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RATE INCREASE REQUEST LETTER – WATER SERVICE

April 14, 2005

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

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

Dear Secretary:

Stockton Hills Water Company (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 Cedar County, Missouri. The Commission first authorized the Company to provide regulated water utility service in March 1972. The Company currently provides service to approximately 156 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 December 1995.

Pursuant to 4 CSR 240-3.635, the Commission's rule pertaining to rate increase requests made by small water utilities, the Company is hereby requesting an increase of \$5,725.00 in its annual water system operating revenues. Based upon current customer rates and customer numbers, this increase represents a change of approximately 24.54% 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; increases in operation and maintenance expenses; and increases in Workers Compensation Insurance.

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

Missouri Public Service Commission
Re: Increase in Operating Revenues
April 14, 2005 - Page 2 of 2

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 that reads "Wanda Cassell".

Wanda Cassell, owner
Stockton Hills Water Company

Copies: Jim Russo – Commission Staff
Ruth O'Neill – Office of the Public Counsel