

**UNANIMOUS AGREEMENT REGARDING DISPOSITION OF  
SMALL UTILITY COMPANY REVENUE INCREASE REQUEST**

**THE RAYTOWN WATER COMPANY**

**MO PSC FILE NO. WR-2020-0264**

**BACKGROUND**

The Raytown Water Company ("Company") initiated the small company revenue increase request ("Request") for water service that is the subject of the above-referenced Missouri Public Service Commission ("Commission") File Number by submitting a letter to the Secretary of the Commission in accordance with the provisions of Commission Rule 20 CSR 4240-10.075, Staff Assisted Rate Case Procedure ("Staff Assisted Procedure"). In its Request letter, which was received at the Commission's offices on March 1, 2020, the Company set forth its request for an increase of \$663,332 in its total annual water service operating revenues. The Company also acknowledged that the design of its customer rates, its service charges, its customer service practices, its general business practices and its general tariff provisions would be reviewed during the Commission Staff's ("Staff") review of the revenue increase request, and could thus be the subject of Staff's recommendations. The Company provides service to approximately 6,582 water customers.

Pursuant to the provisions of the Staff Assisted Procedure and related internal operating procedures, Staff initiated an audit of the Company's books and records, a review of the Company's customer service and general business practices, a review of the Company's existing tariff, an inspection of the Company's facilities and a review of the Company's operation of its facilities. (These activities are collectively referred to hereinafter as Staff's "investigation" of the Company's Request.)

Upon completion of its investigation, Staff provided the Company and the Office of the Public Counsel ("Public Counsel") with information regarding Staff's investigation and the results of the investigation, including Staff's initial recommendations for resolution of the Company's Request.

**RESOLUTION OF THE COMPANY'S RATE INCREASE REQUEST**

Pursuant to negotiations held subsequent to the Company's and Public Counsel's receipt of the above-referenced information regarding Staff's investigation of the Company's request, Staff, Public Counsel, and the Company hereby state the following Unanimous Disposition Agreement:

- (1) The agreed upon water revenue requirement increase of \$482,575 (12.3% increase) added to the level of previous revenues of \$3,917,699 results in overall annual revenues of \$4,400,274. This revenue requirement is just and reasonable and designed to recover the Company's cost of service. These amounts are shown on the ratemaking income statements found in Attachment A;
- (2) The Auditing Department conducted a full and complete audit of the Company's books and records using the 12-month period ended December 31, 2019, updated through June 30, 2020, as the basis for the revenue requirement determined above. The audit findings can be found in Attachments B and C;
- (3) The agreed upon net rate base is \$5,314,088 for water service. The development of this amount is shown on the rate base worksheet that is found in Attachment D. This amount is included in the audit work papers in the ultimate determination of the revenue requirement shown in (1) above;
- (4) Included in Attachment B is the agreed upon capital structure which includes the Company's overall recommended rate of return of 7.24%, which is calculated based on a hypothetical capital structure consisting of 4.79% debt and 95.21% equity, with a cost of debt of 3.44% and a cost of equity of 7.50%.
- (5) The schedule of depreciation rates in Attachment E includes the depreciation rates used by Staff in its revenue requirement analysis and shall be the prescribed schedule of water plant depreciation rates for the Company;
- (6) To allow the Company the opportunity to collect the revenue requirement agreed to in (1) above, the rates as shown on Attachment F are just and reasonable rates that the Company will be allowed to charge its customers. The impact of these rates will be as shown on Attachment G;
- (7) Included in the agreed to in the agreed to water revenue requirement is an increase to the Company's payroll expense. As part of this increase the Company agrees to increase its base wages for the listed positions to the minimum amount included in the accounting schedules that support this disposition agreement. These positions are:
  - i) Field Service Technician – Crew Chief,
  - ii) Field Service Technician,
  - iii) Assistant Service Technician, and
  - iv) Meter Reader.

