

# The Missouri Public Service Commission

Commissioner

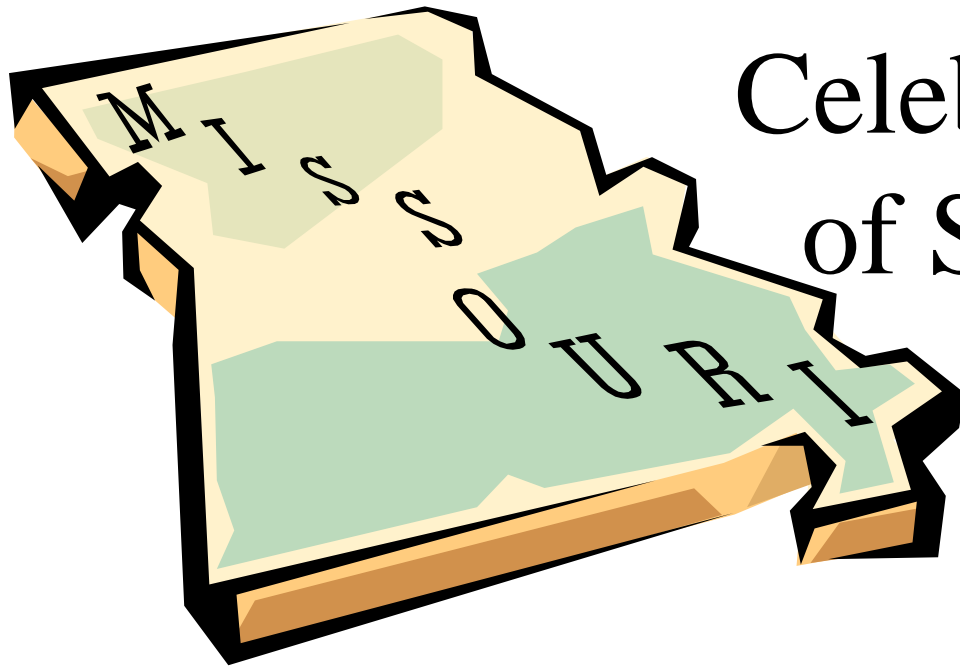
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## Celebrating 90 Years of Service in 2003

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 throughout the 20<sup>th</sup> Century.

# 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 funded through assessments of investor-owned utilities (IOUs) based on their gross operating revenue in Missouri.
- FY 2004 appropriation: \$18.6million and 217 FTE
- Legislature approves budget but cannot use the funding elsewhere

