

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

At a Session of the Public Service
Commission held at its office
in Jefferson City on the 7th
day of June, 1996.

In the Matter of the Application of The Raytown)
Water Company for a Variance from Commission) CASE NO. WO-96-401
Rule 4 CSR 240-2.200.)

ORDER GRANTING VARIANCE

On May 21, 1996, The Raytown Water Company (Raytown), the Staff of the Commission (Staff), and the Office of the Public Counsel (Public Counsel) filed an application for a variance from the maximum customer limitation in 4 CSR 240-2.200 in order for Raytown to utilize the small company rate increase procedure in its next rate filing. 4 CSR 240-2.200 permits small water utilities, those having 5,000 or fewer customers, to seek a general increase in revenues through a condensed, expedited procedure. Raytown currently has approximately 6,750 customers.

Raytown would initiate the small company rate increase procedure by filing a letter requesting the change. Raytown would be required to notify its customers in writing of the request and of the effect on the typical customer's bill. Staff would then schedule an investigation of Raytown's operations and an audit of its financial records. Public Counsel may also conduct an investigation and audit. An agreement must be reached, and tariff sheets filed based upon the agreement, within 150 days from the date the letter initiating the procedure is filed. This time period may be extended by the consent of the parties. If no agreement can be reached, Raytown could initiate a standard rate proceeding.

Raytown, Staff, and Public Counsel anticipate that Raytown could save substantial rate case expense were it permitted to utilize the

small company rate procedure. Raytown, Staff, and Public Counsel also indicate that they would use this case to evaluate whether the small company rate procedure would be appropriate for subsequent rate filings by Raytown.

The Commission agrees that Raytown could avoid considerable rate case expense by utilizing the small company rate proceeding. In addition, Raytown's customer base is reasonably close to the limit of 4 CSR 240-2.200. Since Raytown's customers will receive notice and have an opportunity to be heard, the use of the small company rate proceeding would not be prejudicial to the interests of the customers. Thus, the Commission finds that Raytown should be granted a variance from the maximum customer limit in 4 CSR 240-2.200.

IT IS THEREFORE ORDERED:

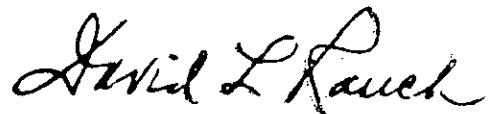
1. That The Raytown Water Company is hereby granted a variance from the maximum customer limitation in 4 CSR 240-2.200.

2. That the variance granted in Ordered Paragraph 1 is applicable only to The Raytown Water Company's immediate next rate filing.

3. That, in conjunction with the variance granted in Ordered Paragraph 1, The Raytown Water Company is hereby permitted to utilize the small company rate procedure in 4 CSR 240-2.200 for its immediate next rate filing only.

4. That this Order shall become effective on June 18, 1996.

BY THE COMMISSION



David L. Rauch
Executive Secretary

(S E A L)

Zobrist, Chm., McClure, Kincheloe,
Crumpton, and Drainer, CC., Concur.

ALJ: Grothoff