The base wages by position and amount that are included in the revenue requirement have been provided to the Company, and shall be applicable to any employees in the listed positions. In the event an employee discontinues employment, the Company shall attempt to replace the employee in the same position. In the event that the Company does not employ a replacement for a continuous period of six months, the Company agrees that it shall be subject to a

regulatory liability to return the funds to customers included in the revenue requirement for the incremental difference between the actual wages and salary paid, and the wage and salary expense for the listed positions during the period the position is vacant.” Ratemaking treatment for any regulatory liability of this nature will be determined in the Company’s next general rate proceeding.

(8) For the purposes of implementing the agreements set out in this disposition agreement, the Company will file with the Commission proposed tariff sheet revisions containing the rates, charges, and language set out in the example tariff sheet(s) attached hereto as Attachment H. The proposed tariff sheet revisions will contain rates, charges, and rules for water customers. The proposed tariff sheet revisions will bear an effective date of September 08, 2020;

(9) The following current PSC MO No. 5 Tariff Sheets will be cancelled:

- 3<sup>rd</sup> Revised Sheet No. 9
- 1<sup>st</sup> Revised Sheet No. 10
- 1<sup>st</sup> Revised Sheet No. 11
- 1<sup>st</sup> Revised Sheet No. 35
- 1<sup>st</sup> Revised Sheet No. 36

Canceled Tariff Sheets will be replaced with:

- 4<sup>th</sup> Revised Sheet No. 9
- 2<sup>nd</sup> Revised Sheet No. 10
- 2<sup>nd</sup> Revised Sheet No. 11
- 2<sup>nd</sup> Revised Sheet No. 35
- 2<sup>nd</sup> Revised Sheet No. 36

(10) Within thirty (30) days of the effective date of an order approving this Unanimous Disposition Agreement, the Company shall implement the recommendations contained within the Customer Experience Department (CXD) Report, attached hereto as Attachment I and outlined below, and subsequently provide proof of the implementation of the recommendations to the Manager of the Commission’s CXD Department:

- (a) Change its estimating usage process to comply with Chapter 13 or have a Commission-approved tariff;
- (b) Bill customers according to the billing period defined in Chapter 13.015 (1) (C). Consider changing procedures to address staff shortages and short billing periods such as occurred in February, 2020;
- (c) Discontinue charging a minimum monthly charge after water service has been shut off;
- (d) Revise and distribute, to all current and future customers, written information specifying the rights and responsibilities of the Company and its customers as required by Commission Rule 20 CSR 4240-13.040(3).

Update Commission Rule numbers referenced in the brochure. This recommendation should be completed prior to mailing brochures following the conclusion of this rate case.

(11) The Company shall mail its customers a final written notice of the rates and charges included in its proposed tariff revisions prior to or with its next billing cycle after issuance of the Commission order approving the terms of this Unanimous Disposition Agreement. The notice shall include a summary of the impact of the proposed rates on an average residential customer's bill.

(12) The Company shall undertake the following measures for the purpose of improving the current state of its system:

- i) The Company shall file a new case before the Commission within sixty (60) days of the effective date of an order approving this Unanimous Disposition Agreement in order to acquire financing needed to begin making necessary improvements to its system;
- ii) The Company shall include in the filing identified in (i) a list of the improvements it seeks to make in a manner that is substantially similar in structure to the list of Proposed Capital Improvements that has been included as Attachment J;
- iii) The same list of projects identified in (ii) shall be listed on the Company's publicly available website with monthly updates regarding the completion of projects - including description of work completed and benefits realized - once the Company begins work;
- iv) The Company shall adopt a policy that all leaks and Right of Way (ROW) requirements will be completed within eight (8) months of the Company discovering the problem, weather permitting, which will include ROW requirements listed in Attachment J;
- v) The Company agrees to develop a means to better track water loss arising from fire hydrants struck by automobiles (with Staff or Public Counsel's assistance, as necessary) and to consider possible means to mitigate these risks in the future;
- vi) The Company shall track dividends paid to shareholders from the time rates go into effect until the improvements for which it seeks financing under (i) are completed with the understanding that the Public Counsel may argue these payments should be used as an offset to income in a future rate case in the event the Company fails to make timely improvements to its system;
- vii) The Company shall continue to conduct an annual leak detection survey and shall post the results of that survey to its publicly available website and provide copies to Staff and Public Counsel;
- viii) The Company shall seek information in its procurement of outside vendor services to complete the improvements for which it seeks financing under (i) regarding wage and benefits paid to contractor employees; and,
- ix) The Company shall conduct and maintain a water rate study to be able to determine its standing with surrounding water distribution entities.

