

At a Session of the Public Service Commission held at its office in Jefferson City on the 13th day of September, 1989.

### ORDER APPROVING APPLICATION

On August 23, 1989, Applicant filed an amended and verified application which differs from Applicant's initial filing as follows: Applicant now proposes to issue a note or notes for \$255,000 at the prevailing prime annual interest rate plus 1 percent, adjustable quarterly. The note or notes will be due in three years, although subject to renewal at the end of three (3) years. The payments on principal and interest are to be determined on a fifteen (15) year amortization schedule.

Applicant's amended application contains minutes of special board meetings held on March 30 and August 14, 1989, in which Applicant's Board of Directors authorized Applicant's pledge of assets, property and receivables to secure the loan and approved the terms thereof, including the lender, the Mercantile Bank of Jefferson County, Missouri.

The amended application also contains Exhibit F, a sample note from the aforesaid lender, and Applicant's statement that the loan is subject to the fee schedules in Section 386.300.1.(5), RSMo, 1986.

On September 11, 1989, the Commission Staff (Staff) filed a memorandum recommending that the Commission approve this application, and noting that the Water and Sewer Department has approved the construction project. The Staff also recommends, and the Commission finds, that Applicant shall file with the Commission a true copy of the final financing agreement, including any note, notes, and mortgages between Applicant and the lender.

Having considered the application, the amended application, and Staff's recommendation, the Commission finds that a hearing is not required in this matter, and that the application should be granted. The Commission finds further that Applicant's issuance of a note or notes to the Mercantile Bank of Jefferson County, Missouri, in the principal amount of up to \$255,000, is not detrimental to the public or Applicant's customers, is reasonably required for plant construction, and not chargeable to Applicant's operating expenses or income. The Commission also finds that the annual interest rate of the then prevailing prime interest rate, plus one percent, (subject to quarterly adjustments) and payable in three years, and renewable thereafter, is not detrimental to the public interest. The Commission finds as well that Applicant's fifteen (15) year amortization schedule for repayment of principal and interest is reasonable.

It is, therefore,

ORDERED: 1. That House Springs Sewer Company, Inc., is hereby granted authority to encumber its assets and property to secure a note or notes for the principal sum of \$255,000, with annual interest at the then prevailing prime interest rate plus one percent (1%), subject to quarterly adjustments to reflect changes in the prime rate.

ORDERED: 2. That the payee of said note or notes will be the Mercantile Bank of Jefferson County, Missouri, and that said note or notes will be due in full in three years, and renewable in the amount of the balance due at the end of three years, at the then best prevailing interest rate.

ORDERED: 3. That House Springs Sewer Company, Inc. is authorized to execute all documents necessary to effectuate this order.

ORDERED: 4. That nothing in this Order shall be considered as a finding by the Commission of the reasonableness of the expenditures herein involved, or of the value for ratemaking purposes of the properties herein involved, nor as an acquiescence in the value placed upon said properties by the Applicants. Furthermore, the Commission reserves the right to consider the ratemaking treatment to be afforded these transactions, and their resulting cost of capital, in any later proceeding.

ORDERED: 5. That House Springs Sewer Company, Inc. shall provide a copy of the final executed note or notes to the Commission's Office of Financial Analysis as each note is executed.

ORDERED: 6. That this Order shall become effective on the date hereof.

BY THE COMMISSION



Harvey G. Hubbs  
Secretary

(S E A L)

Steinmeier, Chm., Mueller, Fischer,  
and Rauch, CC., Concur.