

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the matter of The Raytown Water Company's tariff to
provide for an interim increase in rates for water
service.

)
) Case No. WR-92-88
)
)

In the matter of The Raytown Water Company of Raytown,
Missouri, for authority to issue bonds pursuant to
Mo. Rev. Stat. Section 393.200 (1986).

)
) Case No. WF-92-95
)
)

APPEARANCES

Ronald C. Spradley and Derron G. Gunderman, Spradley & Riesmeyer, 1410 Twelve
Wyandotte Plaza, 120 West 12th Street, Kansas City, Missouri 64105, for The
Raytown Water Company.

John B. Coffman, Assistant Public Counsel, Office of Public Counsel, Post Office
Box 7800, Jefferson City, Missouri, for the Office of the Public Counsel and the
public.

William K. Haas, Assistant General Counsel, and Lee C. Tieman, Assistant General
Counsel, Missouri Public Service Commission, Post Office Box 360, Jefferson City,
Missouri 65102, for the staff of the Missouri Public Service Commission.

Hearing Examiners: Cecil I. Wright and Edward C. Graham.

12-91

REPORT AND ORDER

On October 31, 1991, The Raytown Water Company (Company) submitted
a tariff to the Commission designed to increase Company's rates for water service
by \$497,086 on an interim basis. The proposed interim tariff was docketed as
Case No. WR-92-88. The interim tariff was submitted in conjunction with a tariff
designed to increase Company's rates on a permanent basis by \$497,086. The
permanent tariffs were docketed as Case No. WR-92-85. The interim rates, if
approved by the Commission, would be in effect until the Commission issued a
Report And Order in Case No. WR-92-85.

On November 7, 1991, Company filed an application for authority to
issue \$3,000,000 of tax exempt water facility revenue bonds under the program of

the Missouri Environmental Improvement and Energy Resources Authority (EIERA). This application was docketed as Case No. WF-92-95. Company subsequently amended the application to request Commission approval of a Letter of Credit for the amount of the bond issue and financing for purchase of equipment and tools.

By order issued November 8, 1991 the Commission consolidated Cases No. WR-92-88 and WF-92-95, suspended the proposed interim tariff and established a procedural schedule for the consolidated cases. In addition the Commission set an intervention date. No applications to intervene were filed.

On December 9, 1991 the parties to these cases filed a Stipulation And Agreement proposing to settle all outstanding issues. The Commission held a hearing concerning the stipulation on December 10, 1991. This matter is now before the Commission for decision.

Findings of Fact

The Missouri Public Service Commission, having considered all of the competent and substantial evidence upon the whole record, makes the following findings of fact.

The Raytown Water Company is a public utility corporation which provides water service subject to Commission jurisdiction in a service area comprised mainly of the city of Raytown, Missouri. Company buys the water it provides its customers from the city of Kansas City, Missouri (Kansas City). In June 1991 Company entered into a contract with Kansas City to purchase water. This contract is for twenty years and requires Company to build elevated storage within five years of the date of the contract. In addition the contract allows Kansas City to curtail the supply of water to Company between the hours of 5:00 p.m. and 11:00 p.m.

As a result of these contract provisions, Company determined it would need to borrow up to \$3,000,000 for construction of the additional storage. Based upon its accountants' audit of its operations Company determined it did not

have sufficient cash flow to borrow the \$3,000,000 and thus submitted tariffs proposed to generate the cash flow needed on an interim basis, as well as on a permanent basis, to take advantage of tax exempt revenue bond financing that is available through EIERA. Company is also seeking approval of a Letter of Credit required by the bonding company, and an additional loan for equipment and tools.

