

**BEFORE THE PUBLIC SERVICE
COMMISSION OF THE STATE OF MISSOURI**

In the matter of the Application of) Case No. _____
Middlefork Water Company)
and Nodaway County Public Water)
Supply District Number One for)
an order authorizing the Sale,)
Transfer and Assignment of Certain Water)
Production Assets to Nodaway County)
Public Water Supply District)
Number One and In connection)
therewith certain other related transactions.)

**JOINT APPLICATION
FOR APPROVAL OF TRANSFER OF ASSETS**

Come now Middlefork Water Company (“**Middlefork**”) and Nodaway County Public Water Supply District Number One (the “**District**”) (sometimes collectively referred to as “**Applicants**”) in accordance with Section 393.190.1, RSMo Cum Supp. 2013, and for their application authorizing the sale, transfer and assignment of assets to the District, state the following to the Commission:

APPLICANTS

1. Middlefork is a corporation organized under the laws of the state of Missouri. A copy of Middlefork’s Certificate of Good Standing issued by the Missouri Secretary of State is attached as Exhibit 1. Middlefork engages in the business of offering water services to certain municipalities within an authorized service territory.

2. Middlefork is a “water corporation” as defined in Section 386.020 Mo. Ann. Stat. (2019) and constitutes a public utility under the laws of the state of Missouri. Middlefork is subject to the jurisdiction of the Commission. It provides wholesale water services to its only two (2) customers, the City of Stanberry, Missouri and Grant City, Missouri. Middlefork does not provide any individual water services directly to individual citizens.

3. Middlefork has no pending actions or final unsatisfied judgments or decisions against it involving customer service or rates having occurred within three (3) years before the filing of this application. Middlefork has no fees or annual reports that are overdue the Commission.

4. The District, which is also known as “Public Water Supply District Number One of Nodaway County, Missouri,” is a duly authorized public water supply district organized under

the provisions of Chapter 247, RSMo. 2000. It has powers, duties and authority established by state law. It is a political subdivision of the state of Missouri.

5. The District was founded in 1974 with approximately 90 miles of water lines, servicing approximately 400 customers. Since then, the District has grown its operations to approximately 1,700 miles of water lines, servicing approximately 2,700 customers. The District currently serves as the permanent water supplier to all of Nodaway County and parts of Gentry and Worth Counties, including several smaller towns on a wholesale basis. The District has established emergency interconnections with at least 4 other municipalities and the State of Iowa. Average revenue for the District is approximately \$2,600,000 with approximately 190 million gallons of water produced from several sources.

6. Pleadings, notices, orders and other correspondence and communications concerning this Application should be addressed to the following:

FOR MIDDLEFORK:

Middlefork Water Company
c/o Brock Pfost
PO Box 468
Maryville, MO 64468
Email: whiteclld@unitedsky.net

With a Copy to:

Benjamin J. Pick
Pansing, Hogan, Ernst & Bachman, L.L.P.
10250 Regency Cr, Suite 300
Omaha, NE 68114
402-397-5500 (Telephone)
402-397-4853 (FAX)

FOR THE DISTRICT:

Public Water Supply District No.1 of Nodaway County
c/o Mr. Norman Wilson
120 East 3rd Street,
Maryville, MO 64468
Email: normanlewiswilson@gmail.com

With a Copy to:

Morton Reed Counts Briggs & Robb
400 Jules Street, Suite 320
St. Joseph, MO 64501

Attn: Nicholas K. Robb
Fax: (816) 232-8411
Email: nrobb@mortonreedlaw.com

THE TRANSACTION

7. Subject to the terms and conditions of that certain Asset Purchase Agreement dated May 7, 2020, a true and accurate copy of which is attached hereto as Appendix 1 (the “**Purchase Agreement**”), Middlefork will sell, transfer and assign to the District, and the District will acquire from Middlefork all of Middlefork’s water production facilities, as more detailed in the Purchase Agreement. The purchase price for the assets is Seven Hundred Ninety Hundred-One Thousand Six Hundred Eleven Thousand Dollars and 19/100 (\$791,611.19).

NO DETRIMENT

8. The proposed sale, transfer and assignment and related transactions will not be detrimental to the public interest because they will not result in any reduced level of service or reliability for the customers being served by the systems currently. Those customers will see no interruption in their day to day utility services due to the transaction.

