

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held by telephone and internet audio conference on the 27<sup>th</sup> day of January, 2021.

In the Matter of the Application of The                    )  
Raytown Water Company for an Order                 )  
Authorizing Issuance of Preferred Stock            )  
**File No. WF-2021-0131**

**ORDER APPROVING APPLICATION FOR FINANCE AUTHORITY**

Issue Date: January 27, 2021

Effective Date: February 26, 2021

On November 4, 2020, The Raytown Water Company (Raytown) submitted an application requesting authority to issue preferred stock in a principal sum not to exceed \$5 million.<sup>1</sup> The proceeds will be used for the construction of new water mains, valves, fire hydrants, and numerous capital improvements. The application was filed pursuant to the Unanimous Disposition Agreement in Raytown's prior rate case, File No. WR-2020-0264.<sup>2</sup> Additionally, Raytown requested waiver of the Commission's sixty-day notice of case filing requirement.

On January 5, 2021, the Staff of the Missouri Public Service Commission (Staff) filed its recommendation that the Commission approve Raytown's finance authority request, subject to five recommended conditions. On January 15, 2021, the Office of the Public Counsel (OPC) filed its response of non-opposition to Raytown's application or Staff's recommendation, but requests the Commission impose a sixth condition. OPC's condition requires Raytown to exercise due diligence to determine options to refinance

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<sup>1</sup> Raytown's application was filed pursuant to Section 393.200 RSMo (2016), and Commission Rules 20 CSR 4240-2.060, and 20 CSR 4240-10.125. Unless otherwise stated, all statutory citations are to the Revised Statutes of Missouri, as codified in the year 2016.

<sup>2</sup> Approved by the Commission on August 26, 2020.

the preferred stock issued, and to follow-up with semi-annual reports. No other responses to Raytown's application or Staff's recommendation of approval subject to conditions were received.

The Commission allowed time for responses to OPC's proposed sixth condition. On January 19, 2021, Raytown responded its agreement to OPC's proposed sixth condition, but noted it will need OPC's assistance in meeting that condition. Staff did not respond to OPC's motion.

Section 393.200, RSMo, and Commission Rule 20 CSR 4240-10.125 require Raytown to obtain the Commission's authority to issue debt securities. *In Re Laclede Gas Co. v. Public Serv. Comm'n.*,<sup>3</sup> states that Sections 393.180 and 393.200, RSMo, authorize public utilities to issue long-term financing when necessary for the purposes enumerated in the statute.<sup>4</sup> If Raytown's request falls within the enumerated purposes and is necessary or reasonably required, the Commission may grant the request.<sup>5</sup>

After review of Raytown's application and of Staff's recommendations, the Commission concludes that granting Raytown's request accords with its stated purposes, and that the financing authorization proposed in the application is or will be reasonably required for those stated purposes. The Commission, accordingly, finds that the request satisfies Section 393.200, RSMo. Raytown's unopposed request for financing

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<sup>3</sup> 526 S.W.3d 245 (Mo. App. W.D. 2017).

<sup>4</sup> "The power of gas corporations, electrical corporations, water corporation, or sewer corporations to issue stocks, bond, notes and other evidences of indebtedness and to create liens upon their property situated in this state is a special privilege, the right of supervision, regulation, restriction and control of which is and shall continue to be vested in the state, and such power shall be exercised as provided by law and under such rules and regulations as the commission may prescribe." Section 393.180 RSMo.

<sup>5</sup> *In re: Laclede Gas Co.v. Mo. Pub. Serv. Com'n.* 526 S.W.3d 245 (Mo. App. 2017).

authorization will be granted subject to Staff's and OPC's unopposed recommended conditions.

Finally, the Commission will grant Raytown's request for waiver of the sixty-day case filing notice requirement under 20 CSR 4240-4.017. The Commission finds good cause exists for waiver based on Raytown's verified declaration that it had no communication with the Commission regarding substantive issues likely to arise in this file within 150 days before filing its application.

**THE COMMISSION ORDERS THAT:**

1. The sixty-day notice of case filing requirement is waived for good cause found pursuant to 20 CSR 4240-4.017(1)(D).

2. Raytown's request for financing authorization is granted subject to Staff's recommended conditions, set out as follows (including OPC's sixth condition):

1. Nothing in this order shall be considered a finding by the Commission of the value of this transaction for rate making purposes. The Commission reserves the right to consider the rate making treatment to be afforded the financing transaction and its impact on cost of capital, in a later rate proceeding;

2. Raytown is authorized to issue preferred stock provided that the Company shall not be authorized to use any portion of the \$5 million for any purpose other than for the exclusive benefit of Raytown's regulated operations;

3. Raytown shall file with the Commission within ten days of issuance of any financing authorized pursuant this order, a report including the amount of preferred stock issued, date of issuance, variable rate, and other general and special terms, if any, including use of proceeds and estimated expenses. In addition, Raytown shall also provide the analysis, to include but not be limited to indicative pricing information provided by investment banks it performed to determine that the terms for the preferred stock it decided to issue were the most reasonable at the time;

4. Raytown shall file with the Commission any information concerning communication with credit rating agencies in regards with any such issuance; and

5. Raytown shall file with the Commission as a non-case related submission in EFIS under “Resources” - “Non-Case Related Query” - “Ordered Submission” any credit rating agency reports published on Raytown’s credit quality or the credit quality of its securities.

6. Raytown shall exercise due diligence to determine any options it has to refinance the preferred stock issued pursuant to this order and provide semi-annual updates to the Commission, to be filed in this docket, as to the due diligence it has performed pursuant to this condition.

3. Raytown is authorized to execute all documents and take all actions necessary for the above-described transactions.

4. This order shall become effective on February 26, 2021.

5. This file may be closed on February 27, 2021.



**BY THE COMMISSION**

A handwritten signature in black ink that reads "Morris L. Woodruff".

Morris L. Woodruff  
Secretary

Silvey, Chm., Kenney, Rupp, Coleman, and  
Holsman CC., concur.

Hatcher, Regulatory Law Judge

**STATE OF MISSOURI**

**OFFICE OF THE PUBLIC SERVICE COMMISSION**

**I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.**

**WITNESS my hand and seal of the Public Service Commission, at Jefferson City, Missouri, this 27<sup>th</sup> day of January, 2021.**



  
**Morris L. Woodruff**  
**Secretary**

**MISSOURI PUBLIC SERVICE COMMISSION**

**January 27, 2021**

**File/Case No. WF-2021-0131**

**Missouri Public Service  
Commission**  
Staff Counsel Department  
200 Madison Street, Suite 800  
P.O. Box 360  
Jefferson City, MO 65102  
staffcounsel@psc.mo.gov

**Office of the Public Counsel**  
Marc Poston  
200 Madison Street, Suite 650  
P.O. Box 2230  
Jefferson City, MO 65102  
opc@psc.mo.gov

**Missouri Public Service  
Commission**  
Travis Pringle  
200 Madison Street, Suite 800  
P.O. Box 360  
Jefferson City, MO 65102  
Travis.Pringle@psc.mo.gov

**Raytown Water Company, The**  
Janet I Blauvelt  
1600 Genessee, Suite 832  
Livestock Exchange Building  
Kansas City, MO 64102  
jb@blauveltlaw.com

**Enclosed find a certified copy of an Order or Notice issued in the above-referenced matter(s).**

**Sincerely,**



**Morris L. Woodruff  
Secretary**

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Recipients listed above with a valid e-mail address will receive electronic service. Recipients without a valid e-mail address will receive paper service.