

SECOND CUSTOMER NOTICE

May 5, 2009

Dear Customer:

On November 26, 2008, Lakeland Heights Water Company, Inc. (Company) submitted a request for a small utility rate case to the Missouri Public Service Commission (Commission). By its request, the Company was seeking changes to its customer rates intended to generate an increase in its annual water operating revenues of \$10,200 and increases in certain of its service charges and fees, and the establishment of certain new service charges and fees.

As a result of the Company's request, the Staff of the Public Service Commission (Commission Staff) conducted an independent audit of the Company's books and records, and an investigation of the Company's business and system operations. Based upon the results of its audit and investigation, the Commission Staff has concluded that an increase of \$9,191 in the Company's annual water operating revenues is warranted, that changes to and the addition of certain service charges are warranted, that changes to the service connection fees are warranted and that certain changes to the Company's system operations and business operations are warranted. The Company has agreed with the Commission Staff's audit findings and conclusions, and has filed tariff revisions to implement those findings and conclusions. A table summarizing the Company's proposed revisions to its rates including a monthly customer bill comparison for a residential customer is set out at the end of this notice.

The Office of the Public Counsel (OPC), a state agency responsible for representing the interests of utility consumers before the Commission, has reviewed the results of the Commission Staff's investigation. However, the OPC has not yet taken a final position regarding those results.

Any customer that has questions or comments about the Company's proposed revisions to its rates and charges, or that has comments regarding recent service-related problems, should contact the Commission Staff and/or the OPC, within 20 days of the date of this notice. To do so, please use the mailing addresses, telephone numbers, fax numbers or e-mail addresses shown below, and please include a reference to Commission Case No. WR-2009-0227.

Public Service Commission
Attn: Water/Sewer Dept.
P.O. Box 360
Jefferson City, MO 65102
Phone: 800-392-4211
Fax: 573-751-1847
E-Mail: water.sewer@psc.mo.gov

Office of the Public Counsel
Attn: Water/Sewer Dept.
P.O. Box 2230
Jefferson City, MO 65102
Phone: 866-922-2959
Fax: 573-751-5562
E-Mail: mopco@ded.mo.gov

Depending upon the responses to this notice, the OPC may request that the Public Service Commission hold a local public hearing. However, regardless of whether a local public hearing is held, no increase in rates will take effect without the specific approval of the Public Service Commission.

Second Notice re: Rate Increase Request
May 5, 2009 – Page 2 of 2 Pages

Lastly, please be advised that all currently available information regarding the Company's rate increase request may be obtained via the Public Service Commission's Website as follows, and please also note that this information will be updated as the case moves forward.

- * Go to <http://www.psc.mo.gov>
- * On that page, click on the "EFIS" button near the top on the right side of the page
- * On the next page, after reading the disclaimer, click on "I agree to terms above" and then click "Yes" when asked if you want to display the unsecured information
- * On the next page, click on "Resources" near the top right of the page
- * On the next page, click on "Case Information"
- * On the next page, click on "Case Filing/Submission" and then click "Yes" when asked if you want to display the unsecured information
- * On the next page, check the box to the left of "Case No."; enter WR-2009-0227 in the box to the right of Case No.; scroll to the bottom of the page and click on "Search"
- * On the next page, click on "WR-2009-0227" and this will bring up a screen that contains all of the documents that have been filed in the case to date
- * To view a document, click on the number in the "Item No." column

If you have questions about this notice, or about anything else with which I may be of assistance, please feel free to contact me at the telephone number listed at the top of the first page of this notice.

Sincerely,



Rodger Owens
Manager

Water Service Rates

<u>Type of Charge</u>	<u>Current Rates</u>	<u>Current Rates Increased by 77.51%</u>	<u>Amount of Change</u>
Monthly Minimum Charge	\$7.47	\$13.26	\$5.79
Usage per 1,000 gallons	\$2.71	\$4.81	\$2.10
Total Monthly Bill (at 6,000 gallons usage)	\$18.31	\$32.50	\$14.19