

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

In the Matter of the Joint Application of)
West 16th Street Sewer Company, W.P.C. Sewer)
Company, Village Water and Sewer Company,)
Inc. and Raccoon Creek Utility Operating) File No. _____
Company, Inc., for Raccoon Creek to Acquire)
Certain Sewer Assets and, in Connection)
Therewith, Issue Indebtedness and Encumber)
Those Assets.)

**JOINT APPLICATION AND,
IF NECESSARY, MOTION FOR WAIVER**

COME NOW West 16th Street Sewer Company (“West 16th”), W.P.C. Sewer Company (“WPC”), Village Water and Sewer Company, Inc. (“Village”), and Raccoon Creek Utility Operating Company, Inc. (“Raccoon Creek” or “Company”) and, pursuant to Sections 393.180 and 393.190, RSMo 2000, and 4 CSR 240-2.060, 3.310, 3.320, and 4.020(2)(B), state the following to the Missouri Public Service Commission (“Commission”) as their Joint Application and, if necessary, Motion for Waiver:

BACKGROUND INFORMATION

1. West 16th is a Missouri corporation. Its mailing address is 2111 W. Broadway Blvd., Sedalia, MO 65301. A certified copy of West 16th’s certificate of good standing is attached as **Appendix A** and incorporated herein by reference. West 16th is the holder of a Certificate of Convenience and Necessity from the Commission to operate a sewer utility in and around Pettis County, Missouri. West 16th currently provides sewer service to approximately 149 customers. West 16th is a “sewer corporation,” and a “public utility,” as those terms are defined in Section 386.020 RSMo, and is subject to the jurisdiction and supervision of the Commission as provided by law. Presently, West 16th is current in its Commission assessment fees. There is no pending action or final unsatisfied judgment or decision against West 16th

from any state or federal agency or court which involves customer service or rates, which action, judgment or decision has occurred within three years of the date of this Joint Application.

2. WPC is a Missouri corporation. Its mailing address is 2111 W. Broadway Blvd., Sedalia, MO 65301. A certified copy of West 16th's certificate of good standing is attached as **Appendix B** and incorporated herein by reference. WPC is the holder of a Certificate of Convenience and Necessity from the Commission to operate a sewer utility in and around Pettis County, Missouri. WPC currently provides sewer service to approximately 68 customers. WPC is a "sewer corporation," and a "public utility," as those terms are defined in Section 386.020 RSMo, and is subject to the jurisdiction and supervision of the Commission as provided by law. Presently, WPC is current in its Commission assessment fees. There is no pending action or final unsatisfied judgment or decision against WPC from any state or federal agency or court which involves customer service or rates, which action, judgment or decision has occurred within three years of the date of this Joint Application.

3. Village is a Missouri corporation. Its mailing address is 900 S. Vine Street, Holden, MO 64040. A certified copy of Village's certificate of good standing is attached as **Appendix C** and incorporated herein by reference. Village is the holder of a Certificate of Convenience and Necessity from the Commission to operate a sewer utility in and around Johnson County, Missouri. Village currently provides sewer service to approximately 240 customers. Village is a "sewer corporation," and a "public utility," as those terms are defined in Section 386.020 RSMo, and is subject to the jurisdiction and supervision of the Commission as provided by law. Presently, Village is current in its Commission assessment fees. There is no pending action or final unsatisfied judgment or decision against Village from any state or federal

agency or court which involves customer service or rates, which action, judgment or decision has occurred within three years of the date of this Joint Application.

4. Raccoon Creek is a Missouri corporation with its principal office and place of business at 3636 S. Geyer Road, Suite 100, St. Louis, MO 63127. Raccoon Creek is a Missouri corporation in good standing. A certified copy of Raccoon Creek's certificate of good standing is attached as **Appendix D** and incorporated herein by reference. Raccoon Creek has been formed for the purpose of providing sewer service to the public in the areas currently served by West 16th, WPC and Village. Raccoon Creek intends to be a "sewer corporation" and a "public utility" as those terms are defined in Section 386.020, RSMo, and will be subject to the jurisdiction and supervision of the Commission as provided by law. Raccoon Creek has no overdue Commission annual reports or assessment fees. There is no pending action or final unsatisfied judgment or decision against Raccoon Creek from any state or federal agency or court which involves customer service or rates, which action, judgment or decision has occurred within three years of the date of this Joint Application.