The parties to this case reached an agreement with regard to the proposed interim rate increase and the financing. The Stipulation And Agreement is attached to this Report And Order as Attachment A and incorporated herein by reference. The parties stipulated that Company should be authorized to implement rates on an interim basis which would increase revenues by \$425,000. The increased revenue would be obtained through a surcharge on all customer water bills. The increases under the stipulation would be as follows:

<u>Meter Size</u>	<u>Current Meter Charge</u>	<u>Proposed Surcharge</u>	<u>% Increase</u>
5/8"	\$ 8.60	\$ 9.48	110%
1"	13.04	23.69	182%
1-1/2"	20.47	47.38	231%
2"	29.36	75.81	258%
3"	50.14	142.14	283%
4"	79.81	236.90	297%

The parties propose that the revenues collected pursuant to the surcharge will be paid into an escrow account established with the trustee for the bonds and would be used only to pay interest, the annual letter of credit fee, income taxes applicable to the surcharge, any required principal payments on the EIERA bonds, and to satisfy debt service coverage requirements for said bond issue. In addition, any amount not paid for those purposes would be treated as contribution in aid of construction. Additionally, Company agrees to file a new rate case within six months of the time the additional storage facilities are placed in service.

Historically, the Commission has granted few requests for interim rate relief. The Commission has stated that to receive an interim rate increase

a company must show conclusively that an emergency does exist 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). Also, the Commission, in past cases, has stated 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.

From evidence adduced at the hearing on the stipulation the Commission finds that an emergency exists under the historical standard. The evidence showed that the threat to safe and adequate service is Kansas City's option to curtail the supply of water between the hours of 5:00 p.m. and 11:00 p.m. during peak periods. Even though the likelihood of this occurring in 1992 is speculative and, even if interim relief is granted, the storage facility could not be completed in time to address this possibility, the Commission finds that this possibility should be corrected as soon as possible. By granting the interim rates there will be a storage facility in place for the 1993 peak period.

The Commission therefore will approve the interim rate increase as agreed to by the parties and the financing as requested by Company. The Commission, though, considers the Stipulation And Agreement to be to the interim rates and interim treatment of the costs and revenues associated with the interim rates and financings. An interim rate increase is not a separate rate but only a temporary measure until permanent rates are set. *State ex rel. Laclede Gas Co. v. P.S.C.*, 535 S.W.2d 561, 566-569 (Mo. App. 1976). The Commission is not satisfied that the conditions in the stipulation are those which should be adopted on a permanent basis. At the hearing a disagreement arose over how to calculate the interim increase and the Commission believes additional scrutiny is necessary of the ratemaking treatment of the costs associated with the financing. Because of these concerns and to allow for a more thorough scrutiny

of the ratemaking treatment of the financings, the Commission will only approve the Stipulation And Agreement under the condition that it may review the ratemaking treatment in the permanent case. The Commission will expect the parties in the permanent case to file testimony concerning the provisions and the appropriate treatment for the costs associated with the financing and the revenues generated by the interim rate increase. The granting of an interim increase in this case is unique and the treatment of the costs associated with the financing prior to the storage facilities being placed in service is also unique. This matter needs further review in the permanent case.

The Commission will authorize Company to issue the EIERA bonds, the Letter of Credit, and the secured loan for equipment and tools. The evidence is that the terms of the EIERA bonds are advantageous to Company and that the Letter of Credit is necessary to support the issuance of the bonds. The issuance of the bonds is necessary for Company to meet its obligations concerning the construction of additional storage. The Letter of Credit requires a 1.5 times debt service coverage and the interim rates approved in this order will provide the revenue to pay the interest on the bonds as well as the 1.5 times debt service coverage for the Letter of Credit.

Conclusions of Law

The Missouri Public Service Commission has arrived at the following conclusions of law.

The Commission has jurisdiction over this matter pursuant to the provisions of Section 393.150, R.S.Mo. 1986. The Commission has authority to grant interim relief at its discretion based upon a finding that there is threat to safe and adequate service or the financial integrity of the company. *Laclede* at 566-569; *State ex rel. Utility Consumers Council of Missouri v. P.S.C.*, 525 S.W.2d 41, 48 (Mo. banc 1979). In this case the Commission has found that an emergency exists since the delay in financing would expose Company to a risk

of water curtailment in 1993 and these interim rates and financings will ensure this does not occur. The Company does not have the financial ability to borrow the necessary funds to build the required storage facilities without the rate increase.

