

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

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

**NOTICE OF UNANIMOUS 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* ("Unanimous 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.

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

4. Subsequent to Staff's investigation and pursuant to negotiations between the Company, Staff, and Public Counsel, all parties have been able to reach a *Unanimous Agreement Regarding Disposition of Small Water Company Revenue Increase Request* ("Unanimous Agreement").

5. Included in Appendix A, attached and incorporated by reference, is a copy of the above-referenced *Unanimous Agreement*, as well as various attachments related to the *Unanimous Agreement*. Additionally, Appendix A contains affidavits from Staff members that participated in the investigation of this matter.

6. As agreed-upon by the parties to this case, the *Unanimous Agreement* provides for an increase of \$22,890 in KMB's annual operating revenues for its water system.

7. Pursuant to Rule 4 CSR 240-3.050(13), (Small Utility Rate Case Procedure), "[i]f the disposition agreement filed by the staff provides for a full resolution of the utility's request and is executed by the utility, the staff and the public counsel, the utility shall file new and/or revised tariff sheets, bearing an effective date that is not fewer than (30) days after they are filed, to implement the agreement." KMB will file a substitute tariff sheet seeking to implement the terms of the *Unanimous Agreement*. This tariff sheet will be filed no later than January 27, 2011, which would not become effective until February 27, 2011. However, pursuant to negotiations, Staff and Public Counsel agreed that the tariff sheets may go into effect on February 1, 2010 or as soon as Commission approval may be obtained, which is earlier than the minimum 30-day effective date of February 27, 2011.

8. KMB is current on its payment of Commission assessments and on its filings of annual reports and statements of revenue. KMB has no other cases pending before the Commission at this time.

WHEREFORE, Staff respectfully submits this *Unanimous 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, the Company, and Public Counsel, including an earlier effective date for the tariff sheet.

Respectfully submitted,

/S/ RACHEL M. LEWIS

Rachel M. Lewis

Deputy Counsel

Missouri Bar No. 56073

Attorney for the Staff of the

Missouri Public Service Commission

P. O. Box 360

Jefferson City, MO 65102

(573) 526.6715 (Telephone)

(573) 751-9285 (Fax)

rachel.lewis@psc.mo.gov

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 24th day of January, 2011.

/S/ RACHEL M. LEWIS

APPENDIX A

STAFF PARTICIPANT AFFIDAVITS AND DISPOSITION AGREEMENT & ATTACHMENTS

CASE NO. WR-2010-0345

Note: To browse through this document by item, click on the "Bookmark" tab at the top of the menu bar to the left of the screen and then click on the item that you want to see.

Table of Contents

Staff Participant Affidavits

Unanimous Agreement

Agreement Attachment A:	Example Tariff Sheets
Agreement Attachment B:	Billing Comparison Worksheet
Agreement Attachment C:	Schedule of Depreciation Rates
Agreement Attachment D:	EMSD Report
Agreement Attachment E:	Summary of Case Events

Staff Participant Affidavits

James M. Russo – Water & Sewer Department

John Robinett – Engineering & Management Services Department

Deborah Bernsen – Engineering & Management Services Department

BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

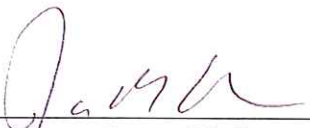
In the Matter of the Application of KMB Utility)
Corporation for a Water Rate Increase)

WR-2010-0345

AFFIDAVIT OF JAMES M. RUSSO

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

COMES NOW James M. Russo, being of lawful age, and on his oath states the following: (1) that he is the Rate and Tariff Examination Supervisor of the Missouri Public Service Commission's Water & Sewer Department; (2) that he participated in the Staff's investigation of the small company rate increase request that is the subject of the instant case; (3) that he has knowledge of the foregoing *Unanimous Agreement Regarding Disposition of Small Water Company Revenue Increase Request* ("Disposition Agreement"); (4) that he was responsible for the preparation of Attachments, A, B and F to the Disposition Agreement; (5) that he has knowledge of the matters set forth in the Disposition Agreement; and (6) that the matters set forth in the Disposition Agreement are true and correct to the best of his knowledge, information and belief.

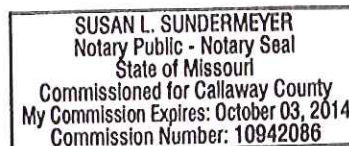


James M. Russo
Rate & Tariff Examination Supervisor
Water and Sewer Department

Subscribed and sworn to before me this 19th day of January, 2011.



Notary Public



BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI
AFFIDAVIT OF JOHN A. ROBINETT

In the Matter of the Application of KMB)
Utility Corporation for a Water Rate Increase)

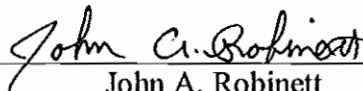
File No. WR-2010-0345

STATE OF MISSOURI

ss.

COUNTY OF COLE

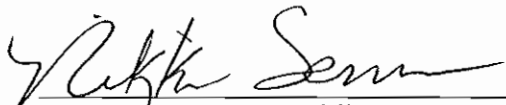
COMES NOW John A. Robinett, being of lawful age, and on his oath states the following: (1) that he is a(n)) Utility Regulatory Specialist in the Missouri Public Service Commission's Engineering & Management Services Department; (2) that he participated in the Staff's investigation of the small company rate increase request that is the subject of the instant case; (3) that he has knowledge of the foregoing *Unanimous Agreement Regarding Disposition of Small Water Company Revenue Increase Request* ("Disposition Agreement"); (4) that he was responsible for the preparation of Attachment C to the Disposition Agreement; (5) that he has knowledge of the matters set forth in Attachment C to the Disposition Agreement; and (6) that the matters set forth in Attachment C to the Disposition Agreement are true and correct to the best of his knowledge, information, and belief.



John A. Robinett
Utility Regulatory Specialist
Engineering & Management
Services Department

Subscribed and sworn to before me this 19th day of January, 2011.

NIKKI SENN
Notary Public - Notary Seal
State of Missouri
Commissioned for Osage County
My Commission Expires: October 01, 2011
Commission Number: 07287016


Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

AFFIDAVIT OF DEBORAH A. BERNSEN

In the Matter of the Application of KMB)
Utility Corporation for a Water Rate Increase)

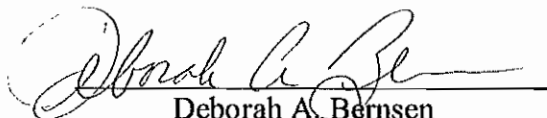
File No. WR-2010-0345

STATE OF MISSOURI

ss.

