

**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)	

STAFF’S RESPONSE TO ORDER DIRECTING FILING

COMES NOW the Staff of the Missouri Public Service Commission ("Staff"), by and through counsel, and for its *Response to Order Directing Filing* (“*Response*”) 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. On October 18, 2010, Staff filed a *Notice of Agreement Regarding Disposition of Small Company Rate Increase Request* (“Partial Agreement”) which stated that the Company and Staff were able to reach an agreement that included \$25,293 increase in its annual water system operating revenue.

4. On October 22, 2010, KMB filed Revised Tariff Sheets, with Tracking Number YW-2011-0214.

5. Subsequent to Staff’s investigation and pursuant to negotiations between the Company, Staff, and Public Counsel, all parties were able to reach an agreement. On January 24, 2011, Staff filed the *Unanimous Agreement Regarding Disposition of Small Water Company*

Revenue Increase Request (“Unanimous Agreement”), which reflects an agreed-upon \$22,890 increase in KMB’s annual operating revenues for its water system.

6. On January 24, 2011, Staff also filed a *Motion for Expedited Consideration and Approval of Tariff Sheets Filed on Less Than Thirty Days’ Notice* demonstrating good cause and requesting the Commission issue an order adopting the tariffs with an effective date of February 1, 2011.

7. On January 24, 2011, the Commission entered an *Order Directing Filing* (“Order”) ordering Staff to provide information that sets forth the effects of the Partial Agreement, the Unanimous Agreement and the tariff on the rates of an average member of each customer class by percentage and amount, as well as a list of specific tariff sheets of which parties seek the Commission’s approval or order to file.

8. In response to the Commission’s Order, James M. Russo, Rate and Tariff Examination Supervisor for the Commission’s Water and Sewer Department, prepared Attachments A and B, incorporated by reference herein, as well as an executed Affidavit.

9. Attachment A describes the effects of the Partial Agreement, Unanimous Agreement and the tariff rates of an average member of each customer class by percentage and amount, including a base rate comparison and a bill comparison based on 6,000 gallons usage.

10. Attachment B provides the Commission with copies of the following proposed tariff sheets P.S.C. MO No.1:

4th Revised Sheet No. 6A, Cancelling 3rd Revised Sheet No. 6A

6th Revised Sheet No. 6B, Cancelling 5th Revised Sheet No. 6B

5th Revised Sheet No. 6C, Cancelling 4th Revised Sheet No. 6C

5th Revised Sheet No. 6D, Cancelling 4th Revised Sheet No. 6D

4th Revised Sheet No. 6E, Cancelling 3rd Revised Sheet No. 6E

1st Revised Sheet No. 6F, Cancelling Original Sheet No. 6F

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

WHEREFORE, Staff respectfully submits this *Response to Order Directing Filing* and incorporated Attachments A and B for the Commission's information and consideration in this case.

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 25th day of January, 2011.

/s/ RACHEL M. LEWIS

KMB Utilitiy Corporation
Base Rate Comparison

Attachment A-Sheet 1

		Company/Staff Agreement ("Parial Agreement")				Unanimous Agreement			
Service Area	Current Rate		Agreed Upon	Percent Increase	Dollar Increase		Agreed Upon	Percent Increase	Dollar Increase
Crestview Acres									
Customer Charge-Residential	\$ 8.81		\$ 12.83	45.63%	\$ 4.02		\$ 12.45	41.32%	\$ 3.64
Commodity Charge per 1,000 gallons	\$ 2.60		\$ 3.79	45.77%	\$ 1.19		\$ 3.67	41.15%	\$ 1.07
Lakewood Hills									
Customer Charge-Residential	\$ 12.32		\$ 13.66	10.88%	\$ 1.34		\$ 13.53	9.82%	\$ 1.21
Commodity Charge per 1,000 gallons	\$ 3.20		\$ 3.55	10.94%	\$ 0.35		\$ 3.51	9.69%	\$ 0.31
Hillshine Community									
Customer Charge-Residential	\$ 10.32		\$ 14.69	42.34%	\$ 4.37		\$ 14.28	38.37%	\$ 3.96
Commodity Charge per 1,000 gallons	\$ 2.00		\$ 2.85	42.50%	\$ 0.85		\$ 2.77	38.50%	\$ 0.77
Town of Scotsdale*									
Customer Charge-Residential	\$ 30.22		\$ 43.70	44.61%	\$ 13.48		\$ 42.42	40.37%	\$ 12.20
Customer Charge-Commercial	\$ 36.67		\$ 53.03	44.61%	\$ 16.36		\$ 51.48	40.39%	\$ 14.81
Commodity Charge over 10,000 gallons	\$ 3.93		\$ 5.68	44.53%	\$ 1.75		\$ 5.52	40.46%	\$ 1.59
*customer charge includes 10,000 gallons									
Warren Woods Subdivision									
Customer Charge-Residential	\$ 12.92		\$ 24.44	89.16%	\$ 11.52		\$ 23.39	81.04%	\$ 10.47
Commodity Charge per 1,000 gallons	\$ 2.92		\$ 5.52	89.04%	\$ 2.60		\$ 5.29	81.16%	\$ 2.37