Based upon the findings that an emergency does exist, the Commission concludes that the interim rates agreed to in the Stipulation And Agreement are just and reasonable and should be approved on an interim basis. The Commission can approve a Stipulation And Agreement entered into by the parties when it finds that the rates agreed to are just and reasonable. The Commission, though, concludes that it will only approve the provisions of the Stipulation And agreement on an interim basis pending a more thorough review of the ratemaking treatment to be afforded the costs associated with the financing approved in this Report And Order.

The Commission has jurisdiction over the issuance of the EIERA bonds, the Letter of Credit and the secured note pursuant to the provisions of Section 393.200, R.S.Mo. 1986. Based upon the emergency found to exist, the Commission concludes that these financings are reasonable and should be approved. The Commission is of the opinion that the money, property or labor to be procured or paid for by the issuance of these financings is reasonably required for the purposes specified in this order and that the purposes are not, in whole or in part, reasonable chargeable to operating expenses or to income.

IT IS THEREFORE ORDERED:

1. That the Stipulation And Agreement attached as Attachment A to this Report And Order be hereby approved. The Stipulation And Agreement is approved subject to the condition that the ratemaking treatment of the financings and revenue increase approved in this order will be reviewed in Case No. WR-92-85.

2. That the tariffs submitted on October 31, 1991 by The Raytown Water Company to increase revenues by \$497,086 on an interim basis be hereby rejected and Company is authorized to file in lieu thereof interim tariffs to produce additional gross annual revenues of \$425,000, exclusive of gross receipts and sales taxes, in accordance with the Stipulation And Agreement approved in ordered paragraph 1 for service on and after January 1, 1992.

3. That The Raytown Water Company be hereby authorized to issue bonds, enter into a Letter of Credit, and obtain a secured note in accordance with the Stipulation And Agreement approved in ordered paragraph 1.

4. That The Raytown Water Company be hereby authorized to take those actions which are reasonably necessary to execute, deliver, issue and sell the Environmental Improvement and Energy Resources Authority bonds.

5. That The Raytown Water Company shall file with the Commission the final terms of the financings approved in the Stipulation And Agreement within thirty (30) days of their execution.

6. That The Raytown Water Company shall submit journal entries showing the booking of the proceeds and use thereof to the Commission's Internal Accounting Department.

7. That late-filed Exhibits 8 and 9 be hereby admitted into the record.

8. That the parties shall file prefiled direct testimony in Case No. WR-92-85 concerning the ratemaking treatment to be accorded the financings and revenue increase approved in this Report And Order.

9. That this Report And Order shall become effective on the
24th day of December, 1991.

BY THE COMMISSION

Brent Stewart

Brent Stewart
Executive Secretary

(S E A L)

Mueller, Rauch, McClure and
Perkins, CC., concur.
Steinmeier, Chm., absent.

Dated at Jefferson City, Missouri,
on this 13th day of December, 1991.

FILED

DEC - 9 1991

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION PUBLIC SERVICE COMMISSION

In the matter of The Raytown Water Company's)
tariff to provide for an interim increase) CASE NO. WR-92-88
in rates for water service.)

and

In the matter of The Raytown Water Company)
of Raytown, Missouri, for authority to issue) CASE NO. WF-92-95
bonds pursuant to Mo. Rev. Stat. Section)
393.200 (1986).)

STIPULATION AND AGREEMENT

On October 31, 1991, The Raytown Water Company (Company) submitted to the Missouri Public Service Commission (Commission) revised tariffs proposing to increase the Company's rates for water service by an amount of \$497,086.00. The proposed interim tariffs provided that the new rates would be collected on an interim basis subject to refund to the extent that any amount collected under them is ultimately determined by the Commission to be in excess of fair and reasonable rates established by Report and Order in the Company's pending permanent rate Case.