5. Communications in regard to this Joint Application should be addressed to the undersigned counsel and:

Raccoon Creek Utility Operating Company, Inc.
3636 S. Geyer Road, Suite 100
St. Louis, MO 63127

Attention: Josiah Cox, President
jcox@cswrgroup.com
Phone 314.238-7316

West 16th Street Sewer Company

211 W. Broadway Blvd.
Sedalia, MO 65301

Attention: Anthony B. Monsees, President
tony@cbmrc.com
Phone: (660) 826-5811

W.P.C. Sewer Company

211 W. Broadway Blvd.
Sedalia, MO 65301

Attention: Anthony B. Monsees, President
tony@cbmrc.com
Phone: (660) 826-5811

Village Water and Sewer Company, Inc.

900 S. Vine Street
Holden, MO 64040

Attention: Tony R. Lerda, President
tony@omenterprises.com
Phone: (816) 732-4313

THE TRANSACTION

6. Raccoon Creek has entered into Agreements For Sale of Sewer System with West 16th, WPC and Village (“Agreements”), copies of which are attached as **Appendices E-HC, F-HC, and G-HC** and incorporated herein by reference. Appendices E-HC, F-HC, and G-HC have been identified as Highly Confidential in accordance with Commission Rule 4 CSR 240-2.135, as they contains market specific information and information representing strategies employed in contract negotiations. Pursuant to the Agreements, Raccoon Creek proposes to purchase substantially all of the sewer assets of West 16th, WPC and Village, as specifically described in the Agreements under the terms and provisions further described in the Agreements. Such assets include the West 16th, WPC and Village Certificates of Convenience and Necessity granted by the Missouri Public Service Commission in Cases Nos. SA-90-288, SM-89-45, and

WA90-47, respectively.

7. Because West 16th, WPC and Village are sewer corporations doing business in the State of Missouri, they are subject to the provisions of Section 393.190.1, RSMo, which states, in pertinent part, that “no . . . sewer corporation shall hereafter sell, assign, lease, transfer, mortgage or otherwise dispose of or encumber the whole or any part of its franchise, works or system, necessary or useful in the performance of its duties to the public . . . without having first secured from the Commission an order authorizing it so to do.”

ADDITIONAL INFORMATION

8. Raccoon Creek’s verification of authority authorizing the purchase of the subject assets and related transactions contemplated by the Agreement is attached as **Appendix H** and incorporated herein by reference. West 16th’s verification of authority authorizing the purchase of the subject assets and related transactions contemplated by the Agreement is attached as **Appendix I** and incorporated herein by reference. WPC’s verification of authority authorizing the purchase of the subject assets and related transactions contemplated by the Agreement is attached as **Appendix J** and incorporated herein by reference. Village’s verification of authority authorizing the purchase of the subject assets and related transactions contemplated by the Agreement is attached as **Appendix K** and incorporated herein by reference

9. A balance sheet and income statement with adjustments showing the results of the acquisition of the property for Raccoon Creek is attached as **Appendix L-HC** and incorporated herein by reference. Appendix L-HC has been identified as Highly Confidential in accordance with Commission Rule 4 CSR 240-2.135, as it contains market specific information and information representing strategies employed in contract negotiations.

10. The sale of assets should have no impact on the tax revenues of relevant political subdivisions as Raccoon Creek, West 16th, WPC, and Village are private entities and their status

as taxpaying entities will not change as a result of this transaction.

