand for electricity, alternative unit technologies, environmental concerns and demand-side programs to reduce or delay the need for additional generating capacity. On March 28, 2005, KCPL filed a Stipulation and Agreement that requested Commission approval of an Experimental Regulatory Plan. On June 23-24, 27, and July 12, the Commission held evidentiary hearings. On July 28, 2005, the Commission approved KCPL's Experimental Regulatory Plan, concluding that the Stipulation's Experimental Regulatory Plan is a comprehensive framework that appropriately addresses the need for cost-based but diverse resources that combine the best elements of proven and latest technology coal-fired generation, environmental controls, and wind energy, as well as affordability, demand response and efficiency programs, and offers a reasonable proposal for safe and adequate service well into the future.

KCPL's partners in the current Iatan Generating Station, Aquila, Inc. and The Empire District Electric Company, each subsequently filed for and obtained Commission approval of their own Experimental Regulatory Plans related to their participation in the construction of Iatan II.



Aquila Requests Certificate of Convenience and Necessity

On January 28, 2005 Aquila, Inc. filed an application with the Commission seeking clarification of its existing certificates of convenience and necessity to confirm that the company had authorization to build a power plant at its South Harper Facility and an electric substation in Cass County, near Peculiar, Missouri. The Commission issued an order in April confirming that Aquila already had the authority through its existing certificates to build and operate the planned combustion turbines and substation.

Lawsuits challenging Aquila's right to construct the plant were filed and heard last January in circuit court, and an injunction was issued prohibiting construction unless certain conditions were met. Aquila posted an appeal bond allowing construction to continue while it appealed the order to the Western District Court of Appeals. That appeal has been argued and briefed by the parties, and is awaiting decision by the appeals court.

Low-Income Customers Benefit from Collaboratives

The PSC Staff, Department of Natural Resources and other parties have formed collaboratives with AmerenUE, Kansas City Power & Light, The Empire District Electric Company, Aquila and Laclede to develop, initiate, monitor and evaluate various low-income programs. Through these programs, community action agencies are better able to assist customers with their bills and are able to weatherize a significantly greater number of homes than would be possible without the programs.

Senate Bill 179

Senate Bill 179 (RSMo 386.266) was signed into law by Governor Matt Blunt on July 14, 2005, and takes effect on January 1, 2006. This statute provides the Public Service Commission with the authority to implement rules for periodic rate adjustments, between rate cases, in the following areas:

Electrical Corporations

- Fuel & Purchased Power Cost Recovery
- Environmental Compliance Cost Recovery

Natural Gas Corporations

- Environmental Compliance Cost Recovery
- Usage Variations for Weather/Conservation

Water Corporations

- Environmental Compliance Cost Recovery

The Commission Staff has scheduled a series of collaborative meetings to develop the rules that will implement this legislation. These meetings will be structured so that all interested parties will have the opportunity to have input into this rulemaking. It is the Missouri Public Service Commission Staff's intent that these collaborative meetings will provide for development of rules that are acceptable by all interested parties to the greatest extent possible before formal rulemaking proceedings, as provided for in Chapter 536 RSMo, begin.

Mergers

In December, the Commission approved an agreement authorizing Thermal North America, Inc. to acquire the stock of Trigen-Kansas City Energy Corp. Trigen-Kansas City provides steam heating service to the public in downtown Kansas City, Missouri.

AmerenUE Request To Transfer Metro East Assets To AmerenCIPS Approved

The Commission approved the transfer of the Metro East, Illinois electric and gas operations of AmerenUE to an affiliated Ameren company, Central Illinois Public Service Company (AmerenCIPS) in February. The Commission adopted several conditions for the transfer designed to protect AmerenUE's Missouri ratepayers against any possible liabilities resulting from the transfer.

The transaction would transfer to AmerenCIPS, natural gas operations in Illinois as well as the electric transmission and distribution operations (including all electric customers) of AmerenUE in Illinois. The AmerenUE electric generating facilities located in Illinois would be retained by AmerenUE to provide electric service to Missouri.

Once the transfer is completed, the transaction will result in AmerenUE operating solely in Missouri and its retail customers subject only to Missouri PSC jurisdiction.

Federal Activity in Electricity

AmerenUE is participating in the Midwest ISO (MISO) Regional Transmission Organization (RTO), which started up its day-ahead and real-time energy markets in April 2005. Aquila Networks, Inc. is evaluating possible participation in the MISO. The Southwest Power Pool (SPP) has conducted a cost-benefit study to evaluate its role as an RTO and as a facilitator for an energy imbalance market that is similar in concept to the energy markets being operated by the MISO. If these applications are approved, issues regarding how the two different RTO facilitated markets will interact will be very important to Missouri.

This past year, the SPP RTO applied for and received conditional approval from the Federal Energy Regulatory Commission (FERC) regarding a proposal for allocating the costs of new transmission facilities, including any upgrades required for existing facilities. The cost allocation proposal was a collaborative effort of five of the state public service/utility commissions (Missouri, Kansas, Arkansas, Oklahoma and Texas) and was coordinated under the direction of the SPP Regional State Committee (RSC). The SPP RSC submitted comments to the FERC indicating its belief that with the SPP approach to coordinated transmission planning and the cost allocation in place, the utilities in the SPP region should expect to have a reliable power system in which they can deliver power to their customers absent the risks of volatile prices in the wholesale electricity markets.

In a similar concept, the MISO is currently in the process of evaluating cost allocation proposals for new transmission facilities and upgrades to existing facilities through its Regional Expansion Cost Benefit

Task Force. The Organization of MISO States (OMS) has staffed a working group to participate in these deliberations. It is currently expected that a recommendation will be forthcoming by late summer or early fall of 2005. Both the MISO and SPP RTO are in the process of evaluating proposals for the allocation and recovery of the costs of transmission network upgrades associated with the interconnection of new generation. FERC recently issued an update (Order 2003 C) to its original order requiring that generators front the money for such upgrades but be refunded that money when they begin supplying power to the transmission system.

Missouri Commissioner Steve Gaw served as Treasurer of the OMS and is on the Board of Directors of both the SPP RSC and the OMS. The Commission's Chief Regulatory Economist, Mike Proctor, continued in his role as chairman of the OMS working group with oversight for the allocation of Financial Transmission Rights, and is co-chair of the OMS working group with oversight for the allocation of costs for new transmission facilities and network upgrades. In addition, Dr. Proctor chairs the SPP RSC's Cost Allocation Working Group, which developed the proposal for funding and allocation of costs for transmission upgrades that the SPP RSC proposed and the FERC approved. Currently this working group is: a) evaluating how to improve incentives for participants to fund economic upgrades to the transmission system, where such upgrades will help reduce congestion and allow more efficient generation to supply power through the SPP RTO facilitated energy market, and b) participating in SPP discussions regarding the allocation and recovery of generation interconnection costs.

TELECOMMUNICATIONS

Telecommunications Quality Of Service

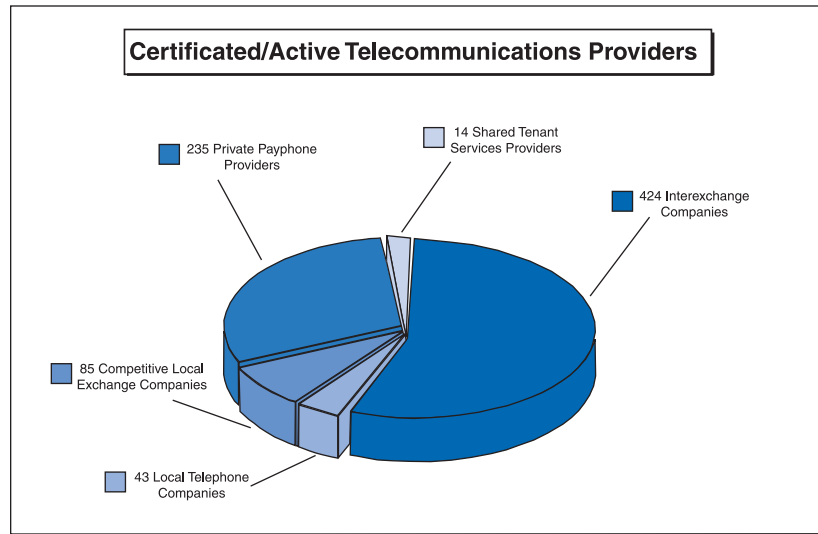
During the 2005 fiscal year, Missouri basic local telecommunications companies continued to provide a high quality service to their consumers. Call monitoring indicates that Missouri consumers attempted nearly 4 billion calls during this time period. Approximately 99.9% of these calls were connected without a problem. Inclement weather continues to impact repair service performance results. Quality of service components affected most: Customer Report Rate; Out-of-Service Cleared within 24 hours; and Repair Commitments.

