

*INITIAL CUSTOMER NOTICE*

11-23-2007

Dear Customer:

On October 29, 2007, Spokane Highlands Water Company (Company) submitted a request for permanent increases in its current water 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 of \$10,000.00 (approximately 76.1%.) The Company believes this increase in its operating revenues is necessary due to whatever was said in the letter. 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 76.1%, 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 increase 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 QW-2008-0003. 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](mailto:water.sewer@psc.mo.gov)

Office of the Public Counsel  
Attn: Water/Sewer Dept.  
P.O. Box 2230  
Jefferson City, MO 65102  
Phone: 573-751-4857  
Fax: 573-751-5562  
E-Mail: [mopco@ded.mo.gov](mailto:mopco@ded.mo.gov)

**RECEIVED**

NOV 26 2007

**UTILITY OPERATIONS  
DIVISION**

11-23-2007

You can also submit comments via the Public Service Commission's Website as follows: (1) go to <http://www.psc.mo.gov>; (2) click on "EFIS / Case Filings" on the menu bar on the left side of the page; (3) on the next page, click on the "Public Comment" icon under Submit Public Comments; and (4) fill out and submit the Public Comments form, including the tracking number(s) shown above.

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,



Olivia A. Turner  
President

<b><u>Type of Charge</u></b>	<b><u>Current Rates</u></b>	<b><u>Rates Increased by 76.1%</u></b>
Monthly Minimum Charge	\$10.52	\$18.52
Usage per 1,000 gallons	\$3.03	\$5.34
Total Monthly Bill (at 6,000 gallons usage)	\$28.70	\$50.56
Service Connection Fee	\$450.00	\$792.00