FUTURE ACTIONS

11. West 16th's current Missouri operating permit is set to expire in five (5) months. The facility will be required to disinfect, remove nutrient pollution in the form of ammonia and treat the biological oxygen demand to tertiary treatment levels. In addition West 16th has had a number of sanitary storm water overflow events due to sanitary sewer collection line groundwater infiltration. Raccoon Creek has examined the system and believes that it will be necessary to build a new side by side activated sludge plant with a quiescent treatment module in order to remove ammonia as nitrogen and treat for biological oxygen demand. In addition, a disinfection system will be needed to remove pathogens. The existing plant will be utilized as an infiltration and inflow basin to contain and treat sanitary storm water during high flow precipitation events. The existing mechanical plant will also be utilized for waste sludge treatment and holding. The estimated cost of such improvements is Four Hundred Twenty One Thousand Dollars (\$421,000.00). Once completed, it is estimated that the rates will need to be increased to approximately Ninety Four Dollars and Fifty Cents (\$94.50) per month in order to recover the costs associated with the improvements and operations of these facilities.

12. WPC is currently the subject of a Missouri Department of Natural Resources Schedule of Compliance to meet nutrient removal standards. WPC is already in violation of the Schedule of Compliance having not completed either the six month or year basis report on progress toward bringing this system into compliance with nutrient limits. Raccoon Creek has examined the system and believes that it will be necessary to build a new side by side activated sludge plant with a quiescent treatment module in order to remove ammonia as nitrogen and treat for biological oxygen demand. The existing plant will be utilized as an infiltration and inflow basin to contain and treat sanitary storm water during high flow precipitation events. The

existing mechanical plant will also be utilized for waste sludge treatment and holding. The existing WPC disinfection system will be utilized. The estimated cost of such improvements is Four Hundred Sixteen Thousand Five Hundred Dollars (\$416,500.00). Once completed, it is estimated that the rates will need to be increase to approximately Ninety Four Dollars and Fifty Cents (\$94.50) per month in order to recover the costs associated with the improvements and operations of these facilities.

13. Village is currently the subject of a Missouri Department of Natural Resources Schedule of Compliance to meet nutrient removal standards. Raccoon Creek has examined the system and believes that it will be necessary to build a new side by side activated sludge plant with a quiescent treatment module in order to remove ammonia as nitrogen and treat for biological oxygen demand. In addition, fencing and general site work will be needed. Some of the existing lagoon system will need to be closed per Missouri Department of Natural Resources regulations, while some of the lagoon pond areas will be kept open to act as infiltration and inflow catch basins. These catch basins will then be pumped through the mechanical plant in order to effect tertiary treatment per Missouri Department of Natural Resources sanitary storm water overflow regulations. A mini-lift station will be installed to utilize the existing disinfection system, pumping treated waste through the existing disinfection system. The estimated cost of such improvements is Five Hundred Thirty Five Thousand Five Hundred Dollars (\$535,500.00). Once completed, it is estimated that the rates will need to be increase to approximately Ninety Four Dollars and Fifty Cents (\$94.50) per month in order to recover the costs associated with the improvements and operations of these facilities.

PUBLIC INTEREST

14. For the following reasons, the proposed acquisition of the specified assets of West 16th, WPC and Village, and the related transactions, are not detrimental to the public interest of

the State of Missouri, and in fact will be consistent with and will promote the public interest.

A. The assets of West 16th, WPC, and Village would be acquired by Raccoon Creek and remain subject to the jurisdiction of the Commission.

B. Raccoon Creek is fully qualified, in all respects, to own and operate the systems currently being operated by West 16th, WPC, and Village, and to otherwise provide safe, reliable and affordable service.

RATEMAKING TREATMENT

15. Raccoon Creek proposes to utilize the West 16th, WPC, and Village rates, rules and regulations and other tariffs currently on file with and approved by the Commission, until such time as they may be modified according to law.

FINANCING

16. Raccoon Creek also seeks an order from the Commission granting it the authority to issue up to One Million Six Hundred Thousand Dollars (\$1,600,000.00) of secured indebtedness. The purpose of this financing will be for the purchase of the assets identified above and to fund the construction necessary to bring the systems into regulatory compliance.