On November 7, 1991 the Company filed an application for authority to issue \$3,000,000.00 of tax exempt water facility revenue bonds under the program of the Missouri Environmental Improvement and Energy Resources Authority (EIERA) for private water and sewer financing. The Company requested that the Commission consolidate the finance proceedings in Case No. WF-92-95 with the interim rate proceedings in Case No. WR-92-88.

On November 1, 1991 the Company prefiled direct testimony of the Company's engineer, its accountant and its General Manager, and

Company exhibits supported by the testimony. In its prepared direct testimony the Company states that its wholesale supplier, the City of Kansas City, required new written contracts of all of its wholesale customers starting in 1991. The prefiled testimony states that if the Company had not entered into a written contract for 20 years with the City, the City would be charging the Company 10% more for water than customers who entered into long-term, written contracts. After negotiations, the Company entered into a 20 year contract with the City, under which the Company is required to add additional elevated water storage facilities and appurtenant facilities. While the contract gave the Company five years to construct the additional elevated storage, the contract also required the Company to be able to meet its customer demand from 5:00 p.m. to 11:00 p.m. during peak periods. The Company states in its prefiled testimony that it needs to commence construction of the elevated storage and appurtenant facilities immediately or it may well experience serious problems and the inability to provide safe and adequate service next summer and thereafter. The Company states that an elevated storage tank of the size recommended will take about 18 months to construct. The Company's engineers estimate that the required priority construction including the elevated storage tank will cost an estimated \$2,980,000.00. The Company's prefiled testimony states that, to pay for the needed improvements, the Company needs and wants to take advantage of tax-exempt revenue bond financing that is presently available through the Environmental Improvement and Energy Resources Authority of the

State of Missouri (EIERA). Company states that these bonds will enable the Company to finance the needed improvements at a favorable interest cost. The Company's prefiled testimony states that the Company is not presently generating, and cannot generate, the cash flows to cover the semi-annual interest payments that will be due on the bonds during construction and prior to inclusion of the plant in the Company's rate base and provide cash flows for the Company to meet the anticipated debt service coverage ratios necessary to market the bonds. The Company states that, as a permanent tariff cannot be approved and in effect and generating enough additional revenue and cash flow in time to be able to provide for debt service payments, the Company needs interim rate relief and, without interim rate relief, the Company will not be able to market the bonds thus delaying the necessary construction program. The Company's prefiled testimony states that under the present circumstances, neither short-term borrowing, issuing common stock nor issuing preferred stock are viable alternatives to meet the Company's needs for the funds necessary to commence and complete its construction. Therefore, the Company states, it has an emergency affecting its ability to provide safe and adequate service, and the Company's cash flows will not provide adequate debt service coverage until the plant necessary to address this situation is in service and a part of the rate base and rates. At that point, the Company believes, it will begin earning a return on the new investment and adequate cash flows to maintain the needed debt service coverage ratios. The Company's engineer is of the

opinion that, if the Company does not undertake construction of the immediate improvements recommended, its ability to continue to provide safe and adequate service will be seriously jeopardized.

On November 8, 1991 the Commission issued its "Suspension Order, Notice of Proceedings and Consolidation of Cases", consolidating the cases herein and setting the cases for pre-hearing conference on December 2 and 3, 1991 and for hearing beginning on December 9, 1991.

No interventions were filed in this docket.

During the weeks of November 11, November 18 and November 25, 1991 Staff and Public Counsel served their Data Information Requests on the Company and the Company served its responses to all of said Data Information Requests prior to the pre-hearing conference.

On November 20, 1991 the Company filed an Amendment to its Application for the financing order filed November 7, to seek additional authorization for a letter of credit required to guarantee payment of the principal and interest on the EIARA bonds and for issuance of a 5 year, secured note to finance up to \$110,000.00 of needed equipment and tool purchases pursuant to a commitment from Boatmen's First National Bank dated November 18, 1991.

