

HANSEN, STIERBERGER, DOWNARD, MELENBRINK & SCHROEDER, LLC

ATTORNEYS AT LAW

80 NORTH OAK STREET

UNION, MISSOURI 63084

CHARLES E. HANSEN (1929-1995)

E.A. STIERBERGER (1933-2005)

JONATHAN L. DOWNARD

TIMOTHY J. MELENBRINK

MATTHEW A. SCHROEDER

AREA CODE 636

583-5118

FACSIMILE

583-5110

FILED

APR 24 2006

Missouri Public
Service Commission

Wess Henderson
Executive Director
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102

Re: Joint Application of Franklin County Service Company and
Melody Lake Water & Sewer, LLC

Dear Mr. Henderson:

Enclosed you will find an original and two (2) copies of the Joint Application filed by Franklin County Service Company and Melody Lake Water & Sewer, LLC. I would appreciate it if you would please return a "Filed" stamped copy to my office in the self addressed stamped envelope which I have enclosed herein.

If you have any further questions or if the Commission should need anything further please contact me.

Sincerely,

HANSEN, STIERBERGER, DOWNARD,
MELENBRINK & SCHROEDER, LLC

BY: 

Jonathan L. Downard

JLD:mc

Enc.

April 17, 2006
Page 2

cc: Jerry Johnston
333 Playmor Drive
Leslie, MO 63056

✓ Colleen M. Dale, Secretary
Public Service Commission
P.O. Box 360
Jefferson City, MO 65102

Robert V. Franson, Senior Counsel
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102

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STATE OF MISSOURI)
)SS
COUNTY OF COLE)

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

FILED

APR 24 2006

In the matter of the application of)
FRANKLIN COUNTY SERVICE)
COMPANY, to sell and transfer its water)
and sewer franchise, works or system to)
MELODY LAKE WATER & SEWER, LLC)

**Missouri Public
Service Commission**

Case No. WC-2006-0363

**JOINT APPLICATION FOR THE SALE OF WATER
AND SEWER SUPPLY SYSTEM**

Comes Now FRANKLIN COUNTY SERVICE COMPANY and MELODY LAKE WATER
& SEWER, LLC, by their Attorneys Hansen, Stierberger, Downard, Melenbrink & Schroeder, LLC,
by Jonathan L. Downard, and pursuant to Section 393.190 R.S.Mo, states to-wit:

1. Franklin County Service Company is a Missouri Corporation and maintaining an office
in Leslie, Franklin County Missouri and is a water and sewer corporation and public utility as
defined in Section 386.020 R.S.Mo. Therefore it is subject to the jurisdiction, supervision and
control of the Commission over the provision and operation of a water and sewer system in Franklin
County, Missouri. Franklin County Public Service Company is a Missouri company that has been
administratively dissolved and in winding up the defunct corporation, Franklin County Service
Company proposes to transfer its assets in order to assure the continuation of services to Melody
Lake Ranch Subdivision.

2. Melody Lake Water & Sewer LLC is a Missouri Corporation, solely owned and controlled
by the Board of Trustees of Melody Lake Ranch Associates, Inc., which provides services within the
Melody Lake Ranch Subdivision only, located in Leslie, Franklin County, Missouri, and is entirely
controlled by officers elected by the property owners within said subdivision.. Both Melody Lake

Water & Sewer LLC and Melody Lake Ranch Association, Inc are in good standing and reports of Good Standing are attached hereto and incorporated herein as attached Exhibit 1.

3. Franklin County Service Company proposes to transfer all of its real property, water and sewer system to Melody Lake Water & Sewer, LLC, and said transfer proposals are attached hereto and incorporated herein as Exhibit 2.

4. That the Franklin County Service Company water and sewer system only serves the residents within Melody Lake Ranch Subdivision and is contained entirely within the Melody Lake Ranch Subdivision. Should transfer and sale be approved the water and sewer system will continue to be located and serve only Melody Lake Ranch Subdivision. If approved the transfer will have no effect on the tax revenues of any political subdivisions, and Melody Lake Water & Sewer LLC., will seek to operate in the subdivision only, not subject to the authority of the Commission.