17. A certified copy of a Secretary's Certificate noting approval by Raccoon Creek's Board of Directors authorizing the proper officers of the Company to do all things necessary to authorize the financing transactions contemplated by this Application and as more particularly described herein is included as **Appendix M** and incorporated herein by reference.

18. Raccoon Creek intends to execute a Term Loan. The Term Loan will be based on monthly principal and interest payments amortized over 10 to 20 years. The Term Loan will allow Raccoon Creek to complete the acquisition of the West 16th, WPC, and Village sewer systems and for the construction of new activated sludge mechanical plants, converting the

existing plants to sanitary storm overflow treatment systems, converting the existing plants to sludge holding and treatment, and to add disinfection to WPC and the Villages, as required to meet Missouri Department of Natural Resources regulation for wastewater treatment. Attached as **Appendix N - HC** is the term sheet for the Conditional Loan Commitment, which outlines the principal terms of the agreement including the interest rate, applicable fees and required collateral.

19. The loan will result in a first lien on substantially all of the properties acquired by Raccoon Creek, including the Certificates of Convenience and Necessity. Consequently, the loan obligations will be secured by a lien or encumbrance on Raccoon Creek's utility franchises, plant and system that are used to provide service to its customers, and also as an encumbrance against any additional plant and assets.

20. Marked as **Appendix O-HC** and attached hereto and made part hereof for all purposes, are financial statements with adjustments showing the *pro forma* effect of the contemplated financing. Raccoon Creek has no capitalization expenditures for the prior five years. The issue is subject to the fee schedule in section 386.300, RSMo.

21. Subjecting Raccoon Creek's operating properties to the lien will not be detrimental to the public interest, and in fact will be beneficial to the public interest because the public health, safety and welfare will be served by the ability of Raccoon Creek to obtain financing for the purposes described. The proposed financing transactions will have no material impact on the tax revenues of the political subdivisions in which any of the structures, facilities or equipment of the companies involved are located.

CONTINGENT REQUEST FOR WAIVER

22. This case is not likely to be a contested case within the meaning of Commission rule 4 CSR 240-4.020(2) because previous applications addressing the same issues presented in this filing have generally not become contested proceedings. However, in the event that the Commission nevertheless concludes that the filing of this Joint Application is likely to be a contested case, Applicants request a waiver of the sixty (60) day notice for good cause shown as permitted by Commission rule 4 CSR 240-4.020(2)(A).

23. The reason for this request relates to the nature of an asset purchase negotiation as that which resulted in the execution of the subject Agreement and the filing of this Joint Application. Due to the nature of this particular transaction, this Joint Application has been filed as soon as possible. It would serve no purpose to wait sixty days before filing the application for Commission approval. Accordingly, to the extent that the Commission may find it to be applicable, the parties request a waiver from the provisions of Commission Rule 4 CSR 240-4.020(2) to allow for the filing of this Joint Application.

WHEREFORE, Raccoon Creek, West 16th, WPC, and Village, respectfully request that the Commission issue its order:

(A) Authorizing West 16th, WPC, and Village to sell and Raccoon Creek to acquire, the assets identified herein of West 16th, WPC, and Village to include the certificates held by West 16th, WPC, and Village or, in the alternative, grant Raccoon Creek new certificates to provide sewer service in the areas now served by West 16th, WPC, and Village;

(B) Authorizing Raccoon Creek to enter into, execute and perform in accordance with the terms described in the Agreement attached to this Joint Application and to take any and all other actions which may be reasonably necessary and incidental to the performance of the

acquisition;

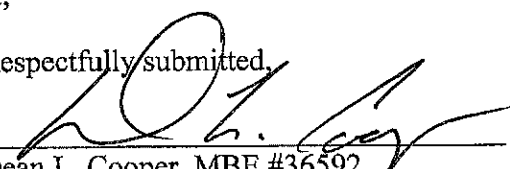
(C) Authorizing Raccoon Creek to enter into, execute and deliver loan agreements as described herein, to incur indebtedness, provided that the aggregate principal amount of all such debt obligations shall not exceed One Million Six Hundred Dollars (\$1,600,000.00), pursuant to the terms identified herein;

