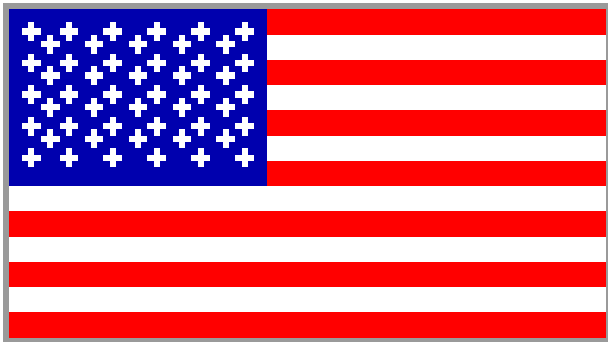
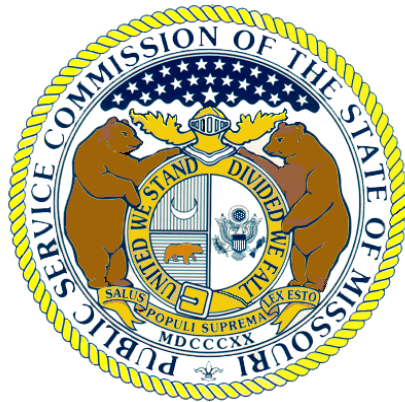


**Rwanda Utilities Regulatory Agency (RURA), National  
Association of Regulatory Utility Commissioners (NARUC)  
and Missouri Public Service Commission (MPSC)**

**Regulatory Partnership Program**



Sponsored by US Agency for International Development (USAID)

# **RURA and NARUC Partnership**

**Tuesday, October 26<sup>th</sup>, 16:30 to 17:30**

**Warren Wood**

## **General Overview of Regulatory Principles**

**(Energy, Water and Telecommunications  
Sectors)**



## **General Overview of Regulatory Principles**

The regulatory principles of the Missouri Public Service Commission that are applied to the utilities that we regulate must be consistent with Missouri's statutes. The currently effective statutes of Missouri are accessible on the Internet at:

<http://www.moga.state.mo.us/STATUTES/STATUTES.HTM>



# General Overview of Regulatory Principles

Our agency's Mission Statement is structured to state these principles in the simplest possible terms:

**We will:**

- Ensure that Missourians receive safe and reliable utility service at just, reasonable and affordable rates
- Support economic development, through either traditional rate of return regulation or competition, as required by law



# General Overview of Regulatory Principles

## Mission Statement – continued

- 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



# General Overview of Regulatory Principles

Our Value Statement tells what things we value as an agency:

## **Empowerment:**

We value empowered, responsible employees who have the authority and accountability to perform their jobs, to achieve the goals of the organization.

## **Customer Focus:**

We value actively soliciting customer input to determine our customers' needs.



# General Overview of Regulatory Principles

## **Innovation:**

We value the constant pursuit of innovative approaches, procedures, programs and services to maximize customer satisfaction; we will encourage creativity, listening, and risk taking.

## **Teamwork:**

We value teamwork and promote continued improvement in the efficiency and effectiveness of the organization.

## **Our Employees:**

We value the knowledge, competence, loyalty and professionalism of our employees and will recognize their work, successes and accomplishments.



# General Overview of Regulatory Principles

## **Job Satisfaction:**

We value positive employee morale that emphasizes honesty, fairness and trust, and encourages the achievement of personal goals which enhance the overall success of the organization; we will provide our employees the tools they need to do their jobs.

## **Diversity:**

We value an environment which encourages diversity.



# General Overview of Regulatory Principles

Our Vision Statement tells what we are  
working to achieve.

Informed Consumers, Quality Utility Services,  
and a Dedicated Organization for Missourians  
in the 21st Century



# General Overview of Regulatory Principles

Accomplishing the regulatory principles outlined in our organization's Mission Statement takes attention and effort in each of the identified areas.



## General Overview of Regulatory Principles

*We will ensure that Missourians receive safe and reliable utility service at just, reasonable and affordable rates*

It is appropriate that this is the first point in our Mission Statement since it involves the greatest level of effort and has the greatest impact on all the stakeholders that are impacted by Commission decisions.



# General Overview of Regulatory Principles

This Mission Statement has 3 primary objectives within it:

- 1) Missourians will receive safe utility service
- 2) Missourians will receive reliable utility service
- 3) Missourians will pay just and reasonable rates for their utility service



# **General Overview of Regulatory Principles**

Safe utility service refers to safety to the general public and the utility's employees. This is accomplished by development and enforcement of safety standards.

Reliable utility service refers to the continuity of the service and the quality of the product that is being provided to the customer. This can be regulated through reliability and quality of service rules.



## General Overview of Regulatory Principles

Just and reasonable rates for utility service refers to customers paying an amount that: 1) is adequate to provide the utility an opportunity to receive a reasonable return for the service they provide if they manage their operations in a prudent manner, 2) is based on either the cost to provide that service or a price set by a competitive market, and 3) may vary between different types of customers according to the cost the utility incurs to provide service to that customer.



