

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

In the Matter of the Small Company Rate       )  
Increase Request of KMB Utility Corporation    )

Case No. WR-2006-0286  
Tariff File No. YW-2006-0526

**SUPPLEMENTAL RECOMMENDATION 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 Supplemental Recommendation Regarding Disposition of Small Company Rate Increase Request ("Supplemental Recommendation") states the following to the Missouri Public Service Commission ("Commission").

1. On January 4, 2006, KMB Utility Corporation ("KMB or Company") submitted to the Commission revised tariff sheets to implement an increase in its water service rates and charges, and the instant case was established.

2. As was stated in the Company's tariff filing transmittal letter, the rates and charges contained in the subject revised tariff sheets were based upon a *Company/Staff Agreement Regarding Disposition of Small Company Rate Increase Request* ("Original Disposition Agreement") entered into by KMB and the Staff, which pertained to the small company rate increase request that KMB submitted to the Commission on May 2, 2005.

3. On January 13, 2006, the Staff filed its Notice of Agreement Regarding Disposition of Small Company Rate Increase Request, which included the above-referenced Original Disposition Agreement.

4. On February 7, 2006, the Staff filed its Recommendation Regarding Disposition of Small Company Rate Increase Request ("Original Recommendation"), in which, among other things, it recommended that the Commission approve the Company's pending revised tariff sheets to be effective for service rendered on and after February 21, 2006.

5. On February 10, 2006, the Office of the Public Counsel ("OPC") filed Public Counsel's Statement of Disagreement and Motion to Suspend Tariff ("Statement & Motion").

6. On February 17, 2006, the Commission issued an order suspending the Company's tariff revisions until April 23, 2006.

7. Subsequent to the filing of the OPC's Statement & Motion, representatives of the Company, the Staff, and the OPC discussed the one issue that the OPC raised in its Statement & Motion and reached an agreement regarding the resolution of that issue.

8. On March 28, 2006, the Staff filed a *Unanimous Supplemental Agreement Regarding Disposition of Small Company Rate Increase Request* ("Supplemental Disposition Agreement") in which the details of the agreement regarding the resolution of the issue raised by the OPC, which is referenced in Paragraph 7 above, were set forth.

9. On March 29, 2006, the Company filed the substitute revised tariff sheets required by the provisions of the Supplemental Disposition Agreement.

10. As a result of the execution and filing of the above-referenced Supplemental Disposition Agreement, and the filing of the requisite substitute revised tariff sheets, there are no issues remaining for the Commission's determination, so far as the parties to this case are concerned.

11. As an update to information included in the Staff's Original Recommendation, the Staff notes that the Company continues to have no delinquencies regarding the submission of its annual reports or the payment of its assessments, and that the Company has not subsequently received any notices of violations from the Department of Natural Resources. Also, the Staff notes that the Company is in good standing with the Secretary of State.

**WHEREFORE**, the Staff respectfully recommends that the Commission issue an order in this case that:

- (a) Approves the revised tariff sheets that are pending in Tariff File No. YW-2006-0526 to be effective for service rendered on and after April 23, 2006, or sooner if possible;
- (b) Approves the Original Disposition Agreement and the Supplemental Disposition Agreement submitted in this case;
- (c) Directs the Company to comply with the terms of the Original Disposition Agreement and the Supplemental Disposition Agreement submitted in this case; and
- (d) Prescribes the schedule of water utility plant depreciation rates that is included in Attachment D to the Original Disposition Agreement as the schedule of water utility plant depreciation rates authorized for the Company's use.

Respectfully Submitted,

**/s/ Robert S. Berlin**

Robert S. Berlin  
Associate General Counsel  
Missouri Bar No. 51709

Attorney for the Staff of the  
Missouri Public Service Commission

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**CERTIFICATE OF SERVICE**

I hereby certify that a copy of this Supplemental Recommendation has been mailed, hand-delivered, transmitted by facsimile or electronically mailed to all counsel and/or parties of record this 30th day of March 2006.

**/s/ Robert S. Berlin**

**AFFIDAVIT OF DALE W. JOHANSEN**

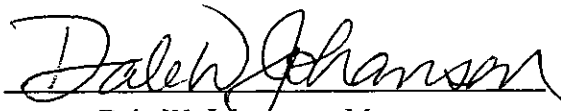
STATE OF MISSOURI )

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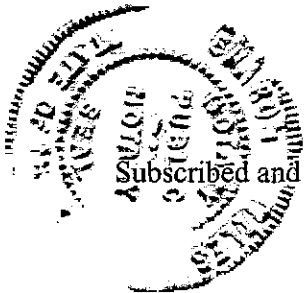
**Case No. WR-2006-0286**

COUNTY OF COLE )

Dale W. Johansen, of lawful age, on his oath states: (1) that he is a member of the Staff of the Missouri Public Service Commission; (2) that he participated in the preparation of the foregoing Supplemental Recommendation; (3) that he has knowledge of the matters set forth in said Supplemental Recommendation; and (4) that the matters set forth in said Supplemental Recommendation are true and correct to the best of his knowledge, information and belief.

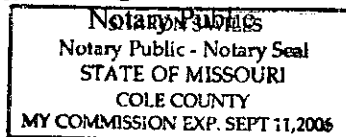


Dale W. Johansen – Manager  
Water & Sewer Department  
Utility Operations Division



Subscribed and sworn to before me this 30th day of March 2006.





My Commission Expires: \_\_\_\_\_