

RATE INCREASE REQUEST LETTER – SEWER SERVICE

October 17, 2008

FILED

OCT 20 2008

Secretary of the Commission
Missouri Public Service Commission
Attn: Data Center

Missouri Public
Service Commission

P.O. Box 360
Jefferson City, MO 65102

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

Dear Secretary:

Cannon Home Association (the Company) holds a certificate of public convenience and necessity granted by the Missouri Public Service Commission (the Commission), under which the Company provides sewer collection and treatment services in Ralls County, Missouri. The Commission first authorized the Company to provide regulated sewer utility service in October, 1997. The Company currently provides service to approximately 97 sewer customers within its certificated service area under the provisions of its Commission-approved tariffs. The Company's customer rates for sewer service are currently the same as those established when the Commission first authorized the Company to provide its regulated utility service.

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 \$7,000 in its annual sewer system operating revenues. Based upon current customer rates and customer numbers, this increase represents a change of approximately 30 % in the Company's annual sewer 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.

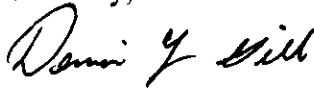
The specific reasons for the requested increase in the Company's annual operating revenues include: Increased fuel prices for system irrigation, 30% electric rate increase to operate lift station pumps, increased maintenance /replacement of existing lift station pumps, increased inspection/maintenance to collection system and man holes; maintenance of access roads to treatment site/lift stations; increases in the Commission's annual utility assessments; increases in the Department of Natural Resources' annual sewer discharge permit fees.

Missouri Public Service Commission
Re: Increase in Operating Revenues
October 10, 2008— Page 2 of 2

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,

A handwritten signature in cursive script, appearing to read "Dennis Gill".

Dennis Gill
President, Cannon Home Association

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