

STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION

At a Session of the Public Service  
Commission held at its office  
in Jefferson City on the 27th  
day of October, 1993.

In the matter of KMB Utility Corporation's )  
tariff sheets designed to increase rates for ) CASE NO. WR-94-112  
sewer service pursuant to the Commission's )  
informal rate procedure. )

ORDER APPROVING TARIFFS AND AGREEMENT

KMB Utility Corporation (Company) is a sewer corporation and a public utility subject to the jurisdiction of the Missouri Public Service Commission (Commission). Section 386.250(4) RSMo Cum. Supp. 1992. KMB Utility Corporation, in its Cape Rock Village Subdivision, serves approximately 216 residential customers in Cape Girardeau County. By letter dated December 21, 1992, the Company requested that the Commission approve a rate increase for its sewer operations for the Cape Rock Village system under the small company rate proceeding set out in 4 CSR 240-2.060(8), indicating that the Company was operating at a loss and needed additional revenue to cover operating expenses. The Company requested an increase of \$36,000 per year in revenues; the effect on customers would have been as described below:

<u>MONTHLY</u>	<u>CURRENT</u>	<u>REQUESTED</u>	<u>% INCREASE</u>
Residential	\$ 9.64	\$ 14.75	53
Commercial	\$ 7.71	\$ 11.80	53

On January 5, 1993, the Company sent written notice of these requested increases to its customers. The Staff of the Public Service Commission (Staff) received one telephone call and seven letters stating that the requested rates

were too high. Based on Staff recommendations, the Company filed a revised tariff on September 30, 1993, to implement the sewer rate increase with a proposed effective date of November 1, 1993. On September 27, 1993, the Company sent notice to its customers of the new rates recommended by Staff. One service complaint was received in response to the second notice and the situation was rectified by the Company.

Staff conducted an investigation into the books, records, and operations of KMB Utility Corporation and filed its recommendation on October 15, 1993. Staff's audit indicates that current levels of expenses are not adequately covered by current revenue and Staff concluded that there is justification for a revenue increase for sewer service of approximately \$4,967 or 21 percent, to correct that situation. Based on Staff's recommendation the monthly sewer charges would increase as follows:

<u>MONTHLY</u>	<u>CURRENT</u>	<u>RECOMMENDED</u>	<u>% INCREASE</u>
Single Family	\$ 9.64	\$ 11.68	21
Multi-Family	\$ 7.71	\$ 9.34	21

Staff recommended approval of the revised tariff sheet filed September 30, 1993, for service provided on and after November 1, 1993. The commercial sewer rates formerly on the books have been eliminated by the revised tariff since Company no longer services any commercial customers in this system.

Staff made suggestions to the owner/manager of the Company for improved recordkeeping for proper allocation of expenses among facilities and containment of costs, particularly in the areas of telephone, travel, and salary expense.

The Office of the Public Counsel (OPC) filed its Statement of Position agreeing with the Staff recommendations on October 7, 1993.

This case was pursued under the small company rate proceeding set out in 4 CSR 240-2.060(8) which is procedurally simplified but subject to certain time constraints. 4 CSR 240.2-060(8)(H) provides that "An agreement must be reached and tariff sheet(s) filed based upon the agreement within one hundred fifty (150) days from the date the letter initiating the procedure is filed with the commission. This time period can be extended by the consent of the parties." The initiating letter in this case was filed with the Commission on December 23, 1993, which would give an end date for the 150-day period of May 22, 1993. By that date the Company's tariffs, Staff's recommendation, and the OPC Statement of Position should have been filed. The tariffs filed on September 27, the OPC's position statement signed on October 7, and the Staff's recommendation dated October 15, 1993, all fall outside that deadline. The case papers actually filed with the Commission contain no indication of a request by the Staff, Company, OPC, or any other interested person for an extension of time to complete the small company rate proceedings. However, since the case was resolved by agreement among Company, Staff, and OPC, it will be presumed that each party has waived its right to object to failure to meet the time limits set forth in 4 CSR 240.2-060(8).

Upon review of Staff's memorandum and its attachments and the Company's tariffs filed September 30, 1993, the Commission finds that increased revenue is justified in this case based on the Staff audit which indicates that current levels of expenses are not adequately covered by current rates for services. Therefore, the Commission finds that the tariffs agreed to by the Company, Staff, and the OPC and filed with the Commission are just and reasonable and in the public interest and should be approved. The Commission also finds that the Staff's recommendations regarding travel, telephone and salary expenses are

appropriate and Company should be ordered to maintain its records and level of expenses in accordance with those recommendations.

IT IS THEREFORE ORDERED:

1. That Tariff Sheet P.S.C.Mo. No. 1, 1st Revised Sheet No. 5, cancelling Original Sheet No. 5, filed by KMB Utility Corporation on September 30, 1993, is hereby approved for services on and after November 1, 1993.

2. That KMB Utility Corporation shall maintain records in accordance with the following recommendations of Staff:

a. KMB Utility Corporation shall maintain accurate records of all plant and related additions;

b. KMB Utility Corporation shall maintain time cards showing all time actually spent on the Cape Rock Village system;

c. KMB Utility Corporation shall maintain a travel log documenting the actual number of miles traveled in the management of the Cape Rock Village facility;

d. KMB Utility Corporation shall maintain accurate records of all expenses associated with telephone services; and

e. KMB Utility Corporation shall maintain all the above expenses within reasonable limits.

3. That this Order shall become effective on November 1, 1993.

BY THE COMMISSION



David L. Rauch  
Executive Secretary

(S E A L)

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