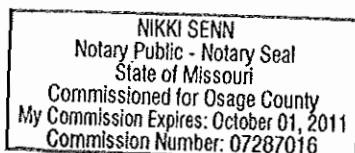
COUNTY OF COLE

COMES NOW Deborah A. Bernsen, being of lawful age, and on her oath states the following: (1) that she is a Utility Management Analyst III in the Missouri Public Service Commission's Engineering & Management Services Department; (2) that she participated in the Staff's investigation of the small company rate increase request that is the subject of the instant case; (3) that she has knowledge of the foregoing *Unanimous Agreement Regarding Disposition of Small Water Company Revenue Increase Request* ("Disposition Agreement"); (4) that she was responsible for the preparation of Attachment D to the Disposition Agreement; (5) that she has knowledge of the matters set forth in Attachment D to the Disposition Agreement; and (6) that the matters set forth in Attachment D to the Disposition Agreement are true and correct to the best of her knowledge, information, and belief.



Deborah A. Bernsen
Utility Management Analyst III
Engineering & Management
Services Department

Subscribed and sworn to before me this 19th day of January, 2011.



Notary Public

Unanimous Agreement

UNANIMOUS AGREEMENT REGARDING DISPOSITION
OF SMALL WATER COMPANY REVENUE INCREASE REQUEST

KMB UTILITY CORPORATION

MO PSC CASE NO. WR-2010-0345

BACKGROUND

KMB Utility Corporation ("KMB or Company") initiated the small company revenue increase request ("Request") for water service that is the subject of the above-referenced Missouri Public Service Commission ("Commission") Case Number by submitting a letter to the Secretary of the Commission in accordance with the provisions of Commission Rule 4 CSR 240-3.050, Small Utility Rate Case Procedure ("Small Company Procedure"). In its request letter, which was received at the Commission's offices on May 21, 2010, the Company set forth its request for an aggregate increase of \$18,500 in its total annual water service operating revenues. In its request letter, the Company also acknowledged that the design of its customer rates, its service charges, its customer service practices, its general business practices and its general tariff provisions would be reviewed during the Commission Staff's ("Staff") review of the revenue increase request, and could thus be the subject of Staff recommendations. The Company provides service to approximately 539 customers, the vast majority of which are residential customers. The Company provides water service in Jefferson and Franklin Counties in Missouri.

Pursuant to the provisions of the Small Company Procedure and related internal operating procedures, Staff initiated an audit of the Company's books and records, a review of the Company's customer service and general business practices, a review of the Company's existing tariff, an inspection of the Company's facilities and a review of the Company's operation of its facilities. (These activities are collectively referred to hereinafter as Staff's "investigation" of the Company's Request.)

Upon completion of Staff's investigation of the Company's Request, Staff provided the Company and the Office of the Public Counsel ("OPC") with the results of the investigation and with Staff's initial recommendations for the resolution of the Company's Request. On October 18, 2010, Staff and the Company filed a notice indicating that those parties had reached an agreement resolving the Company's request.

On November 23, 2010, OPC requested a local public hearing in this matter. The local public hearing was scheduled to take place January 11, 2011, but was cancelled due to inclement

weather and later was rescheduled for January 24, 2011. The parties were able to come to an agreement and determined that a local public hearing was not necessary. On January 13, 2011, Staff, with no objection from OPC, filed a *Notice of Agreement and Request to Cancel the Local Public Hearing*. The Commission granted this request to cancel the local public hearing on January 13, 2011.

RESOLUTION OF THE COMPANY'S RATE INCREASE REQUEST

Pursuant to negotiations held subsequent to Staff's and Company's October 18, 2010 filing, Staff, OPC and the Company hereby state the following agreements:

- (1) For the purpose of implementing the agreements set out herein, the Company will file with the Commission proposed tariff revisions containing the rates, charges and language set out in the example tariff sheets attached hereto as Attachment A and incorporated by reference herein, with those proposed tariff revisions bearing an effective date of February 1, 2011;
- (2) The agreed-upon total annualized cost of service for the Company, and the resulting agreed-upon annualized operating revenue an aggregate increase of \$22,890 is just and reasonable and designed to recover the Company's cost of service;
- (3) The rates set out in the attached example tariff sheets are designed to generate revenues sufficient to recover the agreed-upon total annualized cost of service for the Company;
- (4) The rates included in the attached example tariff sheets will result in the residential customer impacts shown on the billing comparison worksheet attached hereto as Attachment B and incorporated by reference herein;
- (5) The rates included in the attached example tariff sheets are just and reasonable, and that the provisions of the attached example tariff sheets also properly reflect all other agreements set out herein, where necessary;
- (6) The schedule of depreciation rates attached hereto as Attachment C and incorporated herein, shall be the prescribed schedule of water plant depreciation rates for the Company;
- (7) Within thirty (30) days of the effective date of an order approving this Unanimous Disposition Agreement, the Company shall implement the following recommendations as a result of the Water and Sewer Department's investigation:
 - a. The Company shall perform two (2) additional well visits per week to Cedar Hill Estates, Crestview Acres, High Ridge Manor, Hillshine Acres and Lakewood subdivision (visit to main well in service) or amend the contract with Franklin County Lab, LLC to have Franklin County Lab, LLC perform the services;

- b. A master reading, electric reading and monthly gallons per minute test shall be performed during these site visits and documented on the well logs. Other tests or observations, including but not limited to, checking system pressure, amp readings, draw downs or special visits for inspections with regulatory agencies or well pump service provider should also be documented on the well logs;
- c. Maintenance performed on the system during these visits, including but not limited to investigating complaints, performing leak detection, locates, disconnects and other service issues shall also be documented on service orders or bills from contract or outside services; and
- d. The Company shall contact the Water and Sewer Department on how these additional operations will be performed or provide an amended contract with Franklin County Lab, LLC for Staff's review;

(8) Within sixty (60) days of the effective date of an order approving this Unanimous Disposition Agreement, the Company shall implement the following recommendations contained in the Engineering & Management Services Department ("EMSD") Report attached hereto as Attachment D and incorporated by reference herein:

- a. The Company shall implement a method that documents and records the number of all estimates used for customer bills for each service address; and
- b. The Company shall implement procedures to contact customers receiving at least three consecutively estimated bills and schedule an appointment to obtain access to the customer's meter;

(9) Within ninety (90) days of the effective date of an order approving this Unanimous Disposition Agreement, the Company shall implement the following recommendations from the Auditing Department and the Depreciation Staff associated with EMSD:

- a. The Company shall maintain and retain proper plant and Contribution in Aid of Construction ("CIAC") records;
- b. The Company shall adjust its books and records to reflect the plant and reserve account balances shown in the Staff EMS exhibit, attached hereto as Attachment B and incorporated by reference herein;
- c. The Company shall on a going forward basis maintain the plant and reserve balances for accounts 345, 346 and 347 separately;
- d. The Company shall adjust its books and records to reflect the Contributions in Aid of Construction ("CIAC") and the amortized CIAC account balances shown in the Staff EMS exhibit, attached hereto as Attachment B and incorporated by reference herein;

