

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the matter of the application of The Raytown)
Water Company for an Order Authorizing Issuance) **Case No. WF-2008-0356**
of Water Facilities Refunding and Improvement)
Bonds Series 2008.)

ORDER GRANTING FINANCING APPLICATION

Issue Date: July 22, 2008

Effective Date: August 1, 2008

On April 30, 2008, The Raytown Water Company ("Raytown Water") filed an application for authority to issue notes in a principal sum not to exceed \$970,000. On June 3, 2008, Raytown Water filed its Exhibits D and E to the application. Exhibit D was subsequently revised on June 20 and July 9, 2008.

Raytown Water seeks authority to enter into an arrangement with the State Environmental Improvement and Energy Resources Authority ("EI ERA") whereby EI ERA would issue tax-exempt revenue bonds, Water Facilities Refunding and Improvement Bonds, Series 2008, (the "Bonds") and loan the proceeds to Raytown Water for qualifying projects. The Bonds are to be issued as an additional obligation under, subject to and secured by the lien of, the Deed of Trust, Mortgage and Security Agreement pursuant to the Bond Trust Indenture and Loan Agreement among Raytown Water, the Mortgage Trustee, and the EI ERA.

The loan proceeds are to be used to: (a) refund at a more favorable interest rate the remaining balance of the outstanding Series 1999 EI ERA Bonds; (b) construct a new water main in the Company's service territory in Raytown, Missouri, to be installed upon,

and attached to, a new bridge being constructed by the City of Raytown across 63rd Street; (c) pay for new trucks and other related plant and equipment required to operate and maintain the water facilities; (d) fund any debt service reserve fund that may be required, and (e) pay the costs and expenses of the Bond issuance.

On July 10, 2008, the Staff of the Commission filed its verified Recommendation and Memorandum. Staff recommends that the Commission approve the application subject to certain conditions. No responses to Staff's recommendation were filed.

Based on Raytown Water's application and the Staff's Recommendation and Memorandum, the Commission concludes that the application should be granted. The Commission will require Raytown Water to comply with the conditions requested by Staff.

As required by Section 393.200, RSMo 2000, the Commission finds that the money, property or labor to be procured or paid for by the issuance of the notes proposed in Raytown Water's application 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.

IT IS ORDERED THAT:

1. The Raytown Water Company's application is granted with the conditions as set out in Ordered Paragraph No. 3.
2. The Raytown Water Company may take all necessary steps to execute the proposed loan transaction with the Missouri Environmental Improvement and Energy Resources Authority.
3. The Commission's approval of this application is conditioned upon The Raytown Water Company's compliance with the following conditions:

A. The Raytown Water Company shall 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.

B. The Raytown Water Company shall file with the Commission, upon refunding of any outstanding debt, the net present value calculations indicating the amount of interest cost savings.

C. The Raytown Water Company shall submit a verified report to the Commission's Budget and Fiscal Services department 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. 2007.

D. All future funds acquired through issuance of securities under this application shall be used exclusively for the benefit of The Raytown Water Company's regulated operations.

4. Nothing in the Commission's order shall be considered a finding by the Commission of the value of this transaction for ratemaking purposes, which includes, but is not limited to the capital structure, and the Commission reserves the right to consider the ratemaking treatment to be afforded these financing transactions, and their effect on cost of capital, in any later proceeding.

5. The Raytown Water Company shall file a notice in this case within 20 days of the completion of the authorized transactions.

6. If the authorized transactions have not been completed by October 20, 2008, The Raytown Water Company shall file a status report with the Commission and shall continue to file a status report every month until the transactions have been completed.

7. This order shall become effective on August 1, 2008.

BY THE COMMISSION

A handwritten signature in black ink, appearing to read 'Colleen M. Dale', written over a horizontal line.

Colleen M. Dale
Secretary

(S E A L)

Nancy Dippell, Deputy Chief Regulatory
Law Judge, by delegation of authority
pursuant to Section 386.240, RSMo 2000.

Dated at Jefferson City, Missouri,
on this 22nd day of July, 2008.