- (13) Staff or Public Counsel may conduct follow-up reviews of the Company's operations to ensure that the Company has complied with the provisions of this Unanimous Disposition Agreement;
- (14) Staff or Public Counsel may file a formal complaint against the Company, if the Company does not comply with the provisions of this Unanimous Disposition Agreement;
- (15) The Company, Staff, and Public Counsel agree that they have read the foregoing Unanimous Disposition Agreement, that facts stated therein are true and accurate to the best of the Company's knowledge and belief, that the foregoing conditions accurately reflect the agreement reached between the parties; and that the Company freely and voluntarily enters into this Unanimous Disposition Agreement; and
- (16) The above agreements satisfactorily resolve all issues identified by Staff, Public Counsel, and the Company regarding the Company's request.

**Additional Matters**

Other than the specific conditions agreed upon and expressly set out herein, the terms of this Unanimous Disposition Agreement reflect compromises between the Staff, Public Counsel, and the Company, and no party has agreed to any particular ratemaking principle in arriving at the amount of the annual operating revenue increase specified herein.

The results of Staff's inspections and review of the Company's operation of its facilities can be found in the Water and Sewer Department Report, Attachment K. Staff has completed a Summary of Case Events and has included that summary as Attachment L to this Unanimous Disposition Agreement.


The Company, Public Counsel, and Staff acknowledge that Staff will be filing this Unanimous Disposition Agreement and the attachments hereto, in the existing case and that the Company will file the proposed tariff revisions called for in the disposition agreement. The Company and Public Counsel also acknowledge that Staff may make other filings in this case.

Additionally, the Company and Public Counsel agree that subject to the rules governing

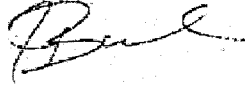
practice before the Commission and without waiving the confidentiality of the facts and positions disclosed in the course of settlement, Staff shall have the right to provide an oral explanation to support its entering into this Unanimous Disposition Agreement, if the Commission requests one at any agenda meeting at which this case is noticed to be considered by the Commission. Subject to the rules governing practice before the Commission and without waiving the confidentiality of the facts and positions disclosed in the course of settlement, Staff will be available to answer Commission questions regarding this Unanimous Disposition Agreement. To the extent reasonably practicable, Staff shall provide the Company with advance notice of any such agenda meeting so that it may have the opportunity to be present and/or represented at the meeting.

**SIGNATURES**


Agreement Signed and Dated:

  
\_\_\_\_\_  
Neal Clevenger  
President  
Raytown Water Company

August 4, 2020  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Jim Busch  
Manager – Water & Sewer Department  
Missouri Public Service Commission Staff

August 4, 2020  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
John Clizer  
Senior Counsel  
Office of the Public Counsel

August 4, 2020  
\_\_\_\_\_  
Date

**List of Attachments**

- Attachment A – Ratemaking Income Statements
- Attachment B – Auditing Department Report
- Attachment C – EMS Run
- Attachment D – Rate Base Worksheets
- Attachment E – Schedules of Depreciation Rates
- Attachment F – Rate Design Worksheets
- Attachment G – Billing Comparison Worksheet
- Attachment H – Example Tariff Sheets
- Attachment I – CXD Report
- Attachment J – Proposed Capital Improvements
- Attachment K – Water and Sewer Department Report
- Attachment L – Summary of Events

# WATER AND SEWER DEPARTMENT FIELD OPERATIONS AND TARIFF REVIEW

Case No. WR-2020-0264

## INTRODUCTION

The Water and Sewer Department conducted an investigation of Raytown Water Company's (RWC) system operations and recordkeeping practices in the context of RWC's pending rate case before the Public Service Commission (PSC or Commission).

