Chairman’s Corner

Thank you for your interest in the Missouri Public Service Commission and welcome to another edition of the PSConnection magazine.

Do you know what we regulate and don’t regulate at the PSC? What happens when a rate case is filed with the Public Service Commission? The five Commissioners at the PSC ultimately decide the case, but what is the role of Public Service Commission Staff in a rate case? We address those issues in our feature article, PSC 101.

The Office of the Public Counsel (OPC) is a separate state agency from the Public Service Commission. It is the consumer advocate in cases before the Commission. Find out more about OPC in this edition of the magazine.

You have probably noticed that the utility company that provided you service 20 to 30 years ago is not the same one that provides you service today. New technology and changes to state and federal laws make utility regulation an ever changing environment. To stay current on all of these changes and issues, the Commission has opened a number of different dockets and held workshops for interested stakeholders to submit their input. Please read “Emerging Issues” to learn more.

This year marks the 40th year of the Public Service Commission’s Cold Weather Rule. The rule, in effect from November 1 through March 31, is designed to help customers with heat-related utility bills and applies to natural gas and electric utilities under our jurisdiction. Information on the rule is in this edition of the magazine.

If you have any concerns with the service provided by your utility company or have a billing issue, we encourage you to contact your utility company first to see if you can get the issue resolved. If, through that contact, you were not able to get resolution, you can contact our Consumer Services Department at the Public Service Commission. Many of you have already contacted us based upon the statistics contained in this magazine. Our toll-free hotline number is 1-800-392-4211. Please give us a call if we can be of service.

This publication also contains information on how to save on your winter utility bills, what to do if you smell natural gas, and the dangers of carbon monoxide.

I hope you enjoy this edition of the PSConnection magazine. We hope to see you in the future at a community outreach venue or a local public hearing.

- Daniel Y. Hall
Our Mission

Ensure that Missourians receive safe and reliable utility service at just and reasonable rates.
WHAT IS THE COMMISSION STAFF’S ROLE?

The Commission Staff plays a key role in the development of rate case evidence through its audit of the books and records of the company seeking a rate increase.

Staff is an independent, neutral party separate from the Commissioners for purposes of a rate case proceeding. Staff’s job is to present a set of positions regarding the requested rate increase it believes will be the best balance between the needs of the utility and the needs of the public.

When the rate case is filed with the Commission, the utility will file “testimony” from various utility employees and consultants that summarize and describe the utility’s reasoning for seeking a rate increase. Similarly, at the end of its audit, Staff will file testimony or reports that summarize its audit findings, conclusions and recommendations concerning the rate increase request.

The Commission will examine all of the testimony and other filings made by the company and every other party in the rate case to make its decision on the request.

Staff will spend several months conducting its audit in order to develop its recommendations as to the amount of an increase, if any, that should be granted. During its audit, the Staff will examine all of the utility’s costs it incurs to provide service to its customers.

Staff will carefully review the books and records of the company, including the general ledger, invoices, contracts, financial statements, actuarial reports, Board of Director’s materials...
In many ways the flow of water helps us visualize the flow of electricity. Just like water follows the path of least resistance, so does electricity. You may not be able to identify where the individual droplets of water in a lake came from but you can define the watersheds that feed it. We can’t say for certain where the electricity powering your home comes from but we can tell you more about the system that makes it possible.

Electricity begins its journey to your home at a power plant which may be the coal or nuclear plant hundreds of miles away, the wind turbines you saw on a recent trip, or your neighbor’s solar panels. Generation facilities are sited in large part by the availability of certain resources such as rail or barge access for bringing in fuel, water availability for thermal steam generation, or in the case of renewables, adequate flows of wind, water, or adequate sunlight.

Electricity is transported from power plants long distances via transmission lines and then brought to homes and businesses via distribution lines. Regional Transmission Organizations (RTOs) coordinate and monitor the electric grid over multiple states. Currently, Missouri’s investor-owned utilities participate in two separate RTOs, the Southwest Power Pool (SPP) for the utilities in the western part of the state and the Midcontinent Independent System Operator (MISO) for the eastern part of the state.

Rate design recommendations are normally based upon a “class cost of service study.” This type of study also provides information useful in formulating recommendations as to the amount of the “customer charge” (a monthly fixed rate charge on the customer bill) and the amount of the commodity charge (variable charge on the bill based upon the customer’s actual usage of the utility service for a month).

Rate cases may be resolved through negotiation of the parties (including Staff), or through the hearing process before the Commission. For cases that go to hearing, assigned Staff must take the witness stand and undergo cross-examination by opposing parties, as well as questioning from the Commissioners.

and many other internal documents. When reviewing these items, Staff looks for upward or downward trends in the company’s current costs compared to past levels, the reasons for material increases and decreases in the company’s major costs and the existence of any unusual or abnormal costs.