Listed below are the statewide average aggregated results of all telecommunications carriers providing basic local telecommunications service for the service objectives monitored in Missouri:

- Requests for basic local telecommunications service increased 7.4% to 557,523. The Missouri telecommunications industry installed 94% of basic local service requests within five days. The industry also met 96.62% of commitments to install service on the day specified to the customer.
- Answered calls to the operator approximately 9.6 seconds after the customer dials “0”.
- Answered calls to the company’s repair center or business office in an average of 11.2 seconds.
- Received on average 2.04 trouble reports per 100 customers.
- Restored 76% of out-of-service conditions within 24 hours.
- Met 90% of commitments to repair service by the day specified to the customer.

An Analysis Of Local Competition In Missouri

On July 30, 2004, SBC Missouri filed a request for an investigation case to determine the status of



competition in SBC exchanges. Hearings in the case were conducted by the Commission in early 2005. The Commission ultimately decided to postpone a decision in this case given passage of SB 237 which significantly modifies the standards by which telecommunications company exchanges are considered competitive.

Competitive Local Exchange Company (CLEC) Lines in Missouri

According to the Federal Communications Commission’s (FCC’s) “Annual Report and Analysis of Competitive Market Conditions With Respect to Commercial Mobile Services”, as of June 30, 2004, CLECs in Missouri had 430,538 access lines or 13%. The report indicated that 42% of Missouri zip codes have no reporting CLECs.

Missouri annual reports show:

CLEC Provisioning	Residential	Business
Resold	41,597	27,148
UNE-Platform	71,722	78,822
UNE-Loop	4,665	68,300
Facilities-based	39,765	66,995

Expanded Calling

On March 18, 2004, the Commission established a task force to investigate whether, and if so, what type of changes should be made to the Metropolitan Calling Area Plans and to expanded calling scopes in general.

After several meetings, the task force submitted its final report on September 29, 2004. That report recommends the Commission establish a process to entertain requests for establishing new expanded calling plans or changes to existing expanded calling plans. The task force also recommended the Commission investigate whether additional competitive incentives can be achieved with the establishment of a state high-cost support fund to ensure that basic local service rates remain affordable for all Missourians.

The Commission approved rules which establish a process for Commission consideration of expanded calling requests. Those rules took effect in the fall of 2005.

Price Cap

During 2004, the Public Service Commission invalidated price cap elections by two small incumbent local exchange companies, Alltel Missouri and BPS Telephone Company. Both had relied on the presence of prepaid resale CLECs as their allowance to elect price cap regulation under Missouri statutes.

Rulemakings:

The Commission was involved in several rulemaking proceedings during the fiscal year. Some of those decisions appear below:

- **Telecommunications procedure for ceasing operations.** This rule outlines the information that must be provided to the Commission when a company ceases operation in Missouri or discontinues providing basic local or interexchange service to any geographic service area within the state. The company must provide notice to the Commission at least 30 days prior to cessation or discontinuance. This rule took effect on November 30, 2004.

- **Procedure for telecommunications companies that file bankruptcy.** Any telecommunications company certificated in Missouri that files bankruptcy or has an affiliate that files bankruptcy must notify the Commission within 10 working days of the filing. If the certificated companies have non-certificated affiliates that file bankruptcy, only the telecommunications company first certificated in Missouri will be required to provide notice. This rule took effect on November 30, 2004.

- **2-1-1.** The FCC designated 2-1-1 as a national number for consumers to obtain contact information for housing assistance, maintaining utilities, providing food, finding counseling and offering hospice services. The permanent rule took effect on September 30, 2004. The rule requires an entity interested in being a 2-1-1 provider in an area to file an application with the PSC. Among the many requirements in the 2-1-1 application, entities must agree to follow Missouri law and Commission rules; must be certified or be seeking certification with the nationally recognized association for community information and referral programs, Alliance of Information & Referral Systems (AIRS); must pay all charges associated with providing the service; and may not charge end-users for the service. The Heart of Missouri United Way was approved as the first 2-1-1 provider in the state.

- **Truth-in-billing.** This rulemaking was established to bring certain Missouri rules into compliance with federal truth-in-billing requirements. The rule states that non-payment of the Missouri Universal Service Fund surcharge is considered non-payment of basic local service for the purpose of discontinuing service. A requirement was added that a telecommunications company, when discussing service plans and packages with customers and/or potential customers, shall clearly identify the exact name and rates associated with that plan or package as advertised and tariffed. The rule also added customer notice requirements for rate increases, but clarified that customers need

not be notified of a change in service provider as a result of a merger. The rule also added requirements that bills clearly identify the company name associated with each toll free number that appears on the bill for billing inquiries or disputes and added requirements that certain services be blocked or restricted upon customer request. This rule took effect on October 1, 2004.

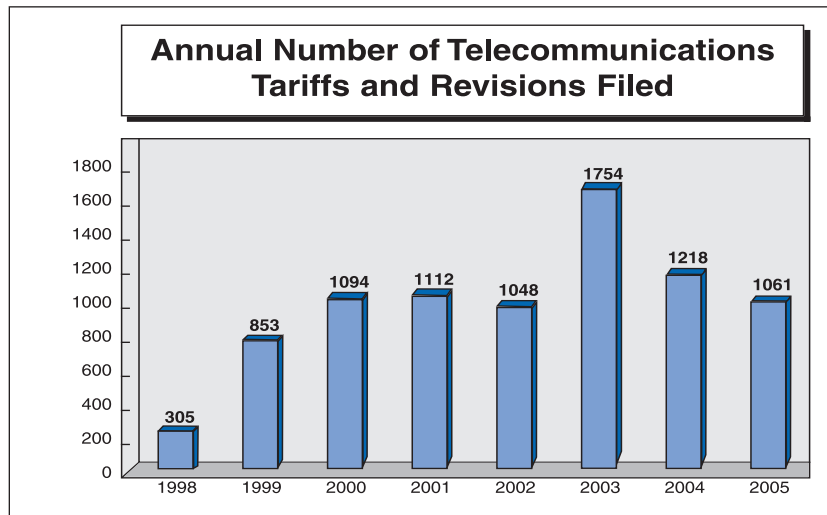
➤ **Customer Proprietary**

Network Information. This new rule relates to the protection and release of customer proprietary network information (CPNI) by telecommunications companies. While the PSC is restricted in its ability to protect consumer privacy by federal law, the rule should help eliminate a loophole in federal rules and provide better privacy protection.

➤ **Missouri Universal Service Fund.** The FCC modified the eligibility requirements for the federal Lifeline and Link-up programs to broaden the reach of universal service. It also created verification and reporting requirements for local exchange carriers to minimize abuse of the assistance programs. In its order establishing the new guidelines, the FCC directed states to develop rules for state low-income programs that are consistent with federal guidelines. Through an emergency rulemaking, the Commission added the National School Lunch Program’s free lunch program and Temporary Assistance for Needy Families as additional means for qualifying for state low-income support.

Federal Telecommunications Activity

The Missouri Public Service Commission continues to actively participate on a number of telecommunications issues before the Federal Communications Commission (FCC). During the past fiscal year, the Commission filed comments with the FCC on behalf of Missouri ratepayers on a variety of issues including:



- Limiting line item surcharges and fees
- Designation of carriers eligible to receive federal USF support
- Compensation for IP Relay Services
- Other jurisdictional and universal service issues

Telephone Numbers

Number Conservation Efforts/Exhaust Dates

The Telecommunications Department Staff continues to investigate code usage, reclaim unused telephone numbers, and implement number conservation. In March 2005, the Commission filed a petition with the FCC seeking additional authority to implement number conservation measures in the 417, 573, 636 and 660 area codes. Through the Commission’s existing conservation efforts, the lives of the area codes have been extended as follows:

Area Code	Estimated Exhaust Date
314	2Q 2013
417	2Q 2009
573	1Q 2010
636	2Q 2023
660	1Q 2015
816	1Q 2014

Missouri Universal Service Fund

Effective March 31, 2002, the Missouri Public Service Commission approved the establishment of a Missouri Universal Service Fund (MoUSF) to help low income and disabled Missourians receive discounts for basic local telephone service. The establishment of the MoUSF is pursuant to state law passed by the Missouri General Assembly in 1996 (Senate Bill 507).

The plan would provide support for a substantial number of low income and disabled Missouri residents. The Missouri Universal Service Fund is administered by the Missouri Universal Service Board comprised of members of the Commission and the Office of Public Counsel.

In 2004, the Missouri Universal Service Board hired QSI Consulting as the Fund Administrator to work with the Missouri Universal Service Board in administering the fund. Telecommunications companies began assessing a Missouri USF surcharge on customer bills in May 2005.

The purpose of the MoUSF program is to implement assistance to low-income and disabled customers for telecommunications services under the Lifeline and/or Link-up programs funded from the Federal Universal Service Fund.

