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STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a session of the Public Service
Commission held at its office
in Jefferson City on the 15th
day of April, 1999.

In the Matter of the Application of)
The Raytown Water Company, of Raytown,)
Missouri, for Authority to Issue Revenue) Case No. WF-99-412
Bonds pursuant to Mo. Rev. Stat.)
§ 393.200 (1986).)

ORDER GRANTING REQUEST FOR EXPEDITED TREATMENT
AND APPROVING FINANCING

On March 26, 1999, Raytown Water Company (Applicant or Raytown) filed its application for authority to issue Missouri Environmental Improvement and Energy Resources Authority (EIERA) exempt facility refunding revenue bonds, in the principal amount of \$2,470,000, and taxable water facilities revenue bonds, in the principal amount of \$200,000. Raytown states that it desires to use the proceeds of the new bonds, obtained at a favorable, current interest rate, to pay off certain older bonds whose interest rate is higher.

Expedited Treatment:

Raytown seeks expedited consideration by this Commission so it may obtain EIERA approval at its April 16, 1999, meeting, and Raytown included a request for expedited treatment in its application:

Applicant requests an expedited review of this Application by the Commission staff, to enable it to receive the Order of the Commission authorizing the issuance of said bonds before the next meeting of the

[Missouri Environmental Improvement and Energy Resources Authority (EIERA)] on April 16, 1999. Accordingly, Applicant respectfully requests that the Commission review this Application and issue its Order by April 12, 1999.

On April 9, 1999, the Staff of the Missouri Public Service Commission filed its motion to deny Raytown's request for expedited consideration. Staff states that it requires additional information from Raytown to process the application and that it interprets Rule 4 CSR 240-4.020(5) as requiring that a request for expedited treatment be made by separate motion. On April 12, 1999, Raytown responded with its "Opposition" to Staff's motion. Raytown states that it provided to Staff all requested information on April 8, 1999, a day after Staff made the request.

The Commission has no rule governing requests for expedited treatment of matters pending before the Commission. Rule 4 CSR 240-4.020(5), cited herein by Staff, provides merely that such requests are "improper except when filed with the secretary and copies served upon all other parties." Such requests are necessarily addressed, therefore, to the Commission's implicit power to control its own docket. See Section 386.250(7), RSMo Supp. 1998. The applicable standard is good cause.

Good cause for the expedited treatment of a pending matter includes a showing of the harm likely to befall if expedited treatment is not accorded, or the good likely to be realized if it is, as well as a showing that the applicant has been duly diligent. In its response to Staff's motion, Raytown states that it desires to close this transaction

by May 1, 1999, and that failure to do so "will prevent the bonds from being authorized until May and prevent the issuance of the bonds until June, subjecting Applicant to possible risk of adverse movement in interest rates." The Commission is well aware that prudent financial managers must often act quickly in order to take advantage of a favorable opportunity. Staff has not shown that Raytown's fear of a lost opportunity is without substance and the Commission concludes that Raytown may need to act promptly in this matter. Likewise, although the Commission is not convinced that Raytown has acted with due diligence herein, the Commission concludes that the public interest would be best served by granting Raytown's request for expedited treatment. Therefore, the Commission determines that Raytown has shown good cause such that its request for expedited treatment will be sustained.

Approval of Financing:

As stated previously, Raytown seeks authority under Section 393.200, RSMo 1994, to issue to issue \$2,470,000 principal amount of EIERA exempt facility refunding revenue bonds and \$200,000 principal amount of taxable water facilities revenue bonds. The EIERA bonds will be issued in minimum denominations of \$50,000 at an estimated net annual interest cost of 4.9227515 percent in maturities between March 1, 2000, and March 1, 2010. The water facilities bonds will be issued in minimum denominations of \$50,000 at an estimated net annual interest cost of 6.177652 percent in maturities between March 1, 2000, and no later than March 1, 2005. Raytown states that it desires to use the proceeds of the

proposed bonds issue to refund the outstanding Series 1992 EIERA bonds previously authorized by this Commission in Case No. WF-92-88, as well as to fund a debt service reserve fund and to pay the costs of issuing the bonds. The refunding of the Series 1992 bonds will permit Raytown to carry the same debt load at a significantly lower interest rate and will also relieve Raytown of the need to maintain a Letter of Credit, with its associated expense. Raytown proposes to sell the bonds through UMB Scout Brokerage Services, a subsidiary of UMB Financial Corporation of Kansas City, Missouri, to institutional investors only.

Staff has not indicated its position with respect to the proposed bond issue. However, Raytown supported its application with a certified copy of its Board of Directors, authorizing the issuance of the proposed bonds and the refunding of the Series 1992 bonds; a *pro forma* balance sheet and income statement, showing the effects of the issuance of the proposed bonds; and a five-year capitalization expenditure schedule.

The Commission has reviewed the application and supporting documents filed by Raytown. The Commission determines the proposed transaction to be reasonable and not detrimental to the public interest. The Commission will approve the requested financing.

IT IS THEREFORE ORDERED:

1. That Raytown Water Company's request for expedited treatment of its application is granted.

2. That Raytown Water Company is hereby authorized to consummate the transactions contemplated in its application and may do all lawful things necessary to that purpose.

3. That Raytown Water Company shall use the proceeds of the Series 1999 Bonds to refund the outstanding Series 1992 EIERA bonds previously authorized by this Commission in Case No. WF-92-88, as well as to fund a debt service reserve fund and to pay the costs of issuing the bonds, and for no other purpose.

4. That Raytown Water Company shall submit all pertinent information to the Staff of the Commission within 10 days of completion of the above transaction, and shall file a pleading in this case notifying the Commission and the parties that the information has been submitted to the Staff of the Commission.

5. That nothing in this order shall be considered as a finding of the Commission as to the reasonableness of the expenditures herein involved. The Commission reserves the right to consider the ratemaking treatment to be afforded these transactions and the resulting cost of capital in any later proceedings.

6. That this order shall become effective on April 27, 1999.

BY THE COMMISSION



Dale Hardy Roberts
Secretary/Chief Regulatory Law Judge

(S E A L)

Lumpe, Ch., Crumpton, Murray
and Schemenauer, CC., concur.
Drainer, C., absent.

Thompson, Deputy Chief Regulatory Law Judge

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COMMISSION COUNSEL
PUBLIC SERVICE COMMISSION