- e. The Company shall implement a work order system to track material cost, labor cost, overhead cost, and record cost of removal and gross salvage for all new, replaced or retired plant; and
 - f. The Company shall follow National Association of Regulatory Utility Commissioners' ("NARUC") Uniform System of Accounts ("USOA") guidelines for the recording of cost of removal and gross salvage in the Company ledger as adjustments to plant and reserves;
- (10) Within sixty (60) days of the effective date of an order approving this Unanimous Disposition Agreement, the Company shall obtain assistance from the Commission's Auditing Staff in preparing the Company's 2010 PSC Annual Report;
- (11) The Company shall mail its customers a final written notice of the rates and charges included in its proposed tariff revisions prior to or with its next billing cycle after issuance of the Commission Order approving the terms of this Unanimous Disposition Agreement. The notice shall include a summary of the impact of the proposed rates on an average residential customer's bill. When the Company mails the notice to its customers, it shall also send a copy to Staff Case Coordinator who will file a copy in this case;
- (12) Staff or OPC may conduct follow-up reviews of the Company's operations to ensure that the Company has complied with the provisions of this Unanimous Disposition Agreement;
- (13) Staff or OPC may file a formal complaint against the Company, if the Company does not comply with the provisions of this Disposition Agreement;
- (14) The Company, Staff and OPC agree that it has read the foregoing Unanimous Agreement Regarding Disposition of Small Water Company Revenue Increase Request; that facts stated therein are true and accurate to the best of the Company's, Staff's and OPC's knowledge and belief; that the foregoing conditions accurately reflect the agreement reached between the Company, Staff and OPC; and that the Company freely and voluntarily enters into this agreement; and
- (17) The above agreements satisfactorily resolve all issues identified by Staff, the Company, and OPC regarding the Company's Request, except as otherwise specifically stated herein.

ADDITIONAL MATTERS

Other than the specific conditions agreed upon and expressly set out herein, the terms of this Unanimous Disposition Agreement reflect compromises between Staff, the Company, and OPC. In arriving at the amount of the annual operating revenue increase specified herein neither party has agreed to any particular ratemaking principle.

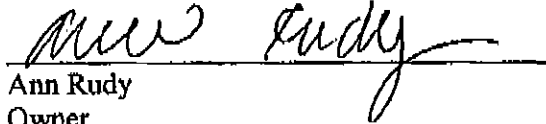
Staff has completed a Summary of Case Events and has included that summary as Attachment E to this Unanimous Disposition Agreement.

The Company and OPC acknowledge that the Staff will be filing this Unanimous Disposition Agreement and the attachments hereto. The Company also acknowledges that Staff may make other filings in this case.

Additionally, the Company and OPC agree that subject to the rules governing practice before the Commission that Staff shall have the right to provide whatever oral explanation the Commission may request regarding this Unanimous Disposition Agreement at any agenda meeting at which this case is noticed to be considered by the Commission. Subject to the rules governing practice before the Commission, Staff will be available to answer Commission questions regarding this Unanimous Disposition Agreement. To the extent reasonably practicable, Staff shall provide the Company and OPC with advanced notice of any such agenda meeting so that they may have the opportunity to be present and/or represented at the meeting.

SIGNATURES

Agreement Signed and Dated:



Ann Rudy
Owner

1/21/11

Date

KMB Utility Corporation



Christina Baker

1-21-11

Date

Senior Public Counsel
Office of the Public Counsel



James Busch

1-21-11

Date

Manager
Water & Sewer Department
Missouri Public Service Commission Staff

List of Attachments

- Attachment A – Example Tariff Sheets
- Attachment B – Billing Comparison Worksheet
- Attachment C – Schedule of Depreciation Rates
- Attachment D – EMSD Report
- Attachment E – Summary of Case Events

Agreement Attachment A

Example Tariff Sheets

P.S.C. MO No. 1
Canceling P.S.C. MO No. 1

KMB Utility Corporation
Name of Issuing Company

4th Revised Sheet No. 6A

3rd Revised Sheet No. 6A

For: Crestview Acres (Jefferson County)
Certificated Service Area

**Rules & Regulations
Rendering of Water Service**

SCHEDULE OF WATER RATES

Availability:

The following rate is applicable to all customers located in the Company's Crestview Acres certificated service area that are adjacent to the Company's distribution mains using standard water service.

Rate Schedule:

Customer Charge	\$12.45 per month	+
Commodity Charge	\$ 3.67 per 1,000 gallons	+

The Customer Charge will be billed each customer monthly regardless of actual usage.

Taxes:

Any applicable Federal, State or local taxes shall be in addition to above charges.

Late Charges:

Billings will be made and distributed at monthly intervals. Bills will be rendered net, bearing the last date on which payment will then be considered delinquent. The period after which payment will then be considered delinquent is 21 days after rendition of the bill. A charge of \$5.00 or three percent (3%) per month times the unpaid balance, whichever is more, will be added to delinquent amounts.

Returned Check Charge

A returned check charge of \$20 per check will be paid on all checks returned from the bank for insufficient funds.

- * Indicates New Rate or Text
- + Indicates Changed Rate or Text

Issue Date: January 27, 2011
Month/Day/Year

Effective Date: February 27, 2011
Month/Day/Year

Issued By: Ann Rudy President
Name & Title of Issuing Officer

510 Dulin Creek Road House Springs MO 63501
Company Mailing Address

P.S.C. MO No. 1 Canceling P.S.C. MO No. 1 <u>KMB Utility Corporation</u> Name of Issuing Company	6th Revised Sheet No. <u>6B</u> 5th Revised Sheet No. <u>6B</u> For: <u>Lakewood Hills (Jefferson County)</u> Certificated Service Area						
Rules & Regulations Rendering of Water Service							
<p style="text-align: center;"><u>SCHEDULE OF WATER RATES</u></p> <p><u>Availability:</u> The following rate is applicable to all customers located in the Company's Lakeview Hills certificated service area that are adjacent to the Company's distribution mains using standard water service.</p> <p><u>Rate Schedule:</u></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 60%;">Customer Charge</td> <td style="width: 20%; text-align: right;">\$13.53 per month</td> <td style="width: 20%; text-align: right;">+</td> </tr> <tr> <td>Commodity Charge</td> <td style="text-align: right;">\$ 3.51 per 1,000 gallons</td> <td style="text-align: right;">+</td> </tr> </table> <p>The Customer Charge will be billed each customer monthly regardless of actual usage.</p> <p><u>Taxes:</u> Any applicable Federal, State or local taxes shall be in addition to above charges.</p> <p><u>Late Charges:</u> Billings will be made and distributed at monthly intervals. Bills will be rendered net, bearing the last date on which payment will then be considered delinquent. The period after which payment will then be considered delinquent is 21 days after rendition of the bill. A charge of \$5.00 or three percent (3%) per month times the unpaid balance, whichever is more, will be added to delinquent amounts.</p> <p><u>Returned Check Charge</u> A returned check charge of \$20 per check will be paid on all checks returned from the bank for insufficient funds.</p> <p style="margin-top: 20px;">* Indicates New Rate or Text + Indicates Changed Rate or Text</p>		Customer Charge	\$13.53 per month	+	Commodity Charge	\$ 3.51 per 1,000 gallons	+
Customer Charge	\$13.53 per month	+					
Commodity Charge	\$ 3.51 per 1,000 gallons	+					