As part of its review, Staff tours and inspects various utility facilities, interviews company personnel, and investigates service complaints.

After its review, Staff recommends which and how much of the Company’s costs should be recovered in customer rates (an amount commonly referred to as the “cost of service”) by filing testimony or a report summarizing their audit and investigation findings.

However, Staff’s job is not finished when it has determined an overall cost of service. Staff must still determine how much of the cost of service should be recouped from the various classes of customers (such as residential, commercial and industrial). This process of allocating a cost of service amount among customer classes is commonly referred to as “rate design.”

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Rate Design

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Depending on the time of day and the time of the year, it could be coming from nearly anywhere in the Midwestern United States or beyond. On a mild fall evening, a few nuclear plants, several large coal plants, hydroelectric dams, and thousands of wind turbines are likely providing all of the energy that is needed to meet customers’ load requirements. The transmission system spreads the output of these plants from the Missouri, Meramec, White, and Mississippi River valleys, as well as the wind farms of Northern Missouri, Southwestern Kansas, Iowa, and even the Dakotas. The locations of coal, nuclear, wind farms, and hydroelectric dams are provided in the map below, as well as major transmission lines.

On a hot summer day, natural gas generation throughout Missouri and other states will be called upon. Also, solar generation on individual homes and businesses and utility-scale solar in St. Louis and Kansas City are all part of the mix to keep your home powered.

The Missouri Public Service Commission consists of five commissioners who are appointed by the governor with the advice and consent of the Missouri Senate. The governor designates one member as the chairman 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.

Commissioners are responsible for deciding cases brought before it by utilities it regulates, as well as by customers of those utilities, or by interested stakeholders.

The Staff of the Public Service Commission (Staff) is a separate body within the agency. Staff is a party in every case that is filed with the Commission. It conducts audits of the books and records of utilities and makes recommendations to the Commission. Staff recommendations, like those filed by other parties in a proceeding, are evaluated by the commissioners in reaching a decision. Duties range from helping individual consumers with complaints to investigating multi-million dollar utility rate requests.

The Commission has established standards for safety and quality of service to which companies must adhere. Routine and special investigations of utilities are conducted by the Staff to ensure compliance.

The PSC Staff is made up of professionals in the fields of accounting, consumer affairs, economics, engineering, finance, law and management.
WHAT WE REGULATE:

✓ Electric companies
  that collectively serve more than 1.9 million customers
✓ Natural gas companies
  that collectively serve nearly 1.4 million customers
✓ Water and sewer companies
  that collectively serve nearly 500,000 water customers and
  approximately 22,000 sewer customers
✓ Manufacturers, dealers and installers
  of new manufactured homes and modular units

WHAT WE DON’T REGULATE:

☐ Cellphones
☐ Internet providers
☐ Paging services
☐ Cable television rates or service
☐ Trash pick-up service
☐ Financial institutions
☐ Retail telecommunications services
☐ Rates of municipally-owned utilities, rural cooperatives or
  public water and sewer districts

• The Commission has limited jurisdiction over telecommunications companies •
Each year, the Missouri Public Service Commission holds several local public hearings across the state to give consumers an opportunity to speak directly to Public Service Commissioners who will be making decisions in pending cases. Local public hearings provide a forum for consumers to express their views, opinions and concerns about a case before the Commission. Consumers can also bring any service-related problems to the Commissioners’ attention.

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<th>Who Participates In A Local Public Hearing?</th>
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<tbody>
<tr>
<td>• Affected customers</td>
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<td>• Public Service Commissioners</td>
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<tr>
<td>• A PSC Regulatory Law Judge</td>
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<tr>
<td>• Parties to the case (which includes the PSC staff, the Office of the Public Counsel, representatives of utility companies, and others interested in the case)</td>
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<th>How Will A Local Public Hearing Proceed?</th>
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<td>A Commission regulatory law judge presides over the hearing. At the start, the judge will introduce the members of the Commission and explain how the local public hearing process works. Witnesses will be asked to testify. Witnesses appearing before the Commission are not allowed to ask questions of the Commissioners. Because the case is still pending, Commissioners are not allowed to comment on the proceedings.</td>
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<th>Witnesses Who Testify</th>
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<td>Witnesses are sworn in so their comments can be included as part of the official record in the case. Witnesses will be asked to state their name and address for the record. Local public hearing statements are considered evidence and part of the official record that the Commission considers when making its decision in the case.</td>
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**Making A Statement**

Those wishing to make a statement before the Commission should sign the witness list before the public hearing begins. The regulatory law judge will call witnesses from this list during the local public hearing. Once a witness has testified, Commissioners may ask questions in order to clarify the comments and concerns.

