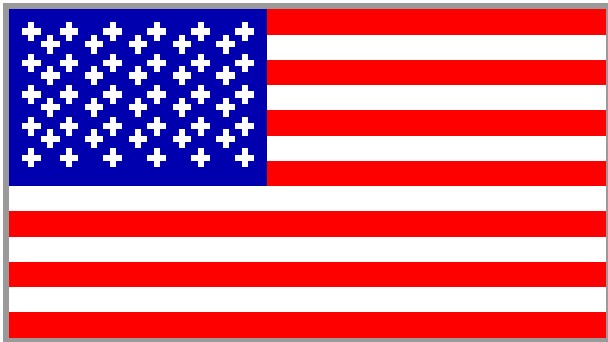
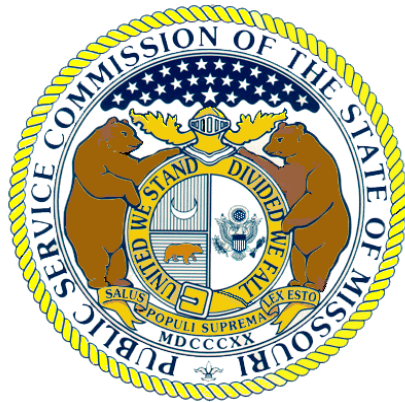
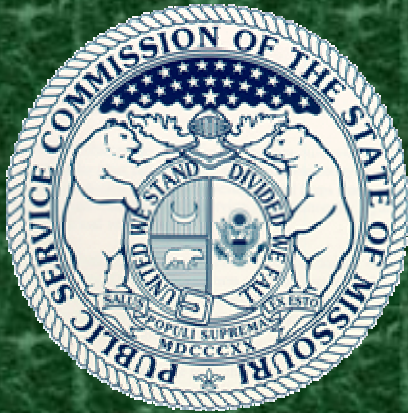


**Rwanda Utilities Regulatory Agency (RURA), National
Association of Regulatory Utility Commissioners (NARUC)
and Missouri Public Service Commission (MPSC)**

Regulatory Partnership Program

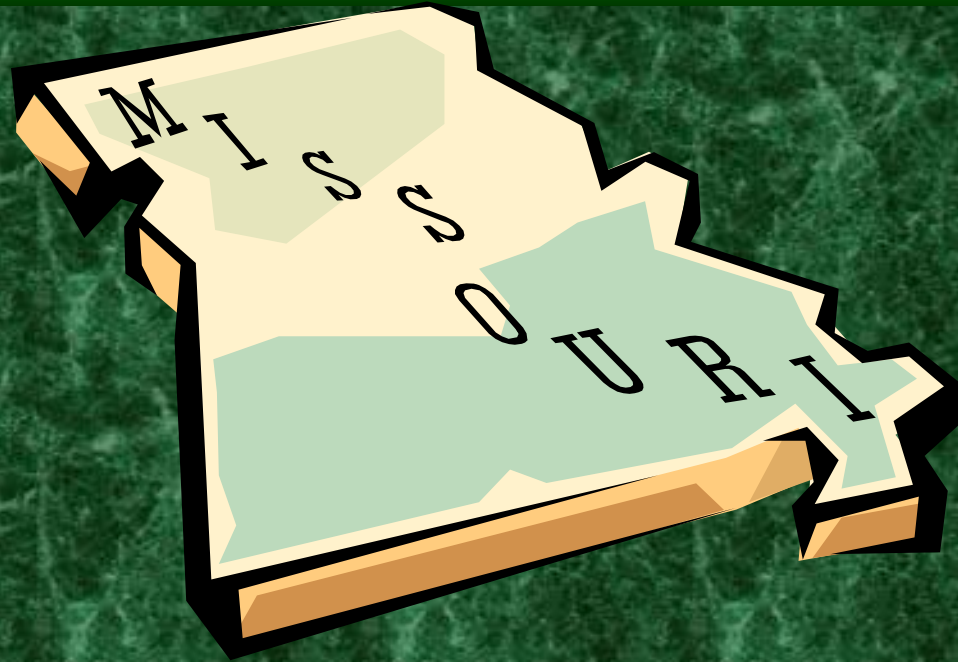


Sponsored by US Agency for International Development (USAID)



The Missouri Public Service Commission

Managing a Regulatory Agency and the
Regulatory Process
Wess Henderson
October 26, 2004
11:00



From regulating street cars and railroads in 1913, to telephone divestiture and nuclear power plants, the PSC has had a major impact on Missouri's economy for more than 90 years.

Who We Are

- Created by General Assembly in 1913.
- Do much of our work through a 'quasi-judicial' process. (Many duties performed by conducting hearings in pending cases.)
- Also set policy by rule and regulation.

