

CEDAR HILL ESTATES WATER COMPANY

5108 Dulin Creek Rd.
House Springs, MO 63051
(636) 671-3310

September 3, 2002

RECEIVED⁶

SEP 05 2002

*Records
Public Service Commission*

Executive Secretary
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

RE: Requests for an Increase in Water Rates
Informal Rate Case Procedure
Mo. PSC Tariff File Nos. QW 2003 0007 (Water)

Dear Executive Secretary:

Enclosed please find a copy of the initial customer notice that was mailed to our customers on this date with regards to the above reference.

Should you have a need to confer with me, please call or contact me at the above telephone number or address.

Sincerely,



Ann Rudy
President

Enclosures

Cc: Wendell R. "Randy" Hubbs
Assistant Manager, Rates
Water & Sewer Dept.

Ruth O'Niell
Office of the Public Counsel

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Dear Customer:

On August 15, 2002, Cedar Hill Estates Water Company (Company) submitted a request for permanent increases in its current water 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 \$27,615 (an approximate 250% 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 Commission's Staff will review adequacy of the Company's miscellaneous service charges.

The example monthly bill shown below set out a comparison of the Company's current residential customer rates for water 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 per month. No taxes or other charges are included in examples below.

Water Rates

Total Current Monthly Bill (using 6,000 gallons)	<u>\$ 7.27</u>
Proposed Increase Percentage	250%
Proposed Monthly Bill (using 6,000 gallons)	<u>\$25.47</u>
Proposed Increase Amount	<u>\$18.20</u>

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 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 360
Jefferson City, MO 65102
Phone: (573) 751-1304
Fax: (573) 751-5562

Upon completion of the Commission Staff's and the Public Counsel's investigation, 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,



Ann Rudy
President
Cedar Hill Estates Water Company