During Staff's visit to RWC on May 7, 2020, RWC stated that it has plans to obtain bond financing to undertake several capital improvement and rehabilitation projects. A statement about the financing plan is also found in the RWC 2019 Annual Report. Although none of the cost of these projects are proposed to be included in this pending rate request, projects that are planned to be included with this upcoming capital improvements program are important for system operations, and for that reason will be mentioned within this report.

## WATER SYSTEM OVERVIEW

RWC has a service area that includes approximately two-thirds of the City of Raytown, and also a small portion of the City of Independence, both of which are suburban communities near Kansas City, Missouri. RWC's source of supply is the City of Kansas City Water Department (KC), from which it receives water through seven 6-inch metering points and one 4-inch metering point. RWC borders KC and its municipal water system on its north, east, and west, and borders Jackson County Public Water Supply District No. 2, also a wholesale customer of KC, to the south. RWC's distribution system consists of cast iron, ductile iron, and polyvinyl chloride (pvc) pipe of 2-inch through 12-inch sizes, and some galvanized iron of the smaller sizes, 2-inch and less. RWC has three elevated storage tanks, totaling 2.5 million gallons volume.

## SYSTEM CAPACITY EVALUATION

Source of supply capacity for RWC as a wholesale customer cannot be expressed as easily as for a water utility that operates a source facility, such as a treatment plant or a series of wells. The reason is because the availability of water through the KC meters depends upon KC customer water-using activity, and emergency events that take place within KC's water system, such as main breaks and water flow for firefighting. Extraordinary usage caused by events such as these can affect available flow through several of the metering points at the same time. Although variable hydraulic flow conditions through KC's and RWC's distribution pipelines is a factor, simple meter flow capacity of approximately 1,200 gallons per minute (gpm) for six-inch meters and 600 gpm for four-inch meters, and with several metering points shut off, would suggest source capacity of approximately 7 million gallons per day (mgd) available at most times. RWC's maximum day demand is estimated by Staff to be approximately 1.2 to 1.5 mgd, so source capacity appears to be adequate, absent highly unusual hydraulic limitation. Average day demand is approximately 1.1 mgd.



Water in storage tanks normally is used to supplement source capacity during peak-hour flow times and also to maintain a reserve for fire protection. Since RWC is a wholesale customer, its own storage on most days is a supplement to storage from KC's water system which is available as well for peak flow and fire flow, again subject to unusual hydraulic flow limitations affecting flow through the metering points. As a result, unlike storage capacity design for most other water systems, RWC's storage capacity is designed to meet all peak day evening demand plus fire reserve and other contingencies, such as main breaks, without any flow through the metering points. Construction of an additional new storage tank for this purpose, along with distribution system upgrades to address flow from the storage tanks rather than from the metering points throughout the RWC distribution system, was completed to satisfy a condition in RWC's Water Purchase Agreement (WPA) with KC that was signed in the early 1990s.<sup>1</sup> According to information provided by RWC personnel, while there is no WPA in effect at this time, RWC is planning to pursue a new agreement with KC. RWC is currently purchasing water from KC on a month to month basis under general terms of service. Staff recommends that RWC pursue a formal WPA which would include the volume and pressure range of water supply that will be provided. Among the list of system upgrades RWC is proposing for bond financing is a tie-in to the City of Independence as an emergency source of supply. Both KC and Independence treat drinking water by a lime softening process, and these water supplies are compatible.

Staff takes the position that RWC has sufficient source of supply capacity, storage capacity, and distribution system capacity that is needed to provide safe and adequate water service.

## **SYSTEM OPERATIONS REVIEW**

The KC metering points are owned by RWC. The meters installed in them are owned by KC. These facilities consist of concrete or mason vaults inside which an operator may access the valves and meters along with associated components. RWC states that KC occasionally shuts off individual metering points when KC experiences emergencies or when it has scheduled major repairs on its system. RWC also states that during times of normal water usage it sometimes chooses to turn off certain individual metering points on its own, in order to use water in its storage tanks. The reason this is necessary is because normal flow available through the KC metering points can largely meet average and peak flows, and as such water does not flow out of the storage tanks to a significant extent. Aged water in storage tanks is undesirable from a drinking water quality standpoint, and for this reason, some percentage of storage water turnover, usually approximately 25% of the volume, is incorporated into water system design<sup>2</sup> and/or operations practices.

