

**RATE INCREASE REQUEST LETTER – WATER SERVICE**

November 24, 2008

Secretary of the Commission  
Missouri Public Service Commission  
**Attn: Data Center**  
P O. Box 360  
Jefferson City, MO 65102

**FILED<sup>3</sup>**

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Missouri Public  
Service Commission

RE Request for Increase in Annual Sewer System Operating Revenues  
MO PSC Small Utility Rate Case Procedure

Dear Secretary.

**Lakeland Heights Water Company, Inc.** (Company) holds a certificate of public convenience and necessity granted by the Missouri Public Service Commission (Commission) under which the Company provides water supply and distribution services in Butler and Wayne County, Missouri. The Commission first authorized the company to provide regulated water utility service in January, 1968. The Company currently provides service to approximately 113 water customers within its certificated service area under the provisions of its Commission-approved tariffs. The Company's customer rates for water service were last changed November of 1987.

Pursuant to 4 CSR 240-3.050, the Commission's rule pertaining to rate increase request, made by qualifying small utilities the Company is hereby requesting an increase of approximately \$10,200 in its annual water system operating revenues. Based upon current customer rates and customer number, this increase represents a change of approximately 100% in the Company's annual water system operating revenues. The Company understands that the design of its customer rates, its service charges, its customer service practices, its general business practices and its general tariff provisions will also be reviewed during the Commission Staff's review of the rate increase request, and may thus be the subject of Staff recommendations at the conclusion of the rate increase process.

The specific reasons for the requested increase in the Company's annual operating revenues include: increases in utility plant investment due to the addition of a new and larger motor, pump, wiring, and breaker box all replaced within the last few years. Also a new storage building has been built to store and keep on hand supplies and replacement parts due to the company did not have a storage facility for these things. The Company has also put a new roof and painted the well house and replaced sections of old mains with the replacement of new due to the age and condition of some of the old lines. The utility rates for pumping expenses have also increased substantially and the increased cost of material for repairs and in the upkeep of the water plant itself not including labor fees for the repairs and upkeep. Further there have also been increases in other areas including: billing expense, meter reading costs, PSC assessments, DNR laboratory,

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accounting and attorney fees and fuel expenses. Also the Company's customer count has changed also in the past couple of years.

Lastly I wish to advise you that the Company is current on the payment of its Commission annual assessments (all past and current assessments have been paid in full) and the filing of its Commission annual reports. Additionally, the Company will remain current on these items during this small company rate increase procedure.

Thank you for your attention to this matter. Please contact me at our convenience if you need additional information regarding this request.

Sincerely,

/s/ Rodger Owens

Rodger Owens  
President

Copies: Jim Russo - Commission Staff  
Christina Baker – Office of the Public Counsel