

S K & M Water and Sewer **R E C E I V E D**

P.O. Box 212

Perryville, MO 63775

573-513-2391
JAN 6 7 2008

January 4, 2008

FILED
March 6, 2008
Data Center
Missouri Public
Service Commission

**UTILITY OPERATIONS
DIVISION**

Dear Customer:

On December 11, 2007, S K & M Water and Sewer Company, Inc.(Company), submitted a request for permanent increases in its current water and sewer rates to the Missouri Public Service Commission (Commission), under the provisions of the Commission's 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 operating revenues by of \$29,923 (approximately 46.93%) and sewer operating revenues by \$28,396 (approximately 64.65%). The Company believes these increases in its operating revenues are necessary due to increased electricity costs, increases in utility plant investment, increases in operation and maintenance expenses, upgrades to accounting system software and the necessity of a meter replacement program. In its request, the Company also requested certain changes to its service charges and connection fees, and recognized that changes to its general business practices, customer service practices and general tariff provisions, and the design of its customer rates, might occur. Set out at the end of this notice is a table that includes a comparison of the Company's current customer rates and the current rates increased by 43.93% and 64.65% respectively, and the requested changes in its service charges and connection fees. A monthly bill comparison, which is based upon an assumed water usage of 6,000 gallons, is also shown.

In the near future, the Staff of the Public Service Commission (Commission Staff) will conduct 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. Additionally, the Commission Staff will develop positions regarding the need for changes in the Company's service charges, connection fees, general tariff provisions, business operations and system operations, and in the design of the Company's customer rates.

The Office of the Public Counsel (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.

Any customer who has questions or comments regarding the Company's rate increase request, or who has 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 also include a reference to request number QS-2008-0008 and QW-2008-0009. 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: water.sewer@psc.mo.gov

Office of the Public Counsel
Attn: Lewis Mills
P.O. Box 2230
Jefferson City, MO 65102
Phone: 866-922-2959
Fax: 573-751-5562
E-Mail: 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 with which I may be of assistance, please feel free to contact me at the telephone number listed at the top of the first page of this notice.

Sincerely,



Angela Swan
 General Manager

<u>Type of Charge- Water</u>	<u>Current Rates</u>	<u>Rates Increased by 46.93%</u>
Minimum Monthly Charge	\$5.50	\$8.08
Usage per 1,000 gallons	\$2.32	\$3.41
Total Monthly Bill (at 6,000 gallons usage)	\$19.42	\$27.55
Other Fees	Current Fee	Proposed Fee
Reconnection Charge after Service Disconnection by Company for violation of Company's Rules and Regulations	\$15.00	\$30.00
Turn-off and Turn-on Charges applicable to Customers requesting temporary disconnection	\$10.00	\$25.00
Inspection Fee	\$10.00	\$25.00
Interest rate payable on all deposits.	6%	3%
Service Entrance Fee	None	\$100.00
Late Charges	None	\$5.00 or 3% per month times the unpaid balance, whichever is more.*
Returned Check Charge	None	\$35.00 per check*

Flat Rate - Sewer	Current	Rate increased by 64.65%
Single	\$23.02	\$37.90
Multi	\$18.41	\$30.31
Other Fees	Current Fee	Proposed Fee
Service Entrance Fee	\$100.00	\$100.00
Returned check charge	\$25.00 per check	\$35.00 per check*
Late Charges	\$5.00 or 3% per month times the unpaid balance, whichever is more	No change*
Interest rate payable on all deposits, Rule 10 (b)	6%	3%
Rule 10 (a) (2) In the event service to any Customer has been discontinued for any reason set forth in Rule 5, and reconnect charge is provided for...	...such charge shall be based on cost thereby incurred by the Company, but not less than \$2.00 during regular business hours and \$5.00 at all other times.	Change minimum fees to read \$25.00 and \$37.50 , respectively

* Customers of both systems will only be subject to one returned check fee and/or one \$5.00 late charge per event.