

**RATE INCREASE REQUEST LETTER**

November 26, 2018

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

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

Dear Secretary:

S. K. & M. Water and Sewer 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 sewer collection and treatment services in Perry County, Missouri. The Commission first authorized the Company to provide regulated water and sewer utility services in 1973. The Company currently provides service to approximately 302 water customers and 156 sewer customers within its certificated area under the provisions of its Commission-approved tariffs. The Company's customer rates for water service and sewer service became effective May 13, 2010.

Pursuant to 4 CSR 240-10.075, the Commission's Staff Assisted Rate Case Procedure, the Company is hereby requesting an increase of \$200,000 in its annual water system operating revenues, and an increase of \$100,000 in its annual sewer 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.

*In addition to the request for increases in its regular monthly water and sewer rates, please be advised that the Company will also be submitting revised tariff sheets to implement emergency/interim water and sewer rates. The Company is currently working with Commission Staff and the Office of the Public Counsel on appropriate emergency rates, and plans to file the tariff sheets in the coming days.*

The specific reasons for the requested increases in the Company's annual operating revenues for sewer service include: capital expenditures, anticipated increases in water and sewer plant investment, unforeseen costs due to equipment and system neglect, increases in labor associated with the continued operations of the systems, and increases in overall operation and maintenance expenses.