

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

In the Matter of the Application of KMB)
Utility Corporation for a Water Rate) Case No. WR-2010-0345
Increase.)

**THE OFFICE OF THE PUBLIC COUNSEL’S REQUEST
FOR LOCAL PUBLIC HEARING**

COMES NOW the Office of the Public Counsel (Public Counsel) and for its Request for Local Public Hearing states as follows:

1. On May 21, 2010, KMB Utility Corporation (KMB) initiated a small company rate increase proceeding with the Missouri Public Service Commission (Commission) requesting an overall increase in its water rates of \$18,500 per year for its multiple water service locations.
2. On October 18, 2010, the Staff of the Missouri Public Service Commission (Staff) filed a Notice of Agreement Regarding Disposition of Small Company Rate Increase Request (Company/Staff Agreement) indicating agreement between Staff and KMB for an overall water rate increase of \$25,293 (17.96%) annually. Public Counsel did not join in the agreements because it believes that the Company/Staff Agreement overstates the revenue requirement of KMB is not based on the individual systems’ cost of service.
3. Revised tariff sheets reflecting the proposed rates agreed to in the Company/Staff Agreement were filed by KMB on October 22, 2010. These proposed tariff sheets contain an effective date of December 8, 2010.
4. As the Company/Staff Agreement was executed by only KMB and Staff, 4 CSR 240.3-050(15) requires Public Counsel to file a pleading stating its position regarding the Company/Staff Agreement and the related proposed tariff revisions, or requesting a local public

hearing or an evidentiary hearing, no later than five (5) working days after the end of the comment period for the written customer notice contemplated in 4 CSR 240-3.050(14).

5. Affording customers the opportunity to speak to the Commission at a hearing is a critical part of the ratemaking process. The amount of the overall increase proposed in the Company/Staff Agreement is quite significant. Additionally, the Company/Staff Agreement contains proposed rate increases which are considerably different from those originally sought by KMB. For example, customers were initially notified that KMB was seeking no increase in rates in the Scotsdale location, but the Company/Staff Agreement contains a proposed rate increase of \$6,089 (44.61%) annually for Scotsdale. Also, customers were initially notified that KMB was seeking an \$800 (10.71%) annual increase for the Warren Woods location, while the Company/Staff Agreement proposes an \$6,084 (89.17%)¹ annual increase for Warren Woods. Therefore, pursuant to 4 CSR 240-3.050(15), Public Counsel requests a local public hearing in this case.

6. As all of the individual water service locations for KMB are within close proximity, Public Counsel requests that one local public hearing be held at a central location reasonably accessible to all customers. Public Counsel suggests that Eureka, Missouri would be a possible location for the local public hearing as it is centrally located. However, Pacific, Missouri would be an acceptable alternative if a suitable site cannot be found in Eureka.

7. Public Counsel does not object to the Commission scheduling the hearing promptly, as long as customers are given at least 7 days notice.

¹ The Company/Staff Agreement EMS Run in Attachment B actually calculates a \$9,881 (138.12%) annual increase for Warren Woods which has been reduced to \$6,084 (89.17%) annually in Attachments C & D due to proposed support from the Cedar Hill and High Ridge Manor customers. The Company/Staff Agreement EMS Run in Attachment B calculates annual reductions in rates of \$3,486 (8.88%) for the Cedar Hill location and of \$311 (1.65%) for the High Ridge Manor location. Instead of reductions, the Company/Staff Agreement maintains the current rates for these systems and provides \$3,797 of annual support to the Warren Woods location. Customers in the Cedar Hill and High Ridge Manor locations should also have the opportunity to voice their concerns regarding being asked to subsidize another service location.

8. Section 393.150 RSMo provides that the Commission may suspend tariff sheets for a maximum period of 120 days plus six months. Scheduling a local public hearing and completing the subsequent actions necessary in this case would require additional time beyond the December 8th effective date of the proposed tariff revisions. Therefore, Public Counsel requests that the Commission suspend the proposed revised tariff sheets for a sufficient period to allow adequate time for a local public hearing and subsequent case disposition as appropriate.

WHEREFORE, Public Counsel respectfully requests that the Commission schedule a local public hearing.

Respectfully submitted,

OFFICE OF THE PUBLIC COUNSEL

/s/ Christina L. Baker

By:_____

Christina L. Baker (#58303)

Senior Public Counsel

P O Box 2230

Jefferson City, MO 65102

(573) 751-5565

(573) 751-5562 FAX

christina.baker@ded.mo.gov

CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to the following this 23rd day of November 2010:

General Counsel Office
Missouri Public Service Commission
200 Madison Street, Suite 800
P.O. Box 360
Jefferson City, MO 65102
GenCounsel@psc.mo.gov

Rachel Lewis
General Counsel Office
Missouri Public Service Commission
200 Madison Street, Suite 800
P.O. Box 360
Jefferson City, MO 65102
rachel.lewis@psc.mo.gov

KMB Utility Corporation
Ann Rudy, Owner
5108 Dulin Creek Rd
House Springs, MO 63051
apiffel@att.net

/s/ Christina L. Baker
