

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of the Application of KMB)	<u>Case No. WR-2010-0345</u>
Utility Corporation for a Water Rate)	
Increase)	

**NOTICE OF AGREEMENT REGARDING DISPOSITION
OF SMALL COMPANY RATE INCREASE REQUEST**

COMES NOW the Staff of the Missouri Public Service Commission ("Staff"), by and through counsel, and for its Notice of Agreement Regarding Disposition of Small Company Rate Increase Request ("Agreement Notice") states as follows:

1. On May 21, 2010, the Missouri Public Service Commission ("the Commission") received a Rate Increase Request Letter ("Request Letter") from KMB Utility Corporation ("KMB" or "the Company").

2. In its Request Letter, KMB requested Commission approval of an increase of \$18,500 in its annual water system operating revenues pursuant to Commission Rule 4 CSR 240-3.050 (2).

3. Upon completion of its investigation of the Company's request, Staff provided KMB and the Office of the Public Counsel ("OPC") with materials related to Staff's investigation, as well as Staff's initial recommendations for the resolution of the revenue increase request.

4. Pursuant to negotiations held subsequent to the Company's and OPC's receipt of the above-referenced information regarding Staff's investigation of the Company's Request, Staff and KMB were able to reach an agreement ("Company/Staff Disposition Agreement") regarding a resolution of the Company's request. This agreement provides for an overall agreed-

upon operating revenue increase of \$25,293. The agreement, among other things, also prescribes a schedule of depreciation rates and requires the Company to implement certain agreed-upon Staff recommendations.

5. Included in Appendix A, attached and incorporated by reference herein, is a copy of the above-referenced Company/Staff Disposition Agreement, as well as various attachments related to the Company/Staff Disposition Agreement. Additionally, Appendix A contains affidavits from Staff members that participated in the investigation of the Company's request.

6. Pursuant to Commission Rule 4 CSR 240-3.050, governing disposition agreements executed between Staff and small utility companies utilizing the small utility rate case procedure, KMB will file tariff sheets seeking to implement the terms of the Company/Staff Disposition Agreement. The tariff sheets will be filed October 22, 2010, and will bear an effective date of December 8, 2010, which, as required by Commission Rule 4 CSR 240-3.050(14), is not fewer than forty-five (45) days after they are filed.

7. KMB is current in its payment of Commission assessments and on its filings of annual reports and statements of revenue. KMB has a case pending regarding its sewer operations in Commission Case No. SR-2010-0346 wherein the Staff and KMB have requested a sixty (60) day extension but has no other cases pending before the Commission at this time.

WHEREFORE, Staff respectfully submits this Agreement Notice and the attached Appendix A for the Commission's information and consideration in this case and requests that the Commission enter an Order adopting the terms agreed upon by Staff and the Company.

Respectfully submitted,

/s/ RACHEL M. LEWIS
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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel of record this 18th day of October, 2010.

/s/ RACHEL M. LEWIS