

RATE INCREASE REQUEST LETTER – COMBINED SEWER & WATER SERVICE

October 30, 2012

FILED

NOV 02 2012

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

**Missouri Public
Service Commission**

RE: Requests for Increases in Annual Sewer and Water System Operating Revenues
MO PSC Small Utility Rate Case Procedure

Dear Secretary:

Gladlo Water & Sewer Company (the Company) holds certificates of public convenience and necessity granted by the Missouri Public Service Commission (the Commission), under which the Company provides sewer collection and treatment services and water supply and distribution services in Phelps County, Missouri. The Commission first authorized the Company to provide regulated sewer utility service in June, 1997 and regulated water utility service in June, 1997. The Company currently provides service to approximately 67 sewer customers and approximately 71 water customers within its certificated area under the provisions of its Commission-approved tariffs. The Company's customer rates for water & sewer service were last changed in November 2009.

Pursuant to 4 CSR 240-3.050, the Commission's rule pertaining to rate increase requests made by qualifying small utilities, the Company is hereby requesting an increase of \$5,281 its annual sewer system operating revenues and an increase of \$9,186 in its annual water system operating revenues. Based upon current customer rates and customer numbers, these increases represent changes of approximately 37.19% in the Company's annual sewer system operating revenues and approximately 49.39% 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 requests, and may thus be the subject of Staff recommendations at the conclusion of the rate increase process.

The specific reasons for the requested increases in the Company's annual operating revenues for sewer service include:

- Major sewer line repairs
- Purchase of additional lab testing equipment for sewer system
- Addition of cleanouts to sewer discharge piping

The specific reasons for the requested increases in the Company's annual operating revenues for water service include:

- Significant repairs & multiple replacements to the water well pumping equipment (three times in 2012).

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- Upgrade of electrical controls to provide additional protection for the pumping equipment from electrical surges and inconsistent electrical service (to prevent burning out another well pump).
- Tear down and replacement of the well pump house which was severely damaged by wind in a recent storm.

I have attached calculation worksheets that I used in developing the rate increase requests. This data is available in Excel format upon request.

Lastly, I wish to advise you that the Company is current on the payment of its Commission annual assessments (all past assessments have been paid in full and the current assessment is being paid quarterly) 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,



Jason Williamson

Owner, Heartland Utilities, LLC

Receiver of: Gladlo Water & Sewer Co.

P.O. Box 200595

Denver, CO 80220

(866)610-7211

heartlandutilities@gmail.com

Copies: Jim Russo – Commission Staff
Christina Baker– Office of the Public Counsel

Gladlo Rate Increase Calculations - Sewer:

Sewer 2011 Revenues (per annual report): \$ 14,093.28
Projected 2012 Revenues: \$ 14,200.00
2011 Expenses (per annual report): \$ (13,666.26)
2012 Expenses (projected): \$ (15,980.00)
Add'l known and measurable expenses (chlor and dechlor tablets): \$ (2,830.00)
Add'l revenue requirement for expenses: \$ (3,506.49)

Existing Plant in Service (12/31/11): \$ 11,450.00
Est. P.I.S. 12/31/12: \$ 11,600.00
Add'l. P.I.S. due to Chlor/ Dechlor System req'd by DNR by 12/30/13 \$ 5,301.00
PIS on which to base RORB: \$ 16,901.00
ROFVRB: 10.5%
annual return amount (Revenue Reqmt for ROFVRB): \$ 1,774.61

Total Additional Revenue Requirement: \$ 5,281.10
Rev. Reqmt. % Increase on projected 2012 revenues: 37.19%

Gladlo Rate Increase Calculations - Water:

Water 2011 Revenues (per annual report - excl. surcharge):	\$ 18,233.45
Projected 2012 Revenues:	\$ 18,735.00
2011 Expenses (per annual report):	\$ (17,421.00)
2012 Expenses (projected):	\$ (21,774.00)
2012 Add'l Depreciation on new equipment replacements:	\$ (847.10)
Add'l known and measurable expenses (chlor and dechlor tablets):	\$ (2,830.00)
Add'l revenue requirement for expenses:	\$ (4,790.38)
Existing Water Plant in Service (net of Depr. - 12/31/11):	\$ 18,423.00
Current P.I.S. 10/31/12:	\$ 35,365.00
Add'l. P.I.S. due to reconstruction of wellhouse damaged by storm (10/12)	\$ 6,500.00
PIS on which to base RORB:	\$ 41,865.00
ROFVRB:	10.5%
annual return amount (Revenue Reqmt for ROFVRB):	\$ 4,395.83
Total Additional Revenue Requirement:	\$ 9,186.20
Rev. Reqmt. % Increase on projected 2012 revenues:	49.03%