5. Melody Lake Water & Sewer, LLC, was formed for the sole purpose of taking over the Franklin County Service Company water and sewer system and the formation was approved by the Melody Lake Ranch Associates, Inc. (who now is the majority shareholder of Franklin County Service Company stock) and the property owners of Melody Lake Ranch Subdivision are represented by the Melody Lake Ranch Associates, Inc. The property owners are aware of the proposed transaction and the parties request that if any notice is deemed necessary by the Commission, that said notice be given by publication in a local newspaper and by direct notice to the property owners by the Melody Lake Ranch Associates Inc.

6. Communications regarding this application should be made to:

Melody Lake Water & Sewer LLC - Jerry Johnston 333 Playmor Drive, Leslie MO 63056

Franklin County Service Company - Jerry Johnston 333 Playmor Drive, Leslie, MO 63056

Jonathan L. Downard, Attorney for Melody Lake Water & Sewer LLC - 80 North Oak Street, Union,

7. Franklin County Service Company proposes to sell and transfer, and Melody Lake Water & Sewer LLC proposes to buy, all of Franklin County Service Company's works or system useful to provide water and sewer service to its customers in Melody Lake Ranch Subdivision. These assets are set forth in the sale agreement attached hereto and incorporated herein in attached Exhibit 2.

8. The proposed transaction would not harm the public interest in that (a) Franklin County Service Company does not have the financial ability to continue to maintain or expand the water and sewer system for current and future customers and has failed to respond to the needs of the property owners within Melody Lake Ranch Subdivision, (b) Melody Lake Water & Sewer LLC has sufficient capability to care for the immediate demands of the present and future customers and allows control of the water and sewer system by the property owners of Melody Lake Ranch Subdivision, (c) the location of the water and sewer system is solely located within the Melody Lake Ranch Subdivision.

9. Property owners/customers will experience higher rates after the transfer due to the necessary improvements that need to be made to the system to insure its integrity, which have not been completed by Franklin County Service Company.

WHEREFORE, Franklin County Service Company and Melody Lake Water & Sewer LLC, respectfully requests the Commission to issue an order:

(I) approving the sale and transfer of all the works assets or system of Franklin County Service Company t Melody Lake Water & Sewer LLC, and for the cancellation of the Certificate of Convenience and Necessity granted to Franklin County Service Company.

(II) authorizing Franklin County Service Company to discontinue providing water and sewer service to Melody Lake Ranch Subdivision as of the date of sale and transfer of such properties to

Melody lake Water & Sewer LLC; and

(III) For such other relief deemed appropriate and proper to accomplish the purposes of this application.

Melody Lake Water & Sewer, LLC


President

Franklin County Service Company


President

Respectfully submitted,

HANSEN, STIERBERGER, DOWNARD,
MELENBRINK & SCHROEDER LLC

BY: 

Jonathan L. Downard #34585

80 North Oak Street

Union, MO 63084

(636) 583-5118

(636) 583-5110 FAX

Attorney for Melody Lake Water & Sewer LLC

Missouri Secretary of State, Robin Carnahan

SOS Home :: Business Services :: Business Entity Search

- Search
☐ By Business Name
☐ By Charter Number
☐ By Registered Agent
☐ For New Corporations

- Verify
☐ Verify Certification
Annual Report
☐ File Online
File Fictitious Name
Registration

- ☐ File Online
File LLC Registration

- ☐ File Online
Online Orders

- ☐ Register for Online
Orders

- ☐ Order Good Standing
☐ Order Certified Documents

Search Type: Starting With

Search Criteria: Melody Lake
Water & Sewer, LLC

Search Date: 4/12/2006

Search Time: 13:16

Click on the Business Entity Name or Charter Number to view
more information.

Business Entity Name	Charter Number	Type	Status	Entity Creation Date
Melody Lake Water & Sewer LLC	LC0584844	Limited Liability Company	Active	4/29/2004

Records Returned 1 to 1

Missouri Secretary of State, Robin Carnahan

SOS Home :: Business Services :: Business Entity Search

- Search
- By Business Name
 - By Charter Number
 - By Registered Agent
 - For New Corporations

- Verify
- Verify Certification
- Annual Report
- File Online
- File Fictitious Name
- Registration

- File Online
- File LLC Registration

- File Online
- Online Orders

- Register for Online
- Orders

- Order Good Standing
- Order Certified Documents

Search Type: Starting With

Search Criteria: Melody Lake
Ranch Associates, Inc.

Search Date: 4/12/2006

Search Time: 13:14

Click on the Business Entity Name or Charter Number to view
more information.