(D) Authorizing Raccoon Creek to create and make effective a first lien on all of the franchises, certificates of convenience and necessity, plant and system of Raccoon Creek, to secure its obligations under the loan as provided herein;

(E) Authorizing Raccoon Creek to enter into, execute, deliver and perform the necessary promissory notes, loan agreements and other documents necessary to effectuate the described financing transactions; and,

(F) Granting such other relief as may be deemed necessary and appropriate to accomplish the purposes of the Agreement and the Joint Application and to consummate related transactions in accordance with the Agreement;

Respectfully submitted,



Dean L. Cooper, MBE #36592

BRYDON, SWEARENGEN & ENGLAND P.C.

312 E. Capitol Avenue

P.O. Box 456

Jefferson City, MO 65012

(573) 635-7166 telephone

(573) 635-3847 facsimile

dcooper@brydonlaw.com

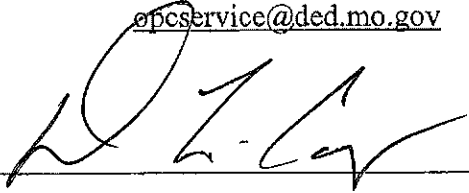
**ATTORNEYS FOR RACCOON CREEK
UTILITY OPERATING COMPANY, INC.**

CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing document was sent by electronic mail or by U.S. Mail, postage prepaid, on July 14, 2014, to the following:

Office of the General Counsel
Governor Office Building
Jefferson City, MO 65101
staffcounsel@psc.mo.gov

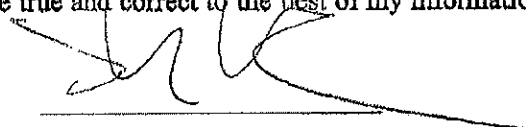
Office of the Public Counsel
Governor Office Building
Jefferson City, MO 65101
opcservice@ded.mo.gov



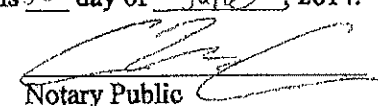
AFFIDAVIT

State of Missouri)
) ss
County of St. Louis)

I, Josiah Cox, having been duly sworn upon my oath, state that I am the President of Raccoon Creek Utility Operating Company, Inc. ("Raccoon Creek"), that I am duly authorized to make this affidavit on behalf of Raccoon Creek, that the matters and things stated in the foregoing Application and appendices thereto are true and correct to the best of my information, knowledge and belief.

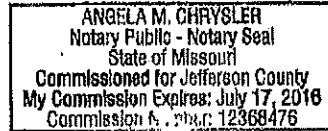


Subscribed and sworn before me this 30th day of June, 2014.



Notary Public

My Commission Expires: July 17th, 2016



AFFIDAVIT

State of Missouri)
County of Pettis) ss

I, Anthony B. Monsees, having been duly sworn upon my oath, state that I am the President for W.P.C Sewer Company ("WPC"), that I am duly authorized to make this affidavit on behalf of WPC, that the matters and things stated in the foregoing Application and appendices thereto are true and correct to the best of my information, knowledge and belief.

Anthony B Monsees

Subscribed and sworn before me this 7 day of July, 2014.

Katherine A. Nickel
Notary Public

My Commission Expires:
August 12, 2017



KATHERINE A. NICKEL
My Commission Expires
August 12, 2017
Pettis County
Commission #13762160

AFFIDAVIT

State of Missouri)
County of Pettis) ss

I, Anthony B. Monsees, having been duly sworn upon my oath, state that I am the President for West 16th Street Sewer Company ("West 16th"), that I am duly authorized to make this affidavit on behalf of West 16th, that the matters and things stated in the foregoing Application and appendices thereto are true and correct to the best of my information, knowledge and belief.