Issue Date: January 27, 2011
 Month/Day/Year

Effective Date: February 27, 2011
 Month/Day/Year

Issued By: Ann Rudy President
 Name & Title of Issuing Officer

510 Dulin Creek Road House Springs MO 63501
 Company Mailing Address

P.S.C. MO No. 1 Canceling P.S.C. MO No. 1 <u>KMB Utility Corporation</u> Name of Issuing Company	5th Revised Sheet No. <u>6C</u> 4th Revised Sheet No. <u>6C</u> For: <u>Hillshine Community (Jefferson County)</u> Certificated Service Area						
Rules & Regulations Rendering of Water Service							
<u>SCHEDULE OF WATER RATES</u>							
<p><u>Availability:</u> The following rate is applicable to all customers located in the Company's Hillshine Manor certificated service area that are adjacent to the Company's distribution mains using standard water service.</p> <p><u>Rate Schedule:</u></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 60%;">Customer Charge</td> <td style="width: 20%; text-align: right;">\$14.28 per month</td> <td style="width: 20%; text-align: right;">+</td> </tr> <tr> <td>Commodity Charge</td> <td style="text-align: right;">\$ 2.77 per 1,000 gallons</td> <td style="text-align: right;">+</td> </tr> </table> <p>The Customer Charge will be billed each customer monthly regardless of actual usage.</p> <p><u>Taxes:</u> Any applicable Federal, State or local taxes shall be in addition to above charges.</p> <p><u>Late Charges:</u> Billings will be made and distributed at monthly intervals. Bills will be rendered net, bearing the last date on which payment will then be considered delinquent. The period after which payment will then be considered delinquent is 21 days after rendition of the bill. A charge of \$5.00 or three percent (3%) per month times the unpaid balance, whichever is more, will be added to delinquent amounts.</p> <p><u>Returned Check Charge</u> A returned check charge of \$20 per check will be paid on all checks returned from the bank for insufficient funds.</p> <p style="margin-top: 20px;">* Indicates New Rate or Text + Indicates Changed Rate or Text</p>		Customer Charge	\$14.28 per month	+	Commodity Charge	\$ 2.77 per 1,000 gallons	+
Customer Charge	\$14.28 per month	+					
Commodity Charge	\$ 2.77 per 1,000 gallons	+					

Issue Date: January 27, 2011
 Month/Day/Year

Effective Date: February 27, 2011
 Month/Day/Year

Issued By: Ann Rudy President
 Name & Title of Issuing Officer

510 Dulin Creek Road House Springs MO 63501
 Company Mailing Address

P.S.C. MO No. 1
Canceling P.S.C. MO No. 1

KMB Utility Corporation
Name of Issuing Company

5th Revised Sheet No. 6D
4th Revised Sheet No. 6D
For: Town of Scotsdale (Jefferson County)
Certificated Service Area

Rules & Regulations
Rendering of Water Service

SCHEDULE OF WATER RATES

Availability:

The following rate is applicable to all customers located in the Company's Town of Scotsdale certificated service area that are adjacent to the Company's distribution mains using standard water service.

Rate Schedule:

Customer Charge	
Residential Service	\$42.42 per month
Commercial Service	\$51.48 per month
Commodity Charge	\$5.52 per 1,000 gallons
	in excess of 10,000 a month

The Customer Charge will be billed each customer monthly regardless of actual usage.

Taxes:

Any applicable Federal, State or local taxes shall be in addition to above charges.

Late Charges:

Billings will be made and distributed at monthly intervals. Bills will be rendered net, bearing the last date on which payment will then be considered delinquent. The period after which payment will then be considered delinquent is 21 days after rendition of the bill. A charge of \$5.00 or three percent (3%) per month times the unpaid balance, whichever is more, will be added to delinquent amounts.

Returned Check Charge

A returned check charge of \$20 per check will be paid on all checks returned from the bank for insufficient funds.

- * Indicates New Rate or Text
- + Indicates Changed Rate or Text

Issue Date: January 27, 2011
Month/Day/Year

Effective Date: February 27, 2011
Month/Day/Year

Issued By: Ann Rudy President
Name & Title of Issuing Officer

510 Dulin Creek Road House Springs MO 63501
Company Mailing Address

P.S.C. MO No. 1 Canceling P.S.C. MO No. 1 <u>KMB Utility Corporation</u> Name of Issuing Company	4th Revised Sheet No. <u>6E</u> 3rd Revised Sheet No. <u>6E</u> For: <u>Warren Woods Subdivision (Jefferson County)</u> Certificated Service Area						
Rules & Regulations Rendering of Water Service							
<u>SCHEDULE OF WATER RATES</u>							
<p><u>Availability:</u> The following rate is applicable to all customers located in the Company's Warren Woods Subdivision certificated service area that are adjacent to the Company's distribution mains using standard water service.</p> <p><u>Rate Schedule:</u></p> <p><u>Metered Rate (when available)</u></p> <table style="width: 100%; border: none;"> <tr> <td style="padding-left: 20px;">Customer Charge</td> <td style="text-align: right;">\$23.39 per month</td> <td style="text-align: right;">+</td> </tr> <tr> <td style="padding-left: 20px;">Commodity Charge</td> <td style="text-align: right;">\$ 5.29 per 1,000 gallons</td> <td style="text-align: right;">+</td> </tr> </table> <p><u>Taxes:</u> Any applicable Federal, State or local taxes shall be in addition to above charges.</p> <p><u>Late Charges:</u> Billings will be made and distributed at monthly intervals. Bills will be rendered net, bearing the last date on which payment will then be considered delinquent. The period after which payment will then be considered delinquent is 21 days after rendition of the bill. A charge of \$5.00 or three percent (3%) per month times the unpaid balance, whichever is more, will be added to delinquent amounts.</p> <p><u>Returned Check Charge</u> A returned check charge of \$20 per check will be paid on all checks returned from the bank for insufficient funds.</p> <p style="margin-top: 20px;">* Indicates New Rate or Text + Indicates Changed Rate or Text</p>		Customer Charge	\$23.39 per month	+	Commodity Charge	\$ 5.29 per 1,000 gallons	+
Customer Charge	\$23.39 per month	+					
Commodity Charge	\$ 5.29 per 1,000 gallons	+					