Business Entity Name	Charter Number	Type	Status	Entity Creation Date
MELODY LAKE RANCH ASSOCIATES, INC.	N00041086	Non-Profit Corporation	Good Standing	11/9/1989

Records Returned 1 to 1

EXHIBIT 2

ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT ("agreement") dated this 15 day of July, 2004, by and between MELODY LAKE WATER & SEWER LLC ("Purchaser") and FRANKLIN COUNTY SERVICE COMPANY ("Seller")

WITNESSETH:

WHEREAS, Seller owns and operates a utility company providing water and sewer service exclusively to Melody Lake Ranch Subdivision, Franklin County Missouri and conducts such business under the name of Franklin County Service Company;

WHEREAS, the parties desire to provide for the sale and transfer of the business, **including the personal property located at, used in connection with, or arising out of such Business, together with the real estate utilized in the Business**, in exchange for the relinquishment of debts and services provided by Buyer, and upon the terms and subject to the conditions herein set forth; and

WHEREAS, this Agreement sets forth the terms and conditions to which the parties have agreed and further contemplates the execution and delivery of certain documents and deeds, all as hereinafter described.

NOW, THEREAFTER, in consideration of the promises and mutual covenants, agreements, representations and warranties herein contained, the parties intending to be legally bound hereby agree as follows:

ARTICLE I

Section 1.1 - Transfer of Assets - Subject to the terms and conditions of this agreement, Seller does hereby agree to sell, transfer and convey and deliver to Purchaser, and Purchaser does hereby agree to purchase and accept from Seller the following property and rights:

- a) all water and sewer lines, valves, pumps, lift stations, equipment, meters, reservoirs, lagoons, water towers, pump houses and accounts receivable used in connection with the operation or arising out of the business, including without limitation the items set forth on Schedule A & B of this Agreement:
- b) all licenses, permits, easements or rights of easements, prescriptive easements, rights of egress and ingress, supplies and work in progress of the Seller in the operation of the Business as well as all contractual rights of the Business, bank accounts and cash therein and any and all interest to water and sewer fees accrued in the past, present or future:
- c) all account ledgers, record books, copies of deeds or any and all other business records generated in the operation of the Business:
- d) All real property set forth in Schedule B:

All property to be sold and transferred by Seller to Purchaser described above and herein shall be hereinafter collectively referred to as the "Assets". In addition by separate deeds, Seller agrees to contemporaneously convey to Purchaser the real property owned by the Business located in Franklin County Missouri and set forth in Schedule B which is attached hereto and incorporated herein by this reference.

Section 1.2 - Consideration for Assets Payable at the Closing - In reliance on the representations and warranties of Seller herein contained, and on the terms and subject to the conditions of this Agreement, Purchaser, in consideration for the transfer and delivery to it of the Assets as herein provided, will as and for consideration cancel the debt for services and material provided to Seller, at the time of closing in the amount of Eleven Thousand Nine Hundred Dollars (\$11,900)(the "Purchase Price". Purchaser will pay any sales, use or transfer taxes incurred by this transaction.

Section 1.3 - Assumption of Liabilities - Except as specifically set forth below in this Section, Purchaser shall not assume and does not agree to pay, perform or discharge any debt, expense or liability of Seller of any nature whatsoever, whether fixed or contingent. From and after the Closing date, Purchaser agrees to perform the service previously provide by Seller.

Section 1.4 - Effective Date and Time - The effective date and time of the transfer of the

Assets shall be at 12:01 a.m. on the closing date of August 2, 2004.

ARTICLE II

Section 2.1 - Closing - The closing of the transaction provided for in this Agreement (the "Closing") shall take place at the offices of Hansen, Stierberger, Downard, Melenbrink & Schroeder, 80 North Oak Street, Union, MO 63084 on the 2nd day of August, 2004, or at such other time and date as the parties shall mutually agree.

Section 2.2 - Instruments of Conveyance and Transfer - At the Closing, Seller shall deliver to purchaser such deeds, bills of sale, endorsements, assignments and other good and sufficient instruments of transfer, conveyance and assignment as shall be effective to vest in Purchaser good and marketable title to the Assets, free and clear of all liens, claims, and encumbrances. Seller shall take all steps as may be required to put Purchaser in actual possession and control of the Assets and the Business as of the Closing.

ARTICLE III

Section 3.1 - Title and Condition of Assets - Seller has good and marketable title to all of the Assets subject to no mortgage, lien, security interest, easement, right-of-way, or to any other encumbrance. All items of personal property are being sold AS-IS, where-is condition. Seller offers no warranties either express or implied and expressly disclaims any and all warranties whatsoever implied by law.

