

KMB UTILITY CORPORATION

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FILED

MAY 21 2010

**Missouri Public
Service Commission**

May 20, 2010

Secretary of the Commission
Missouri Public Service Commission
Attn: Data Center
P.O. Box 360
Jefferson City, MO 65102

**RE: Requests for Increases in Annual Sewer and Water System Operating Revenues
MO PSC Small Utility Rate Case Procedure**

Dear Secretary:

KMB Utility Corporation (the Company) holds certificates of public convenience and necessity granted by the Missouri Public Service Commission (the Commission), under which the Company provides sewer collection and treatment services and water supply and distribution services in Jefferson, Franklin and Cape Girardeau Counties in Missouri.

The Commission first authorized the Company to provide regulated sewer utility service in February 2000 and regulated water utility service in January 2001. The company currently provides service to approximately 190 sewer customers and approximately 548 water customers within its certificated areas under the provisions of its Commission-approved tariffs. The Company's customer rates for sewer service were last changed in February 2006. The Company's customer rates for water service were last changed in February 2006.

Pursuant to 4 CSR 240-3.050, the Commission's rule pertaining to rate increase requests made by qualifying small utilities, the Company is hereby requesting an increase of \$12,100. in the annual sewer system operating revenues and an increase of \$18,500. in its annual water system operating revenues. Based upon current customer rates and customer numbers, these increases represent changes of approximately 18% in the Company's annual sewer system operating revenues and approximately 13% in the Company's annual water system operating revenues. The Company is requesting \$10,000 + \$2,100 for the sewer increase. The \$10,000 is an estimated amount that will be spent this year to prepare an engineer's report. The engineer report is required in order to renew the DNR Operating Permit. It does not include money for any proposed improvements that could be made in the proposed engineer report. The company is not requesting rate increases for all the water systems. Scotsdale and High Ridge Manor are not operating at a loss as this time. The Company understands that the design of its

customer rates, its service charges, its customer service practices, its general business practices and its general tariff provisions will also be reviewed during the Commission Staff's review of the rate increase requests, and may thus be the subject of the Staff recommendations at the conclusion of the rate increase process.

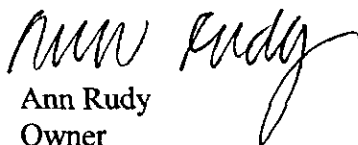
The Company is requesting that the Commission consider standardizing the tariff rates to one rate for all the water systems. It seems that to combine the systems would help lower the rates for the very small systems by spreading overhead costs over more customers. It will also lower the cost of operation by simplifying everything. If it is not possible to combine all systems to one rate, the Company is requesting consideration that systems with close similar rates be combined.

The specific reasons for the requested increases in the Company's annual operating revenues for sewer have been stated above. The specific reasons for the requested increases in the Company's annual operating revenues for the water service include increases in utility plant investment, increases in operation and maintenance expenses, increases in the Commission's annual utility assessments.

Lastly I wish to advise you that the Company is current on the payment of its Commission annual assessments all past assessments have been paid in full and the current assessment is being paid quarterly. The filing of the Commission annual report is also current. Additionally, the Company will remain current on these items during this small company rate increase procedure.

Thank you for your attention to this important matter. Please contact me if you need additional information regarding this request.

Sincerely,


Ann Rudy
Owner

cc: Jim Russo – Commission Staff
Christina Baker – Office of the Public Counsel