Issue Date: January 27, 2011
 Month/Day/Year

Effective Date: February 27, 2011
 Month/Day/Year

Issued By: Ann Rudy President
 Name & Title of Issuing Officer

510 Dulin Creek Road House Springs MO 63501
 Company Mailing Address

P.S.C. MO No. 1

1st Revised Sheet No. 6F

Canceling

Original Sheet No. 6F

KMB Utility Corporation

For:

Service Areas in Tariff Language

Name of Issuing Company

Certificated Service Area

**Rules & Regulations
Rendering of Water Service**

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* Indicates New Rate or Text

+ Indicates Changed Rate or Text

Issue Date: January 27, 2011
Month/Day/Year

Effective Date: February 27, 2011
Month/Day/Year

Issued By: Ann Rudy President
Name & Title of Issuing Officer

510 Dulin Creek Road House Springs MO 63501
Company Mailing Address

P.S.C. MO No. 1
Canceling P.S.C. MO No. 1

5th Revised Sheet No. 7
4th Revised Sheet No. 7

KMB Utility Corporation
Name of Issuing Company

For: Franchised Areas
Certificated Service Area

SCHEDULE OS SERVICE CHARGES

These charges are applicable to the Company's services provide for in the corresponding rules:

Service Fee:

Service fee shall be charged to any customer for which service was requested or discontinued when there is a Company owned meter setting or lockable valve located outside the customers dwelling.

Turn-On Charge after service discontinuance by Company for violation of the Company's Rules and Regulations (see Rule 7). \$50.00

Turn-Off or Turn-On Charges applicable to customers requesting temporary disconnection of services (see Rule 8). \$25.00

Discontinuance/Reconnection Fee:

Discontinuance/Reconnection fee with meter installed \$900.00 +
(Applicable for metered Customer what does not have Company owned meter)

Discontinuance/Reconnection fee with meter idler installed \$865.00 +

Discontinuance/Reconnection fee shall be charged to any existing customer for which service was discontinued for non-payment of water bill or other Rules violation, and there is no Company owned meter, meter setting or lockable valve located outside the customers dwelling. The fee may be collected by the Company a single time for each service. To avoid being charged the Discontinuance/Reconnection Fee, payment in full for delinquent water service must be made, or remediation of the specified rule violation must be made and demonstrated prior to Company's work crew arriving at the customers service location to begin discontinuance work. If payment is rendered or rule violation remediation is shown at the time the Company's work crew arrives to begin discontinuation work, the Company will complete the meter setting installation and the customer must pay the delinquent bill in addition to the Discontinuance/Reconnection fee.

New Service Connection:

Charge for new service connection with meter installed (Metered Customer):

Actual cost not to exceed \$900.00

Charge for new service connection with meter idler installed (Flat Rate Customer):

Actual cost not to exceed \$865.00

Includes materials: Corporation stop, saddle, pipe couplings, up to 50' of 3/4" service pipe, 5/8" x 3/4" meter yoke, meter or meter idler, meter box and lid.

Actual cost of extra pipe required over 50 feet, or cost due to larger pipe size, parts, or meter as may be required to provide service shall be an additional charge. Any rock excavation or road crossing shall be billed to the customer at Company's cost, including supervision and overhead.

* Indicates New Rate or Text

+ Indicates Changed Rate or Text

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Issued By: Ann Rudy President
Name & Title of Issuing Officer

510 Dulin Creek Road House Springs MO 63501
Company Mailing Address

Agreement Attachment B

Billing Comparison Worksheet

KMB UTILITY CORPORATION-CRESTVIEW ACRES

Residential Customer Bill Comparison-Water

Rates for 5/8" Meter

<u>Current Base</u> <u>Customer Charge</u>	<u>Proposed Base</u> <u>Customer Charge</u>	<u>Current</u> <u>Usage Rate</u>	<u>Proposed</u> <u>Usage Rate</u>
\$8.81	\$12.45	\$2.60	\$3.67

current service charge is monthly charge

usage rate is per 1,000 gallons used

MONTHLY BILL COMPARISON

6,000 gallons/month usage

Current Rates

Customer Charge	\$ 8.81
Usage Charge	\$ 15.60
Total Bill	\$ 24.41

Proposed Rates

Customer Charge	\$ 12.45
Usage Charge	\$ 22.04
Total Bill	\$ 34.49

INCREASES

Customer Charge

\$ Increase	\$3.64
% Increase	41.29%

Usage Charge

\$ Increase	\$6.44
% Increase	41.29%

Total Bill

\$ Increase	\$10.08
% Increase	41.29%

KMB UTILITY CORPORATION-HILL SHINE MANOR

Residential Customer Bill Comparison-Water

Rates for 5/8" Meter

<u>Current Base Customer Charge</u>	<u>Proposed Base Customer Charge</u>	<u>Current Usage Rate</u>	<u>Proposed Usage Rate</u>
\$10.32	\$14.28	\$2.00	\$2.77

current service charge is monthly charge

usage rate is per 1,000 gallons used

MONTHLY BILL COMPARISON

6,000 gallons/month usage

Current Rates

Customer Charge	\$ 10.32
Usage Charge	\$ 12.00
Total Bill	\$ 22.32

Proposed Rates

Customer Charge	\$ 14.28
Usage Charge	\$ 16.60
Total Bill	\$ 30.88

INCREASES

Customer Charge

\$ Increase	\$3.96
% Increase	38.35%

Usage Charge

\$ Increase	\$4.60
% Increase	38.35%

Total Bill

\$ Increase	\$8.56
% Increase	38.35%

KMB UTILITY CORPORATION-LAKEWOOD HILLS

Residential Customer Bill Comparison-Water

Rates for 5/8" Meter

<u>Current Base Customer Charge</u>	<u>Proposed Base Customer Charge</u>	<u>Current Usage Rate</u>	<u>Proposed Usage Rate</u>
\$12.32	\$13.53	\$3.20	\$3.51