Owned and Operated Cable and Telecommunications Facilities and Services

Effective August 28, 2002, the Missouri General Assembly passed, and the Governor signed, CCS/SCS/HCS/HB 1402 to provide, in part, certain guidelines and standards by which municipalities and political subdivisions may own and operate cable television or telecommunications facilities and services. Pursuant to that bill, the legislature directed the Missouri Public Service Commission (PSC) to perform an annual economic impact study of the effects of municipally owned cable television systems and telecommunications networks. The PSC is to submit a report of the results of that study to the General Assembly by December 31 of each year until December 31, 2007.

Nine cities in Missouri responded through a questionnaire that they were offering cable television and/or Internet services to the public through systems owned or operated by the municipality. Of the cities

that responded: three offer cable television service reporting 8,241 subscribers; seven cities offer residential and/or business Internet services, reporting approximately 2,050 customers; and one city offers both Internet and cable television services.

The lack of existing service or poor quality service was most often cited as the reason for the city offering the services. Reported 2004 revenues for cable television services were \$2,954,685. Reported 2004 revenues for Internet services were \$3,089,264. No cities report offering local telecommunications service.

Cass County Telephone Company and New Florence Telephone Company Investigation

In 2003, the Department of Justice charged various individuals associated with owners of Cass County Telephone Company and New Florence Telephone Company with telephone and internet-based criminal fraud.

On July 27, 2004, the FBI arrested Kenneth M. Matzdorff, an owner of Cass County Telephone Company and New Florence Telephone Company and the overall manager of Cass County Telephone Company. The affidavit supporting the arrest warrant alleged that Mr. Matzdorff “played an integral role, as an associate of the Gambino crime family” in a telephone cramming scheme, as well as an effort to launder the proceeds of both that scheme as well as a separate internet pornography scheme. It also alleged that Cass County Telephone Company had overpaid a vendor with the effect of defrauding the federal Universal Service Fund and the National Exchange Carriers Association.

On July 29, 2004, the Missouri Public Service Commission directed its Staff to investigate and inform the Commission of the issues surrounding the allegations in the arrest warrant. Specifically, the Commission wanted Staff to determine whether Missouri customers or their rates would be affected by the allegations.

Primarily due to concerns raised by the allegations in the arrest warrant, the Missouri Public Service Commission did not certify either Cass County Telephone Company or New Florence Telephone Company for federal Universal Service Fund support for 2005. Based on the Missouri Commission’s decision not to certify either company, the Federal

Communications Commission terminated federal support payments to both companies starting October 2004, pending further investigation.

In January 2005, Kenneth M. Matzdorff pleaded guilty in New York to charges related to money laundering, committing mail and wire fraud and in Missouri to charges related to defrauding the federal Universal Service Fund and the National Exchange Carriers Association. On February 25, 2005, the Missouri Public Service Commission's Staff's filed in Case No. TO-2005-0237 its initial report titled, "Staff's Initial Report Regarding the Impact of the Allegations of Criminal Activities by Kenneth Matzdorff on Missouri Utility Consumers." A redacted version of that report is publicly available through EFIS.

On April 8, 2005 the Commission's Staff filed a complaint with the Commission seeking penalties against Cass County Telephone Company and Local Exchange Company LLC. Local Exchange Company LLC has majority ownership of Cass County Telephone Company. The Commission opened Case No. TC-2005-0357 to address the complaint. At its request, the Commission dismissed Local Exchange Company LLC from the complaint and the matter remained pending at year end.

Under state law, the Relay Missouri surcharge is reviewed at least every two years, but not more than on an annual basis. This surcharge also funds the Adaptive Telephone Equipment Program administered by the Office of Administration.

Consumer Outreach

The PSC continues to update the "Show-Me-Rates" price comparison center website <http://www.psc.mo.gov/teleco-showmerates.asp>. Show-Me-Rates is an on-going project that includes rates for local toll and in-state long distance and provides contact information for various competitive local telecommunications companies throughout the state.

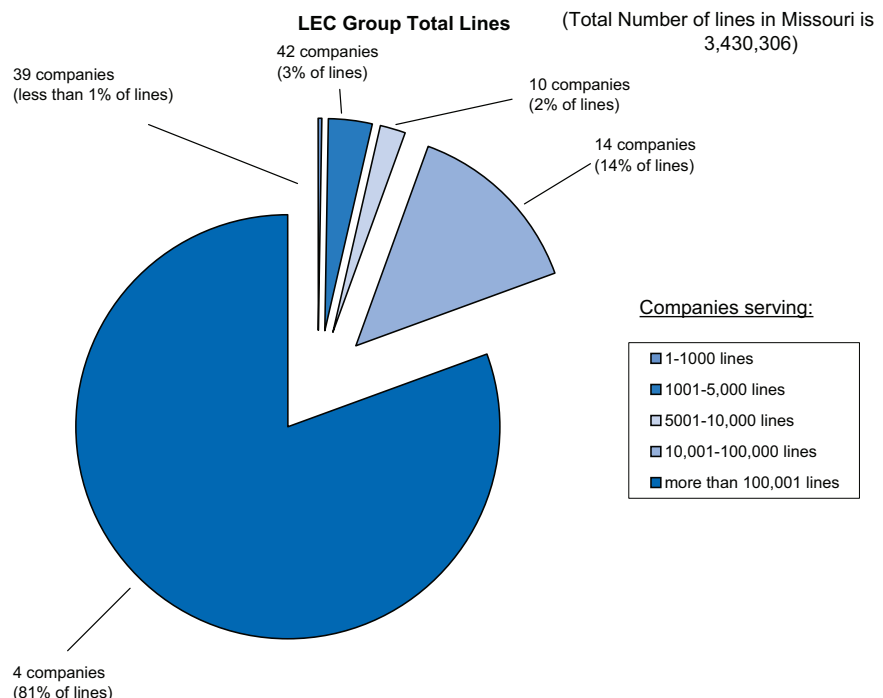
The PSC website includes telecommunications-specific information to keep the public informed. Consumers can choose Consumer Information-Telecommunications or click on the telephone icon and choose "Consumer Information" to obtain helpful information on topics such as: low-income telecommunications support programs; comparing telephone rates; understanding your telephone bill; Voice over Internet Protocol; and Metropolitan Calling Area and expanded calling scopes.

Relay Missouri

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

Relay Missouri is funded through a monthly, per-line surcharge. The current surcharge is 13 cents a month.

Local Exchange Companies (LEC)*



*As of December 31, 2004

Water and Sewer Department

Department Personnel

The Water & Sewer Department (W/S Dept) consists of seven professional/technical positions and is split into two sections, Rates and Engineering. Although the W/S Dept is split into the Rates and Engineering Sections, staff members work closely together as a team and it is not unusual for them to share responsibilities. As with most departments within the Commission's organizational structure, the W/S Dept's management personnel carry out not only their administrative duties, but are also involved in a great deal of the technical and analytical case work that falls within the scope of the W/S Dept's responsibilities. As a group, the W/S Dept's staff members have nearly 160 years of regulatory and/or water and sewer utility work experience, with much of that experience having been gained by their work in the W/S Dept.

Department Responsibilities, Objectives and Work Functions

By law, the Commission is responsible for regulating the rates, fees and operating practices of the privately owned water and sewer corporations that operate in Missouri. The W/S Dept helps the Commission fulfill its responsibilities by providing technical expertise on matters relating to water and sewer system operations and the tariffed rates, charges and services of regulated water and sewer companies. The general objectives of the W/S Dept are twofold. The first objective is to ensure that the regulated water and sewer companies provide safe and adequate service to their customers at rates that are deemed just and reasonable. The second objective is to ensure that the companies provide their service according to applicable Commission rules and procedures and the provisions of their Commission-approved tariffs. Specific aspects of the W/S Dept's work include:

- Evaluating company tariff filings to determine whether proposed new/revised tariff provisions comply with applicable Commission rules, policies and state laws;
- Reviewing existing company tariffs to determine whether the provisions of the tariffs continue to comply

with applicable Commission rules, policies and state laws, as they change over time;

- Participating in the review of all requests for rate increases from the perspective of evaluating the appropriateness and the design of proposed rates and charges, the adequacy of system operations and the appropriateness of and/or need for system plant additions that have been or will be placed in service;
- Participating in the review of all applications for new/expanded certificated service areas from the perspective of evaluating the need for the service proposed, the reasonableness and design of the proposed rates and charges, the proposed system design, the plans for system operations and the overall project feasibility;
- Participating in the review of financing applications to determine the appropriateness of and/or need for projects being financed, as necessary;
- Conducting regularly scheduled field inspections to determine whether company facilities and overall system operations comply with applicable Commission rules, company tariff provisions and proper operational procedures;
- Interacting with company owners/operators regarding operational and technical matters;
- Investigating customer complaints and responding to customer inquiries concerning matters related to rates, charges, system operations and quality of service;
- Providing training sessions and/or materials to industry personnel and Commission staff personnel regarding the small company rate increase procedure, rate design and other ratemaking matters; and
- Providing expert testimony before the Commission on water and sewer cases pending before it, and providing technical advice to the Commission in its rulemaking actions on water and sewer matters.

