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ession of the Public Service  
ommission held at its office  
n Jefferson City on the 13th  
ay of April, 1994.

In the matter of the request of Raytown )  
Water Company for an interim increase in ) CASE NO. WR-94-300  
rates for water service. )

## NOTICE AND PROCEDURAL SCHEDULE

On March 28, 1994, the Raytown Water Company (Raytown or Company) filed a Petition for Interim Rate Relief, asking for an increase in rates pending the outcome of their current regular rate case. The tariff in the pending rate case, Case No. WR-94-211, was suspended until December 8, 1994, and is set for hearing September 12 through September 16, 1994. Any interim rate increase would be in effect until the Commission issued a Report and Order in Case No. WR-94-211.

In support of its request for interim relief, Raytown stated that it purchases its water from the City of Kansas City, Missouri (Kansas City), and the rate it pays for water is expected to increase beginning May 1, 1994. Raytown originally expected an increase of approximately 6 percent based on Kansas City's 1993 Cost of Service Study and that increase "was factored into the Company's rate increase request." When Raytown filed the present petition expectations had changed and the company was expecting the increase in cost to be 10 - 13 percent, or from \$5,000 to \$7,800 per month based on Raytown's average total purchases of \$50,000 - \$60,000 per month. Raytown alleged that any additional expense at this time could "seriously threaten the financial integrity of the Company" and that it is no longer able to borrow funds. Raytown stated in its petition that the Commission had allowed it to "pass through" increased wholesale

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water costs to customers in previous cases and that "the Company is simply seeking to once again pass through this increase to its customers." The Company requested a hearing date before May 1, 1994.

On April 6, 1994, the Company filed late-filed Exhibits A, B, and C. Exhibit A is a letter from H. E. Snider, Director, Kansas City Water and Pollution Control Department, dated March 31, 1994, and addressed to Raytown's manager, Mr. Neal Clevenger. The letter advised Mr. Clevenger of the new rates being proposed to the Kansas City Council for adoption on May 1, 1994. Exhibit B is a copy of Kansas City Ordinance No. 940335, the city ordinance which will establish the new rates. The ordinance reflects a 6.5 percent increase to wholesale customers. Exhibit C is Raytown Water Company's Calculation of New Usage Charge Based on Requested Rate Increase by the City of Kansas City, Missouri. Exhibit C reflects an actual increase of 3.8 percent.

On April 5, 1994, The Office of the Public Counsel (OPC) filed a Motion to Reject Petition for Interim Rate Relief and a Motion to Dismiss Petition for Interim Rate Relief. Ruling on both motions is reserved and the motions will be considered with the case after the hearing set in this order.

On April 12, 1994, Raytown filed Company's Response To Public Counsel's Motion To Dismiss And Motion To Reject Interim Rate Relief, suggesting that the Company could not accommodate any increase in its wholesale water rates without compromising its financial integrity. The Staff of the Commission has filed no statement of its position in this matter.

The Commission is under no legal obligation to grant interim relief when a permanent rate case is pending. ***Kansas City Power and Light Company, 24 Mo. P.S.C. (N.S.) 50, 53 (1980).*** In order to receive an

interim rate increase a company must show that an emergency exists by adducing evidence that "(1) it needs additional funds immediately, (2) that the need cannot be postponed, and (3) that no other alternatives exist to meet the need but rate relief." *Re Missouri Public Service Company*, 20 Mo. P.S.C. (N.S.) 244, 250 (1975). The Commission has also stated in past cases that it must find that the financial integrity of the company is jeopardized as well as the company's ability to provide safe and adequate service. *The Raytown Water Company*, Case No. WR-92-88, and Case No. WF-92-95, Report and Order issued December 24, 1991.

The Commission is of the opinion that a hearing is necessary in order to determine whether an emergency exists and whether interim rate relief is necessary and in the public interest. The Commission finds that the request for interim rates requires expedited consideration and so will set a hearing so that parties may present evidence concerning Raytown's request. In order for the Commission to determine whether an increase should be granted it must be able to consider a definite figure. Since the Company knows now what the increase in wholesale water rate will be, the Company should file a tariff reflecting the requested interim customer rates on or before the day of the prehearing conference set below. The Commission is baffled at Staff's failure to advise the Commission as to its position in this matter. The Commission expects Staff to make its own evaluation and file a statement of its position by the date of the prehearing conference set below.

The Commission Records Department should serve a copy of this order on the mayor of each city and the county commission of each county in the Company's service area. In addition, the Information Office shall send notice of this order to the publisher of each newspaper located in the

counties in which the company provides service as listed in the newspaper directory of the current *Official Manual of the State of Missouri*, and to the members of the General Assembly representing the Missouri area served by the company. Any city, county, or other proper entity desiring to intervene in this proceeding shall file its application to intervene on or before the date set in this order as provided by 4 CSR 2.040-2.110(12) and serve a copy of the application on the Company's attorney, Ronald C. Spradley, Spradley & Riesmeyer, 920 Main Street, Suite 1900, Kansas City, Missouri 64105.

**IT IS THEREFORE ORDERED:**

1. That any proper person or entity desiring to intervene and participate in this proceeding shall, except for good cause shown, file its application to intervene and serve a copy of same upon the Company's attorney on or before April 22, 1994.

2. That a prehearing conference is hereby scheduled for April 27, 1994, at 9:00 a.m., to be held in the Commission's hearing room, Floor 5A, Harry S Truman State Office Building, 301 West High Street, Jefferson City, Missouri. Any person with special needs as addressed by the Americans With Disabilities Act shall notify the Chief Hearing Examiner (314/751-7497) at least ten (10) days prior to the hearing.

3. That an evidentiary hearing is hereby scheduled for April 27, 1994, at 1:00 p.m., in the Commission's hearing room, Floor 5A, Harry S Truman State Office Building, 301 West High Street, Jefferson City, Missouri. Any person with special needs as addressed by the Americans With Disabilities Act shall notify the Chief Hearing Examiner (314/751-7497) at least ten (10) days prior to the hearing.

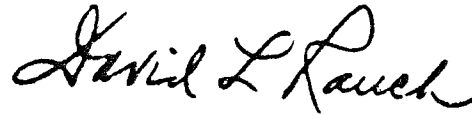
4. That the Records Department and Information Office of the Commission shall serve a copy of this Order and provide notice as described in this Order.

5. That Raytown Water Company shall file a proposed tariff reflecting the increase in rates requested in this proceeding on or before April 26, 1994.

6. That the Staff of the Commission shall file a statement of its position in this matter on or before April 26, 1994.

7. That this Order shall become effective on the date hereof.

BY THE COMMISSION

A handwritten signature in black ink, reading "David L. Rauch". The signature is written in a cursive, flowing style.

David L. Rauch  
Executive Secretary

(S E A L)

Mueller, Chm., McClure, Perkins,  
Kincheloe and Crumpton, CC., Concur.