On December 2, 1991, the pre-hearing conference in the consolidated cases was convened as scheduled by the Commission's Suspension Order and Notice of Proceedings of November 8, 1991. Representatives of the Company, Commission Staff and Public Counsel

appeared and participated. The Mayor and a member of the Board of Aldermen of the City of Raytown appeared and, while the City of Raytown had not intervened in the proceedings, they were permitted to sit in on the pre-hearing conference by agreement of all parties. As a result of said pre-hearing conference, Company, Staff and Public Counsel hereby stipulate and agree as follows:

1. That Company be permitted to file a revised interim tariff containing a surcharge applying to water service to its Missouri customers designed to produce additional gross annual revenues of \$425,000.00, exclusive of gross receipts and sales taxes, on an interim basis for the purposes and under the conditions set forth herein.

2. The revised interim tariff containing the surcharge to be filed in accordance with paragraph 1 of this Stipulation and Agreement shall become effective for service rendered on and after January 1, 1992.

3. The rates to be filed in the tariff sheet containing the surcharge referred to in paragraphs 1 and 2 above shall be calculated in accordance with the Staff's rate design and reflect the rates as shown in Appendix A, attached hereto.

4. The revised tariff and surcharge referred to in paragraphs 1 and 2 above may be subject to modification in the pending permanent rate case, Case No. WR-92-85, after which a surcharge may continue, if found necessary, at the level needed to enable Company to meet debt service coverage requirements pursuant to the Report and Order in that permanent rate case. This

surcharge may continue until traditional ratemaking allows Company to meet its debt service coverage requirements for the bond issue under Case No. WF-92-95.

5. All revenues collected by the Company under the surcharge provided for in paragraphs 1 and 2 above will be paid over monthly by the Company into an escrow account established with the Trustee for the bonds issued pursuant to Case No. WF-92-95. The escrowed funds shall be used only for the following purposes: to pay interest, the annual letter of credit fee, income taxes applicable to the surcharge and any required principal payments on the EIERA bonds, and to satisfy debt service coverage requirements for said bond issue.

6. If the lender requires coverage on the principal amount of the bonds issued pursuant to Case No. WF-92-95 while the surcharge is in effect the Company will begin making payments on principal, as permitted by revenues collected under the surcharge, after interest and letter of credit fee payments have been made out of funds collected under the surcharge.

7. Any difference between the total of interest expense, letter of credit fees and income taxes applicable to the surcharge, and the amount collected by the Company under the surcharge will be treated as Contributions In Aid of Construction (CIAC). The issue of what portion of the surcharge allowed in Case No. WR-92-85, or in a subsequent rate case, that will be treated as Contributions In Aid of Construction will be addressed in the permanent rate case, Case No. WR-92-85, or in a subsequent rate case, respectively.

8. Interest earnings on funds paid into the escrow account referred to herein will be used to offset the bond issuance costs for ratemaking purposes. If the Company, for financial statement or income tax purposes, records said interest earnings differently, then the Company shall maintain all records necessary to reconcile the different methods used. If not prohibited by the bond indenture and other documents related to the bond issue, the Company may be permitted to utilize interest earnings on the funds in the escrow account to pay any excess bond issuance costs above the 2% of bond proceeds permitted under EIERA rules, and finally, to pay for other capital expenditures of the Company.

9. Company agrees to file revised tariffs creating a new rate case in time to utilize a test year in which the new construction to be paid for by the proceeds of the bond issue will be placed in service. Company agrees that this filing will be made not later than six months after the new construction has been placed in service.

10. The entire net proceeds of the \$3,000,000.00 bond issue will be used to construct plant additions by the Company, consistent with the requirements of the bond issue and EIERA rules.

11. Company agrees that it will not increase common stock dividends above the present payout level of \$17,548.00 annually unless the overall capital structure of the Company includes an equity ratio equal to or greater than 35%. Company agrees that common dividends will not exceed 70% of net income in any year during the life of the bonds.

12. Company agrees that during the life of the EI ERA bonds, Company will not issue any additional long-term debt (except the presently committed \$110,000.00 loan from Boatmen's Bank for tools and equipment) unless the overall capital structure of the Company includes an equity ratio equal to or greater than 35%.