Interaction with the Department of Natural Resources

Of the utilities regulated by the Commission, water and sewer utilities are unique in that another state agency, the Department of Natural Resources (DNR), also has significant jurisdiction over the utilities.

Specifically, the DNR's jurisdiction covers the area of the water and sewer utilities' compliance with applicable federal and state environmental and water quality laws and regulations. While the Commission's rules provide for general oversight regarding water quality and sewage treatment standards, the Commission generally relies upon the DNR to determine whether the companies are complying with the applicable federal and state environmental and water quality laws and regulations.

Because of the overlapping jurisdiction between the Commission and the DNR, the staffs of the agencies attempt to work cooperatively in achieving the agencies' respective missions. For some time, the two agencies have shared information regarding companies for which the agencies share regulatory responsibilities, under the provisions of a Memorandum of Understanding (MOU) between the agencies. In addition, the agencies' MOU now includes provisions regarding the agencies' cooperation and coordination on overlapping matters such as the DNR's issuance of construction and operating permits and the Commission's utility service area certification process. As a result, the agencies' respective review and approval processes for new water system construction, permitting and certification are more coordinated than in the past. It is anticipated that such efforts will eventually extend to the permitting and certification of all water and wastewater systems for which the agencies share jurisdiction.

Small Company Rate Case Working Group

As part of the Commission's on-going project regarding "case efficiency," W/S Dept Staff members continue to participate in a Small Company Rate Case Working Group that was organized to review and suggest improvements to the small company rate increase procedure. In addition to W/S Dept Staff, members of this Working Group included representatives of small water and sewer companies (companies serving 8,000 or fewer customers), attorneys that regularly participate in cases before the Commission, representatives of the Office of the Public Counsel, Staff members from the Commission's Auditing, Management Services and Telecommunications Departments, and an attorney from the Commission's General Counsel's Office.

The Working Group's efforts resulted in the following agreed-upon projects related to the small company rate increase procedure: (1) developing a "How To" booklet for the procedure; (2) modifying the Staff's "activity timeline" for the procedure; (3) modifying the Staff's "overview" of the procedure; and (4) rewriting the Commission's rules regarding the procedure. In addition to these projects, which have now essentially been completed, the Working Group also agreed to continue to meet and discuss several other topics related to the small company rate increase procedure.

Senate Bill 462

As a result of the Legislature's passage and the Governor's signing of SB462, several changes were made to the provisions of Section 393.145, RSMo, which sets forth the Commission's authority to seek the appointment of a receiver for certain small water and sewer utilities. The most notable changes to Section 393.145 are set out below.

-- The provisions of this Section now apply to water and sewer utilities providing service to 8,000 or fewer customers rather than only those providing service to 1,000 or fewer customers.

-- The venue for the Commission's filing of circuit court petitions seeking the appointment of a receiver may now be either Cole County or the county in which the subject utility has its principal place of business.

-- If the Commission determines that it should authorize its General Counsel to petition a circuit court for the appointment of a receiver, it may now also appoint an interim receiver to serve until such time that the circuit court petition is ruled upon.

-- Receivers are granted immunity from personal liability for civil damages arising solely from actions performed as a receiver for a utility, except for situations involving intentional conduct, wanton or willful conduct or gross negligence.

Also as a part of SB 462, a new provision was enacted which allows the Commission to order a "capable public utility" to acquire the assets of a small sewer or small water corporation when a complaint is filed with the Commission seeking relief for inadequate service by a small water or sewer company. The "capable public utility" must be a public utility that provides "safe and adequate" water or sewer service

PUBLIC SERVICE COMMISSION

to more than 8,000 customers. The small sewer or water corporation must be a public utility that provides service to 8,000 or fewer customers.

Further, when acting on a complaint brought under this new provision, the Commission may appoint an interim receiver to operate a small water or sewer company when it finds that there is an “imminent threat of serious harm to life or property.” It may make this appointment prior to the opportunity for a hearing, with the condition that the opportunity for hearing will be provided “as soon as practicable.”

The Commission’s Regulated Water & Sewer Companies

The Commission currently has jurisdiction over 55 active sewer companies and 68 active water companies, which operate in various locations throughout the state; many of which have multiple service areas and systems. The tables on the following page show the



PSC employee Jerry Scheible inspects the quality of effluent leaving an extended aeration wastewater treatment plant.

distribution of the number of companies based upon customers served, using the most recently available numbers. As is shown in these tables, the vast majority of the Commission’s jurisdictional sewer and water utilities are very small, which presents unique situations with which the Commission and the W/S Dept Staff must deal.

Regulated Sewer Companies

Customer Base	Number of Companies	Customers Served	% of Total Customers Served
2,001 & Up	0	0	N/A
751 - 2,000	6	7,355	50.36
501 - 750	2	1,250	8.56
251 - 500	6	1,995	13.66
151 - 250	12	2,260	15.47
101 - 150	4	535	3.66
51 - 100	14	1,000	6.85
50 or less	11	210	1.44
TOTALS	55	14,605	100.0

NOTE: Active companies as of 06/30/05; Customer numbers as of 10/05/05 (rounded to the nearest "five").

Regulated Water Companies

Customer Base	Number of Companies	Customers Served	% of Total Customers Served
8,001 & Above	1	454,065	93.12
5,001 - 8,000	1	6,615	1.36
3,501 - 5,000	1	4,280	0.88
2,001 - 3,500	2	5,340	1.10
751 - 2,000	6	6,835	1.40
501 - 750	5	3,055	0.63
251 - 500	10	3,505	0.72
151 - 250	9	1,715	0.35
101 - 150	9	1,135	0.23
51 - 100	10	740	0.15
50 or less	14	330	0.07
TOTALS	68	487,615	100.0

NOTE: Active companies as of 06/30/05; Customer numbers as of 10/05/05 (rounded to the nearest "five").

Manufactured Housing and Modular Unit Program

The Manufactured Housing and Modular Units Program Department of the Public Service Commission is governed by Sections 700.010-700.692 of the Revised Statutes of Missouri.

The department is responsible for overseeing the annual registration of dealers and manufacturers of manufactured homes and modular units as well as the installers of new manufactured homes; prescribing and enforcing uniform construction, safety and installation standards by conducting code and installation inspections; and enforcing anchoring requirements.

The department receives approximately 200 consumer complaints or consumer inspection requests annually. Staff is successful in resolving approximately 97% of these complaints through its formal process of working with manufacturers, dealers, installers and homeowners.

The Manufactured Housing and Modular Units Program receives in excess of 240 phone calls a month from consumers, manufactures, retail dealers, installers, finance companies and local building code officials. Currently the staff consists of four field inspectors, one field supervisor/inspector, a program manager and two office staff.

The PSC has a toll-free hotline for consumers who have questions and/or complaints regarding manufactured homes or modular units. The toll-free number is **1-800-819-3180**.

Oversight and Regulation

Structures not properly installed may result in very expensive repair costs and those repairs could take weeks to complete. Most of today's homes or units are multi-section structures and are installed on crawl space or basement foundations or on below frost grade footings. Many of these homes have hinged roofs and require very specialized and expensive equipment to install. Equipment includes such items as roof jacks, roller systems or cranes. Many multi-section units require several weeks to fully complete from site preparation to final close up and interior finish. Staff also regularly works with local communities around the state to ensure both manufactured homes and modular units are built to the applicable building and safety codes and are set up and installed according to applicable state standards.

STATISTICS FOR FISCAL YEAR 2005

Registered Manufacturers:	151
Registered Dealers:	286
Registered Installers:	134
Homes Sold (new & used):	6,094
Consumer Complaint Inspections:	278
Dealer Lots Inspected:	366
Modular Unit Seals Issued:	2,336
Modular Unit Plans Approved:	1,103

Source: PSC Manufactured Housing Department database

Manufactured Homes & Modular Unit Sales

Residential and commercial modular unit sales have more than doubled in the past few years. Modular units include residential homes, commercial, industrial and educational units. Manufactured home sales have increased in recent months after several years of decline. Approximately 3,660 new manufactured homes and modular units were sold in the state during FY 2005.

An additional 2,436 used homes were sold. Modular and manufactured homes fill a major housing void in many rural areas where site built homes are difficult to construct in a timely manner. In addition, commercial modular units are becoming a very popular and affordable alternative to site built units. Modular unit classrooms are a major component of affordable classrooms in many school districts throughout the state. PSC field staff regularly works with school districts to inspect units to ensure they are set up and anchored properly.

New Legislation

The Commission worked with the industry regarding the implementation of SB 1096 passed during the 2004 legislative session. This bill includes federal mandates from the 2000 Federal Manufactured Housing Improvement Act. These mandates require the Missouri PSC to: license entities who install or set up new manufactured homes; require inspection of a percentage of all new homes installed; and establish a dispute resolution process under federal Housing and Urban Development (HUD) guidelines. The Commission plans to fully implement the legislation prior to the December 2005 deadline.