A recently completed capital improvement was the installation of a Supervisory Control and Data Acquisition (SCADA) system. The SCADA system provides remote visual monitoring of

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<sup>1</sup> Construction of a new storage tank, and additional water mains to address distribution system hydraulics, were among the issues in Case Nos. WR-92-88 and WF-92-95.

<sup>2</sup> Water system design in Missouri most often follows the recommendations of the Missouri Department of Natural Resources *Minimum Design Standards for Missouri Community Water Systems*, publication number 2489, referred to as the "Design Guide." "One-quarter" turnover of the water in a storage tank is stated in Section 7.1.1.c. of the Design Guide.

the system, remote control of the storage tank valves and master meters, access to system status for flows and pressures, and historical data storage of operating conditions. While alarms are activated when setpoints are triggered, SCADA gives operations personnel the ability to see system trends and make adjustments prior to alarm conditions being reached. These adjustments can be made on the touch screen in the SCADA room or by smart phone technology. Vault improvements, new storage tank valves, and master meters with associated electrical upgrades were among the improvements with the SCADA installation. RWC has recently relocated their offices to a larger building that provides space for parts and equipment in addition to the SCADA room and other operational work areas.

RWC utilizes a specialty contractor for storage tank maintenance. The contractor monitors tank condition, and undertakes minor and major repairs and rehabilitation when necessary. RWC states that the contractor provides excellent response when called upon. The storage tanks are in generally good condition as detailed in 2019 tank inspection reports reviewed by Staff.

As stated above, RWC's distribution system includes 2-inch galvanized iron water mains, most of which are located on cul-de-sac streets or other short, dead-end locations. Galvanized iron was used as water main material many years ago, and like other water utilities that utilize this material, RWC's galvanized water main pipelines are old and corroded, with leakage and restricted flow problems. RWC has been replacing galvanized pipe in past years as funds were available, with either ductile iron pipe or pvc pipe of appropriate size needed for the specific location. RWC reported more than 13,000 feet of galvanized iron pipe in its 2004 annual report, and reported a little more than 4,000 feet in its 2019 annual report. RWC states that it plans to complete additional 2-inch galvanized iron replacements with an upcoming capital improvements program. RWC has also undertaken replacements of larger size water main pipeline, often related to valve or fire hydrant repair or installation, or in conjunction with other projects such as street work.

In addition to water main replacements, RWC modified its water service line rules several years ago, converting the portion of the water service pipe between the water main and the customers' meter well, defined as the "service connection," from customer ownership to RWC ownership. Essentially, when an existing customer-owned service connection requires repair or replacement, RWC steps in and undertakes the work, and then after replacement owns the service connection. The customer retains ownership of the service line between the property line and the premises. Several of the service connections that RWC has replaced involved removal of obsolete galvanized iron pipe and replacement with copper pipe. Recent RWC Board decisions have resulted in pvc being the selected pipe for all future RWC system main replacements. Staff received and investigated three customer complaints that were all related to the frequency of water main breaks in the aging distribution system and the disruptions that result. RWC has prepared a list of greater than one hundred locations and sections of the distribution system that it plans to upgrade during the next capital financed projects. These upgrades will be completed by contractor personnel.

## OPERATIONS RECORDS

RWC maintains a Geographic Information System (GIS) record of its water mains along with locations of valves, fire hydrants and meter settings. Locations of these components are on photograph maps both on paper, and in electronic format available in the office on a computer or in the field on an electronic tablet.

In addition to locations on the GIS map system, fire hydrant inventory with information regarding the make, condition, and maintenance work is kept in a paper document. RWC undertakes routine painting and maintenance checks every few years. Additionally, RWC states that it regularly corresponds with the city fire department, which is authorized to operate and test fire hydrants, and which keeps hydrant test flow records. RWC's communication with the fire department includes information regarding correct operation of fire hydrants, i.e. slowly open and close to prevent mechanical shock or water hammer, and do not leave hydrants flowing partially open. When partially opened, water will flow from the drainage orifice to clear dirt and debris, but underground water flow from the orifice can compromise the thrust block footing, and in extreme cases could cause the hydrant to blow off the water main.

