

**PEACEFUL VALLEY SERVICE COMPANY
3408B PEACEFUL VALLEY ROAD
OWENSVILLE, MISSOURI 65066
PHONE/FAX 573-437-7808**

November 10, 2008

Dear Customer,

On October 20, 2008 the Peaceful Valley Service Company submitted a request for permanent increases in its current water and sewer rates to the Missouri Public Service Commission under the Commission's small Company rate increase procedure. This request is the first in over 20 years.

The Company is seeking increases in its customer rates intended to generate an increase in its annual water and sewer operating revenues of approximately \$6,154.20 (approximately 18%) and approximately \$7,344.00 (approximately 76%), respectively. The Company believes these increases in operating revenue are necessary due to expenses projected to exceed revenue this year, a need to replenish our reserves depleted by our recent improvements and the need to build up reserves for future expenditures that are mandated by the Missouri Department of Natural Resources. Our needs are further explained in Appendix "B". Set out at the end of this notice, Appendix "A" is a table that includes a comparison of the Company's current customer rates and the requested rates increase.

To provide comments regarding the Company's revenue increase requests, or comments regarding recent service-related problems, please contact the Commission Staff and/or the Office of the Public Counsel (OPC) **within 30 days of the date of this notice**. Your

comments should include a reference to case number/numbers SR-2009-0146 and /or WR-2009-0145. The Commission Staff and the OPC will review all customer comments submitted in response to this notice. All comments will be filed in the official case file for review by the Commissioners.

To submit your comments in writing:

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: Water/Sewer Dept.
P.O. Box 2230
Jefferson City, MO 65102
Phone: 866-922-2959
Fax: 573-751-5562
E-Mail: mopco@ded.mo.gov

To submit your comments via the Commission's Website:

- (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 case number/one of the case numbers shown above. (To submit comments for both cases, the process must be repeated for each numbers shown above. (To submit comments for both cases, the process must be repeated for each case number.)

If you have any questions about this notice, please feel free to contact Jim Verhulst at 573-437-7808.

No rate increase will take effect without the specific approval of the Public Service Commission.

Sincerely,

Peaceful Valley Service Company Board of Directors

Charles Kinworthy – President

Gus Hoernschemeyer – Secretary

Mike McKee – Treasurer

APPENDIX "A"

Proposed Rate Structure

Water Quarterly Rates	Current (1985)	Requested
Residential or Domestic Use	\$32.25	\$39.00
Public Yard Hydrants, Parks, Beaches, Camping Area	\$16.15	\$20.00
Availability Charge	\$ 9.00	\$ 10.00
Private Hydrants	\$32.25	\$39.00

Sewer Quarterly Rates

Residential or Domestic	\$14.20	\$25.00
Public Areas, Parks, Beaches, Camping Areas	\$7.10	\$10.00

Current Annual Income in (2007)

Water	\$35,073.80
Sewer	\$ 9,656.00
Total	\$44,729.80

Projected Annual Income

Water	\$41,228.00
Sewer	<u>\$17,000.00</u>
Total	\$58,228.00

This represents a total increase in revenue of about 30 %

APPENDIX "B"

Your service Company is a wholly owned subsidiary of Peaceful Valley Property Owners Association and as a public Utility it is regulated by the Missouri Department of Natural Resources, Public Drinking Water Branch and the Missouri Public Service Commission. The Public Service Commission has control over our rate structure. They make annual inspections of our facility and in the 2008 inspection they recommended that we file a rate increase request.

Your Service Company Board of Directors is non-paid volunteers appointed by the Peaceful Valley Property Owners Association Board of Directors. Your board has worked hard to hold down expenses in the past twenty years but the time has come to seek an increase. The rate increase is necessitated by three factors.

First, our annual expenses are exceeding our annual income and this year we will be operating in the red.

Second, we have made the following capital improvements in our system:

1. 2001 a new 88,000 gallon water tank, cost approximately \$50,000.00.
2. 2005 a new 60psi water distribution system near the water tank,
Cost approximately \$30,000.00.

Both of these were mandated by the Department of Natural Resources

We managed to pay for them out of operating income and our reserve funds which are severely depleted.

Third, we anticipate the following major expenses in the next ten years.

1. The EPA has a pending requirement that all small drinking water systems be chlorinated. Estimated cost \$20,000.00

2. Presently we have a permit to discharge our sewerage lagoon effluent into the Cedar Branch Tributary of Third Creek. The EPA is getting more restrictive and it is probable that when our permit is renewed we will have to disinfect our effluent before it is discharged. Estimated cost \$75,000.00.
3. The well pump is over 10 years old and may need replacement estimated cost \$20,000.00.
4. Our entire system is 40 years old and repairs will be more frequent.

Based on the above, the Board of Directors has decided that an increase in revenue is required to avoid severe financial problems in the future.

5. When we built the new water tank, we had a hard time obtaining financing so we need larger reserves to take care of future projects.