Training and certification of new manufactured home installers began in February 2005. Installers were required to be licensed by July 1, 2005. PSC staff established a committee of various representatives from the industry to draft rules to address specific concerns with the licensing and training of installers. It is estimated that 150 individuals will become licensed installers.

Legal Action

During the past year, the director of the Manufactured Housing and Modular Units Program filed several complaints against dealers and unlicensed entities for various alleged violations of state laws. Complaints were filed against certain dealers for selling homes without HUD labels; improper installation and anchoring; operating without the required license; and failing to make corrections in a timely manner. Staff continues to work to ensure homes and commercial units are built and installed according to applicable building codes and safety standards, thereby providing safe and affordable housing.

During the past year, Staff has been involved in complaint cases in which consumers received approximately \$80,000 in restitution. In addition, over \$6,000 in penalties and program cost reimbursements have been paid by entities involved in these complaint cases.

Fiscal Year 2006

The staff plans to work with the industry during the next year to make any necessary changes or enhancements to SB 1096 and to revise and upgrade modular unit building codes to ensure these units are accepted by local building and code administrators.

SERVICE QUALITY

Engineering and Management Services Department

The Engineering and Management Services Department (EMSD, staff or Department) has technical responsibilities in two separate areas.

The Management Analysts' mission is to develop, enhance and support utility management to provide quality services to customers and effective cost control of critical resources such as capital, technology and human resources.

The engineering staff's role is to conduct depreciation studies and provide specialized engineering analysis and assistance for all types of regulated utilities.

Major Projects During 2005

Management Analysts participated in a variety of cases and audit projects during 2005. Specifically, the staff completed a customer service review of Aquila, Inc. Aquila serves approximately 286,000 electric and 52,000 gas customers in Missouri.

During the course of its review, the EMSD traveled to the Company's Raytown office to conduct on-site work. The Department also made field visits to Aquila's four Missouri Districts: the North District, which has a central office located in St. Joseph, the East District, which has a central office located in Blue Springs, the West District, which has a central office located in Lee's Summit and the South District, which has a central office located in Warrensburg.

The PSC staff performed field observations of the Company's call center operations, meter reading activities, payment remittance process and disconnection and reconnection activities. Staff's review resulted in approximately 50 recommendations for improvement.

During this time, the staff was part of a multi-disciplinary team that participated in an investigation into Cass County Telephone, Case No. TO-2005-0237. The EMSD staff's analysis focused upon internal control of business office operations and service quality matters.

The EMSD staff performed quality of service analysis in The Empire District Electric Company's

rate case, Case No. ER-2004-0570 and a Commission order was issued May 10, 2005, approving the Company's agreement to provide quarterly service quality reporting to the staff and the Office of the Public Counsel. The Department also performed quality of service analysis in Case No. EO-2005-0329, Kansas City Light & Power Company's Experimental Regulatory Plan case. In this proceeding, the Company also agreed to provide quarterly reporting of key call center indicators to the staff and the Office of the Public Counsel.

The EMSD staff continued its work as part of a multi-disciplinary team that investigated the transfer of approximately 400 employees from Kansas City Power & Light Company (KCPL) to Great Plains Energy Service Company, a subsidiary of Great Plains Energy. KCPL committed to the return of the majority of those staff originally transferred to Great Plains Energy Services by August 2005.

Quality of service analysis was performed by the Staff in the context of Laclede Gas Company's rate case, Case No. GR-2005-0284. The Company agreed to provide key indicators in the area of call center and meter reading to permit the staff to monitor the Company's performance.

The EMSD staff completed an Implementation Review of AmerenUE's Customer Service Operation. The results of the implementation review indicated that the Company had completed action on 25 of the 28 recommendations with the Company continuing to complete action on the three remaining recommendations.

The staff continued to receive and review quality of service reporting from a variety of companies as a result of merger and rate cases. These reports contain information regarding customer service at the companies including data on call center indicators such as average speed of answer (ASA) and abandoned call rate (ACR).

The Department participated in reviews of numerous small water and sewer companies to assist them in providing sound customer service. The audit program is designed to assist such companies in a variety of areas including customer billing, credit and collections,

complaint handling, business office operations and others.

The engineering staff of the Department performed depreciation analysis for several large and small companies during this fiscal year. The purpose of depreciation in a regulatory environment is to recover the original cost of capital assets from customers and allocate the costs over the useful life of the assets. Annual depreciation expense, distributed over the life of each asset, results in the full recovery of the original cost of capital assets. The engineers' objective is to propose depreciation rates that are fair and appropriate for each company and the company's customers. Depreciation comprises a significant component of the cost used to develop utility rates paid by consumers.

During fiscal 2005, the engineering staff performed depreciation analysis of numerous small and large companies and conducted comprehensive depreciation studies in the context of rate cases filed by The Empire District Electric Company, Laclede Gas Company, and Aquila. Engineering staff also participated in Laclede Gas Company's rate case, Case No. GR-99-315. During this time period, depreciation engineers also participated in cases involving BPS Telephone and Trigen. The staff similarly provided depreciation expertise during their participation in Kansas City Power & Light Company's Proposed Experimental Regulatory Plan Case, Case No. EO-2005-0329. Engineering staff also participated in a number of small water and sewer cases including rate and certificate cases.

During this time period, the engineering staff participated in the development of a depreciation policies and procedures manual that is designed to provide information as to how depreciation studies and analysis are conducted. The engineering staff also initiated a depreciation survey of other state commissions as an update to a previous NARUC survey performed approximately 10 years ago.

Consumer Services Department

The Consumer Services Department serves as the central repository for consumer complaints and inquiries received by the Commission.

Consumer complaints may be filed with the Commission by mail, facsimile, e-mail or the

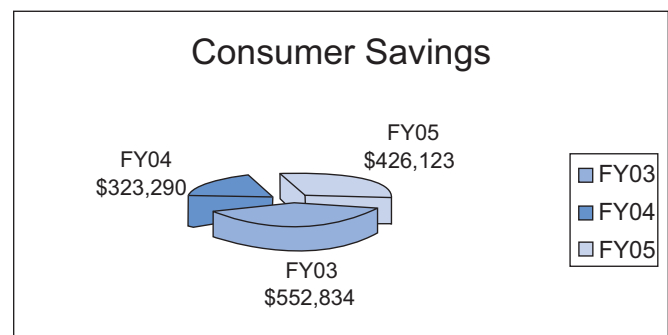


Marilyn Doerhoff is one of the consumer services specialists who answer questions about billing and service quality issues.

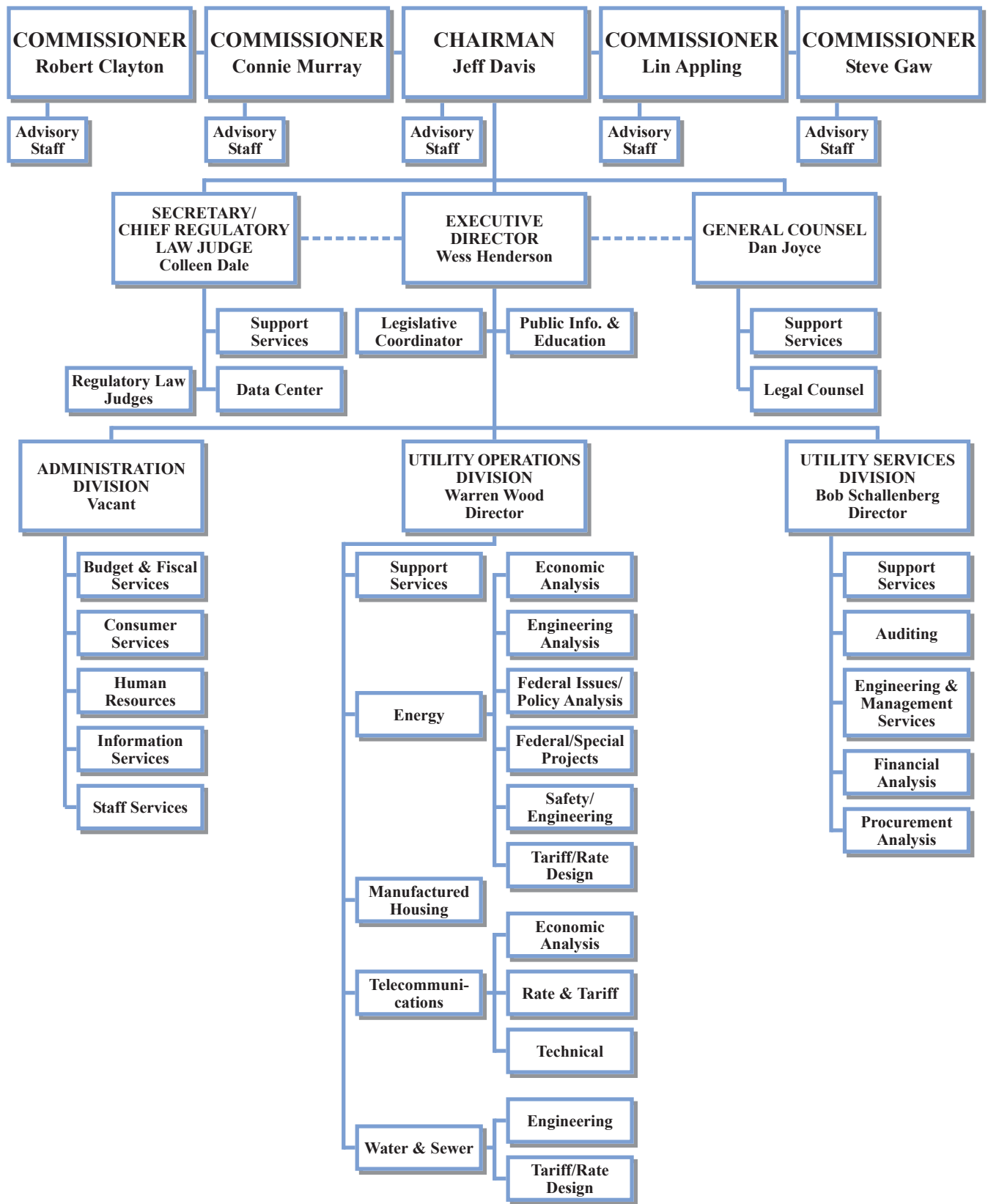
Commission's consumer toll-free hotline (1-800-392-4211.) Complaints may also be submitted on-line through the Commission's website. Consumer Services specialists receive, investigate and respond to billing and service issues involving gas, electric, water, sewer, and telecommunications companies regulated by the Commission. The investigation of complaints may involve consulting with the Commission's technical staff, utility representatives and researching utility tariffs as well as the Commission rules and regulations. Through the handling of consumer complaints, specialists work to enforce Commission rules and utility tariffs.