current service charge is monthly charge

usage rate is per 1,000 gallons used

MONTHLY BILL COMPARISON

6,000 gallons/month usage

Current Rates

Customer Charge	\$ 12.32
Usage Charge	\$ 19.20
Total Bill	\$ 31.52

Proposed Rates

Customer Charge	\$ 13.53
Usage Charge	\$ 21.08
Total Bill	\$ 34.61

INCREASES

Customer Charge

\$ Increase	\$1.21
% Increase	9.81%

Usage Charge

\$ Increase	\$1.88
% Increase	9.81%

Total Bill

\$ Increase	\$3.09
% Increase	9.81%

KMB UTILITY CORPORATION-SCOTSDALE

Residential Customer Bill Comparison-Water

Rates for 3/4" Meter

<u>Current Base</u> <u>Customer Charge</u>	<u>Proposed Base</u> <u>Customer Charge</u>	<u>Current</u> <u>Usage Rate</u>	<u>Proposed</u> <u>Usage Rate</u>
\$30.22	\$42.42	\$3.93	\$5.52

current service charge is monthly charge

usage rate is per 1,000 gallons used

over 10,000 gallons per month

MONTHLY BILL COMPARISON

6,000 gallons/month usage

Current Rates

Customer Charge	\$ 30.22
Usage Charge	\$ -
Total Bill	\$ 30.22

Proposed Rates

Customer Charge	\$ 42.42
Usage Charge	\$ -
Total Bill	\$ 42.42

INCREASES

Customer Charge

\$ Increase	\$12.20
% Increase	40.37%

Usage Charge

\$ Increase	\$0.00
% Increase	0.00%

Total Bill

\$ Increase	\$12.20
% Increase	40.37%

KMB UTILITY CORPORATION-WARREN WOODS

Residential Customer Bill Comparison-Water

Rates for 3/4" Meter

<u>Current Base</u> <u>Customer Charge</u>	<u>Proposed Base</u> <u>Customer Charge</u>	<u>Current</u> <u>Usage Rate</u>	<u>Proposed</u> <u>Usage Rate</u>
\$12.92	\$23.39	\$2.92	\$5.29

current service charge is monthly charge

usage rate is per 1,000 gallons used

MONTHLY BILL COMPARISON

5,000 gallons/month usage

Current Rates

Customer Charge	\$ 12.92
Usage Charge	\$ 14.60
Total Bill	\$ 27.52

Proposed Rates

Customer Charge	\$ 23.39
Usage Charge	\$ 26.43
Total Bill	\$ 49.81

INCREASES

Customer Charge

\$ Increase	\$10.47
% Increase	81.01%

Usage Charge

\$ Increase	\$11.83
% Increase	81.01%

Total Bill

\$ Increase	\$22.29
% Increase	81.01%

Agreement Attachment C

Schedule of Depreciation Rates

KMB WATER COMPANY
SCHEDULE of DEPRECIATION RATES
(WATER Class C)
WR-2010-0345 Attachment C

USOA

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	DEPRECIATION RATE	AVERAGE SERVICE LIFE (YEARS)	NET SALVAGE
Source of Supply				
314	Wells & Springs	2.0%	50	0%
Pumping Plant				
321	Structures & Improvements	2.5%	40	0%
325	Electric Pumping Equipment	5.0%	20	0%
328	Other Pumping Equipment	4.0%	25	0%
Water Treatment Plant				
332	Water Treatment Equipment	2.9%	35	0%
Transmission and Distribution				
342	Distribution Reservoirs & Standpipes	2.5%	40	0%
343	Transmission & Distribution Mains	2.0%	50	0%
345	Customer Services	2.5%	40	0%
346	Customer Meters	10.0%	10	0%
347	Customer Meter Pits & Installation	2.5%	40	0%
348	Hydrants	2.0%	50	0%
General Plant				
391.1	Office Electronic & Computer Equip.	1.0%	5	0%
392	Transportation Equipment	7.0%	7	9%
394	Tools, Shop, Garage Equipment	5.0%	20	0%
397	Communication Equipment	6.7%	15	0%

Agreement Attachment D

EMSD Report

REPORT OF CUSTOMER SERVICE AND BUSINESS OPERATIONS REVIEW

SMALL COMPANY RATE INCREASE REQUEST

KMB UTILITY CORPORATION

CASE NOS. WR-2010-0345 & SR-2010-0346

ENGINEERING AND MANAGEMENT SERVICES DEPARTMENT

The Engineering and Management Services Department (EMSD) staff initiated an informal review of the customer service processes, procedures and practices at KMB Utility Corporation (KMB or Company) in House Springs, Missouri in June 2010. The review was performed in conjunction with the Company's filed rate increase request submitted to the Missouri Public Service Commission (Commission) on May 21, 2010 and assigned case numbers WR-2010-0345 and SR-2010-0346. The Company last filed for increases in water and sewer service rates in 2005.

The Company is 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. These increases are only being requested for five of the seven operating areas of the water system. The requested increases are for: Hillshine Acres/Sunshine, Lakewood Hills, Warren Woods, Cedar Hill Estates/Village Green, and Crestview Acres. The request for sewer system increases includes an estimate of the amount that will be spent on an engineering report required in order to renew the Company's operating permit issued by the Missouri Department of Natural Resources (DNR).

The EMSD staff examined Company tariffs, annual reports, Commission complaint records and other documentation related to the Company's customer service operations. The EMSD staff participated in meetings with Company personnel in July 2010.

Through its audit, the EMSD staff is making three recommendations to the Company:

Implement a method that documents and records the number of all estimates used for customer bills for each service address. This recommendation must be completed within sixty (60) days of the Commission order approving the Disposition Agreement in Case No. WR-2010-0345.

Implement procedures to contact customers receiving at least three consecutively estimated bills and schedule an appointment to obtain access to the customer's meter. This recommendation must be completed within sixty (60) days of the Commission order approving the Disposition Agreement in Case No. WR-2010-0345.

Pursue the feasibility of a cooperative agreement with the City of Cape Girardeau to terminate water service for delinquent sewer bills. This recommendation must be completed within ninety (90) days of the Commission order approving the Disposition Agreement in Case No. SR-2010-0346.

The specific information regarding EMSD staff's recommendations will be explained in greater detail in the Findings, Conclusions and Recommendations section of this report.

The purpose of the EMSD is to promote and encourage efficient and effective utility management. This purpose contributes to the Commission's overall mission to ensure that customers receive safe and reliable utility service at just, reasonable and affordable rates, while providing utilities the opportunity to earn a fair return on their investment.

The objectives of this review were to document and analyze the management control processes, procedures, and practices used by the Company to ensure that its customers' service needs are met and to make recommendations, where appropriate, by which the Company may improve the quality of service provided to its customers. The findings of this review will also provide the Commission with information regarding the Company's customer service operations.

The scope of this review focused on processes, procedures and practices related to:

- Customer Billing
- Meter Reading
- Credit and Collections

This report contains the results of the EMSD staff's review.

