

The Raytown Water Company

9820 E. 63rd Street
Raytown, MO 64133

October 10, 2008

Book: Account:

Dear Customer,

The Raytown Water Company (the Company) is applying for a general increase in water revenue per the enclosed notice. The Missouri Public Service Commission (MPSC) rules allow us to file as a small company following informal proceedings which minimizes accounting and attorney fees.

In addition to rising costs and aging plant replacements, there are new demands being placed on the water industry to ensure safe and adequate service. The cost to comply with the rules and regulations of the City of Raytown, the Department of Natural Resources, the Environmental Protection Agency, the Occupational Safety and Health Administration along with the MPSC are ultimately borne by the rate payer.

Management defines the areas that are driving the increased revenue requirement:

- A) New Capital Improvements
 - 1) New Fire Hydrant Installations
 - 2) Distribution Main Replacements
 - 3) Lowering and/or Raising Mains for the City of Raytown, such as the 63rd Street Bridge Project.
 - 4) Additional Field Equipment
 - 5) Partial Replacement of Truck Fleet
- B) Additional Service Costs:
 - 1) Missouri One Call/Dig Rite Membership
 - 2) Consumer Confidence Report
 - 3) Valve/Mapping Updates
 - 4) Leak Loss Maintenance
 - 5) Wage and Salary Increase
 - 6) Communication Equipment
 - 7) Maintenance of Towers
- C) Sufficient Revenues to Enable the Company to Pay Increased Costs:
 - 1) General Liability/Business Property/Officer Insurance
 - 2) Workmen's Compensation Insurance

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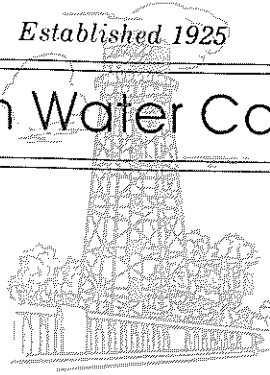
- 3) Health Insurance
- 4) Real Estate/Business Personal Property Taxes
- 5) Postage, Office Supplies & Utilities
- 6) Laboratory Fees/Water Samples
- 7) Gasoline, Diesel Fuel, Materials & Supplies

The Company's last rate increase was filed in 2003 and became effective October 10, 2004. It was in full effect January 1, 2005. Thank you for this opportunity to explain the Company's rate increase request.

THE RAYTOWN WATER COMPANY

Established 1925

Raytown Water Company



Dear Customer:

October 10, 2008

On September 11, 2008 Raytown Water Company (Company) submitted a request for a permanent increase in its current water rates, under the Missouri Public Service Commission's (Commission) small company rate increase procedure.

By its request, the Company is seeking increases in its customer rates intended to generate an increase in the Company's annual operating revenues of \$405,402 (approximately 15.69 %). The Company believes this increase in its operating revenues is necessary to meet current expenses, to meet interest and depreciation expenses and to provide adequate earnings on its investment. Additionally, the Company is seeking a redesign of customer rates and changes to its miscellaneous service charges.

If a 15.69 % increase to the Residential rate (a customer serviced by a 5/8" meter) is approved, the following is an example of a monthly comparison in water cost for a Residential Customer with monthly usage of 6,000 gallons. This comparison is with no change in rate structure.

Monthly Residential Bill	Current Bill	Proposed Bill
Customer Base Charge	\$ 7.30	\$ 8.45
Commodity Charge	\$ 27.52 (\$4.586/1,000 gal)	\$ 31.84 (\$5.306/1,000 gal.)
Total Bill without Taxes	\$ 34.82	\$ 40.29
	Increase in Bill	\$ 5.47
	Percentage Increase	15.7 %

Beginning sometime soon, the Staff of the Public Service Commission (Commission Staff) will conduct an independent investigation of the books, records and operations of the Company. Based upon that investigation, the Commission Staff will then make its recommendations regarding the Company's rate increase request, and necessary changes to system operations, to the Commission for its consideration.

The Office of the Public Counsel (Public Counsel), a state agency responsible for

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representing the interest of the consumer before the Commission, may conduct its own investigation, but at a minimum will review the results of the Commission Staff's investigation. The Public Counsel will then make its recommendations to the Commission regarding the company's rate increase request, necessary changes to system operations, and the quality of service provided by the Company to its customers.

Any customer who has questions or comments regarding the Company's rate increase request, or who has experienced recent service problems, should contact the Commission Staff and the Public Counsel *within 30 days of the date of this notice*. Your comments should include a reference to case number WR-2009-0098. To do so, please use the addresses, telephone numbers or fax numbers shown below. The Commission Staff and/or the Public Counsel will respond to all such customer contacts during the course of their investigations.

Missouri Public Service Commission
Water and Sewer Department
PO Box 360
Jefferson City, MO 65102
Phone: 573/751-3437 or 800/392-4211
Fax: 573/751-1847

Office of the Public Counsel
Attn: Water and Sewer
PO Box 2230
Jefferson City, MO 65102
Phone: 573/751-4857 or 866/922-2959
Fax: 573/751-5562

To submit your comments via the Commission's Website:

(1) go to <http://www.psc.mo.gov>;

(2) click on "EFIS / Case Filings" on the menu bar on the left side of the page;

(3) on the next page, click on the "Public Comment" icon under Submit Public Comments; and

(4) fill out and submit the Public Comments form, including the case number/one of the case numbers shown above. (To submit comments for both cases, the process must be repeated for each case number.)

Upon completion of the Commission Staff's and the Public Counsel's investigations, the Company may be requested to send out a second customer notice regarding the results of the investigations. Additionally, the Public Counsel may request that the Commission hold a local public hearing.

However, neither a second customer notice nor a local public hearing will happen automatically. Therefore, please take the time now to express your views about the Company's rate increase request, and the operation of its system, to the Commission Staff and the Public Counsel.

Regardless of whether the Company sends out a second customer notice, or whether a local public hearing is eventually held, no increase in rates will take effect without the approval of the Public Service Commission.

Sincerely,

RAYTOWN WATER COMPANY



Neal Clevenger

President/General Manager