13. Company agrees to semi-annual debt service payments as set forth in Exhibit "A" to Company's Application for Financing, adjusted as required in the final bond issue.

14. Company agrees to optional call features for prepayment if negotiable with the bond underwriters, Edward D. Jones & Company.

15. For rate making purposes, Company agrees to the exclusion of the EI ERA loan from its capital structure only as to the pending interim and permanent rate cases, No. WR-92-88 and No. WR-92-85. This provision will not apply in the subsequent permanent rate case to be filed by the Company as provided in paragraph 9, above.

16. Company agrees that it shall maintain all records supporting the surcharge billings, collections, deposits, and loan and income tax payments pending audits by the Staff of the Commission.

17. Company agrees to file a summary report of surcharge billings, collections, deposits, loan payments and income tax payments applicable to the surcharge as a supplement to its annual report to the Commission each year.

18. If the Company sells its water system for an amount that exceeds "Net Original Cost Rate Base," all gains on the sale, up to the net depreciated level of CIAC generated by the surcharge, shall be refunded to the customers of the Company at the time of the sale.

19. Company agrees to address in its direct testimony in the pending permanent rate case, No. WR-92-85, the development of a time schedule and associated costs for a 2" pipe replacement program and for converting to a monthly billing system.

20. Company, Staff and Public Counsel agree that the Company's Application for Authority to Issue Bonds, as amended to include authority for the Letter of Credit and the secured note for equipment and tools (as described in the list attached hereto as Appendix B), in Case No. WF-92-95, should be approved and granted by the Commission as part of the Order approving the Stipulation and Agreement.

21. That this Stipulation and Agreement, as to the interim rate case, represents a negotiated dollar settlement for the sole purpose of disposing of Case No. WR-92-88, and does not reflect any principle of law or ratemaking. None of the parties to this Stipulation and Agreement shall be prejudiced by or bound by the terms of this Stipulation and Agreement in any future proceeding or in this proceeding, in the event the Commission does not approve this Stipulation and Agreement in its entirety.

22. That neither the Commission nor the parties to this Stipulation and Agreement shall be deemed to have approved or

acquiesced in any ratemaking principle or any method of cost of service determination or cost allocation underlying any of the rates provided in this Stipulation and Agreement. That Staff and Public Counsel shall not be deemed to have approved or acquiesced as to the reasonableness of the expenditures involved in Case No. WF-92-95 nor as to the value for ratemaking purposes of the property involved.

23. That the prefiled testimony and exhibits sponsored by Company witnesses shall be received into evidence without the necessity of these witnesses taking the witness stand.

24. The Staff shall have the right to submit to the Commission by filing with the case papers in memorandum form an explanation of its rationale for entering into this Agreement, and to provide to the Commission whatever further explanation the Commission requests. The Staff's memorandum shall not bind or prejudice the Staff in any future proceeding. In the event the Commission does not approve this Agreement, the Staff's memorandum shall not bind or prejudice the Staff in this proceeding. Any rationales advanced by the Staff in such a memorandum are its own and are not acquiesced in or otherwise adopted by the other signatories.

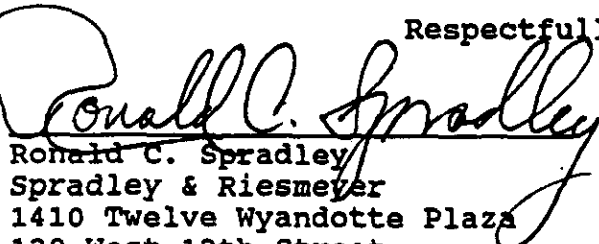
25. That in the event the Commission accepts the specific terms of this Stipulation and Agreement, the parties waive their rights to cross-examine the witnesses named in the foregoing paragraph, with respect to their prepared testimony and exhibits in the interim rate case and finance proceeding.

