

MEMORANDUM

TO: Mr. Semb, Mr. Reimnitz, Mr. Hughes

FROM: Norman Newby and Roy Boltz

SUBJECT: Case No. WM-77-231, Application of Gladlo Water and Sewer Co., Inc. to sell and transfer its water system and sanitary sewer system serving Whispering Pines Subdivision of Phelps County, Missouri to Whispering Pines Subdivision Home Owners Association, Inc., a Missouri not-for-profit corporation.

DATE: July 12, 1977

Applicant seeks approval to sell and transfer all of its franchise, works or system necessary and useful in the rendition of water and/or sewer service to its customers in its certificated area. The application gives a brief description of the property involved in the sale and also gives reasons why the proposed sale is not detrimental to the public interest.

The application contains the following exhibits: (1) Contract, (2) Warranty Deed by Corporation, (3) Assignment, (4) Certified Copy of the Resolution of the Board of Directors of Gladlo, (5) Certified Copy of Resolution of Shareholders of Gladlo, (6) Certified Copy of Resolution of Board of Directors of Whispering Pines Subdivision Homeowners Association.

Applicant is going to sell the systems for \$30,000 to Whispering Pines Subdivision Homeowners Association, Inc., which is made up of the homeowners in the subdivision. Since the applicant has not yet submitted a 1976 Annual Report to this Commission, the staff is unable to determine at this time, the value of the systems to be sold. The accounting staff contacted Mr. Melvin E. Carnahan, attorney for applicant, **questioning the 1976 Annual Report.** Applicant's attorney stated they could not find their Report Form. The accounting staff sent Mr. Carnahan a blank Annual Report Form on July 12, 1977.

Conclusion: As soon as the applicant files the 1976 Annual Report, the accounting staff will review it and will at that time, make its recommendation on this case.

NNN/RB/cc

M E M O R A N D U M

TO: Bob Semb
Paul Reminitz
Tom Hughes

FROM: Roy Boltz
Norman Newby

RE: Case No. WM-77-231, Application of Gladlo Water and Sewer Co., Inc., to sell and transfer its water system and sanitary sewer system serving Whispering Pines Subdivision of Phelps County, Missouri, to Whispering Pines Subdivision Home Owners Association, Inc., a Missouri not-for-profit corporation.

DATE: October 28, 1977

The Accounting Staff has reviewed the application and looked over the Applicants 1976 Annual Report and has a few questions concerning the application.

1. The Whispering Pines Subdivision Homeowners Association, Inc., has not provided any financial data showing that they are capable of purchasing and maintaining the water and sewer systems.
2. Is the buyer going to charge the same water and sewer rates for service?
3. Have the customers been notified of this sale and rates to be charged if different than the present rates?
4. Who are the officers and shareholders of the Home Owners Association?
5. Will service be as adequate or better than the service now being supplied? (Who will be the serviceman and where will he be located?)
6. Per a conversation with Dick Wieler, it was noted that the Department of Natural Resources may not grant a certificate to the Homeowners Association since there is no covenant in the deeds that the Homeowners Association does not have the power to enforce anything on the homeowners. Also, will this be a true not-for-profit organization or will it be another regulated utility?

The Accounting Staff at this time feels that since this case has been around for several months and in order to expedite this case, a hearing should be set to get the answers to the above questions.

NNN/RB/d1m