PSC Facts

- PSC is housed under the Department of Economic Development for administrative purposes.
- PSC is funded through assessments of investor-owned utilities (IOUs) based on their gross operating revenue in Missouri.
- FY 2005 appropriation: \$19.1 million and 220 FTE

The PSC

- Five commissioners appointed by the Governor. Commissioners serve six-year terms.
- PSC Staff -- Experts in fields of law, engineering, accounting, economics, finance, business and public administration

PSC Commissioners



Steve Gaw, chair



Connie Murray



Robert M. Clayton, III



Jeff Davis



Linward "Lin" Appling

Our Mission

Our mission is to ensure Missouri consumers receive safe, adequate, efficient and affordable services while allowing those utility companies under our jurisdiction an opportunity to earn a reasonable return on their investment. The Commission and staff are dedicated to fulfilling these public interest goals.

What We Do

➤ Must assure safe, adequate, reliable utility service at just and reasonable rates...

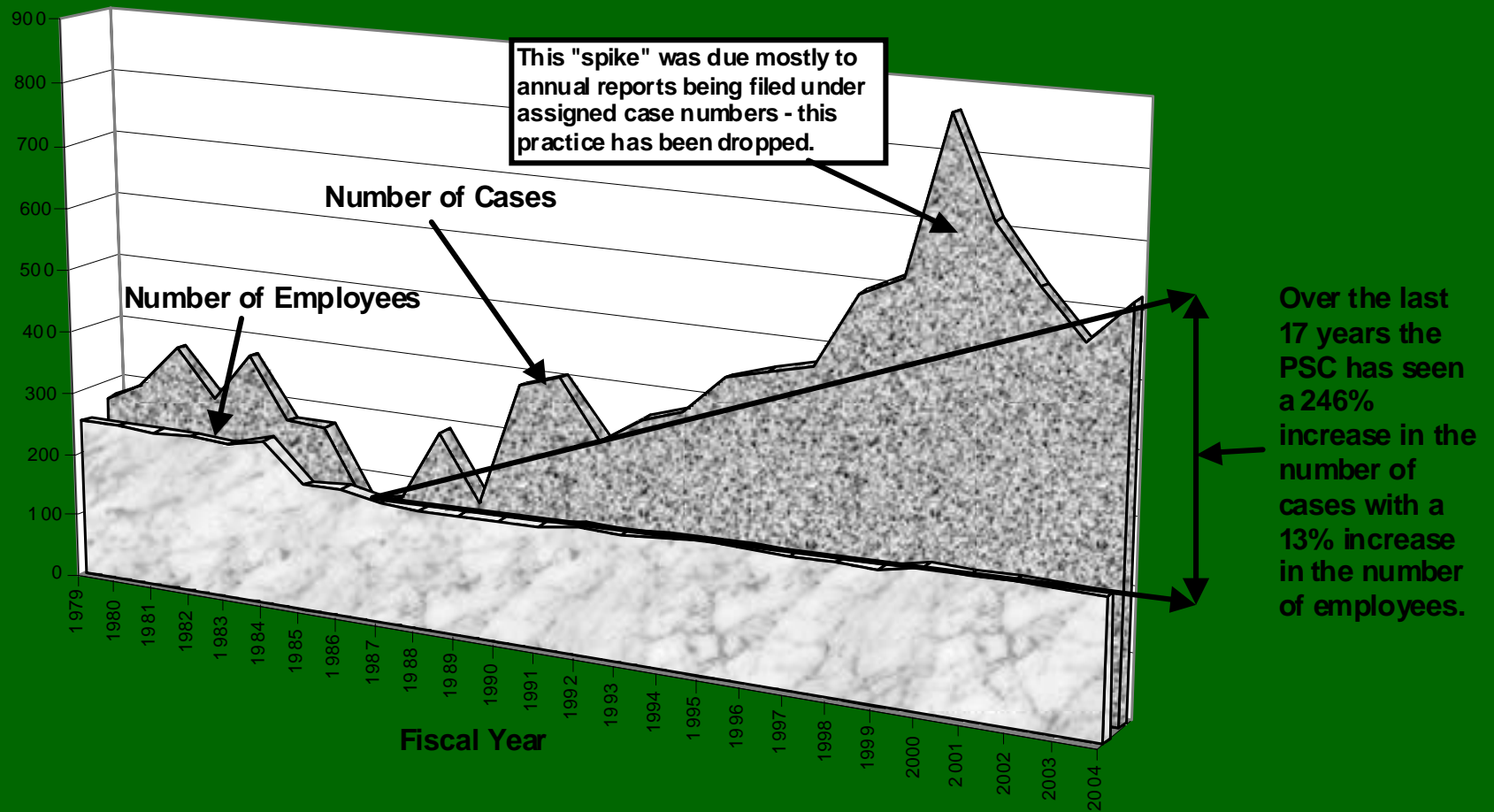
AND

➤ Provide utility shareholders an opportunity to earn a reasonable return on their investments.