# The PSC

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

# PSC Commissioners



Steve Gaw, chair



Connie Murray



Robert M. Clayton, III

# 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

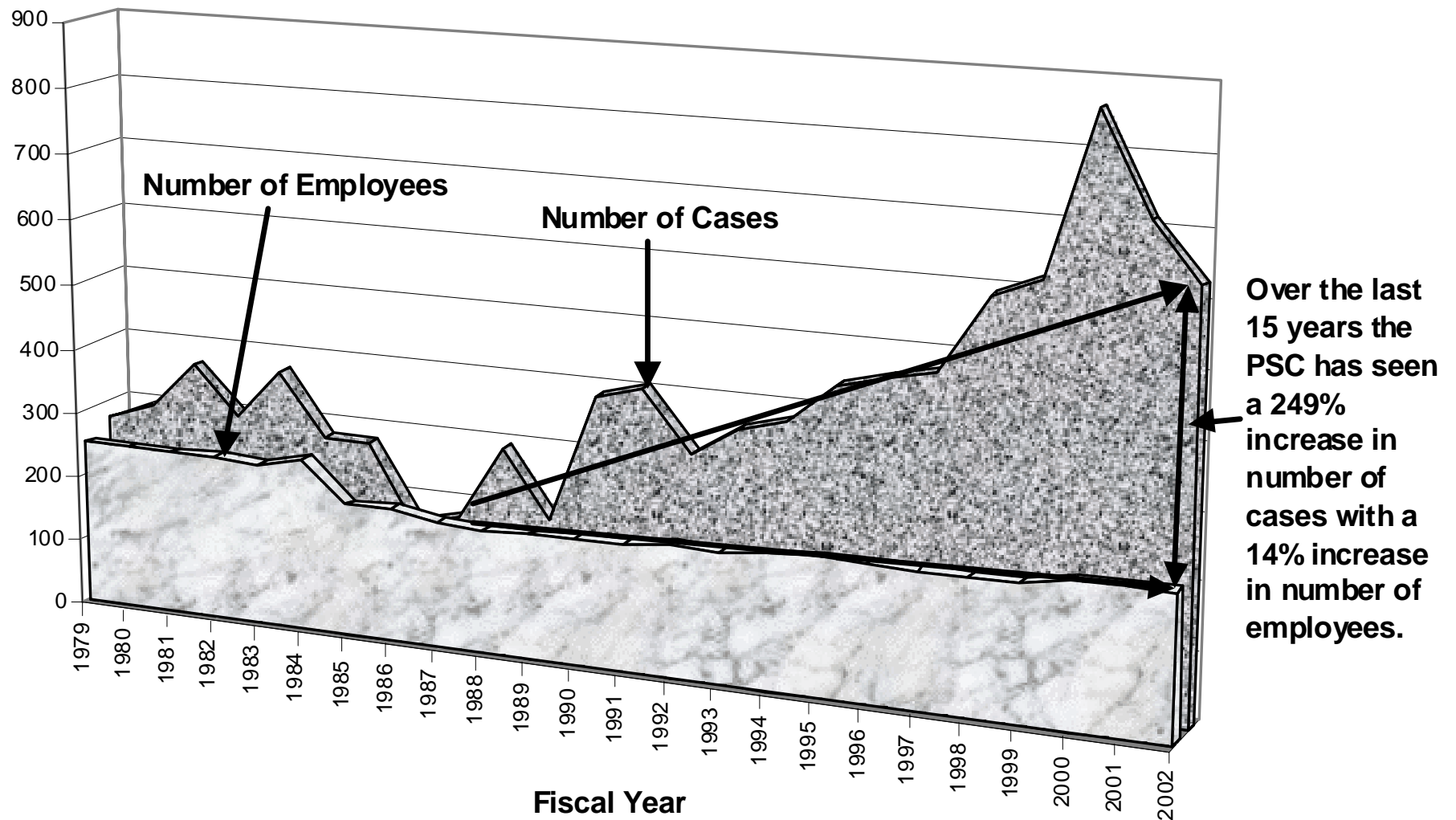
➤ Provide utility shareholders an opportunity to earn a reasonable return on their investments.

PSC authority – Chapter 386, RSMo



# PSC Caseload

**Missouri PSC Authorized Number of Employees vs.  
Number of Cases (1979 to 2002)**



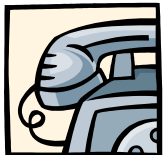
# The PSC Regulates Investor-Owned Utilities



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 \$3.1 billion in 2002

# Natural Gas

# Missouri's Regulated Utilities

- Seven regulated gas utilities

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

- Companies serve more than 1.4 million residential natural gas customers

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

- Operating revenues totaled more than \$1.2 billion in 2002

# 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

- 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

# 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



# Energy Department

## Natural Gas Safety

- 42 Municipal natural gas operators
- 2 Special investigation units  
(Ft. Leonard Wood & Pattonville HS landfill)
- Direct sales/transportation customers
- Master-meter operations

# Natural Gas Prices

Several factors are causing natural gas prices to stay higher than normal:

- Tight supply of natural gas versus the current and anticipated demand growth
- High oil prices
- Available storage levels

# Telecommunications

- More than 3.3 million phone lines in Missouri
- More than 70% owned by SW Bell
- 84 Competitive Local Exchange Companies
- 44 Local Telephone Companies
- 582 Interexchange Companies
- 307 Private Pay Phone Providers

# Telecommunication Facts

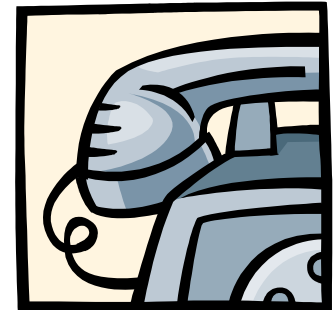
Since the Commission first authorized local exchange telephone competition in 1997, a total of 85 companies have been authorized by the Commission to provide telecommunications service in competition with the traditional incumbent local exchange carrier.

