

S K & M Water and Sewer

P.O. Box 212

Perryville, MO 63775

518-726-7139

November 20, 2009

Mr. Steve Reed
Secretary
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102-0360

Dear Secretary Reed:

In accordance with 4 CSR 240-3.635, SK&M Water Services (“SK&M” or “Company”) requests authority to increase its rates for water and sewer service provided to 281 water customers and 159 sewer customers in the Company’s Perry County service area. As part of its request, SK&M seeks authority to make various changes to its tariff that relate to the rules governing the conditions under which the Company provides services to its customers.

SK&M seeks authority to implement rates that will produce \$11,898.79 in additional annual revenue from its water operations and \$ 7,932.53 in additional annual revenues from its sewer operations. A notice advising customers of the requested increase in rates, including estimates of how the proposed increases will affect a typical customer’s bills, will accompany bills sent during the Company’s next billing cycle.

The Company has received approval for modest changes in its rates and rules of service only once since 1991 for water operations and since 1986 for sewer operations. During that period, the costs of providing service have increased significantly, PSC assessments have increased exponentially, and current revenues are not sufficient to provide the Company a reasonable opportunity to cover its prudently incurred operating costs, earn a fair rate of return on the value of its investment devoted to the public service, and make necessary capital improvements to its water and sewer systems. Putting SK&M on solid financial footing through an increase in its rates is critical to enable the Company to continue to provide safe and adequate service to its customers and to obtain the funds that will be required to replace aging plants and meet the obligations imposed on water and sewer utilities by federal and state environmental laws.

SK&M has fully paid all annual assessments due to the Missouri Public Service Commission and a copy of the Company’s 2008 annual report is on file.

Very truly yours,

Angela Swan
General Manager

Cc: Office of Public Counsel
Jim Busch, PSC
Jim Russo, PSC
Russ Mitten, atty.
Carol A. Word, CPA
SK&M Board of Directors.