As a result of this audit, the EMSD is making recommendations to the Company to make improvements to its procedures for estimating bills and collecting delinquent sewer payments.

History

The EMSD staff previously performed a customer service review of the Company in September 2002. That review included recommendations for improvements in the areas of returned checks and depositing customer receipts. After the completion of the audit, the EMSD staff worked with the Company to ensure that improvements were made in these processes. The Company did take action to address these situations and recommendations.

An additional review was conducted by the EMSD staff in 2005 and focused on several operational issues that were prompted by customer comments and concerns. This review resulted in recommendations made to the Company in the areas of computerized customer billing, estimated bills, customer complaint logs, documentation with regard to the utilization of outside contractors, and the formalization of credit and collection policies. The Company accepted the EMSD staff's recommendations and met with Staff several times to discuss how best to comply with the recommendations. The recommendations and their present status are as follows:

Investigate and analyze the alternatives to provide computerized customer and billing systems in an efficient and effective manner.

The Company has addressed this recommendation and the EMSD staff considers it completed.

Develop an effective method to track the number and location of estimates used for customer billings.

The Company has not completed this recommendation. The EMSD staff will make additional recommendations regarding estimated bills in this report.

Develop and utilize a series of procedures to attempt contact with customers receiving consecutive estimated bills. These procedures should include efforts on the part of the Company to schedule appointments to obtain access to the meter.

The Company has taken steps to contact customers receiving estimated bills and attempt to gain access to the meter. The EMSD staff will make additional recommendations regarding estimated bills in this report.

Develop and utilize a log that documents the complaints and inquiries received by the Company. Ensure that records are maintained for two years.

The Company has addressed this recommendation and the EMSD staff considers it completed.

Maintain the appropriate documentation regarding the utilization of outside contractors, including Piffel Excavating Company.

The Company has addressed this recommendation and the EMSD staff considers it completed.

Develop and document a set of procedures to be utilized in dealing with delinquent accounts and communicate this information to the customer in a mailing or brochure.

The Company has addressed this recommendation and the EMSD staff considers it completed.

Develop a customer informational brochure to be distributed to all customers informing them of the rights and responsibilities of the customer and the Company.

The Company has addressed this recommendation and the EMSD staff considers it completed.

Consider and evaluate the use of deposits for new customers, consistent with the provisions of 4CSR 240-13.050, to assist the Company in its management of bad debt.

The Company has addressed this recommendation and the EMSD staff considers it completed.

The EMSD staff has reviewed the present status of these recommendations and this report will focus on the opportunities for improvements in the area of consecutive estimated meter readings for bills and credit and collections efforts.

Overview

The current owner purchased KMB in September 2000 and subsequently acquired the Cedar Hill Water Company in February 2001. The Cedar Hill system was effectively merged with KMB's operations in 2003 as part of the Commission's Order in Case No. WM-2003-0194. The current owner also owns and operates an excavating company, Piffel Excavating Company, located in the House Springs, Missouri vicinity.

KMB rents office space and shares some work with the excavating company. The Office Manager for both companies handles the administrative functions such as answering phone calls, maintaining records and performing customer billing. Office hours are maintained Monday through Friday from 8 am to 5 pm and all calls after that time are routed to a paging system. Emergencies that occur during non-business hours are routed to the Company's outside contractors, Piffel Excavating Company, for service work.

These personnel will either correct the problem or contact the owner for instructions. Piffel employees maintain time sheets indicating the work performed, hours worked and the system where the work was located. The office maintains a notebook with information regarding customer calls and inquiries.

KMB has seven water systems and one sewer system. The water system names, county location and number of customers are displayed in the following table.

WATER SYSTEMS		
Name	County	No. of Customers
Cedar Hill Estates	Jefferson	193
Crestview Acres	Franklin	55
High Ridge Manor	Jefferson	84
Hillshine Acres	Franklin	33
Lakewood Hills	Jefferson	116
Scotsdale	Jefferson	37
Warren Woods	Jefferson	21

Source: MoPSC Auditing Department

The sewer system, Cape Rock Village, is located near Cape Girardeau, Missouri and has 218 customers who are charged on a flat rate.

Meter Reading Process

The Company utilizes an outside company, Franklin County Lab, to read its meters on a pre-determined schedule each month. The table below lists the information provided to the EMSD staff regarding the monthly schedule for meter reading at each of the water systems.

<i>System</i>	<i>Date Read</i>
Cedar Hill Estates	Billed on the 15 th -reads begin 2 days before
Crestview Acres	Billed on the 1 st -reads begin 2 days before
High Ridge Manor	Billed on the 1 st -reads begin 2 days before
Lakewood Hills	Billed on the 1 st -reads begin 2 days before
Hillshine	Billed on the 1 st -reads begin 2 days before
Scotsdale	Billed on the 1 st -set amount each month
Warren Woods	Billed on the 1 st -reads begin 2 days before

Source: Company response to EMSD information request

Meter reading has been performed by employees of Franklin County Lab and provided to the office manager since early 2010. Readings are entered into the billing system and bills are produced and mailed to the customers. When the Company is unable to obtain an actual reading, an estimate is produced by the billing software.

Two of the systems, Hillshine and Crestview Acres, have inside water meters. As part of the Disposition Agreement in Case No.WR-2006-0286, customers of Hillshine and Crestview Acres have the option to read their own meters eleven (11) months of the year. Customers in these two subdivisions are mailed a bill that includes a space on the return stub for them to provide an actual meter reading. Once a year, the Company makes an attempt to obtain an actual reading to make any corrections necessary. The Company has indicated that they have been able to obtain customer supplied readings or Company obtained readings from many of the customers in each system. However, a review of meter reading sheets for the two systems still indicate that most meters are being estimated because of a lack of access to the inside meters.

The Disposition Agreement in Case No.WR-2006-0286 addressed a requirement for the Company to replace existing inside meters at Hillshine and Crestview with new meters to include remote reading devices. Customers had the option to obtain a new meter with the remote reading device. If they did not agree to this, then the meter would be moved outside and the costs charged directly to the customer. All of the customers located on these two systems refused to allow the Company to install the remote devices primarily due to a requirement to drill through the foundation of their homes and in February 2009 the Commission granted the Company a waiver of compliance with the sections of the Disposition Agreement that addressed this issue.

The Company has been able to improve its performance in reading meters in the other systems since the EMSD staff's prior review. The issue of estimated bills continues to be a challenge for the Company in the Hillshine Acres and Crestview Acres subdivisions where almost all of the meters are inside.

Customer Billing Process

The Company updated its billing software in 2005 and presently utilizes Sequoah Software to enter meter readings, produce bills and post payments. The printed bills

are normally mailed to the customer the same day that the meter readings are entered. The billing software maintains 36 months of data and the Company indicates it has records from 1998.

