

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 5th day of
March, 2014.

In the Matter of the Application of Roy-L Utilities, Inc.)	
For Authority to Issue up to and Including \$73,000)	<u>File No. WF-2014-0211</u>
Of Indebtedness)	

**ORDER GRANTING MOTION FOR EXPEDITED TREATMENT AND
FINANCING APPLICATION**

Issue Date: March 5, 2014

Effective Date: March 5, 2014

On January 17, 2014, the Roy-L Utilities, Inc. ("Company" or "Roy-L"), filed its *Application and Motion for Expedited Treatment* with the Commission, seeking approval of its application to issue up to and including an aggregate of \$73,000 of secured indebtedness. Roy-L, a public utility providing water and sewer services, is subject to the Commission's jurisdiction.¹ Roy-L states that the net proceeds from the loan will permit Company to make needed physical and operational improvements to its pump house, to purchase and install a new water pressure tank and to make Missouri Department of Natural Resources-mandated improvements to a sewage lagoon.

Roy-L requested expedited treatment in order to finalize the financing transaction on or before March 5, 2014. No objections were made to Roy-L's request for expedited treatment. The Staff of the Commission filed a recommendation on February 11, 2014 that the Commission grant the application subject to a condition. On February 14, 2014,

¹ §386.020 (2000) RSMo.

the Office of the Public Counsel (“OPC”) filed *The Office of the Public Counsel’s Response and Objection to Staff’s Recommendation*. OPC stated that it objected to Staff’s recommendation and thus the Application submitted by Roy-L Utilities, Inc. based on concerns that Staff’s recommendation was not based on the terms applicable to the loan approved by HNB National Bank. On February 24, 2014, Staff filed its *Motion to Amend Staff Recommendation to Conditionally Approve Authority to Issue Secured Indebtedness*. In its motion, Staff stated it worked with OPC and Roy-L to clarify the terms of the loan between Roy-L and HNB National Bank. Staff also stated that OPC did not object to Staff’s Amended Recommendation. On February 26, 2014, Roy-L filed a response stating it had no objections to Staff’s recommendations.

Staff verified that Company filed its annual reports and was not delinquent on any assessment. In its amended recommendation, Staff concluded that the funds from the proposed transaction were and will be used to fund system investments necessary for the Company to continue to provide safe and adequate service.

Based upon its investigation, Staff’s amended recommendation is for the Commission to approve Company’s application, subject to the following two conditions:

1. That nothing in the Commission’s order shall be considered a finding by the Commission of the value of this transaction for rate making purposes, which includes, but is not limited to the capital structure, and the Commission reserves the right to consider the rate making treatment to be afforded these financing transactions and their effect on cost of capital, in any rate proceeding.

2. That the Company be required to file with the Commission all final terms and conditions of the 10-year note issued to refinance the construction loan that matures on June 11, 2014. If these final terms and conditions are not consistent with the general terms and conditions HNB National Bank represented in its February 20, 2014 letter, then company shall be required to file a new Application with the Commission for its authority.

The Commission has reviewed and considered Company's motion and the Staff's verified memorandum and recommendation. The Commission concludes it is not detrimental to the public interest for Company to issue \$73,000 of long-term indebtedness through HNB National Bank. Therefore, the Commission will approve Company's request. As required by section 393.200, RSMo 2000, the Commission finds that the long-term indebtedness, for the purposes specified by Company, is reasonably required. The Commission will also grant Company's request for expedited treatment and Staff's February 24th motion to amend its recommendation.

THE COMMISSION ORDERS THAT:

1. Roy-L Utilities, Inc.'s request for expedited treatment is granted.
2. Staff's motion to amend its recommendation is granted.
3. Roy-L Utilities, Inc.'s application seeking authority to obtain up to and including \$73,000 of secured indebtedness payable to HNB National Bank is approved.
4. Nothing in this order shall be considered a finding by the Commission of the value of this transaction for rate making purposes, which included, but is not limited to the capital structure. The Commission reserves the right to consider the rate making

treatment to be afforded these financing transactions and their effect of the cost of capital, in any later proceeding.

5. Roy-L Utilities, Inc. is authorized to enter into and execute all documents necessary for the above-described transactions.

6. Roy-L Utilities, Inc. shall comply with Staff's recommended conditions as described in the body of this order.

7. This order shall become effective on March 5, 2014.

8. This file shall be closed on March 17, 2014.

BY THE COMMISSION



A handwritten signature in cursive script that reads "Morris L. Woodruff".

Morris L. Woodruff
Secretary

R. Kenney, Chm., Stoll, W. Kenney,
And Hall, CC., concur.

Burton, Regulatory Law Judge