26. That in the event the Commission accepts the specific terms of this Stipulation and Agreement, the parties waive their rights to present oral argument and written briefs, pursuant to Section 536.010(1), their right pertaining to the reading of the transcript by the Commission, pursuant to Section 536.080(3), and their right to judicial review pursuant to Section 386.510, Mo. Rev. Stat., in the interim rate case and finance proceeding.

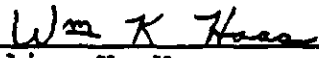
27. This Stipulation and Agreement resulted from extensive negotiations among the signatory parties and the provisions hereof are interdependent; that in the event the Commission does not approve and adopt this Stipulation and Agreement in total, and in the event the tariffs agreed to herein do not become effective for service rendered on and after January 1, 1992, then, under those circumstances, the parties agree that this Stipulation and Agreement shall be void, and no party shall be bound by any of the agreements or provisions hereof.

WHEREFORE, Company, Staff and Public Counsel respectfully request that the Commission issue its Order approving this Stipulation and Agreement.

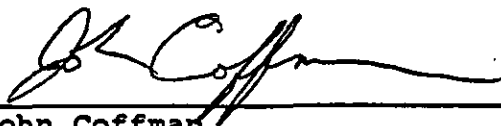
Respectfully submitted,


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Missouri Public Service
Commission



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Jefferson City, MO 65102

Office of Public Counsel

FORM NO. 13

P.S.C.MO. No. 3{ Original } SHEET No. 2a

{ Revised }

Cancelling P.S.C.MO. No. _____

{ Original } SHEET No. _____

{ Revised }

Raytown Water CompanyFor Raytown, Missouri and territory

Name of Issuing Corporation

Community, Town or City

adjacent thereto

SCHEDULE OF SURCHARGE RATES**WATER SURCHARGE RATES**

This rate is applicable to all residential ("domestic") and commercial customers in cities, towns and unincorporated territories served by the Company.

A "residential" ("domestic") customer, under this residential rate classification, is a customer who purchases water for "domestic" use, under this residential rate classification, includes that portion of water which is ultimately delivered to a single or multiple family dwelling, and shall apply to all purchases regardless of whether the customer is the ultimate consumer.

This tariff is intended to satisfy the provisions of Section 144.030 (23), RSMo., by establishing and maintaining a system and rate classification of "residential" to cause the residential sales and purchases of water under this tariff to be considered as sales made for domestic use and thus exempt from sales tax.

There shall be a bimonthly surcharge in addition to regular rates for water service dependent upon the size water meter used by the customer as follows:

<u>Meter Size</u>	<u>Bi-Monthly Rate</u>
5/8"	\$ 9.48
1"	23.69
1 1/2"	47.38
2"	75.81
3"	142.14
4"	236.90

This water rate surcharge is interim subject to refund and shall be reviewed in the Company's current rate case, Case No. WR-92-85, pending before the Public Service Commission.

*Indicates new rate or text

+Indicates change

DATE OF ISSUE December 6, 1991

month day year

DATE EFFECTIVE January 1, 1992

month day year

ISSUED BY WM Clavenger

name of officer

President, 9820 E. 63rd St., Raytown, MO 64133

title

address

Attachment A

Page 13 of 14 pages

RAYTOWN WATER COMPANY

EQUIPMENT LIST FOR 11/91 TERM LOAN

Case Uni-loader 1845C	15,455
Roller-Asphalt	6,450
Concrete breaker	18,000
Trailer for Uni-loader	3,189
5000W Gen	2,000
1991 GMC 1 ton Truck	15,096
1991 GMC 3/4 ton Truck	14,767
Truck bed - Utility box	6,562
Water meter test	3,128
2-3" Meters (Rockwell)	1,300
New furnace for office	2,600
Power handle for Tap machine	600
Tap machine 2"	600
FAX machine	600
Radios, hand-held	1,200
Miscellaneous tools	2,000
New edge on Backhoe	860
Computer and software (for billing)	<u>6,000</u>
	100,407

Appendix B