9. In connection with its purchase of assets from Middlefork, the District entered into agreements with the cities of Grant City and Stanberry to continue to provide the cities with water at acceptable rates that will be fixed for one (1) year. At the end of that year, the water rates will be adjusted based on the actual costs of water production in future years, without any profit margin included in the rates charged to the cities. The District and the cities have also negotiated arrangements whereby the District will initially finance the costs associated with establishing a redundant water supply to the cities, which will be repaid by the cities via a surcharge paid to the District over time at acceptable rates.

10. Pursuant to the provisions of Chapter 247, RSMo. the District has the power and authority to acquire the water and sewer assets identified in the Purchase Agreement. Pursuant to the District’s statutory authority, rates and conditions of service will be developed and administered by the popularly elected Board of Directors.

11. The governing board of each applicant has adopted a resolution authorizing the proposed asset sales and transfers identified and described herein. Additionally, the shareholders of Middlefork have adopted a resolution authorizing the proposed asset sale and transfer identified and described herein. Those resolutions are attached collectively as Exhibit 2.

12. The transfer and assignment of these assets will have an impact on the tax

revenues of the Missouri political subdivisions in which any structures, facilities or equipment involved are located. The anticipated property tax abatement caused by transfer of the assets is estimated to be approximately \$1,800 annually.

13. All assets and operations of Middlefork are located and conducted respectively within Gentry County, Missouri. The District has assets and operations in Gentry County, Missouri.

WHEREFORE, Applicants respectfully request that the Commission issue its Order:

a. Authorizing the Applicants to perform in accordance with the terms of the executed Middlefork Purchase Agreement;

b. Authorizing the sale, transfer and assignment of the identified water and sewer assets, together with any real estate, as more fully described in the executed Middlefork Purchase Agreement;

c. Authorizing the Applicants to enter into, execute and perform in accordance with the terms of all other documents which may be reasonably necessary and incidental to the performance of the transactions which are the subject of the executed Middlefork Purchase Agreement and this Application; and

d. Granting such other relief as may be deemed necessary to accomplish the purposes of the Middlefork Purchase Agreement and the Application and to consummate the sale, transfer and assignment of the assets and related transactions pursuant to the executed Middlefork Purchase Agreement.

RESPECTFULLY SUBMITTED,

By: Benjamin J. Pick
Benjamin J. Pick,
PANSING HOGAN ERNST & BACHMAN LLP
10250 Regency Circle, #300
Omaha, Nebraska 68114
(402) 397-5500
bpick@pheblaw.com
Attorneys for Middlefork Water Company

By: _____
Nicholas K. Robb
Morton Reed Counts Briggs & Robb
400 Jules Street, Suite 320
St. Joseph, MO 64501
Fax: (816) 232-8411
Email: nrobb@mortonreedlaw.com
Attorneys for the District

TOGETHER, THE JOINT APPLICANTS

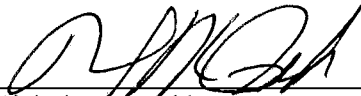
Certificate of Service

I hereby certify that a true and correct copy of the above and foregoing document was sent via e-mail on this 2 day of July, 2020, to General Counsel's Office at staffcounsel@psc.mo.gov; and Office of Public Counsel at opc@ded.mo.gov.

Sarah A. Choeneck

RESPECTFULLY SUBMITTED,

By: _____
Benjamin J. Pick,
PANSING HOGAN ERNST & BACHMAN LLP
10250 Regency Circle, #300
Omaha, Nebraska 68114
(402) 397-5500
bpick@pheblaw.com
Attorneys for Middlefork Water Company

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St. Joseph, MO 64501
Fax: (816) 232-8411
Email: nrobb@mortonreedlaw.com
Attorneys for the District

TOGETHER, THE JOINT APPLICANTS

Certificate of Service

I hereby certify that a true and correct copy of the above and foregoing document was sent via e-mail on this ____ day of July, 2020, to General Counsel's Office at staffcounsellservice@psc.mo.gov; and Office of Public Counsel at opcservice@ded.mo.gov.

ATTORNEY VERIFICATION

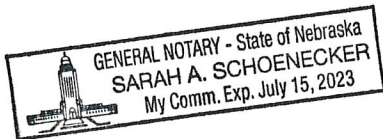
STATE OF NEBRASKA)
) ss.
COUNTY OF DOUGLAS)


I, Benjamin J. Pick, being first duly sworn, do hereby certify, depose and state that I am the attorney for Middlefork Water Company, applicant in this proceeding; that I have read the above and foregoing Joint Application for Approval of Transfer of Assets and the allegations therein contained are true and correct to the best of my knowledge, information and belief; and I further state that I am authorized to verify the foregoing application by the above said applicant.