PSC Commissioners, William Kenney, left, and Maida Coleman, with Regulatory Law Judge Nancy Wahrenbrock Dippell, center, listen to testimony at a local public hearing.
The Office of the Public Counsel (OPC) is an independent division of the Missouri Department of Economic Development representing the interests of utility customers in proceedings before the Missouri Public Service Commission (PSC). While the OPC reviews all utility filings and issues considered by the PSC, its focus is on utility rate proceedings. The office also promotes the customers’ interests in other PSC cases that touch on such issues as rate design, new area codes, PSC investigations into general industry issues, rulemaking workshops, and rules and regulations governing the rights and obligations of customers and utilities.

Since the Office of the Public Counsel represents the public and ratepayers as a class, the office does not provide specific legal representation of individuals for individual problems. However, the office tries to assist customers by contacting the utility or directing them to the appropriate PSC department or government agency. It also comments on utility issues affecting consumers and cooperates with other state consumer advocates, public interest and consumer groups and organizations to educate the public about consumer rights and to protect the rights of ratepayers. OPC has the authority to appeal PSC decisions. Prior to the establishment of the Office of the Public Counsel, the general public did not have the ability to seek judicial review of adverse PSC decisions. Learn more at www.opc.mo.gov.

In addition to its practice before the PSC, the Public Counsel also serves as the Ombudsman of Property Rights, and is charged with documenting the use of eminent domain within our state and any issues associated with its use and to assist citizens by providing free consultations and help them understand the eminent domain process. Learn more at www.eminentdomain.mo.gov.
New advancements in technology and changes in law make utility regulation an ever evolving environment. To keep pace with these changes, the Commission has held multiple workshops to explore emerging areas of interest – the solar landscape and distributed energy resources; the installation of advanced metering infrastructure; Property Assessed Clean Energy (PACE) and Pay as You Save® (PAYS)® - financing options designed to assist ratepayers with energy efficiency; modified rate design proposals; and, options for a competitive market for plug-in electric vehicles. The Commission, its Staff and interested stakeholders also monitor similar activities in other states and participate in national discussions on emerging issues.

Missouri utilities are faced with the need to automate operations to adapt to changing customer needs. New technology and automation can provide potential benefits to utilities and ratepayers through such avenues as the ability to resolve service issues more quickly, reduce duration of power outages or respond to customer questions in a more timely manner. In a July 2017 report, Staff recommended additional workshops to further explore these important emerging issues.

Another key area of interest is the Commission’s involvement in cybersecurity and infrastructure security. The need for critical infrastructure (CI) security is nothing new. What is new is the number and sophistication of the threats that utility providers face on a regular basis. To protect against those threats, many organizations undertake the continuous challenge of ensuring the use of security best practices for utilities. For example, the North American Electric Reliability Corporation (NERC) does a great job of ensuring the security of the bulk electric power system. However, for the electric distribution system, that responsibility falls to utilities in partnership with state and local governments.
The Commission is involved in that state level effort to understand and improve CI security at utilities that serve Missouri residents. To that end, a workshop was held at the Commission in July to discuss current CI security issues. Four panels of experts presented on current security topics which elicited very useful discussion amongst the attendees. Three of those topics were: the safeguarding of CI that may be shared with the Commission; the development of utility customer focused security measures and metrics; and hazards as they relate to emergency response at all Missouri utilities.

While shielding CI information from “sunshine law” disclosures in Missouri is possible, the language prohibiting disclosure can be made more specific. The Commission and its Staff are working on a legislative proposal to more specifically shield the public release of both cyber and physical security information concerning CI. Further discussion with interested parties will enable the language to be reviewed and make known each parties’ position on the proposal.

Many metrics are utilized for evaluating the state of security that are not utility customer-centric but utility security-centric. One such measure is the number of phishing emails received. This measure is important but does not directly relate to the number or duration of utility disruptions. Development of utility customer-centric measures will help the Commission measure security improvement at utilities and assess the prudence of security
investments. The PSC is working with the Federal Energy Regulatory Commission (FERC) on this issue.

The Commission is also working to update both the energy and communications sector state emergency response plans. As the lead agency for energy sector emergency response, the PSC is responsible for informing the State Emergency Management Agency (SEMA) of the number, type, and anticipated duration of utility outages across the state. The PSC is investigating a new effort by the Department of Energy (DOE) which aggregates nationwide utility outages and affords users not only a statewide picture of utility disruptions, but also a nationwide picture which may inform the PSC of other pressures on emergency response resources needed in Missouri.