New customers may initiate service by calling the office and requesting that the bill be put in their name. An application form will be mailed to them to be filled out and returned. Deposits are not required of any customers.

Credit and Collections

The customer is able to pay their bill by remitting a check, cash or money order. The Company indicated that almost all of the payments are by check. Payments are almost always mailed to the office and are posted to the customer's account the day they are received.

Customers are given thirty (30) days in which to make their payment. After that time, they will be assessed a fee of \$5 or 3% of the bill amount, whichever is greater. The next bill mailed to the customer will note that it is delinquent and payment is due. If the customer's account is still delinquent when the third bill is mailed, they will also receive a letter informing them that their service is in danger of disconnection. The letter also informs the customers that they have an additional two (2) weeks to make payment and tells them to contact the office. In addition, the Company attempts to make phone contact with the customer, and also leaves a hang tag informing them of the pending disconnection. Since 2009, the Company has attempted to be more aggressive with respect to the collection of its delinquent accounts while following the rules regarding contact with the customer prior to disconnection of service.

The sewer system, Cape Rock Village, located in Cape Girardeau, Missouri has encountered the most challenges with respect to collection of delinquent bills. It is difficult and costly to discontinue sewer service to a delinquent customer. The Company has accrued the greatest amounts of write-offs and delinquencies attributable to its sewer operations. The owner of KMB has recently contacted the city of Cape Girardeau regarding a cooperative agreement to discontinue water service in those cases where the sewer charges have not been paid. However, the city is not willing to enter into such an agreement.

Findings, Conclusions and Recommendations

The following discussion presents a summary of the findings, conclusions and recommendations pertaining to the Company's customer service operations. The information presented in this section focuses on the following areas that require Company management's attention:

- Meter Reading
- Credit and Collections

Meter Reading

The Company is often unable to obtain an actual read on all meters on an annual basis, particularly for the Hillshine and Crestview Acres areas. They are also unable to easily determine and track the number of readings that have been estimated consecutively at a customer location.

The Company has experienced difficulty with monitoring the level of estimated bills rendered and the number of consecutive estimated bills. Meter reading sheets note if the prior bill was estimated but do not indicate the number of estimates. Some readings used for billing may have been the result of a customer supplied reading. The billing system used to maintain information on customer accounts does not provide the number of consecutive estimated bills at a specific premise over the course of the year without a tedious review of each record or a review of each meter sheet. Overall, there is no summary document that allows them to record the number of estimated bills for each service address.

Estimated bills are never a preferred outcome because they do not reflect actual usage. In addition, estimated bills may not approximate actual usage if they are continually based upon estimated meter readings month after month.

Commission Rule 4 CSR 240-13 is the Service and Billing Practices for Residential Customers of Electric, Gas and Water Utilities and therefore applies to the water operations of KMB. This rule sets out specific requirements for various customer service functions conducted at the Company. Commission Regulation 4 CSR 240-13.020(2)(B) states, "that a utility shall not render a bill based on estimated usage for more than three (3) consecutive billing periods, except under certain conditions." If the Company

does render an estimated bill for three (3) consecutive billing periods, the Company is required to take specific actions to contact the customer and try to obtain an actual reading. 4 CSR 240-13.020(3).

The previous 2005 EMSD Audit Report discussed and made recommendations in the area of estimated bills. Although the Company did not complete the prior recommendations as noted in the front of this report, the EMSD staff has determined customer bills can be improved by the Company taking several steps. These steps would focus upon 1) the maintenance and utilization of information and 2) efforts to obtain an actual meter reading on an annual basis. The Company needs to be aware of the frequency of consecutive estimated billings and target those customers that have received an excessive number of estimated bills to obtain an annual reading.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Develop an effective method to track the number and location of consecutive estimates used for customer billings and the reasons for the estimates. This recommendation must be completed within sixty (60) days of the Commission order approving the Disposition Agreement in Case No. WR-2010-0345.

Once the Company can determine the number and location of estimated meter readings, it should then develop a series of specific actions to be taken in attempting to obtain an actual reading. This series of procedures will assist it in addressing the requirements of Commission Regulation 4 CSR 240-13.020(3) which specifies the actions required when the Company is unable to obtain an actual meter reading for three (3) consecutive billing periods. Company management should ensure and document that there is a serious effort to read all meters at least once a year. In any instance, where circumstances prevent the operator from reading the meter, the reasons for the estimate must be documented and actions implemented to attempt to obtain an actual reading.

THE EMSD STAFF RECOMMENDS THAT COMPANY MANAGEMENT:

Develop and utilize procedures to attempt contact with customers receiving consecutive estimated bills. These procedures should include efforts on the part of the Company to schedule appointments to obtain access to the meter. This recommendation must be completed within sixty (60) days of the Commission order approving the Disposition Agreement in Case No. WR-2010-0345.

Credit and Collections

The Company has been unable to successfully disconnect its delinquent sewer customers' services due to the complexity and cost associated with this action. A recent inquiry into developing a cooperative agreement with the city of Cape Girardeau, Missouri was denied by the city. The EMSD staff is aware of other instances where the water and sewer providers enter into cooperative agreements to provide this service. Companies report a mutual benefit in receiving their payments for services and actually find that they do not have to resort to this disconnection very often.

THE EMSD STAFF *RECOMMENDS* THAT COMPANY MANAGEMENT:

Pursue the feasibility of the development of a cooperative agreement with the City of Cape Girardeau regarding termination of water service for delinquent sewer bills. This recommendation must be completed within ninety (90) days of the Commission order approving the Disposition Agreement in Case No. SR-2010-0346.

Agreement Attachment E

Summary of Case Events

KMB Utility Corporation
Case #WR-2010-0345
Summary of Case Events-All Water Districts Combined

Date Filed	May 21, 2010
Day 150	October 18, 2010
Extension?	No
If yes, why?	
Amount Requested:	\$18,500
Amount Agreed Upon By Area:	
Cedar Hill Estates	\$0
Crestview Acres	\$4,704
High Ridge Manor	\$0
Hillshine Manor	\$3,269
Lakewood Hills	\$3,878
Scotsdale	\$5,511
Warren Woods	\$5,528
Total Amount Agreed Upon	\$22,890
Item(s)/Dollar(s) Driving Rate Increase	Elimination of health insurance Hiring of Contract Operators PSC Assessment
Number of Customers	539
Rate of Return	9.02%
Return on Equity	9.02%
Assessments Current	Yes
Annual Reports Filed	Yes
Statement of Revenue Filed	Yes
Other Open Cases before Commission	SR-2010-0346
Status with Secretary of State	Good Standing
DNR Violations	No
Significant Service/Quality Issues	None