Similar to hydrants, valve inventory is shown on RWC's GIS map system, but RWC also has paper records of valve location and operation with information regarding size, location, direction and number of turns to open, normal position (open or closed), condition information of the valve and valve box, and date of exercise/inspection. Valves are inspected and operated as needed, and as such, there is not a regularly conducted valve exercise program. RWC states that it has identified several areas where additional valves are desirable, in order to reduce the number of affected customers when work is conducted in the areas. Additional valves, sometimes in conjunction with new mains or main replacements, are future capital improvements to be included with its upcoming capital improvements program.

All RWC customers are metered. Meter records are kept by electronic database format that can be sorted for a necessary task, for example to look at meter/customer locations, meter serial numbers, meter size, and meter ages. RWC uses the meter size and age sort functions for the meter test/replacement program that meets Commission Rule 20 CSR 4240-10.030(38). This rule requires 5/8-inch meters used on most residential and small commercial customers to be tested or replaced every ten (10) years or 1.5 million gallons indication;<sup>3</sup> larger meters are required to be tested or replaced on more frequent schedules and with greater registered volumes, based on size. Although in the past, water utilities including RWC would test and rebuild all meters on this schedule, now most utilities simply replace 5/8-inch and 3/4-inch size meters with new meters, because the low cost of new small meters is more economical. Larger meters of 1-inch and greater size are more expensive, and that fact along with more frequent test schedules makes it more economical to test them and rebuild if necessary.

RWC manually reads most of its meters by opening the meter box lid, visually observing the reading and recording it, but for certain locations it uses "radio-read" meters. Radio read meters

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<sup>3</sup> 1.5 million gallons over ten years is about 400 gallons per day average use. Residential customers typically use less than that, approximately 180 gallons per day. Therefore, the ten year period is almost always the test/replacement frequency applied to residential customers.

have an electronic wireless transponder that permits electronic reading and recording while driving by the location in a service vehicle, without the need for visual access or physical contact. Radio reads are currently used by RWC where access is dangerous or difficult, such as along busy streets or in potentially obstructed areas like parking lots. According to RWC Staff, there are 689 radio read meters presently, with the remainder being manually read.

Because of RWC's proximity to its wholesale water provider, KC, there are some sections of KC's or RWC's water mains that are located generally along city limit boundaries in streets, with KC residents/customers on one side of the street and RWC customers as either City of Raytown or City of Independence residents on the other side. According the RWC staff, there are currently eleven (11) RWC customers who are actually connected directly to a water main owned by KC and served through KC meters, where KC bills RWC for water service and RWC bills each customer using its approved water rates. Also the opposite scenario exists; there are currently twenty-six (26) KC customers who are connected directly to a water main owned by RWC and served through RWC meters, where RWC bills KC for water service and then KC (presumably) bills its customers using its water rates.

RWC maintains written operations plans that include: Operational Policy & Procedures, Main Leak and Repair Program, and Contractor Qualification Requirements. Copies of these plans were provided during the system inspection and they are adequate for the RWC system. While RWC states that it has not used contractors significantly at present, RWC plans to implement the Contractor Qualification Requirements plan for future capital improvements as those improvements will be completed by contractors and not by in-house personnel.

#### **OTHER OPERATIONS MATTERS**

RWC, and the City of Raytown, have an agreement that provides for discontinuance of water service by RWC for nonpayment of sewer bills to the City of Raytown as the sewer utility. This activity is authorized by state statutes, §§393.015 and 393.016, RSMo, and RWC tariff Rule 13A. RWC states that the agreement is exercised routinely, and seems to be working well.