Specialists also interact with other PSC Staff regarding consumer service issues in proposed rulemakings on the state and federal level. This interaction also involves participating in customer service focused reviews of utility operations and participating in formal cases before the Commission regarding issues that impact customer services.

Consumer Service specialists also refer consumers to other agencies that may provide the needed assistance.



PUBLIC SERVICE COMMISSION



YEAR IN REVIEW

2004

July 20 -- PSC denies ALLTEL Communications, Inc. request to become price cap regulated.

July 29 -- PSC directs Staff investigation of Cass County Telephone Company.

August 11 -- The Empire District Electric Company request for an interim energy charge while electric rate case is before PSC is denied.

August 12 -- PSC approves agreement in Citizens Telephone Company earnings investigation case. Agreement reduces Citizens' annual telephone revenues by approximately \$183,290.

August 13 -- PSC approves changes to Cold Weather Rule.

August 26 -- Sale of stock of Oregon Farmers Mutual Telephone Company to Northwest Missouri Holdings, Inc. approved.

August 31 -- PSC Staff issues report on AmerenUE storm restoration efforts from severe thunderstorms on July 5, 2004.

September 21 -- PSC issues decision in Missouri Gas Energy natural gas rate case authorizing MGE to increase annual revenues by approximately \$22.5 million. When MGE filed its rate request on November 4, 2003, it sought an increase of approximately \$44.8 million.

September 21 -- PSC approves application authorizing Atmos Energy Corporation to acquire TXU Gas Company.

September 28 -- PSC approves agreement authorizing Missouri-American Water Company to purchase the sanitary sewer system assets of Cedar Hill Utility Company.

September 30 -- PSC rejects Universal Service Fund certification for Cass County Telephone Company and New Florence Telephone Company.

September 30 -- PSC rules establishing permanent 2-1-1 service in Missouri takes effect.

October 5 -- PSC denies ALLTEL Communications, Inc. request to become price cap regulated.

October 21 -- PSC approves agreement authorizing the Raytown Water Company to increase annual water revenues by approximately \$334,700. Company sought an increase of approximately \$642,300 in a March 10, 2003, filing.

November 30 -- PSC telecommunications rules regarding the sharing of customer information take effect.

December 14 -- Missouri Gas Utility, Incorporated is granted a certificate to provide natural gas service as a regulated utility in the areas of Hamilton and Gallatin, Missouri.

December 21 -- PSC approves agreement authorizing Thermal North America, Inc. to acquire the stock of Trigen-Kansas City Energy Corp.

2005

January 4 -- Families of Missouri National Guard Troops in Iraq receive AT&T prepaid calling cards under agreement reached between PSC and AT&T.

January 10 -- Governor Matt Blunt appoints Jeff Davis as Chairman of the Public Service Commission.

January 14 -- PSC establishes a case and orders a PSC Staff investigation of the Cass County Telephone Company and the New Florence Telephone Company.

February 10 -- PSC approves AmerenUE request to transfer Metro East assets to AmerenCIPS.

February 18 -- Laclede Gas Company files a \$34 million natural gas rate case with the PSC.

March 10 -- PSC approves agreement which authorizes AmerenUE to provide electric service to an aluminum smelting plant operated by Noranda Aluminum, Inc. in New Madrid County.

March 10 -- PSC issues decision in electric rate case filed by The Empire District Electric Company authorizing an increase in annual electric revenues of approximately \$25.7 million. The decision also implements an \$8.2 million interim energy charge. When Empire filed its rate request on April 30, 2004, it sought an increase of approximately \$38.3 million.

April 7 -- PSC confirms Aquila already had the authority through its existing certificates to build and operate planned turbines and substation (South Harper facility).

April 12 -- BPS Telephone Company customers in Bernie, Parma and Steele exchanges receive expanded,

PSC Year in Review (continued)

one-way toll-free calling under an agreement approved by the PSC. The agreement reduced the telephone company's customer charges by approximately \$460,000.

April 26 -- PSC approves agreement which allows DTE Enterprises and DTE Ozark to sell its partnership interests in Southern Missouri Gas Company, L.P. to Sendero SMGC GP Acquisition Company and Sendero SMGC LP Acquisition Company.

May 1 -- Missouri Universal Service Fund begins.

May 20 -- PSC holds integrated resource planning roundtable.

May 23 -- Wess Henderson named Executive Director.

May 24 -- Aquila, Inc. d/b/a Aquila Networks-MPS and Aquila Networks-L&P files an electric rate case with the PSC. Aquila seeks to increase annual electric revenues by approximately \$69.2 million in

its MPS service area and by approximately \$9.4 million in its L&P service area.

May 27 -- Aquila, Inc. d/b/a Aquila Networks-L&P files a steam rate case with the PSC. Aquila seeks to increase annual steam revenues by approximately \$5 million in its St. Joseph, Missouri service area.

June 7 -- Colleen M. (Cully) Dale named Chief Regulatory Law Judge.

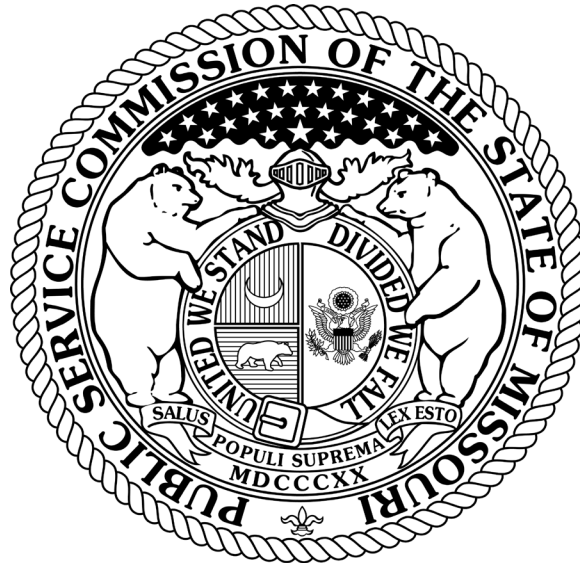
June 9 -- PSC dismisses Missouri-American Water Company purchase application that does not include all Osage Water Company assets.

June 13 -- Warren Wood named Utility Operations Division Director.

June 28 -- PSC restores Relay Missouri surcharge to ensure services for deaf, hard-of-hearing and speech-impaired.

June 28 -- PSC issues consumer alert on rising natural gas prices.

Statistical Information



Statistical Information

RATE CASE DECISIONS DURING FISCAL YEAR 2005

NATURAL GAS

Date of Order	Case No.	Company	Rate Request	PSC Decision
9/21/04	GR-2004-0209	Missouri Gas Energy	\$ 44,875,635	\$ 22,500,000

ELECTRIC

Date of Order	Case No.	Company	Rate Request	PSC Decision
3/10/05	ER-2004-0570	Empire District Electric Co.	\$ 38,282,000	\$ 25,700,000 (1)

TELEPHONE

Date of Order	Case No.	Company	Rate Request	PSC Decision
10/1/04	IR-2004-0024	Citizens Telephone Company	\$ 0	(\$ 183,290)
4/22/05	TC-2002-1076	BPS Telephone Company	\$ 0	(\$ 308,000)

(1) Commission also approved a Stipulation and Agreement which authorized an interim energy charge totaling approximately \$8,200,000. The interim energy charge is in effect from March 27, 2005 through March 26, 2008.

