

**RATE INCREASE REQUEST LETTER – WATER SERVICE**

January 31, 2012

**FILED**

**JAN 31 2012**

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

Missouri Public  
Service Commission

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

Dear Secretary:

Lakeland Heights Water Company, Inc. (the Company) holds a certificate of public convenience and necessity granted by the Missouri Public Service Commission (the 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 in November 2009.

Pursuant to 4 CSR 240-3.050, the Commission's rule pertaining to rate increase requests made by qualifying small utilities, the Company is hereby requesting an increase of \$3,960 in its annual water system operating revenues. Based upon current customer rates and customer numbers, this increase represents a change of approximately 25% 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; the Company has been working with an inspection company to come and inspect, paint and repair the 70 foot standpipe ,the expense for power to pump has also increased along with cost of materials and labor for the upkeep and for those repairs, the Company also has several seasonal customers that need to be metered due to water loss in the winter months; increases in operation and maintenance expenses due to but not limited to; billing expense, meter reading cost, DNR fees, accounting and attorney fees, not including fuel expenses; increases in the Commission's annual utility assessments; changes in the type of customers served, etc.

Furthermore, the Company requests a waiver of Commission Rule 4 CSR 240-4.020(2), requiring notice to be filed with the secretary of the Commission a minimum of sixty days prior

Missouri Public Service Commission  
Re: Increase in Operating Revenues  
January 31, 2012 – Page 2 of 2

to filing a small company rate case, due to the very small size of the Company, the lack of time and discriminatory funding available in the very small private sector that the company has to keep in compliance; failure to have the opportunities available to them as do the public entities and the larger companies in the private sector have; and also the lack of affordability the Company has to hire the professionals to assist in the rate process: and because the Company needs to have new rates take effect as soon as possible and the Company cannot wait an additional sixty days to file.

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 important matter. Please contact me at your convenience if you need additional information regarding this request.

Sincerely,

/S/

Rodger Owens  
President

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