PSC authority – Chapter 386, RSMo

PSC Caseload

Missouri PSC Authorized Number of Employees vs.
Number of Cases (1979 to 2004)



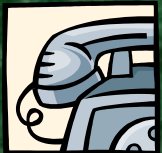
The PSC Regulates Investor-Owned Utilities



Electric companies



Natural gas companies



Telecommunication providers



Water and sewer companies



Manufactured Housing Dealers
and Manufacturers

Missouri's Regulated Utilities

- Four regulated electric utilities
(AmerenUE, Aquila, Empire District Electric, Kansas City Power & Light)
- Companies serve more than 1.8 million residential electric customers
- More than 50% served by AmerenUE
- Operating revenues more than \$3 billion in 2003

Missouri's Regulated Utilities

- Seven regulated gas utilities

(AmerenUE, Aquila, Atmos, Fidelity, Laclede, Missouri Gas Energy, Southern Missouri Gas)

- Companies serve more than 1.3 million residential natural gas customers

- About 80% served by Laclede and Missouri Gas Energy (MGE)

- Operating revenues totaled more than \$1.4 billion in 2003

Energy Department

Natural Gas Safety

- 42 Municipal natural gas operators
- Direct sales/transportation customers
- Master-meter operations

Facts about Missouri utilities

- Missouri's investor-owned electric utilities ARE NOT "deregulated"
- The PSC DOES NOT regulate the price of wholesale natural gas
- The 1996 Telecommunications Act attempts to encourage competition within the industry
- There are no federal laws governing water and sewer rates

Telecommunications

- More than 3.3 million phone lines in Missouri
- More than 70% owned by SW Bell
- 144 Competitive Local Exchange Companies
- 43 Local Telephone Companies
- 466 Interexchange Companies
- 267 Private Pay Phone Providers

Water and Sewer Companies

- Mostly small companies
- Utilities range in size from 20 to 1,500 customers
- More than 90% IOU water customers are served by Missouri-American (413,965)
- Approximately 12,000 sewer customers served by 56 companies

Manufactured Housing

- Missouri registered manufacturers: 173
- Missouri registered dealers: 299
- According to the 2000 Census, at least 8% of Missouri's housing stock is manufactured housing.

Natural Gas



Natural Gas Issues

- Gas price hikes
- Review of Purchased Gas Adjustment (PGA) clauses for all Local Distribution Companies
- Energy assistance funding
- Consumer alert programs
- Intervention at FERC

Federal Natural Gas Activities

- Monitor/Intervene/Participate in natural gas pipeline certificate, rate, and tariff cases before the Federal Energy Regulatory Commission (FERC)
- Monitor/Comment/Participate in FERC gas policy and rulemaking proceedings
- Monitor natural gas industry developments on the national level

Federal Natural Gas Activities

- Provide technical support in cases or projects
- Provide information on natural gas issues to the Commission
- Represent the Commission through the National Association of Regulatory Utility Commissioners (NARUC)
- Assist with federal legislative efforts

