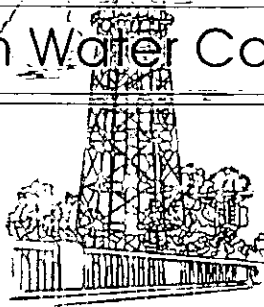


Established 1925

Raytown Water Company



September 1, 2004

Secretary of the Commission
Attn: Data Center
Missouri Public Service Commission
PO Box 360
Jefferson City, MO 65102

FILED

SEP 10 2004

Missouri Public
Service Commission

Re: Second Customer Notice
Small Company Rate Increase Request
MO PSC Case No. WR-2005-0052

Dear Secretary:

Enclosed for placement in the above-referenced Commission case file is a copy of the second customer notice regarding the Company's small company rate increase request. This notice was mailed to the Company's customers today, and was approved by the Commission's Water & Sewer Department Staff before it was mailed.

Please let me know if you need anything further regarding this matter.

Sincerely,

A handwritten signature in black ink that reads "Neal Clevenger". The signature is written in a cursive, flowing style.

Neal Clevenger
President/General Manager

Enclosure

Copies (w/enclosure)
Ruth O'Neill - Public Counsel
Jim Russo - Commission Staff

Established 1925

Raytown Water Company



September 1, 2004

Dear Customer,

On March 6, 2003, Raytown Water Company (Company) submitted a request for a permanent increase in its current water rates and charges, under the provisions of the Missouri Public Service Commission's small company rate increase procedure. In its request, the Company was seeking an increase in its total annual operating revenues of \$642,307 (approximately 25.8%). Additionally, the Company was seeking a special monthly surcharge related to a major main replacement project known as the "Gateway Project".

As a result of the Company's request, the Staff of the Public Service Commission (Commission Staff) conducted an independent audit of the Company's books and records, and an investigation of the Company's business and system operations. Based upon the results of its audit and investigation, the Commission Staff has concluded that an increase of \$273,757 (approximately 10.3%) in the Company's total annual water revenues is warranted, that a change to monthly billing from bi-monthly billing is warranted, that changes to and the addition of certain service charges are warranted, that changes to the service connection fees are warranted, that certain changes to the Company's business operations are warranted, and that the requested special surcharge for the Gateway Project is warranted.

The Company has agreed with the Commission Staff's audit findings and conclusions, and has filed tariff revisions to implement those findings and conclusions, and to update its rules and regulations regarding the provision and taking of water service. A table showing the proposed changes to the customer rates, the proposed changes to existing service charges and the proposed new services charges, and including a monthly customer bill comparison for a residential customer using 6,000 gallons of water, is set out on the third page of this notice.

The Office of the Public Counsel (OPC), a state agency responsible for representing the interests of utility consumers before the Commission, has reviewed the results of the Commission Staff's investigation. However, the OPC has not yet taken a final position regarding those results.

Second Notice re: Rate Increase Request
September 1, 2004 - Page 2 Of 2 Pages

Any customer that has questions or comments about the Company's proposed revisions to its rates and charges, or that has comments regarding recent service-related problems, should contact the Commission and/or the OPC, within 20 days of the date of this notice. To do so, please use the mailing addresses, telephone numbers, fax numbers or e-mail addresses shown below, and please include a reference to Commission Case No. WR-2005-0052.

Public Service Commission
Attn: Water/Sewer Department
P.O. Box 360
Jefferson City, MO 65102
Phone: 800/392-4211
Fax: 573/751-1847
E-Mail: pscisd@psc.mo.gov

Office of the Public Counsel
Attn: Ruth O'Neill
P.O. Box 2230
Jefferson City, Mo 65102
Phone: 573-751-4857
Fax: 5273-751-5562
E-Mail: mopco@ded.mo.gov

Depending upon the responses to this notice, the OPC may request that the Public Service Commission hold a local public hearing. However, regardless of whether a local public hearing is held, no increase in rates will take effect without the specific approval of the Public Service Commission.

Lastly, please be advised that all currently available information regarding the Company's rate increase request may be obtained via the Public Service Commission's Website as follows, and please also note that this information will be updated as the case moves forward.

- * Go to <http://www.psc.mo.gov>
- * On that page, click on the "EFIS" button near the top on the right side of the page
- * On the next page, after reading the disclaimer, click on "I agree to terms above"
- * On the next page, click on "Resources" near the top of the page
- * On the next page, click on "Case Information"
- * On the next page, click on "Case Filing/Submission"
- * On the next page, click "Yes" when asked if you want to display the unsecured information
- * On the next page, check the box to the left of "Case No."; enter WR-2005-0052 in the box to the right of Case NO.; scroll to the bottom of the page and click on "Search"
- * On the next page, click on "WR-2005-0052" and this will bring up a screen that contains all of the documents that have been filed in the case to date
- * To view a document, click on the number in the left column

If you have questions about this notice, or about anything else that I may be of assistance with, please feel free to contact me at the telephone number listed at the top of the first page of this notice.

Sincerely,


Neal Clevenger
President/General Manager

WATER SERVICE RATES AND CHARGES

TYPE OF CHARGE *	CURRENT RATES	PROPOSED RATES
Monthly Minimum Charge **		
5/8" Meter	\$ 6.43	\$ 7.15
1" Meter	\$11.66	\$12.95
1.5" Meter	\$20.28	\$22.52
2" Meter	\$30.63	\$34.01
3" Meter	\$54.74	\$60.78
4" Meter	\$89.18	\$99.03
Commodity Rate per 1,000 gallons	\$4.041	\$4.487
Total Monthly Bill (5/8" meter at 6,000 gallons usage)	\$30.68	\$34.07
Gateway Project Surcharge ***	N/A	\$0.77/month/customer
Private Fire Service Charges (annual charges)		
Fire Hydrant	\$144.31	\$160.24
Sprinkler Systems		
2" or smaller tap	\$ 17.22	\$ 19.12
4" tap	\$ 68.50	\$ 76.06
6" tap	\$144.31	\$160.24
8" tap	\$259.75	\$288.43
10" tap	\$438.45	\$486.86
Returned Check Charge	\$20	\$25
Emergency Call-Out Charge ****	\$10 during regular hours \$25 after regular hours	\$20 during regular hours \$35 after regular hours
Contractor Hydrant Meter Rental	N/A	\$25 plus commodity usage
Temporary Water Service Charge	N/A	\$25 plus commodity usage
Visa/Master Card Transaction Fee	N/A	\$3 per transaction

* Only those rates and charges that are subject to change are shown in this table.

** Monthly equivalent of the current bi-monthly charges.

*** Expected to be in effect for approximately 5 years, with annual review for possible changes.
Proceeds can only be used for repayment of the loan related to the project.

**** Proposed provisions also include hourly charges for labor over 1 hour.