WATER & SEWER RATE INCREASES

Requests/Cases Resolved, Pending and/or Submitted

Tracking/Case Number	Company	Status of Request	Increase Granted
2002 00682 (SR-2005-0116)	Mill Creek Sewer Company	Case Pending	N/A
QW-2003-0005 (WR-2005-0154) QS-2003-0006 (SR-2005-0153)	Roark Water & Sewer Company	Increase Granted Effective 01/08/05 (sewer service only)	\$14,900
QS-2003-0017 QW-2003-0018	Gladlo Water & Sewer Company	Requests Closed	N/A
QW-2003-0022	Noel Water Company	Request Closed	N/A
QW-2003-0023 (WR-2005-0052)	Raytown Water Company	Increase Granted Effective 11/01/04	\$334,700
QW-2004-0005	Franklin County Water Company	Request Closed	N/A
QW-2004-0008 (WR-2005-0126) QS-2004-0009 (SR-2005-0125)	Hickory Hills Water & Sewer Co.	Increases Granted Effective 12/20/04	\$8,180(W) \$4,080(S)
QS-2004-0010 (SR-2005-0338)	L.W. Sewer Corporation	Increase Granted Effective 05/31/05	\$4,740

NOTES:

1. The first block of numbers (2005) in the "Tracking/Case Number" column reflects the fiscal year in which the rate increase request/case was originally submitted to the Commission.
2. EFIS Tracking Numbers used in lieu of tariff tracking number for small company rate requests submitted after 04/17/02.
QW - small water company request QS - small sewer company request.
3. An entry of "Pending" indicates that a final disposition of the rate increase request had not been reached as of 06/30/05.
4. An entry of "Request Rejected" means that the subject request did not meet the "minimum submission requirements" of the small company rate increase procedure.
5. An entry of "Request Closed" indicates that the Staff and the involved company could not reach an agreement regarding the amount of increase needed or that an increase was not needed at all.
6. An entry of "Request Withdrawn" indicates that the involved company decided not to continue to pursue its request to completion.
7. Dollar amounts in "Increase" column rounded to the nearest "five."
8. N/A - "Not Applicable."

WATER & SEWER RATE INCREASES, cont'd.

Requests/Cases Resolved, Pending and/or Submitted

Tracking/Case Number	Company	Status of Request	Increase Granted
QS-2004-0011 QW-2004-0012	South Jefferson County Utility Co.	Requests Withdrawn	N/A
QW-2005-0001 (WR-2005-0455)	Suburban Water & Sewer Co.	Increase Granted Effective 06/30/05	\$4,190
QW-2005-0002 (WR-2005-0452)	Noel Water Company	Increase Granted Effective 06/30/05	\$42,000
QW-2005-0003	Stockton Hills Water Company	Request Pending	N/A
QW-2005-0004	Middlefork Water Company	Request Pending	N/A
QS-2005-0005 QW-2005-0006	KMB Utility Corporation	Requests Pending	N/A
QW-2005-0007	Evergreen Lake Water Company	Request Pending	N/A
QS-2005-0008 QW-2005-0009	Aqua Missouri (Development) Aqua Missouri (RU)	Requests Pending	N/A
QS-2005-0010 QW-2005-0011	Aqua Missouri (CU) Aqua Missouri (CU)		N/A
QW-2005-0012	Empire District Electric Company	Request Pending	N/A

NOTES:

1. The first block of numbers (2005) in the "Tracking/Case Number" column reflects the fiscal year in which the rate increase request/case was originally submitted to the Commission.
2. EFIS Tracking Numbers used in lieu of tariff tracking number for small company rate requests submitted after 04/17/02.
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6. An entry of "Request Withdrawn" indicates that the involved company decided not to continue to pursue its request to completion.
7. Dollar amounts in "Increase" column rounded to the nearest "five."
8. N/A - "Not Applicable."

Natural Gas Utilities Statistics

Calendar Year 2004 (Missouri Jurisdictional)

Name of Company	Mcfs Sold 2004	Operating Revenues (\$)	Residential Customers	Total Customers
Aquila Networks - L&P (1)	648,580	\$ 6,426,081	5,280	6,085
Aquila Networks - MPS (2)	4,239,864	45,630,931	38,056	42,911
Atmos Energy (Associated) (3)	4,286,863	41,422,863	38,847	44,387
Atmos Energy (UC/Greeley) (4)	1,714,798	16,996,460	12,962	14,744
Fidelity Natural Gas, Inc.	196,351	573,231	1,124	1,320
Laclede Gas Company	74,373,953	749,385,054	591,547	631,980
Missouri Gas Energy (5)	52,729,385	582,450,937	441,751	508,687
Southern Missouri Gas Co., L.C. (6)	703,136	8,901,135	6,536	7,279
Union Electric Company (7)	11,220,129	132,784,098	105,722	118,343
TOTALS:	150,113,059	\$ 1,584,570,790	1,241,825	1,375,736

Source: MoPSC FERC Form 2 2004 Annual Reports (Missouri Jurisdictional)

Intrastate Pipelines	Mcfs Delivered	Operating Revenues (\$)	Transportation Customers
Missouri Gas Company (8)	1,728,399	\$ 3,824,901	6
Missouri Pipeline Company (8)	9,614,040	5,574,819	4
TOTALS:	11,342,439	\$ 9,399,720	10

(1) Aquila Inc. d/b/a Aquila Networks, Aquila Networks - L&P

(2) Aquila Inc. d/b/a Aquila Networks, Aquila Networks - MPS

(3) Associated, a division of Atmos Energy Corp.

(4) United Cities and Greeley, a division of Atmos Energy Corp.

(5) A division of Southern Union Co.

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

(7) Union Electric Co. d/b/a AmerenUE Gas Districts

(8) A subsidiary of Gateway Pipeline Company, Inc.

Electric Utilities Statistics

Calendar Year 2004 (Missouri Jurisdictional)

Name of Company	MWhs Sold 2004	Operating Rev- enues 2004	Residential Customers	Total Customers
Aquila Networks - L&P (1)	1,837,162	\$ 93,520,427	57,210	64,782
Aquila Networks - MPS (2)	5,264,446	329,736,543	197,051	227,177
The Empire District Electric Co.	3,810,907	244,775,326	115,723	137,951
Kansas City Power & Light Co.	8,179,661	463,353,860	235,351	267,060
Union Electric Company (3)	32,150,723	1,895,891,376	1,001,485	1,147,262
TOTALS:	51,242,899	3,027,277,532	1,606,820	1,844,232

Source: MoPSC FERC Form 1 2004 Annual Reports (Missouri Jurisdictional)

(1) Aquila, Inc. d/b/a Aquila Networks, Aquila Networks-L&P

(2) Aquila Inc. d/b/a Aquila Networks, Aquila Networks-MPS

(3) Union Electric Company d/b/a AmerenUE

Steam Utilities Statistics

Calendar Year 2004 (Missouri Jurisdictional)

Name of Company	MMBtus Sold 2004	Operating Rev- enues 2004	Residential Customers	Total Customers
Aquila Networks - L&P (1)	1,749,014	\$ 6,511,243	0	6
Trigen-Kansas City District Energy Corp.	846,254	7,057,057	0	65
TOTALS:	2,595,268	13,568,300	0	71

Source: 2004 Annual Reports

(1) Aquila, Inc. d/b/a Aquila Networks, Aquila L&P.

Water Company Statistics*

Calendar Year 2004 (Missouri Jurisdictional)

<u>Name of Company</u>	<u>Customers</u>	<u>Name of Company</u>	<u>Customers</u>
Missouri-American Water Company	454,065	Stockton Hills Water Company	155
Raytown Water Company	6,615	Suburban Water Company	150
Empire District Electric Company	4,280	Swiss Villa Utilities Inc.	140
Tri State Utility Company	3,090	Missouri Utilities Company	135
U. S. Water Company	2,250	Riverfork Water Company	135
Ozark Shores Water Company	1,520	White River Valley Water Company	130
Terre Du Lac Utilities Corporation	1,165	Rogue Creek Utilities	115
AquaSource/R.U.	1,140	Kimberling City Water Company	110
Meadows Water Company	1,090	Lakeland Heights Water Company	110
Rex Defenderfer Enterprises	1,010	Woodland Manor Water Company	110
Silverleaf Resorts * *	910	Midland Water Company	100
I. H. Utilities	715	Moore Bend Water Company	95
Central Jefferson County Utility	655	L.T.A. Water Company	85
Noel Water Company	645	Evergreen Lake Water Company	85
Taney County Utilities Corp.	525	Frimel Water Company	75
KMB Utility Corporation	515	Woodland Heights Utilities	70
Highway H Utilities	460	Gladlo Water & Sewer Company	65
Roark Water & Sewer Company	440	Oakbrier Water Company	55
AquaSource/C.U.	420	Roy L Utilities	55
Osage Water Company	400	Whispering Hills Water Company	55
Lake Region Water & Sewer Company	355	Franklin County Service Company	50
Foxtire Utility Company	325	Argyle Estates Water System	50
S.K.&M. Water & Sewer Company	290	Hickory Hills Water & Sewer Co.	50
Loma Linda Development Company	285	Spokane Highlands Water Company	45
Camelot Utility	275	Bear Creek Water & Sewer Company	30
South Jefferson County Utility Company	255	Lakewood Manor Limited	30
Port Perry Service Company	245	Lake Northwoods Utility Company	20
Public Funding Corp. - City of Ozark	210	Valley Woods Water Company	20
Emerald Pointe Utility Company	200	Environmental Utilities	15
Hillcrest Utilities Company	200	Village Greens Water Company	15
Willows Utility Company	200	Kimberling Investments, Inc.	3
Gascony Water Company	185	Middle Fork Water Company	2
Peaceful Valley Service Company	160	Calvey Brook Water Company * * *	0
Franklin County Water Company	160		

* Active companies as of 06/30/05, except as noted. Customer numbers as of 10/05/05 based upon most recent available data and rounded to the nearest "five" (except for two entries).