Benjamin J. Pick

Subscribed and sworn to before me, a Notary Public, this 2 day of July, 2020.





Notary Public

ATTORNEY VERIFICATION

STATE OF MISSOURI)
) ss.
COUNTY OF _____)

I, Nicholas K. Robb, being first duly sworn, do hereby certify, depose and state that I am the attorney for the Public Water Supply District No. 1 of Nodaway County, applicant in this proceeding; that I have read the above and foregoing Joint Application for Approval of Transfer of Assets and the allegations therein contained are true and correct to the best of my knowledge, information and belief; and I further state that I am authorized to verify the foregoing application by the above said applicant.

Nicholas K. Robb

Subscribed and sworn to before me, a Notary Public, this ____ day of _____, 2020.

Notary Public

ATTORNEY VERIFICATION

STATE OF NEBRASKA)
) ss.
COUNTY OF DOUGLAS)

I, Benjamin J. Pick, being first duly sworn, do hereby certify, depose and state that I am the attorney for Middlefork Water Company, applicant in this proceeding; that I have read the above and foregoing Joint Application for Approval of Transfer of Assets and the allegations therein contained are true and correct to the best of my knowledge, information and belief; and I further state that I am authorized to verify the foregoing application by the above said applicant.

Benjamin J. Pick

Subscribed and sworn to before me, a Notary Public, this ____ day of _____, 2020.

Notary Public

ATTORNEY VERIFICATION


STATE OF MISSOURI)
) ss.
COUNTY OF Buchanan)

I, Nicholas K. Robb, being first duly sworn, do hereby certify, depose and state that I am the attorney for the Public Water Supply District No. 1 of Nodaway County, applicant in this proceeding; that I have read the above and foregoing Joint Application for Approval of Transfer of Assets and the allegations therein contained are true and correct to the best of my knowledge, information and belief; and I further state that I am authorized to verify the foregoing application by the above said applicant.



Nicholas K. Robb

Subscribed and sworn to before me, a Notary Public, this 1ST day of July, 2020.



Notary Public

JANICE K. JACKSON
Notary Public - Notary Seal
STATE OF MISSOURI - Buchanan County
My Commission #17766372
My Commission Expires 4/23/2021

List of Exhibits

- | | |
|------------|--|
| Exhibit 1 | Certificate of Good Standing of Middlefork Water Company |
| Exhibit 2 | Resolutions |
| Appendix 1 | Asset Purchase Agreement by and between Public Water Supply District No. 1 of Nodaway County and Middlefork Water Company. |

EXHIBIT A
Certificate of Good Standing of
Middlefork Water Company

STATE OF MISSOURI



John R. Ashcroft
Secretary of State

CERTIFICATE OF GOOD STANDING

I, John R. Ashcroft, Secretary of State of the STATE OF MISSOURI, do hereby certify that the records in my office and in my care and custody reveal that

MIDDLEFORK WATER COMPANY
CC0349286

was created under the laws of this State on 1/28/1991, and in Good Standing, having fully complied with all the requirements of this office.

IN TESTIMONY WHEREOF, I hereunto set my hand and
cause to be affixed the GREAT SEAL of the State of Missouri.
Done at the City of Jefferson, the 23rd day of June, 2020.


Secretary of State

Certification Number: CERT-IN3654



EXHIBIT B
Resolutions

**CONSENT IN LIEU OF SPECIAL MEETING
OF
THE SHAREHOLDERS AND DIRECTORS
OF
MIDDLEFORK WATER COMPANY**

The undersigned, being the all of the Shareholders and all of the Directors of MIDDLEFORK WATER COMPANY, a Missouri corporation (the "**Corporation**"), do hereby consent, pursuant to Section 351.273 and Section 351.340(2) of The General and Business Corporation Law of Missouri (the "**Act**"), to the adoption hereof and do hereby adopt the following resolutions and declare them to be in full force and effect as if adopted at a regularly or specially held meeting of the Shareholders or Directors of the Corporation:

WHEREAS, the Shareholders and Directors have determined that the sale of the certain assets of the Corporation under the terms and conditions set forth in that certain Asset Purchase Agreement dated May 7, 2020 (the "**Purchase Agreement**") by and between the Corporation, as "Seller", Brock Pfof and Karen Pfof, as the Shareholders of the Corporation, and Public Water Supply District No. 1 of Nodaway County, a Missouri public corporation, as "Buyer", substantially in the form presented to the Shareholders and Directors, is in the best interests of the Corporation, and the Shareholders, and Directors; and

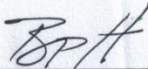
RESOLVED, the Purchase Agreement is hereby ratified and that the Corporation should sell the Purchased Assets (as defined in the Purchase Agreement) in accordance with the terms and provisions of the Purchase Agreement.

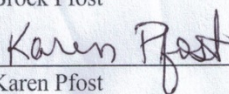
RESOLVED FURTHER, that the Shareholders and Directors ratify and approve the actions of Brock Pfof, President, taken on behalf of the Corporation in connection with the sale of Purchased Assets.

RESOLVED FURTHER, that the Shareholders and Directors acknowledge, agree and certify that Brock Pfof, as President, is hereby authorized, directed, and empowered to execute and deliver the Purchase Agreement and any and all related closing documents on behalf of the Corporation, and that Brock Pfof is authorized and directed to execute and deliver such documents (including any bill of sale) and to take such actions on behalf of the Corporation as he may deem in his sole discretion to be necessary or appropriate to consummate the sale of the Purchased Assets.

DATED 7/11, 2020

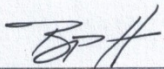
DIRECTORS:

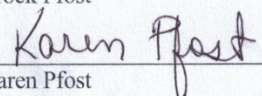


Brock Pfof


Karen Pfof

SHAREHOLDERS:



Brock Pfof


Karen Pfof

PUBLIC WATER SUPPLY DIST. NO 1
MARYVILLE, MISSOURI 64468

MINUTES OF THE BOARD OF DIRECTORS
PUBLIC WATER SUPPLY DISTRICT NUMBER 1
NODAWAY COUNTY, MISSOURI
April 23, 2020

The Board of Directors of Public Water Supply District Number 1 met on April 23, 2020 at the Nodaway County Community Building at 7:00 p.m. for a special meeting. Norman Wilson, President, called the meeting to order. Clerk, Veronica Luke called roll with the following answering: Norman Wilson, Donald Crane, John Blackford, Martin From and Dean Adwell. Also, in attendance were Ed Waldeier and Attorney Nick Robb was present via Zoom.

A motion to go into closed session inviting Ed, Veronica, and Nick was made by Dean Adwell; seconded by John Blackford; motion carried.

Real estate and contracts were discussed in closed session.

A motion to come out of closed session was made by Donald Crane at 7:51 p.m.: seconded by John Blackford; motion carried.

A motion was made by Donald Crane: that the President of the Board be authorized to execute the Asset Purchase Agreement with Middle Fork Water Company and the Pfosts upon resolution of the following issues to the satisfaction of the President and our legal counsel as follows:

1. Agreement on Exhibit E – Water Rights Agreement – to contain a right of first refusal for the District to purchase the “lake” in the event the Pfosts elect to sell and that it include provisions that it will run with the land and the owner will not do anything that will cause unnatural changes to the lake and the District’s use.
2. Financing late fees changed to 30 days from the current 10 days due to timing of Board meetings.
3. DNR provisions changed to require a DNR closing letter prior to closing, or alternative resolution acceptable to the District, in its sole discretion.
4. District ability to have a civil or geotechnical engineer or other professional selected by the District inspect and test the lake and property subject to the proposed Water Rights Agreement to determine such properties’ satisfactory condition, in District’s sole discretion.
5. Seller shall fix road from the Water Plant to the dam, including gravel.
6. Closing of the transaction shall be conditioned upon the satisfaction of the items 1-5, as well as, approval of agreements with the cities of Grant City, Stanberry, and Parnell, in District’s sole discretion and the approval of the PSC.

Seconded by John Blackford; unanimously approved.

There being no other business to bring before the Board, a motion to adjourn was made by John Blackford; seconded by Martin From; motion carried.

Meeting adjourned.

APPENDIX 1

**Asset Purchase Agreement
by and between
Public Water District No. 1 of Nodaway County
and
Middlefork Water Company**

See Attached