Anthony B. Monsees

Subscribed and sworn before me this 17th day of July, 2014.

Katherine A. Nickel
Notary Public

My Commission Expires:

August 12, 2017



KATHERINE A. NICKEL
My Commission Expires
August 12, 2017
Pettis County
Commission #13752100

AFFIDAVIT

State of Missouri)
County of Johnson) ss

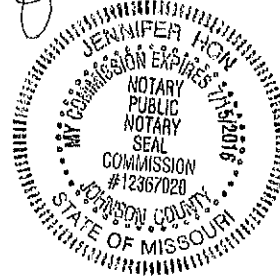
I, Tony R. Lerda, having been duly sworn upon my oath, state that I am the President for Village Water and Sewer Company, Inc. ("Village"), that I am duly authorized to make this affidavit on behalf of Village, that the matters and things stated in the foregoing Application and appendices thereto are true and correct to the best of my information, knowledge and belief.

Tony R. Lerda

Subscribed and sworn before me this 3 day of July, 2014.

Jennifer Hon
Notary Public

My Commission Expires: 07-15-16



APPENDICES

- Appendix A West 16th Certificate of Good Standing
- Appendix B WPC Certificate of Good Standing
- Appendix C Village Certificate of Good Standing
- Appendix D Raccoon Creek Certificate of Good Standing
- Appendix E-HC Agreement For Sale Sewer System between Raccoon Creek Utility Operating Company, Inc. and West 16th Street Sewer Company, dated April 23, 2014 – Highly Confidential
- Appendix F-HC Agreement For Sale of Sewer System between Raccoon Creek Utility Operating Company, Inc. and W.P.C. Sewer Company, dated April 23, 2014 – Highly Confidential
- Appendix G-HC Agreement For Sale of Sewer System between Raccoon Creek Utility Operating Company, Inc. and Village Water and Sewer Company, Inc., dated June 12, 2014 – Highly Confidential
- Appendix H Raccoon Creek Verification of Authority
- Appendix I West 16th Verification of Authority
- Appendix J WPC Verification of Authority
- Appendix K Village Verification of Authority
- Appendix L-HC Pro Forma Balance Sheet and Income Statement for Raccoon Creek
- Appendix M Secretary's Certificate Concerning Financing
- Appendix N-HC Conditional Loan Commitment
- Appendix O-HC Pro Forma Impacts of Financing

APPENDIX A

STATE OF MISSOURI



Jason Kander
Secretary of State

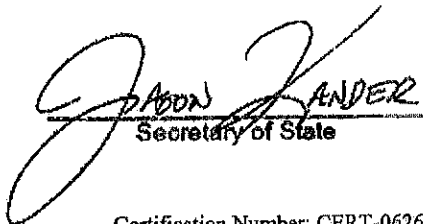
CORPORATION DIVISION
CERTIFICATE OF GOOD STANDING

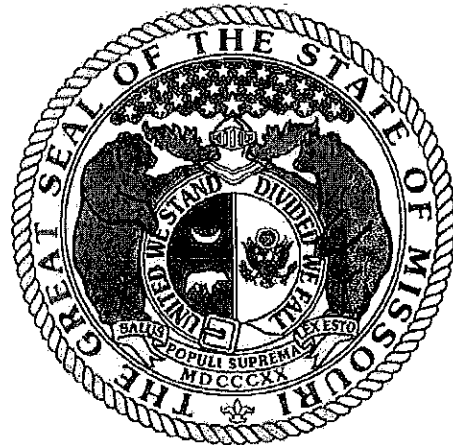
I, JASON KANDER, Secretary of State of the State of Missouri, do hereby certify that the records in my office and in my care and custody reveal that

WEST 16TH STREET SEWER COMPANY
00321684

was created under the laws of this State on the 22nd day of November, 1988, and is in good standing, having fully complied with all 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, this 26th day of June, 2014.