## General Overview of Regulatory Principles

*We will support economic development, through either traditional rate of return regulation or competition, as required by law*

Missouri's natural gas, electric and water utilities are currently regulated under a traditional rate of return structure with vertically integrated investor owned utilities. This statement notes that if the laws in Missouri change we will modify this structure to a competitive model of regulation. Telecommunication providers in Missouri are already partially operating under a competitive model.



## General Overview of Regulatory Principles

*We will establish standards so that competition will maintain or improve the quality of services provided to Missourians*

Although telecommunications companies have varying degrees of pricing flexibility, the Commission has established service quality standards that are applicable to all providers of basic local telecommunications service. These standards set a minimum level of service quality so that it will not decline as competition develops for basic local telephone service



## General Overview of Regulatory Principles

*We will provide the public the information they need to make educated utility choices*

Our agency has developed numerous information sheets on our regulatory practices and posted them on our website. We participate in regular presentations to public groups and interviews with the media. Our hearings are open to the public and we regularly hold public hearings. For Telecommunications services, our website includes rate comparisons as well as company contact information.



## General Overview of Regulatory Principles

*We will provide an efficient regulatory process that is responsive to all parties*

Our agency works to assure efficiency in work processes and timely responses to any parties that approach us with questions, comments, or complaints.



## General Overview of Regulatory Principles

*We will perform our duties ethically and professionally*

Missouri statutes and our agency's rules prohibit our regulatory agency employees from receiving gifts or preferential treatment from any of the utilities that they regulate. Violations of ethics by our Staff would be enforced and prosecuted. All of our employees have continued training requirements and regular training takes place so that the our staff maintains a current understanding of the issues that regulators must be aware of.



# General Overview of Regulatory Principles

## General Overview of Regulatory Principles in the Electric Utility Sector





## **General Overview of Regulatory Principles**

Consistent with these aspects of our agency's Mission Statement, the investor owned utilities in Missouri are regulated to provide safe and reliable service and charge their customers just and reasonable rates for that service.

Safe utility service is enforced by incorporation into our rules of the US National Electric Safety Code (2002).



## **General Overview of Regulatory Principles**

Reliability in terms of voltage levels is also regulated by incorporation of the voltage tolerance levels in the National Electric Safety Code. Quality of service is typically reviewed with each utility during rate cases.



## **General Overview of Regulatory Principles**

The continuous ability of a utility to meet its peak load is an issue regularly addressed during resource planning meetings that take place twice each year with each of the utilities that our agency regulates. These meetings often involve a lot of discussion on load growth, fuel and purchased power issues and timing and type of new generation resources.



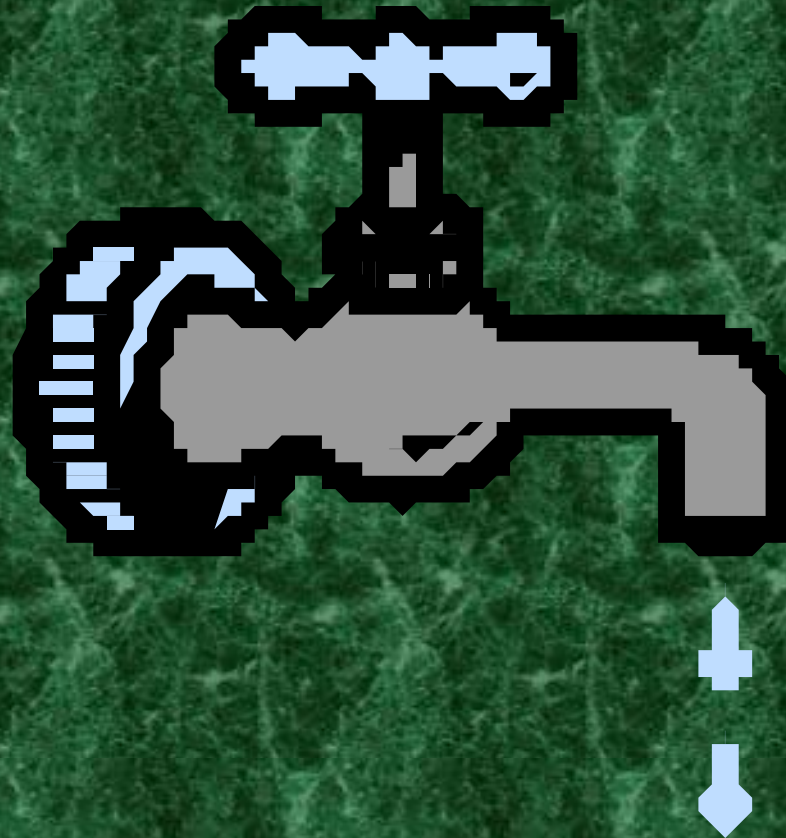
# **General Overview of Regulatory Principles**

Just and reasonable rates come out of the rate/complaint case process that will be discussed in significant detail in other presentations later this week.



