

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 4th day of
September, 2012.

In the Matter of the Application of)
The Raytown Water Company for an)
Order Authorizing Issuance of Water)
Facilities Refunding and Improvement)
Bonds Series 2012)

File No. WF-2012-0413

ORDER GRANTING APPLICATION

Issue Date: September 4, 2012

Effective Date: September 14, 2012

On June 12, 2012, The Raytown Water Company ("Raytown Water") filed an application seeking authority from the Missouri Public Service Commission ("Commission") to borrow a principal sum not to exceed \$1,015,000 from the Missouri Environmental Improvement and Energy Resources Authority ("Authority").¹ The Authority will issue Water Facilities Refunding and Improvement Bonds, Series 2012, to obtain the funds to lend to Raytown Water. Raytown Water specifically proposes to use the proceeds from the loan to replace a water main in Raytown Water's service territory in Raytown, Missouri; to fund any debt service reserve fund that may be required; and to pay the costs and expenses of bond issuance.

On August 27, 2012, the Staff of the Commission filed a recommendation that the Commission approve the application, subject to the following six conditions:

1. That nothing in the Commission's order shall be considered a finding by the Commission of the value of this transaction for rate making purposes, which includes, but is not limited to, the capital structure, and that the

¹ The Raytown Water Company's application was filed pursuant to Section 393.200, RSMo 2000, and Commission Rules 4 CSR 240-2.060 and 4 CSR 240-3.615.

Commission reserves the right to consider the rate making treatment to be afforded these financing transactions, and their effect on cost of capital, in any later proceeding.

2. That the Company file with the Commission all final terms and conditions of the proposed financing, which shall include, but not be limited to, the executed Loan Agreement, the Promissory Note, the Deed of Trust and Security Agreement, the Water Facilities Refunding and Improvement Bonds and the Bond Trust Indenture.
3. That the Company submit a verified report to the Commission's Budget and Fiscal Services Unit documenting the issuance of the note, the use of any associated proceeds, and the applicability and measure of fees under Section 386.300.2. RSMo (Supp. 2011).
4. That nothing in the Commission's order approving this Application shall be considered as the Commission providing authority for the issuance of the EI ERA Bonds. The Commission is providing authority for The Raytown Water Company to take all necessary steps to execute the proposed loan transaction with the Missouri Environmental Improvement and Energy Resources Authority, not the authority for the issuance of the EI ERA Bonds.
5. That all future funds acquired through issuance of securities under this application shall be used exclusively for the benefit of Raytown Water Company's regulated operations.
6. If there is any delay in the use of proceeds more than three (3) months after the Commission Approves this Application, the Company will promptly notify the Commission of the delay and the reason for the delay.

On August 29, 2012, Raytown Water filed a reply to Staff's recommendation stating that it accepts these six conditions.

Neither the governing statute² nor any other law requires a hearing before approving the unopposed application.³ Because this is a non-contested case, the Commission acts on evidence that is not formally adduced and preserved.⁴ There is no evidentiary record.⁵ Consequently, the Commission bases its decision on the parties' verified filings.

² Section 393.200, RSMo. All sections are in the 2000 Revised Statutes of Missouri unless otherwise stated.

³ *State ex rel. Rex Deffenderfer Ent., Inc. v. Public Service Commission*, 776 S.W.2d 494, 496 (Mo. App., W.D. 1989).

⁴ *State ex rel. Public Counsel v. Public Service Comm'n*, 210 S.W.3d 344, 353-355 (Mo. App. 2006).

⁵ *Id.* The competent and substantial evidence standard of Article V, Section 18, does not apply to administrative cases in which a hearing is not required by law." *Id.*

The Commission has reviewed and considered Raytown Water's verified application and Staff's verified recommendations. Based on the Commission's independent and impartial review, the Commission finds that it is in the public interest to grant Raytown Water's application. The Commission will require Raytown Water to comply with the conditions requested by Staff. As required by Section 393.200, RSMo, the Commission finds that the proposed issuance of debt securities is or will be reasonably required for the purposes specified in the application and that such purposes are not in whole, or in part, reasonably chargeable to operating expenses or to income.

THE COMMISSION ORDERS THAT:

1. The Raytown Water Company's application filed on June 12, 2012 is granted subject to the conditions recommended by the Commission's Staff, which are delineated in the body of this order.
2. The Raytown Water Company is authorized to execute all documents and take all actions necessary for the above-described transactions.
3. Nothing in this order shall constitute an opinion of prudence on the overall structure of The Raytown Water Company or any current credit facility.
4. This order shall become effective on September 14, 2012.
5. This file may be closed on September 15, 2012.

(S E A L)

Gunn, Chm., Jarrett, Kenney,
and Stoll, CC., concur.

Bushmann, Regulatory Law Judge

BY THE COMMISSION



Steven C. Reed
Secretary