

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

Forrest L. Hatfield, Robert G. Bodine  
and Harold J. Reitz.

### Complainants,

**v.**

**Melody Lake Water & Sewer, LLC**

**Respondent:**

Case No. WC-2006-0128

**Consolidated with:**

Case No. WC-2006-0130

Case No. WC-2006-0152

**FILED**

NOV 9 2005

Missouri Public  
Service Commission

### RESPONDENT'S RESPONSE TO STAFF'S REPORT

Comes Now the Respondent Melody Lake Water & Sewer, LLC, a Missouri Corporation,  
by its attorneys Hansen, Stierberger, Downard, Melenbrink & Schroeder, by Jonathan L. Downard,  
and as and for Respondent's response states to-wit:

1. Melody Lake Ranch Subdivision is a privately owned subdivision located in Leslie, Franklin County, Missouri with said real property located within said subdivision subject to restrictive covenants/bylaws filed with the Recorder of Deeds of Franklin County, that are enforce and exercised by the Melody Lake Ranch Board of Governors/ Melody Lake Ranch Associates Inc. (Hereinafter referred to as Board of Governors).

2. The Board of Governors are elected by the real property owners of said subdivision with ballots distributed to each and every property owner entitled to vote under the subdivisions restrictive covenants/bylaws and with elections held pursuant to the restrictive covenants.

3. Franklin County Service Company (FCSC) is a corporation owned, managed and operated by a majority stockholder Harold Horsley (deceased), which provides water and sewer services to only Melody Lake Ranch Subdivision. FCSC is completely independent from the Board of

Governors.

4. That Board of Governors have had difficulties with FCSC for a period in excess of ten (10) years in that FCSC was not responsive to the subdivision property owners, did not maintain equipment, would not respond to inquiries, to the end that the subdivision was required to expend its own funds to ensure the continuing operation of the system, while continuing to pay fees for services to FCSC. FCSC had no board meetings for over ten years, the only officer was Harold Horsley, no registered agent was listed with the Missouri Secretary of State other than Harold Horsley and no corporate records or financial records were maintained by FCSC.

5. On September 11, 2002, Harold Horsley died. Negotiation with the decedent's estate resulted in the majority share of FCSC stock being transferred to Pat Price, the decedent's spouse by the St. Louis County Probate Court, at which time Pat Price transferred said stock to the Melody Lake Ranch Board of Governors, thus giving the Board of Governors majority ownership in FCSC.

6. On January 5, 2004 a meeting of the FCSC was held to elect officers. The President, Secretary and Vice-President of the Board of Governors were elected as officers of FCSC.

7. On June 3, 2004, notice was sent by the Board of Governors to all known holders of shares in FCSC calling a meeting of FCSC on July 9, 2004.

8. On July 3, 2004, FCSC held a meeting of stockholders wherein a motion was made, seconded and approved by the FCSC shareholders to approve the sale of assets of FCSC to the newly formed Melody Lake Water and Sewer LLC. The consideration for the transfer of assets was the forbearance of the monies expended by the Board of Governors that had not been reimbursed by FCSC. A motion was also made and approved to dissolve FCSC.

9. On April 29<sup>th</sup> 2004 a new corporation was approved by the Missouri Secretary of State in the name of Melody Lake Water and Sewer LLC. The organizer of this corporation was the

Board of Governors, with the new LLC entirely controlled by the Board of Governors.

10. On September 1, 2004 correspondence was sent to the Missouri Public Service Commission advising the Commission of the formation of Melody Lake Water & Sewer LLC, requesting the necessary documents/procedure to effectuate a transfer from Franklin County Service Company to Melody lake Water & Sewer LLC. No reply was sent from the Commission.

11. On February 3, 2005 an Asset Purchase Agreement was signed by FCSC and Melody Lake Ranch Water & Sewer LLC, with the transfer of real property effectuated by a general warranty deed recorded April 18, 2005.

12. Forrest Hatfield was a member of the Board of Governors at the time the acquisition of the FCSC stock was accomplished and the new corporation was discussed and approved..

13. That the Board of Governors have approved and ratified the formation of the new LLC, and notice was sent to all subdivision property owners concerning the formation of the new corporation, on November 13, 2004.

14. That the Respondent is desirous of approval of said transfer, full compliance with the Commission rules and regulations, and to file a sale case.

Wherefore, Respondent submits this response for the Commission's consideration in this matter.

HANSEN, STIERBERGER, DOWNARD  
MELENBRINK & SCHROEDER

BY: 

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Certificate of Service

I hereby certify that copies of the foregoing have been mailed and ~~or transmitted by facsimile~~ to all counsel of record this 30<sup>th</sup> day of November 2005.

  
Jonathan L. Downard