

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held at its office
in Jefferson City on the 12th
day of May, 1995.

In the matter of KMB Utility Corporation's tariff)
revision designed to increase rates for sewer) CASE NO. SR-95-295
service at Cape Rock Village pursuant to the)
Commission's informal rate procedure.)

ORDER GRANTING RATE INCREASE

On November 15, 1994, KMB Utility Corporation (KMB) submitted a letter to the Commission requesting an increase in rates for sewer service in its Cape Rock division. KMB's request was submitted pursuant to the Commission's small utility rate increase procedures in 4 CSR 240-2.060(8). On March 31, 1995, KMB filed tariff sheets based upon an audit performed by Commission Staff which contained a modified rate increase proposal. The tariff sheets reflected an increase of approximately 65.7 percent for the average residential customer in the Cape Rock Village service area.

On April 7, 1995, the Office of Public Counsel (OPC) filed a request for a local hearing. OPC in its motion indicated that a local hearing should be held to receive customer comments because of the significant increases in rates in the Cape Rock Village service area.

The Commission conducted a local customer hearing as requested. Ten customers made comments concerning the proposed rate increases and service problems. On May 5, 1995, OPC filed a pleading recommending the

Commission approve the proposed rate increases subject to certain conditions. The conditions recommended by OPC are:

1. That KMB should be ordered to investigate feasible solutions for eliminating the odor problem.
2. That KMB should maintain detailed travel logs that detail the destination, miles traveled, and purpose for each trip and also record lodging and meals.

On May 11, 1995, Commission Staff filed a memorandum concerning the proposed tariff sheets. In its memorandum Staff recommends that the proposed tariff sheets filed on March 31, 1995, be approved subject to certain conditions. Staff's recommendations for KMB are:

1. That KMB maintain accurate employee time sheets;
2. That KMB keep accurate maintenance and operational logs including travel and equipment logs;
3. That KMB file a complete annual report for 1994;
4. That KMB maintain accurate customer records.

The Commission has reviewed OPC's pleading, Staff's recommendation and the proposed tariff sheets. Based upon that review and with adoption of certain conditions as described below, the Commission will approve an increase in revenues for KMB consistent with this order. Although the rate increases are significant the Commission finds, based upon Staff's memorandum, that KMB has made substantial capital improvements in its sewer system and Staff has audited KMB accounts which support the increase. Specifically, in the Cape Rock Village service area KMB has installed large aerators on the lagoon, and has replaced and upgraded the electric controls in the lift station. KMB has also rebuilt the pump station and two submersible pumps and has put lime on the effluent in the

creek to control the odor. In addition, KMB will add a secretary to the staff so that it can address customer calls and letters sooner.

The Commission finds that OPC's recommendation concerning investigation of solutions for the odor problem is reasonable and should be implemented. Both OPC and Staff recommended maintaining detailed travel logs and this action was ordered in a previous Cape Rock sewer case, Case No. WR-94-112.

The Commission finds that the conditions recommended by Staff are also reasonable and will be adopted. These conditions will require KMB to maintain adequate records. The Commission is approving the increases in rates for KMB with full awareness of the customer discontent and service problems which the customers detailed at the local customer hearing. These problems indicate that KMB has a significant amount of work to perform to bring the service into line with customer expectations. Specific problems with solving the odor problem should be reviewed by Staff, and KMB procedures should be monitored to ensure each customer receives safe and adequate service.

IT IS THEREFORE ORDERED:

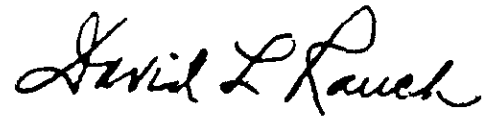
1. That the tariff sheet filed by KMB Utility Corporation on March 31, 1995, to increase rates for sewer service in its Cape Rock service area is hereby approved for service on and after May 22, 1995. The tariff sheet approved is:

P.S.C. MO. No. 1
3rd Revised Sheet No. 5, Cancelling 2nd Revised Sheet No. 5.

2. That KMB Utility Corporation shall comply with the conditions recommended by Commission Staff and the Office of Public Counsel as described in this order.

3. That this order shall become effective on the 22nd day of
May, 1995.

BY THE COMMISSION

A handwritten signature in cursive script, reading "David L. Rauch".

David L. Rauch
Executive Secretary

(S E A L)

Mueller, Chm., McClure and
Crumpton, CC., Concur.
Perkins and Kincheloe, CC.,
Absent.