KMB Utility Corporation
Bill Comparison based on 6,000 gallons usage

Attachment A-Sheet 2

Company/Staff Agreement ("Parial Agreement")						Unanimous Agreement			
Service Area	Current Rate		Agreed Upon Rate	Percent Increase	Dollar Increase		Agreed Upon Rate	Percent Increase	Dollar Increase
Crestview Acres									
Customer Charge-Residential	\$ 8.81		\$ 12.83	45.63%	\$ 4.02		\$ 12.45	41.32%	\$ 3.64
Commodity Charge at 6,000 gallons	\$ 15.60		\$ 22.74	45.77%	\$ 7.14		\$ 22.02	41.15%	\$ 6.42
Total Residential Customer Bill	\$ 24.41		\$ 35.57	45.72%	\$ 11.16		\$ 34.47	41.21%	\$ 10.06
Lakewood Hills									
Customer Charge-Residential	\$ 12.32		\$ 13.66	10.88%	\$ 1.34		\$ 13.53	9.82%	\$ 1.21
Commodity Charge at 6,000 gallons	\$ 19.20		\$ 21.30	10.94%	\$ 2.10		\$ 21.06	9.69%	\$ 1.86
Total Residential Customer Bill	\$ 31.52		\$ 34.96	10.91%	\$ 3.44		\$ 34.59	9.74%	\$ 3.07
Hillshine Community									
Customer Charge-Residential	\$ 10.32		\$ 14.69	42.34%	\$ 4.37		\$ 14.28	38.37%	\$ 3.96
Commodity Charge at 6,000 gallons	\$ 12.00		\$ 17.10	42.50%	\$ 5.10		\$ 16.62	38.50%	\$ 4.62
Total Residential Customer Bill	\$ 22.32		\$ 31.79	42.43%	\$ 9.47		\$ 30.90	38.44%	\$ 8.58
Town of Scottsdale*									
Customer Charge-Residential	\$ 30.22		\$ 43.70	44.61%	\$ 13.48		\$ 42.42	40.37%	\$ 12.20
Customer Charge-Commercial	\$ 36.67		\$ 53.03	44.61%	\$ 16.36		\$ 51.48	40.39%	\$ 14.81
Commodity Charge	\$ -		\$ -		\$ -		\$ -		\$ -
Total Residential Customer Bill	\$ 30.22		\$ 43.70	44.61%	\$ 13.48		\$ 42.42	40.37%	\$ 12.20
Total Commercial Customer Bill	\$ 36.67		\$ 53.03	44.61%	\$ 16.36		\$ 51.48	40.39%	\$ 14.81
*customer charge includes 10,000 gallons									
Warren Woods Subdivision									
Customer Charge-Residential	\$ 12.92		\$ 24.44	89.16%	\$ 11.52		\$ 23.39	81.04%	\$ 10.47
Commodity Charge at 6,000 gallons	\$ 17.52		\$ 33.12	89.04%	\$ 15.60		\$ 31.74	81.16%	\$ 14.22
Total Residential Customer Bill	\$ 30.44		\$ 57.56	89.09%	\$ 27.12		\$ 55.13	81.11%	\$ 24.69

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: October 22, 2010
Month/Day/Year

Effective Date: December 8, 2010
Month/Day/Year

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

510 Dulin Creek Road House Springs MO 63501
Company Mailing Address

Attachment B

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%;">\$13.53 per month</td> <td style="width: 20%; text-align: right;">+</td> </tr> <tr> <td>Commodity Charge</td> <td>\$ 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: October 22, 2010
 Month/Day/Year

Effective Date: December 8, 2010
 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 style="text-align: center;">P.S.C. MO No. 1</p> <p>Canceling P.S.C. MO No. 1</p> <p><u>KMB Utility Corporation</u> Name of Issuing Company</p>	<p style="text-align: center;">5th Revised Sheet No. <u>6C</u></p> <p style="text-align: center;">4th Revised Sheet No. <u>6C</u></p> <p>For: <u>Hillshine Community (Jefferson County)</u> Certificated Service Area</p>						
<p>Rules & Regulations Rendering of Water Service</p>							
<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 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	+
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Commodity Charge	\$ 2.77 per 1,000 gallons	+					

Issue Date: October 22, 2010
Month/Day/Year

Effective Date: December 8, 2010
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: October 22, 2010
Month/Day/Year

Effective Date: December 8, 2010
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: center;">+</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: center;">+</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	+					
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 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

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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

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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510 Dulin Creek Road House Springs MO 63501
Company Mailing Address

BEFORE THE MISSOURI PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

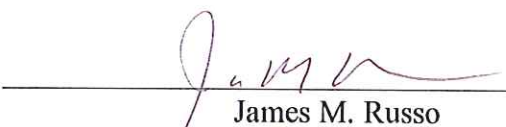
In the Matter of the Application of KMB Utility)
Corporation for a Water Rate Increase)

WR-2010-0345

AFFIDAVIT OF JAMES M. RUSSO

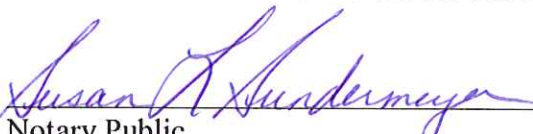
STATE OF MISSOURI)
) ss
COUNTY OF COLE)

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 previously filed *Company/Staff Partial Agreement Regarding Disposition of Small Water Company Revenue Increase Request* ("Partial Agreement"), *Unanimous Agreement Regarding Disposition of Small Water Company Revenue Increase Request* ("Unanimous Agreement"), and *Pending and prospective revised and substitute tariff sheets* ("tariff"); (4) that he was responsible for the preparation of Attachments A and B to Staff's Response to Order Directing Filing; (5) that he has knowledge of the matters set forth in Staff's Response to Order Directing Filing; and (6) that the matters set forth in the Staff's Response to Order Directing Filing 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 25th day of January, 2011.



Notary Public

