

Taney County Utilities

P.O. Box 177
ROCKAWAY BEACH, MO 65740
(417) 561-4977

October 31, 2002

Mr. Dale Hardy Roberts
Secretary of the Commission
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102

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Records
Public Service Commission

RE: Request for Increases in Annual Water and Sewer System Operating Revenues
Under the Provisions of the Commission's Small Company Rate Increase
Procedure

Dear Mr. Roberts:

Taney County Utilities, Inc., (the Company) holds certificates of public convenience and necessity granted by the Missouri Public Service Commission (the Commission), under which the Company provides water supply and distribution services; and wastewater collection and treatment services in Taney County Missouri.

The Commission first authorized the Company to provide regulated water utility service in Taney County in June of 1977 and regulated sewer utility service in Taney County in December of 1987. The Company currently provides service to approximately 525 water customers and approximately 97 sewer customers within its Taney County certificated area under the provisions of its Commission-approved tariffs. The Company's customer rates for water and sewer service are currently the same as those established on June 10, 1996.

Pursuant to 4 CSR 240-2.200, the Commission's Small Company Rate Increase Procedure, the Company is hereby requesting an increase of \$84,440 in its annual Taney County water system operating revenues and an increase of \$14,094 in its annual Taney County sewer system operating revenues. Based upon current customer rates and customer numbers, these increases represent changes of approximately 68% in the Company's annual Taney County Utilities water system operating revenues and approximately 89% in the Company's annual Taney County Utilities sewer system operating revenues. Changes in the design of the Company's customer rates and the level of certain of its service charges are also contemplated. Such changes will be discussed with the Commission Staff and the Office of the Public Counsel during their review of these small company rate increase requests.

The specific reasons for the requested increases in the Company's annual operating revenues, applicable to both its water and sewer systems, include: increases in operation and maintenance expenses; increases in the Commission's annual utility assessments; increases in the Department of Natural Resources' annual sewer discharge permit fees; an increase in postal fees; an increase in delivery and chemical costs; increased sludge

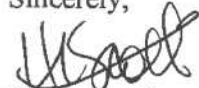
Attachment A

disposal costs, and increases in system maintenance expense due to the unavoidable effects of age.

Lastly, I wish to advise you that the Company is current on the payment of its Commission annual assessments (the assessments are being paid under a quarterly installment plan) 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 important matter. Please contact me at your convenience if you need additional information regarding this request.

Sincerely,

A handwritten signature in dark ink, appearing to read "H. Scott", written over the printed name.

Honey Scott

Vice-President

Taney County Utility Company.

Copies: Wendell R. Hubbs – Commission Staff

M. Ruth O'Neill – Office of the Public Counsel

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December 23, 2002

Taney County Utilities, Inc. Customer
Lakeway, Inc.

Dear Water and Sewer Customer,

On November 4, 2002, Taney County Utilities Corporation (Company) submitted a request for permanent increases in its current water rates and in its sewer rates, under the Missouri Public Service Commission's (Commission) small company rate increase procedure.

By its request, the Company is seeking an increase in its annual operating **water service** revenues of \$84,440 (an approximate 68% increase). The Company is also requesting an increase in its annual operating **sewer service** revenues of \$14,094 (an approximate 89% increase). The Company believes these increases in its operating revenues are necessary to allow it to meet current operating expenses and provide an adequate return on investments. Additionally, the company is requesting that the Commission Staff review and if need be update its other miscellaneous charges.

The examples bills shown below set out a comparison of the Company's current residential customer rates for both water and sewer service as if they were increased by the requested percentage increases. The example water bill is presented for a customer who uses 6,000 gallons a month. No taxes or other charges are included in examples below.

Water Rates

Total Current Monthly Bill (using 6,000 gallons)	<u>\$ 21.80</u>
Proposed Increase Percentage	68%
Proposed Monthly Bill (using 6,000 gallons)	<u>\$ 36.62</u>
Proposed Monthly Increase Amount	<u>\$ 14.82</u>

Sewer Rates

Total Current Monthly Billing (using 6,000 gallons)	<u>\$ 17.44</u>
Proposed Increase Percentage	89%
Proposed Monthly Bill (using 6,000 gallons)	<u>\$ 32.96</u>
Proposed Increase Amount	<u>\$ 15.52</u>

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Attachment B

Beginning sometime soon, the Staff of the Public Service Commission (Commission Staff) will conduct an independent investigation of the books, records, and operations of the Company. Based upon that investigation, the Commission Staff will then make its recommendations regarding the Company's rate increase requests, and necessary changes to system operations, to the Commission for its consideration.

The Office of the Public Counsel (Public Counsel), a state agency responsible for representing the interests of the consumer before the Commission, may conduct its own investigation, but at a minimum will review the results of the Commission Staff's investigation. The Public Counsel will then make its own recommendations regarding the Company's rate increase requests, and necessary changes to system operations, to the Commission for its consideration.

Any customer who has questions or comments regarding the Company's rate increase requests, or who has experienced recent service problems, should contact the Commission Staff's and the Public Counsel **within 30 days of the date of this notice**. To do so, please use the addresses, telephone numbers or fax numbers shown below. The Commission Staff and/or the Public Counsel will respond to all such customer contacts, during the course of their investigations.

Missouri Public Service Commission

Water and Sewer Department

P.O. Box 360

Jefferson City, MO 65102

Phone: 573/751-3437 or 800-392-4211

Fax: 573/751-1847

Office of the Public Counsel

Attn: Ruth O'Neill

P.O. Box 7800

Jefferson City, MO 65102

Phone: 573/751-1304

Fax: 573/751-5562

Upon completion of the Commission Staff's and the Public Counsel's investigations, the Company may be requested to send out a second customer notice regarding the results of the investigations. Additionally, the Public Counsel 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 requests, and the operation of its system, to the Commission Staff and the Public Counsel.

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 approval of the Public Service Commission.

Sincerely,

Honey A. Scott, Vice President

Taney County Utilities Corporation