** Sold or Sale Pending subsequent to 06/30/05

*** New company

Sewer Company Statistics*

Calendar Year 2004 (Missouri Jurisdictional)

<u>Name of Company</u>	<u>Customers</u>	<u>Name of Company</u>	<u>Customers</u>
AquaSource/C.U.	1,995	Missouri Utilities Company	135
Terre Du Lac Utilities Corporation	1,165	West 16th Street Sewer Company	135
Lake Region Water & Sewer Co. * *	1,160	M.P.B. Inc.	125
Missouri-American Water Company	1,105	Rogue Creek Utilities	100
House Springs Sewer Company	990	Savannah Heights Industrial Treatment	100
Meramec Sewer Company	940	Mill Creek Sewer Company	75
Central Jefferson County Utility	655	North Oak Sewer	75
Timber Creek Sewer Company	595	Central Rivers Wastewater Utility	70
Roark Water & Sewer Company	420	S. T. Ventures	70
Silverleaf Resorts * * *	390	Woodland Heights Utilities	70
Osage Water Company	345	Franklin County Service Company	65
P.C.B. Inc.	305	Gladlo Water & Sewer Company	65
Meadows Water Company	280	Highway H Utilities	65
South Jefferson County Utility Company	255	Taney County Utilities Corporation	65
Lincoln County Utilities	230	WPC Sewer Company	65
Village Water & Sewer	210	Cannon Home Association	60
Emerald Pointe Utility Company	200	Roy L Utilities	55
Hillcrest Utilities Company	200	Hickory Hills Water & Sewer Co.	50
L. W. Sewer Corporation	195	TBJ Sewer Systems	35
Willows Utility Company	195	Warren County Sewer Company	35
KMB Utility Corporation	190	Bear Creek Water & Sewer Company	20
Foxfire Utility Company	180	Lake Northwoods Utility Company	20
Stoddard County Sewer Company	175	Taneycomo Highlands	20
S.K.&M. Water & Sewer Company	165	AquaSource Development Company	15
Peaceful Valley Service Company	160	Valley Woods Water Company	15
Port Perry Service Company	160	Calvey Brook Sewer Co. * * * *	0
Swiss Villa Utilities	140	EnviroWater, LLC * * * *	0

* Active companies as of 06/30/05. Customer numbers as of 10/05/05 based upon most recent available data and rounded to the nearest "five."

** Customer count includes individual condo units and motel units

*** Sold or Sale Pending subsequent to 06/30/05

**** New companies

Contacting the PSC

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

Jefferson City: Missouri Public Service Commission
Governor Office Building
200 Madison Street
(Mailing Address: P.O. Box 360)
Jefferson City, MO 65102
**Toll-free Consumer Hotline for
Complaints: (800) 392-4211**
**Manufactured Housing/Modular Unit
Complaints: (800) 819-3180**
Other Business: (573) 751-3234
Fax: (573) 751-1847

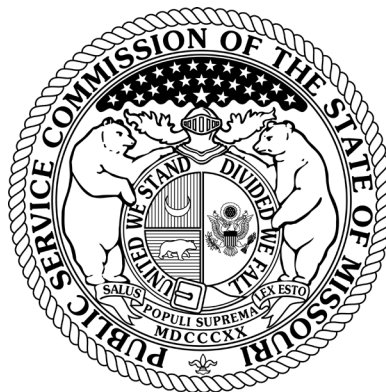
St. Louis: Missouri Public Service Commission
1845 Borman Court
Suite 101
St. Louis, MO 63146-4138
Telephone No.: (314) 340-4680
Fax: (314) 340-4668

Kansas City: Missouri Public Service Commission
Fletcher Daniels Building
615 E. 13th Street, Room G8
Kansas City, MO 64106
Telephone No.: (816) 889-3943
Fax: (816) 889-3957

Web site address: <http://www.psc.mo.gov>

PSC Commissioners Past and Present

<u>Commissioner</u>	<u>Length of Service</u>	<u>Commissioner</u>	<u>Length of Service</u>
John M. Atkinson	1913-1916	Tyre W. Burton	1952-1965
William F. Woerner	1913-1914	Frank Collier	1953-1954
John Kennish	1913-1917; 1920	M.J. McQueen	1954-1956
Frank A. Wrightman	1913-1915	D.D. McDonald	1955-1961
Howard B. Shaw	1913-1917	William Barton	1956-1965
Edwin J. Bean	1914-1925	Frank J. Iuen	1959-1963
Eugene McQuillin	1915-1917	Frank W. May	1961-1967
William G. Busby	1916-1921	Donal D. Guffey	1963-1968
David E. Blair	1917-1920	William R. Clark	1965-1975
Noah W. Simpson	1917-1923	Charles J. Fain	1965-1977
Edward Flad	1917-1921	Howard Elliot, Jr.	1967-1970
John A. Kurtz	1920-1923	Marvin E. Jones	1967-1973
Hugh McIndoe	1921-1923	Willard D. Reine	1968-1975
A.J. O'Reilly	1921-1925	James F. Mauze	1971-1975
Richard H. Musser	1923-1925	A. Robert Pierce, Jr.	1973-1977
Thomas J. Brown	1923-1928	James P. Mulvaney	1975-1977
D.E. Calfee	1925-1929	Stephen B. Jones	1975-1979
Almon Ing	1925-1933	Hugh A. Sprague	1975-1979
S.M. Hutchinson	1925-1931	Charles J. Fraas	1977-1983
J.H. Porter	1925-1933	Leah Brock McCartney	1977-1983
James P. Painter	1928-1929	Alberta Slavin	1977-1981
Milton R. Stahl	1929-1933	Stephanie Bryant	1979-1981
J. Fred Hull	1929-1934	Larry W. Dority	1979-1983
George H. English	1931-1936	John C. Shapleigh	1981-1984
J.C. Collet	1933-1935	Charlotte Musgrave	1981-1988
William Stoecker	1933-1936	Allan G. Mueller	1983-1996
W.M. Anderson	1933-1938	Connie Hendren	1983-1989
Harry E. McPherson	1934-1935	James M. Fischer	1984-1989
Sam O. Hargus	1935-1937	William D. Steinmeier	1984-1992
John S. Boyer	1935-1941	David Rauch	1989-1993
Albert D. Nortoni	1936-1938	Kenneth McClure	1990-1997
John A. Ferguson	1936-1944	Ruby Letsch-Roderique	1990-1991
J.D. James	1937-1942	Patricia Perkins	1991-1995
Marion S. Francis	1938-1941	Duncan Kincheloe	1992-1997
Scott Wilson	1938-1941	Harold Crumpton	1993-2000
Paul Van Osdol	1941-1943	M. Dianne Drainer	1995-2001
Frederick Stueck	1941-1943	Karl Zobrist	1996-1997
Kyle Williams	1941-1952	Robert Schemenauer	1998-2001
Charles L. Henson	1942-1959	Sheila Lumpe	1997-2003
Albert Miller	1943-1944	Kelvin Simmons	2000-2003
Richard Arens	1944-1945	Bryan Forbis	2001-2003
Agnes Mae Wilson	1943-1949	Connie Murray	1997-present
E.L. McClintock	1945-1967	Steve Gaw	2001-present
Morris E. Osburn	1945-1952	Robert Clayton III	2003-present
John P. Randolph	1949-1951	Jeff Davis	2004-present
Henry McKay Cary	1950-1955	Linward "Lin" Appling	2004-present
Maurice Covert	1952-1953		



Missouri Public Service Commission
PO Box 360 Jefferson City, Missouri 65102
Consumer Hotline: 1-800-392-4211
Website: <http://www.psc.mo.gov>