Electricity



Electric Issues

- Rate cases
- Mergers
- Monitoring FERC activities
- Utility preparedness

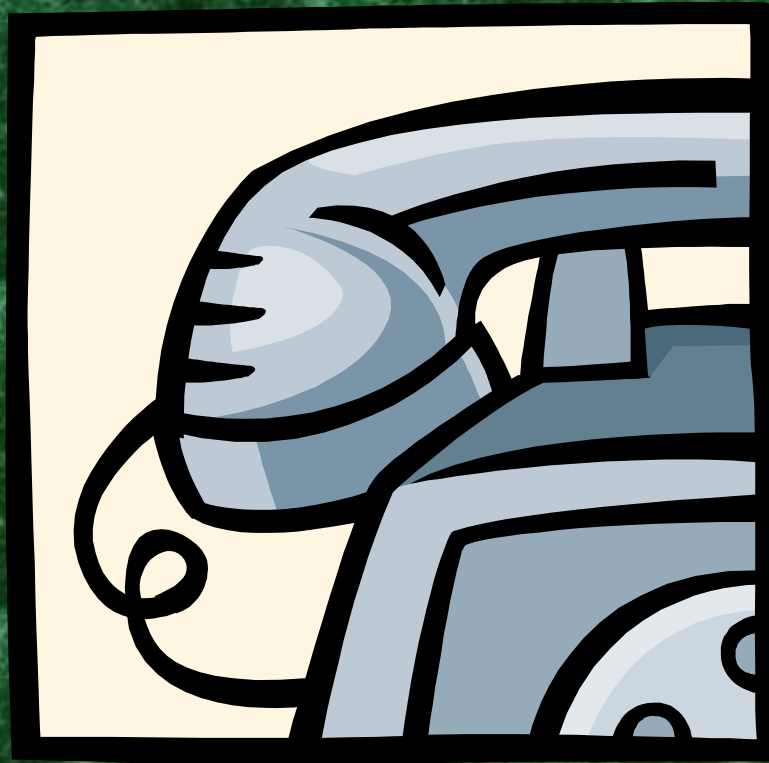
The Electric Industry

- Planning -- PSC Staff meets with companies twice a year to discuss issues related to demand, growth, available supplies, and resource planning
- Monitor Trends -- Some states have restructured their retail electric markets, but results have not always helped consumers (California, Montana and others)

Federal Electricity Activities

- NARUC Electricity Committee
- FERC Notices and Interventions
- Regional Transmission Pricing
- Transmission Congestion Management and Pricing
- NARUC Energy and Environment Staff Subcommittee
- Work with Commission on Standard Market Design (SMD) Policy

Telecommunications



Telecommunications Issues

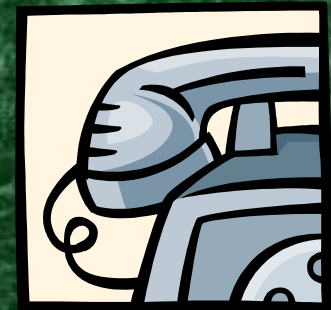
- Monitoring local telephone competition service
- Revising service and billing practices
- Monitoring federal telecommunications activities (FCC)
- Arbitration of interconnection agreements

Telecommunication Facts

Since the Commission first authorized local exchange telephone competition in 1997, a total of 85 companies have been authorized by the Commission to provide telecommunications service in competition with the traditional incumbent local exchange carrier.

Telecommunication Facts

As of December 2003, it is estimated that competitors serve approximately 330,000 access lines in Missouri, or about 11% of Missouri's approximately 3.3 million access lines.



Need Answers?



The PSC Helps Consumers

- Investigate service and billing disputes
- Investigate, enforce, and monitor utility safety issues



The PSC Helps Consumers

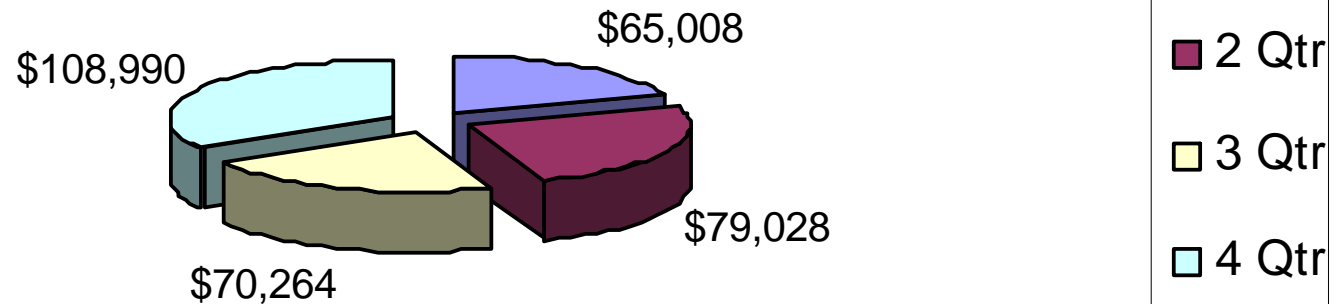
- Consumer Services staff can assist with problems.
- Consumer Hotline: 1-800-392-4211
- Saved or recovered more than \$1 million over last 5 years.



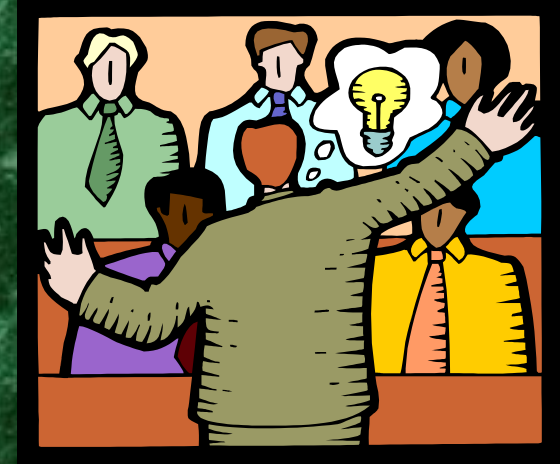
CSI Statistics FY 2004 (cont.)

Consumer Services Department
Saved Consumers - \$323,290

Consumer Savings - Fiscal Year 04



The PSC: A Valuable Resource



- Missouri utility data
- Missouri utility policy
- National utility data