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November 24, 2008

Governor Matt Blunt:

As Chairman of the Missouri Public Service Commission, I am pleased to submit the agency's annual report for the fiscal year July 1, 2007 through June 30, 2008. The commission addressed several major issues during the fiscal year. A few of those appear below.

The commission:

- Adopted extensive rules setting standards for electric companies to follow regarding vegetation management, infrastructure inspections and service reliability. These rules are designed to provide increased reliability of electric service for Missourians.
- Worked with the Missouri Department of Natural Resources, several other stakeholders and community action agencies in the development of a website (www.beenergyefficient.org) and informational materials designed to help Missourians control their energy bills.
- Opened cases directing the PSC staff to investigate the effectiveness of **all** four of Missouri's investor-owned electric utilities in preparing for and responding to power outages caused by severe ice storms in December 2007. Detailed reports were filed with the commission in June.
- Responded to nearly 7,000 complaints and/or inquiries. Over 400 cases were opened resulting in over 7,366 filings. In addition, the commission received more than 1,145 tariff filings.
- Pursued penalties against two natural gas transporters for alleged price discrimination and assisting an affiliated company in gaining a competitive advantage over other energy marketers in violation of commission regulations and company tariffs.
- Adopted guidelines allowing electric utilities to apply for special environmental cost recovery mechanisms in the context of a rate case before the PSC. The environmental cost recovery mechanism (ECRM) was authorized by Senate Bill 179, passed by the General Assembly in 2005.
- Issued decisions in major rate cases filed by Laclede Gas Company, Kansas City Power & Light Company and Missouri-American Water Company.
- Held several weeks of hearings in a proposed electric merger case filed by Aquila, Inc. and Great Plains Energy, Incorporated, which was ultimately approved by the PSC.

The commission recognized its 95th anniversary in April. As was the case in 1913, we continue to approach challenges with a great deal of dedication; striving to balance the interests of all who come before us.

Respectfully yours,

Jeff Davis
Chairman