

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

Application of KMB Utility Corporation	)	
for Authority to File a Proposed Tariff	)	<b><u>Case No. WR-2006-0286</u></b>
to Increase Water Service Rates.	)	

**ORDER DIRECTING STAFF TO STATE POSITION**

Issue Date: January 21, 2009

Effective Date: January 21, 2009

In April of 2006, the Commission issued an Order Approving Small Company Rate Increase and Accompanying Tariff in this matter. As part of that order, the company and the Staff of the Missouri Public Service Commission were required to comply with the provisions of the Company/Staff Agreement Regarding Disposition of Small Water Company Rate Increase Request and the Unanimous Supplemental Agreement Regarding Disposition of Small Company Rate Increase Request. One of those provisions required Staff to file a notice verifying that KMB Utility Corporation had complied with the agreements.

Staff filed its notice indicating that the company had fulfilled all the terms of the agreements with the exception of sections (6) and (7) of the agreement. Those sections required KMB to “replace the existing inside meters in the Crestview Acres and Hillshine [subdivisions] with new meters, including remote meter reading devices, or alternatively . . . replace existing inside meters with new meter sets located at an accessible outside location. . . .” The agreements also required “that for the Crestview Acres and Hillshine service areas the cost of moving inside meter sets to an outside location, including the cost of a new meter, will be charged directly to any customer that does not agree to have a new

meter with a remote meter reading device installed as a replacement for their existing meter.” Staff explained that KMB had not fulfilled those requirements for the following reasons:

After the approval of this Agreement, the Company attempted to fulfill all obligations required. However, when the Company began approaching customers to replace the meter in their homes, certain customers refused. The main reason for refusal cited by the homeowners was the requirement of the Company to drill a hole in the foundation of their home for the remote-reading meter devices. Further the Company became concerned with the issues of potential liability for the possible damage that could occur to the customer’s home, either in the foundation while installing the remote-reading devices, or by leaks that could occur in the future where work was performed by the Company in the customer’s home. Agreement (7) stated if a customer refused an inside meter, then the Company would install an outside meter in its place. However, the Company questioned the prudence of having both inside remote meter reading devices and outside meters. The Company explained that with the two types of meters, there could be problems associated with meter reading, billing, and other operation issues. Thus, the Company decided to forego the inside remote reading meter devices and place all meters outside at the property line.

The cost to install the meters at the property line is higher because the costs of a meter pit, ring, lid, and meter horn, plus the associated excavation cost would also need to be included in the installation of the new meters. The tariff allows the Company to charge \$850. The Company questions whether \$850 is a good estimate for the true cost of the new meter installation due to the increased costs of fuel and cooper since the rate case two years ago. The Company proposes to address the cost of the meter installation during the next rate case. The Staff agrees.

There was no response to Staff’s notice or to its Motion to Close Case.

The Commission will not simply close a case in which it has been informed that the company has failed to comply with all the terms of a Commission-approved agreement. However, the Commission is willing to grant a waiver of compliance with those provisions if all the parties are in agreement that compliance is not warranted in this situation.

The Commission shall direct its Staff to provide a statement of its position to the possible waiver of compliance with sections (6) and (7) of the agreement. KMB and the Office of the Public Counsel may also respond. If no response is received from a party, the Commission will determine the lack of response to be an acquiescence to a waiver of compliance with those provisions.

**THE COMMISSION ORDERS THAT:**

1. The Staff of the Missouri Public Service Commission shall respond as directed above no later than February 5, 2009.
2. Any other party shall file a response or statement of position as set out above no later than February 5, 2009.
3. This order shall become effective upon issuance.

**BY THE COMMISSION**



Colleen M. Dale  
Secretary

( S E A L )

Nancy Dippell, Deputy Chief Regulatory  
Law Judge, by delegation of authority  
pursuant to Section 386.240, RSMo 2000.

Dated at Jefferson City, Missouri,  
on this 21st day of January, 2009.