

# HICKORY HILLS WATER & SEWER COMPANY, INC.

P.O. BOX 297  
TIPTON, MO 65081  
660-433-5366

RECEIVED

SEP 17 2004

June 28, 2004

UTILITY OPERATIONS  
DIVISION

Dear Customer:

On March 30, 2004, Hickory Hills Water & Sewer Company, Inc. (the Company) submitted a request for a permanent increase in its current water and sewer rates and charges, under the Missouri Public Service Commission's (Commission) small company rate increase procedure.

By its request, the Company is seeking increases in its customer rates intended to generate an increase in its annual water and sewer operating revenues of \$9,000 (approximately 208.5%) and \$5,000 (approximately 273%), respectively. The Company believes these increases in its operating revenues are necessary to cover recent increases in its overall operation and maintenance expenses. The Company has also requested a monthly "debt reduction surcharge" to be in effect for a period of 24 months, and notes that its service charges, connection fees and general tariff provisions, and the design of its customer rates, are also subject to review and change. Tables that include a comparison of the Company's current customer rates and the current rates increased by the percentages noted above, and the requested "debt reduction surcharge" are set out at the end of this notice. A monthly bill comparison for water service, which is based upon an assumed usage of 6,000 gallons, is also shown.

The Staff of the Public Service Commission (the Commission Staff) is now in the process of conducting an independent audit of the Company's books and records, and an investigation of the Company's business and system operations. Based upon that audit and investigation, the Commission Staff will develop its positions regarding the Company's requested increases in its annual operating revenues and the Company's requested debt reduction surcharge. Additionally, the Commission Staff will develop positions regarding the need for changes in the Company's service charges and connection fees, the design of the Company's customer rates, and the Company's business and system operations.

The Office of the Public Counsel (the OPC), a state agency responsible for representing the interests of utility consumers before the Commission, may also conduct its own audit and investigation, but at a minimum will review the results of the Commission Staff's audit and investigation.

Customers that have questions or comments regarding the Company's rate increase request, or comments regarding recent service-related problems, should contact the Commission Staff and/or the OPC, within 30 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 request numbers QW-2004-0008 or QS-2004-0009. As a part of their investigations into the Company's rate increase request, the Commission Staff and the OPC will review all customer comments they receive in response to this notice.

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: [pscisd@psc.mo.gov](mailto:pscisd@psc.mo.gov)

Office of the Public Counsel  
Attn: M. Ruth O'Neill  
P.O. Box 2230  
Jefferson City, MO 65102  
Phone: 573/751-4857  
Fax: 573/751-5562  
E-Mail: [mopco@ded.mo.gov](mailto:mopco@ded.mo.gov)

Upon completion of the Commission Staff's and the OPC's investigations, the Company may be required to send out a second customer notice regarding the results of the investigations. Additionally, the OPC may request that the Commission hold a local public hearing. However, neither a second customer notice nor a local public hearing will happen automatically. Therefore, please take the time now to express your views about the Company's rate increase request, and its business and system operations, to the Commission Staff and the OPC.

Regardless of whether the Company sends out a second customer notice, or whether a local public hearing is eventually held, no increase in rates will take effect without the specific approval of the Public Service Commission.

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

Sincerely,

Kay Clifford – Corporate Secretary  
Hickory Hills Water and Sewer Company

**Water Service Rates**

<b><u>Type of Charge</u></b>	<b><u>Current Rates</u></b>	<b><u>Rates Increased by 208.5%</u></b>
Monthly Customer Charge	\$6.55	\$13.66
Commodity Rate (per 1,000 gallons)	\$1.30	\$2.71
Total Monthly Bill (at 6,000 gallons usage)	\$14.35	\$29.92
Debt Reduction Surcharge	Not Applicable	\$8.50/month for 24 months

**Sewer Service Rates**

<b><u>Type of Charge</u></b>	<b><u>Current Rates</u></b>	<b><u>Rates Increased by 273%</u></b>
Monthly Flat Rate	\$5.12	\$13.98