Finally, the Commission plays an active role in monitoring legislative action related to utility regulation.

On May 18, 2017, Governor Eric Greitens announced a special session with the stated purpose of bringing a steel mill and other projects to the state of Missouri. The special session began on Monday, May 22, with several bills proposed in both the House and the Senate throughout the week. By Friday, May 26, House Bill 1 had passed both the House and Senate and was signed by Governor Greitens on June 15. House Bill 1 contained an emergency clause, meaning it became law on the day of signing.

House Bill 1, which is now Sections 393.355 and 393.356 RSMo, grants the Commission authority to approve a special electric rate for qualifying facilities – aluminum smelters, steel mills, and some large consumers with new or incremental increases in energy demand – outside of a general rate case. According to the newly implemented statutes, the special rate does not have to be based on the electric corporation's cost to serve the qualifying facility. The statutes further detail what party may apply for a special rate, what findings the Commission must make to approve a special rate, and how the special rate would be accounted for in future ratemakings.

For more information on any of these key topics, contact the Commission's Consumer Services Hotline at (800) 392-4211.
The Cold Weather Rule

The Cold Weather Rule is designed to protect customers, under certain conditions, from being disconnected in the winter months. Qualifying customers are placed on more lenient payment terms to help avoid possible disconnection. Municipally operated systems, cooperatives, and those that provide propane delivered by truck are not under PSC jurisdiction. The rule does not apply to them.

FACTS

Prohibits disconnection of heat-related service from November 1 through March 31 when the temperature is forecasted to drop below 32 degrees during the following 24-hour period.

Allows you to budget your payments over 12 months.

You may be able to extend payment of pre-existing arrearages over 12 months.

May not require a deposit if you enter into a payment agreement and the agreement is kept.

Requires that you be notified by mail, with one notification attempt in person, before your service is shut off.

Allows you to register with the utility if you are 65 years of age or older; disabled to the extent that you have filed with the utility a medical form submitted by a medical physician attesting that your household must have natural gas or electric utility service provided in the home to maintain life or health; or if you have obtained a formal award letter issued from the federal government of disability benefits.

Requires you to be notified of possible financial help in paying your bill.

Allows reconnection of your service for less than the full amount owed.

Prohibits disconnection of registered low-income elderly or disabled customers who make a required minimum payment.

Additional provisions for natural gas customers: Allows customers who defaulted on a previous Cold Weather Rule payment agreement to make an initial payment of 50% of his/her outstanding balance or $500, whichever is less, with the remaining amount deferred to be paid in a Cold Weather Rule payment agreement plan over 12 months.

A gas utility will not be required to offer the more lenient payment terms to keep service on or to reconnect a customer under the new provisions of the rule more than once every two years or when a customer has defaulted on a Cold Weather Rule payment plan under this section three or more times. In those situations, customers would be required to pay 80% of the outstanding balance to keep service or to have service restored.

Q&A

Q: When is the rule in effect?
A: November 1 through March 31.

Q: What is the minimum payment a registered low-income elderly or disabled customer must make?
A: The customer must pay at least 50 percent of:
1) the actual bill for usage during that billing period, or
2) the level bill amount under his/her Cold Weather Rule Payment plan.

Q: Who is considered a registered low-income elderly or disabled customer?
A: A customer who receives an income below 150% of the federal poverty guidelines and is registered with the utility company as an elderly or disabled customer.

Q: Is a customer required to pay the full amount owed to be reconnected if he/she broke a past Cold Weather Rule payment agreement?
A: No. If you are an electric company customer and break your payment agreement, the electric company will require an initial payment of up to 80% of your total balance. If you are a natural gas company customer you may make an initial payment of 50% of your outstanding balance or $500, whichever is less, with the remaining amount deferred to be paid in a Cold Weather Rule payment agreement plan over 12 months.

IMPORTANT NOTE: The utility may recover unpaid amounts from those winter months by adjusting the customer’s Cold Weather Rule payment installments after March 31.

Programs like the Low Income Home Energy Assistance Program (LIHEAP) can assist you in paying heating bills. For more information, contact your local Community Action Agency.
ENERGY SAVINGS TIPS

HEATING & VENTILATION
• When you are home and awake, set your thermostat as low as is comfortable. Seniors and individuals with special medical needs should check with their doctors before changing their normal home temperatures or considering turning off heating units.
• Keep storm windows in place to help prevent heat loss.
• Have the furnace checked and tuned-up, if needed. Replace filters regularly.
• Keep drapes and shades open during the day to allow sunlight to enter your home.
• Make sure vents are not blocked by furniture or drapes. Clean warm air registers, baseboard heaters and radiators as needed.
• Close off rooms that are not in use to save on heating bills.