# General Overview of Regulatory Principles

## General Overview of Regulatory Principles in the Water Utility Sector





## **General Overview of Regulatory Principles**

Safe water quality for the water utilities in Missouri is investigated and enforced by our Department of Natural Resources (DNR). Our agency does have rules related to these requirements but DNR takes the lead role in these efforts.



## **General Overview of Regulatory Principles**

Adequate water supplies for the water utilities we regulate is an issue reviewed by our Staff on a regular basis. The factors reviewed include well capacity, storage capacity, operating pressure, and other aspects of the utilities operations related to water supply capacity.



## **General Overview of Regulatory Principles**

Just and reasonable rates for the water and sewer utilities that we regulate come out of a rate case procedure that is, due to the relatively small size and available resources of most of these utilities, abbreviated significantly.



## **General Overview of Regulatory Principles**

The Commission promulgated a rule that provides a procedure whereby small sewer and water companies (serving less than 8,000 customers) can request increases in their operating revenues without the necessity of filing a formal rate case, as is otherwise required by the Commission's rules (that rule also applied to small gas utilities).



## **General Overview of Regulatory Principles**

The purpose of the abbreviated rate case procedure is to simplify, reduce cost, and shorten the rate case process for qualifying utilities. Approximately 70 water and 60 sewer utilities operating in Missouri serve fewer than 8,000 customers and are therefore able to use this abbreviated procedure.



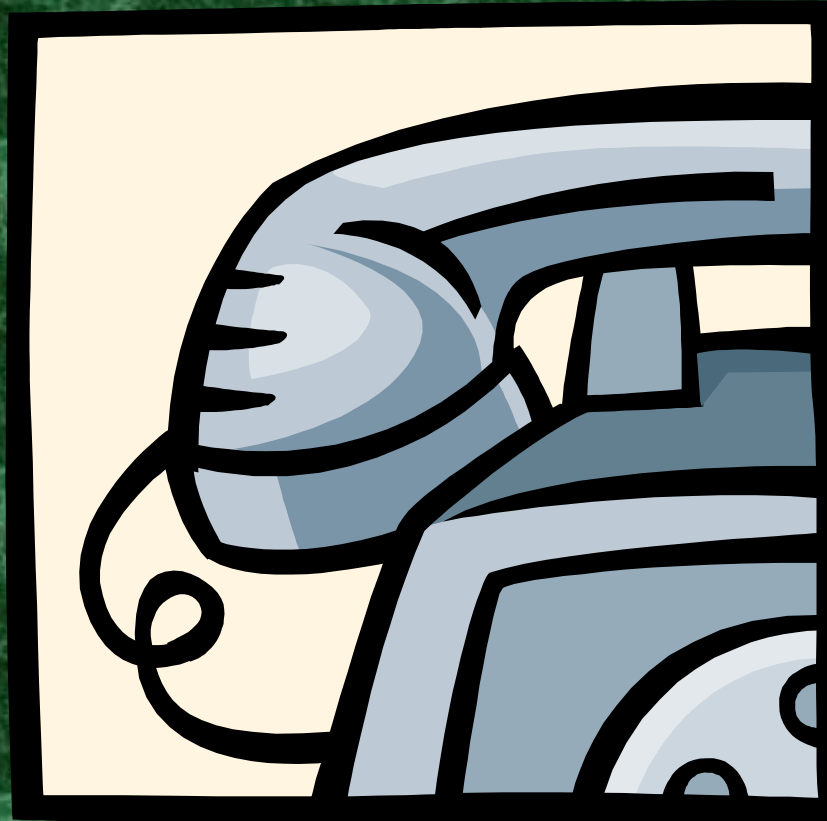
# General Overview of Regulatory Principles

On average, about 15 to 20 requests per year are received from water and sewer utilities to use this abbreviated procedure.



# General Overview of Regulatory Principles

## General Overview of Regulatory Principles in the Telecommunications Sector





## **General Overview of Regulatory Principles**

Our Commission, through development of service objectives, establishes safe and reliable telecommunications service. These objectives are contained in the Commission's rules (e.g. Chapter 32). Some examples of these objectives are: companies providing basic local telephone service are expected to install 95% of requests for service within five days, companies are expected to address 90% of out-of-service trouble reports within 24 hours, trouble reports shall not exceed six reports per 100 access lines and so forth.



## **General Overview of Regulatory Principles**

Companies are expected to track their performance and submit their results on a quarterly basis. If a company fails to regularly meet these objectives we may take action against the company. We do audit the companies to see that their quarterly reports are being correctly compiled.



## **General Overview of Regulatory Principles**

In regards to ensuring reasonable rates we ensure reasonable rates by applying different forms of regulation based on the degree of competition. Rate of return regulation is applied to companies with no competitors operating within their area. Price cap regulation is applied to companies with at least one competitor operating within their territory.



## **General Overview of Regulatory Principles**

Competitive classification allows complete pricing flexibility for the company if it is in a situation where customers have legitimate choices in providers for service. We also try to help consumers by making it easier to compare rates by posting company rate information on our web site.



Questions?