As a public water system that is subject to the Missouri Department of Natural Resources (DNR), as defined in DNR's regulations at 10 CSR 60-2.015(2)(P)8., RWC is required to comply with a number of regulations that pertain to drinking water quality, including the Missouri Safe Drinking Water Act. RWC operates under DNR permit MSOP MO1010676. DNR last conducted an inspection of RWC on July 13, 2017, and noted the following compliance issue:

1. The 2 million gallon hydropillar overflow flap screen was clogged with mud and debris. DNR also noted that the existing flap valve and screen in this pipe are not appropriate.

In addition, DNR added the following recommendations, which are **not** required:

1. The 250,000 gallon Gregory storage tank overflow terminates below ground and DNR recommends that it terminate above ground to avoid clogs and entry of dirt and debris, and;

2. The piping vault is not adequately protected from trespassing and vandalism. The access hatch for the piping vault was locked, but the overall lid was unlocked and can be removed. DNR recommends adding physical barriers, such as a fence, and installing a locking mechanism for the entire lid.

Based on feedback from DNR, the compliance issue has been rectified. The 2 million gallon hydropillar overflow pipe that originally connected to an underground drain was moved to discharge above ground and RWC equipped the overflow with an 18 inch mesh screen and an appropriate flap valve. In addition, the 250,000 gallon Gregory storage facility's overflow that originally terminated below ground was corrected to terminate above ground with a weighted flapper valve, as recommended by DNR. RWC has chosen not to add additional security for the piping vault.

Per DNR's Drinking Water Watch Web site (<https://dnr.mo.gov/DWW/>), RWC has not had a recent positive E. coli sample.

Among the DNR requirements directly affecting customers:

- RWC collects routine water samples for analysis of chemical and microbiological contaminant levels, as per 10 CSR 60-4.010 and 10 CSR 60-4.020. Other provisions of 10 CSR 60 Chapter 4, involving water quality, safety and characteristics, are undertaken by or with the cooperation of KC as the owner and operator of a surface water treatment facility.
- RWC is subject to public notice requirements of 10 CSR 60 Chapter 8 involving extraordinary conditions that adversely affect water quality, and also to annually publish a Consumer Confidence Report (CCR) that provides pertinent information to customers about the drinking water.
- RWC and some of its customers are required to comply with what is sometimes referred to as the "backflow prevention rule," 10 CSR 60 Chapter 11, which outlines requirements for the installation and testing of backflow prevention devices to protect the public water system from contaminants flowing from customers' premises. RWC keeps records of customers required to install and regularly test backflow devices. The City of Raytown has ordinances pertaining to backflow rule compliance and can assist with enforcement if necessary.
- RWC is subject to DNR's Lead and Copper rule, 10 CSR 60 Chapter 15, as is KC as the water supplier. RWC has a sampling site plan for monitoring of lead and copper, and also provides information to customers since a major source of lead and copper contamination is within house plumbing fixtures.

This report is not intended to be an all-inclusive overview of DNR's regulations regarding water quality and monitoring, treatment facility and distribution system operator certification,

laboratory requirements, or construction approval. These items listed above are certain major points that directly involve customer service or impose requirements upon customers.

### **Tariff Review**

Staff reviewed a current copy of the tariff. Raytown's current tariff became effective December 7, 2015. Current PSC MO No. 5 3rd Revised Sheet No. 9, 1<sup>st</sup> Revised Sheet No. 10 and 1<sup>st</sup> Revised Sheet No. 11 will be cancelled and replaced by PSC MO No. 5 4th Revised Sheet No. 9, 2<sup>nd</sup> Revised Sheet No. 10 and 2<sup>nd</sup> Revised Sheet No. 11.

### **Rate Design**

Staff reviewed the current rate design and as a result, Staff is not making any recommendations in this rate case that would change the existing rate structure. Currently, all of the Company's customers pay a monthly fixed customer charge and a commodity rate per thousand gallons of water consumed.

### **Conclusion and Recommendations**

Staff has no specific recommendations at this time for RWC regarding operations. Staff has not received any substantial number of customer complaints nor customer comments that would indicate significant shortcomings from an operations perspective. Staff notes that RWC appears to be undertaking adequate planning for future projects regarding repairs, rehabilitations and improvements that are necessary for continued safe and adequate service, but none of the projects are so critical as to be immediately needed.