FIND & SEAL AIR LEAKS
• Place weather stripping around doors, use plastic film covering and caulk windows to keep heat from escaping from your home.
• Have the chimney checked for blockage and close fireplace dampers when the fireplace is not being used.
• Check air ducts. Air ducts that are not working properly can create serious, life-threatening carbon monoxide problems in the home (see page 14).

BILLING PLANS
You may want to contact your local company about a “budget” or “level” billing plan. Many Missouri gas and electric companies have other programs to assist customers in paying their energy bills. In most cases, companies will try to work with you to avoid disconnections.
Natural Gas does not have an odor. An odorant is added so gas can be detected if a leak occurs (for odor, scratch ‘n sniff). If you smell natural gas, don’t stay inside your home or business. Leave immediately and contact your natural gas provider.

If you smell a strong, persistent odor ...
- Don’t smoke, light any matches or use lighters or any other open flame.
- Don’t operate any electrical light or appliance switches.
- Don’t use your phone because it may cause a spark.
- Leave your home or building and call your utility provider from somewhere else away from the gas odor. Exit quickly leaving the door open behind you. Because natural gas is lighter than air, it rises and will dissipate rapidly where it can escape into the open air.
- Stay away from your home or building until you’ve been told that it is safe to return.

Carbon Monoxide is an odorless and colorless gas. At moderate levels of carbon monoxide poisoning, you or your family can get severe headaches, become dizzy, mentally confused, nauseated, or faint. You can even die if these levels persist for a long time.

Low levels can cause shortness of breath, mild nausea, and mild headaches, and may have longer-term effects on your health.

If you experience any of the above ...
- Get fresh air immediately.
- Open doors and windows, and leave your home or building.
- Go to an emergency room.
- Carbon monoxide can often be diagnosed by a blood test done soon after exposure.
What can you do if you have a complaint or question about the utility services you receive?

The Missouri Public Service Commission (PSC) encourages you to contact the utility provider to see if you can work out a resolution to the issue(s). If you can’t get the issue resolved, please call the Consumer Services Unit (CSU) of the PSC. Each year, CSU handles thousands of calls and written contacts regarding various utility issues.

The PSC received over 13,000 customer-related contacts during the 2017 fiscal year which ended on June 30, 2017. Contacts include complaints, inquiries regarding rules and regulations, information requests, non-jurisdictional requests and public comments related to pending utility cases.

CSU's primary focus is to ensure that Commission rules, regulations and Commission-approved tariffs are being followed by the regulated utilities and that utility companies are applying them in a just and reasonable manner.

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<td>Inquiries</td>
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<th>Complaints &amp; Inquiries by Utility*</th>
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<td>Telephone</td>
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*Includes non-jurisdictional inquiries

How to contact the MPSC Consumer Services Unit
Missouri Public Service Commission
ATTN: Consumer Services Unit, P.O. Box 360, Jefferson City, Missouri 65102
1-800-392-4211 or email pscinfo@psc.mo.gov
EMPLOYEE SPOTLIGHT

Andrea Levesque
Inspector II
Manufactured Housing and Modular Units Program

What are your main job duties?
My main job duties are to verify code compliance and ensure the correct setup/installation of new manufactured homes and modular units. I inspect new/used commercial modular units as well as display homes on dealer lots and work with consumers to try and resolve complaints. I also conduct Vehicle Identification Number (VIN) inspections.

What did you do before working at the PSC?
I previously worked for a modular home manufacturer for 10 years, eight of them as a quality control inspector/draftsman. In that position, I inspected homes as they were being built in the factory, ensuring code compliance during every stage of construction. The other two years I worked in sales after transferring to their Kansas City office.

Why did you choose to work at the PSC?
Deciding to leave that job wasn’t an easy decision. I had been there for so long but my position had no room for growth and I really missed the hands on aspect of inspecting. This job was an amazing opportunity that I couldn’t pass up.

What is the most interesting thing about your job?
This job is interesting in and of itself. We are often faced with so many different challenges each and every day that it is often impossible to know what tomorrow will bring. Our department is made up of down to earth, intelligent individuals, and I’m incredibly thankful for them.

What is one thing people do not know about you?
I’m a complete girlie girl who doesn’t mind getting dirty.

Our department is made up of down to earth, intelligent individuals, and I’m incredibly thankful for them.
Missouri Public Service Commission
P.O. Box 360
Jefferson City, Missouri 65102

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