# Telecommunications Issues

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

# Telecommunication Facts

As of July 2002, it is estimated that competitors serve approximately 450,000 access lines in Missouri, or about 13% of Missouri's approximately 3.3 million access lines.



# Water & Sewer Companies

# 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

# Manufactured Housing

- Missouri registered manufacturers: 139
- Missouri registered dealers: 310
- According to the 2000 Census, at least 8% of Missouri's housing stock is manufactured housing.

# Electricity

# Electric Issues

- Rate cases
- Mergers
- Monitoring FERC activities
- Utility preparedness
- Tariff Design and Approval
- Granting of Certificates (License)
- Intra-state business

# 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 --A number states are in different stages of restructuring retail markets.
- Monitor performance of Utility

# 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

# Benefits of Regulation

- Assures "Just and Reasonable Rates"
- Provides Certainty to Utility Investors and Customers
- Encourages Efficiency
- Transparency of system for the utility, government officials and the consumer
- Tariffs are reviewed for fairness and no discrimination in rates
- Commission supports terms of approved tariff

## Benefits of Regulation (con't)

- Assurance of Reliability and Customer Service
- Assurance of Public Input through Local Public Hearing process
- Assurance that public is protected in the event of mergers, acquisitions, take-overs and encumbrances to assets of the system



## Appeal Process

- Direct Appeal to Circuit Court
- Second Appeal to Court of Appeals
- Third Appeal to Missouri Supreme Court
- Not preferred method of appeal

# The PSC Helps Consumers

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



## The PSC Helps Consumers

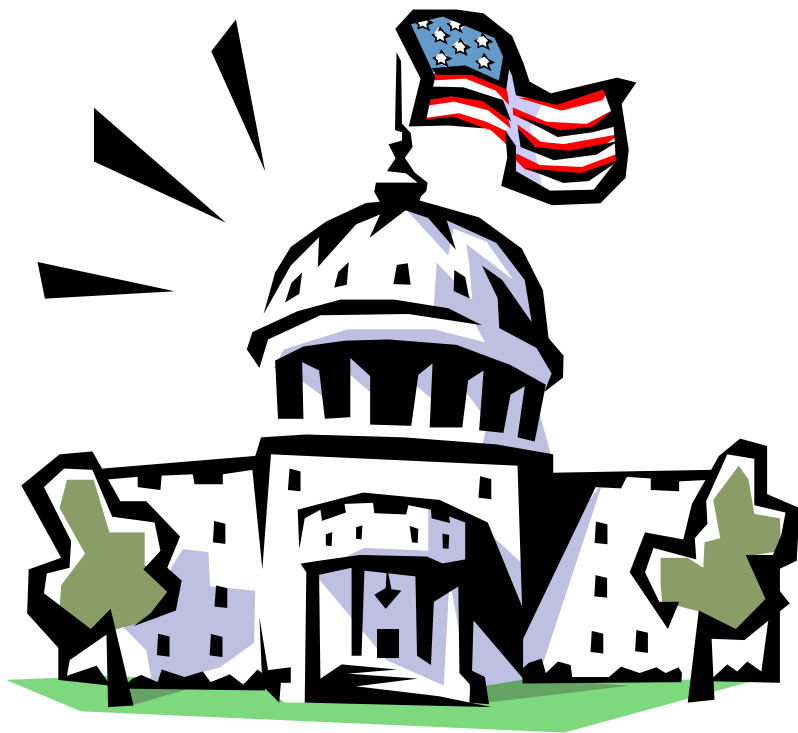
- Consumer Services staff can assist with problems.
- Consumer Hotline: 1-800-392-4211
- Saved or recovered more than \$1 million over last 5 years.



# Low Income Customers

- LIHEAP
- Weatherization
- Pilot project for purchasing energy efficient appliances and fixtures
- Ratepayer and company contributions
- Cold weather rule

# The PSC: A Valuable Resource



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