Section 3.2 - Environmental Matters - Seller has all permits and approvals necessary for Seller to conduct the Business as now being conducted. Seller is informed and believes it has operated and is presently operating in compliance with all applicable federal, state and local environmental statutes and regulations and to Seller's actual knowledge, there is no existing regulatory requirement with a future compliance date that will require operational changes or capital expenditure at the Business. Seller is not actually aware that any "Hazardous Substance," as that term is defined in the Federal Comprehensive Environmental Response, Compensation and Liability Resource Conservation and Recovery Act, is present, has been leaked, spilled deposited or otherwise released on the real property. Seller is not

aware of any asbestos, PCB's, or underground storage tanks on or in the real property.

ARTICLE IV

Section 4.1 - Authority - Purchaser is fully authorized to deliver and perform this Agreement. No other or additional consent or authorization is required by law. The Closing of the transaction contemplated by this agreement will not result in a breach, violation, or default by Purchaser of or under any judgement, decree, mortgage, agreement, indenture, or other instrument applicable to Purchaser. Upon execution and delivery hereof, this agreement shall constitute the valid and binding obligation of Purchaser enforceable in accordance with its terms.

Section 4.2 - Further Assurances - From time to time after the Closing, at the request of the Purchaser, and without further consideration, Seller will execute and deliver such additional instruments and will take such other actions as Purchaser reasonably may require to convey, assign, transfer and deliver the Assets and the Business and otherwise carry out the terms of this Agreement.

Section 4.3 - Bulk Sales Compliance - Purchaser hereby waives compliance by Seller with the Bulk Transfer Provisions of the Uniform Commercial Code as in effect in the State of Missouri to the extent such laws may be deemed applicable to the transaction.

Section 4.4 - Entire Agreement - This Agreement embodies the whole agreement of the parties. There are no promises, terms, conditions, or obligations other than those contained herein. This Agreement shall be construed and enforced in accordance with the laws of the State of Missouri.

IN WITNESS WHEREOF, the undersigned parties hereto have duly executed this Agreement on the date first above written.

SELLER:

BY: Gerald L. Johnston

DATE: 2/3/05

PURCHASER:

BY: Gerald L. Johnston

DATE: 2/3/05

EXHIBIT "A"

Water tower

Pumps

Trunk lines

Hydrants

Shut-off vales

Tools

Manholes

Manhole covers

Meters

All personal property associated with the operation of the sewer and water line facilities and plants

EXHIBIT "B"

TRACT 1:

A tract of land being part of the South half of the Northwest Quarter and part of the North half of the Southwest Quarter of Section 27, Township 42 North, Range 3 West in Franklin County, Missouri being more fully described as follows: Commencing at a concrete post at the Northeast corner of lot L36 of Melody Lake Subdivision; thence S 75 degrees 44' E 119.0 feet; thence S 4 degrees 54' E on the east side of a roadway over the dam of Melody Lake 1,183.72 feet to the point of beginning; thence N 21 degrees 32' E 134.7 feet to an iron pipe; thence N 5 degrees 43' W 502.32 feet; thence S 75 degrees 00' E 348.50 feet to an iron pipe; thence N 84 degrees 37' E 377.49 feet; thence S 2 degrees 32' E 321.25 feet; thence S 84 degrees 54' W on the property line 625.40 feet to an iron pipe; thence S 21 degrees 32' W 268.2 feet; thence N 4 degrees 54' W 56.08 feet to the point of beginning, containing 5.70 acres more or less as per survey by Norbert Wunderlich recorded in Surveyor's Record 24, Page 210.

TRACT 2:

Lots 16 and 52 of the FIRST ADDITION TO MELODY LAKE SUBDIVISION as per plat thereof recorded in Plat Book J, Page 60 of the records of the Recorder of Deeds of Franklin County, Missouri.

TRACT 3:

A lot in THE 1ST ADDITION TO MELODY LAKE SUBDIVISION and designated RESERVED as per plat thereof found in Plat Book J, Page 60, found in the records of the Recorder of Deeds of Franklin County, Missouri.

TRACT 4:

Lots 11, 27, 65, 85 and 86 of the SECOND ADDITION to MELODY LAKE SUBDIVISION as per plat thereof recorded in Plat Book K, page 3 of the records of the Recorder of Deeds of Franklin County, Missouri.