Secretary of State



Certification Number: CERT-06262014-0042

APPENDIX B

STATE OF MISSOURI



**Jason Kander
Secretary of State**

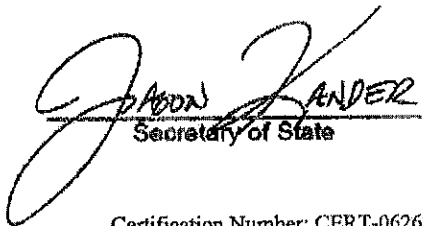
**CORPORATION DIVISION
CERTIFICATE OF GOOD STANDING**

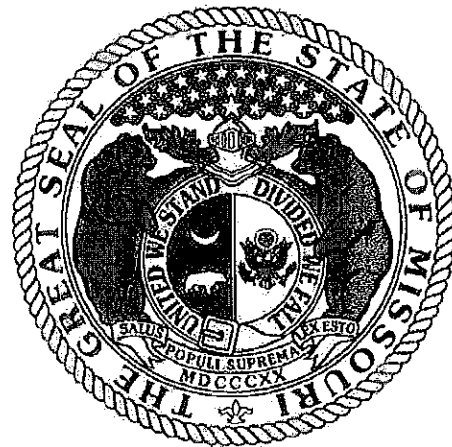
I, JASON KANDER, Secretary of State of the State of Missouri, do hereby certify that the records in my office and in my care and custody reveal that

W.P.C. SEWER COMPANY
00317629

was created under the laws of this State on the 26th day of July, 1988, and is in good standing, having fully complied with all 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, this 26th day of June, 2014.


Secretary of State



Certification Number: CERT-06262014-0044

APPENDIX C

STATE OF MISSOURI



Jason Kander
Secretary of State

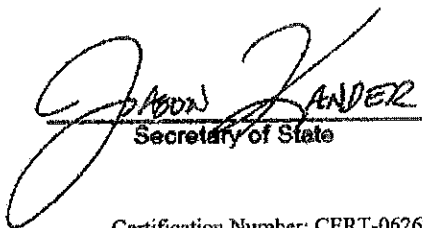
CORPORATION DIVISION
CERTIFICATE OF GOOD STANDING

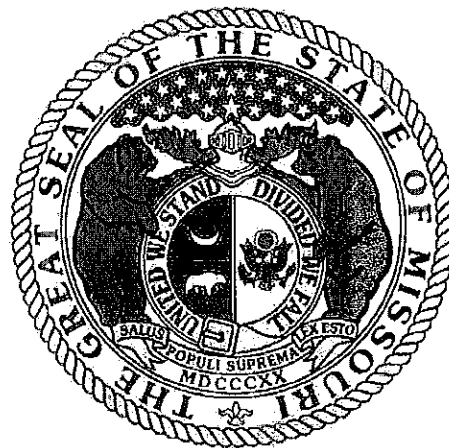
I, JASON KANDER, Secretary of State of the State of Missouri, do hereby certify that the records in my office and in my care and custody reveal that

VILLAGE WATER AND SEWER COMPANY, INC.
00330928

was created under the laws of this State on the 3rd day of August, 1989, and is in good standing, having fully complied with all 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, this 26th day of June, 2014.


Secretary of State



Certification Number: CERT-06262014-0045

APPENDIX D

STATE OF MISSOURI



Jason Kander
Secretary of State

**CORPORATION DIVISION
CERTIFICATE OF GOOD STANDING**

I, JASON KANDER, Secretary of the State of Missouri, do hereby certify that the records in my office and in my care and custody reveal that

**RACCOON CREEK UTILITY OPERATING COMPANY, INC.
01378395**

was created under the laws of this State on the 14th day of February, 2014, and is in good standing, having fully complied with all requirements of this office.

IN TESTIMONY WHEREOF, I have set my hand and imprinted the GREAT SEAL of the State of Missouri, on this, the 11th day of June, 2014

A handwritten signature in black ink, appearing to read "Jason Kander".

Secretary of State



Certification Number: 16163852-1 Reference:
Verify this certificate online at <https://www.sos.mo.gov/businessentity/soskb/verify.asp>