

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 22nd day of October, 2014.

In the Matter of the Joint Application of Brandco Investments, LLC and Hillcrest Utility Operating Company, Inc., for Hillcrest to Acquire Certain Water and Sewer Assets of Brandco and, Inc. Connection Therewith, Issue Indebtedness and Encumber Assets)
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File No. WO-2014-0340 et al.

**ORDER APPROVING STIPULATION AND AGREEMENT AND
GRANTING A CERTIFICATE OF CONVENIENCE AND NECESSITY**

Issue Date: October 22, 2014

Effective Date: November 1, 2014

On May 13, 2014, Brandco Investments, LLC and Hillcrest Utility Operating Company, Inc., filed an application asking the Commission to approve Hillcrest's acquisition of the water and sewer assets of Brandco, and to grant Hillcrest a certificate to operate those assets as a public utility. On August 26, the Commission's Staff recommended the Commission approve the transfer and grant the certificate, subject, however, to certain financial conditions that Hillcrest found unacceptable.

To resolve the disagreement, the Commission established a procedural schedule that would have led to an evidentiary hearing on October 29. However, on October 10, Hillcrest and Staff filed a nonunanimous stipulation and agreement in which they agree that Hillcrest should be authorized to acquire and operate the water and sewer assets of Brandco, subject to certain agreed-upon conditions.

The Office of the Public Counsel is also a party to this case and did not sign the stipulation and agreement. However, the stipulation and agreement represents that Public Counsel does not oppose the agreement. Furthermore, Public Counsel has not acted to oppose the stipulation and agreement within seven days of its filing. Pursuant to Commission Rule 4 CSR 240-2.115(2), the Commission will treat the stipulation and agreement as unanimous.

In summary, the stipulation and agreement provides that Hillcrest should be authorized to acquire and operate the water and sewer systems currently owned and operated by Brandco in Cape Girardeau County, Missouri. It provides that Hillcrest should be authorized to finance its purchase of the Brandco systems by entering into a loan agreement with Fresh Start Ventures LLC. It also requires Hillcrest and affiliated companies to make their books and records available for review by Staff and Public Counsel; it requires Hillcrest to provide additional information concerning the financing of the transaction to Staff and Public Counsel; establishes depreciation rates for use by Hillcrest; and imposes other requirements on Hillcrest.

After reviewing the stipulation and agreement, the Commission independently finds and concludes that such stipulation and agreement is in the public interest and should be approved. Since this stipulation and agreement is not opposed by any party and because some of the provisions of the stipulation and agreement are time-sensitive, the Commission will make this order effective in ten days.

THE COMMISSION ORDERS THAT:

1. The Stipulation and Agreement filed on October 10, 2014, is approved as a resolution of the issues addressed in that stipulation and agreement. The signatory parties

are ordered to comply with the terms of the stipulation and agreement. A copy of the stipulation and agreement is attached to this order, and is incorporated herein by reference.

2. Brandco Investments LLC is authorized sell, and Hillcrest Utility Operating Company, Inc. is authorize to acquire, the water and sewer utility systems formerly owned and operated by Brandco, subject to the conditions described in the stipulation and agreement.

3. Hillcrest Utility Operating Company, Inc. is authorized to enter into, execute, and perform in accordance with the terms described in the Agreement for Sale of Water and Sewer Systems attached to the Joint Application, and to take any and all other actions that may be reasonably necessary and incidental to the performance of the acquisition.

4. Hillcrest Utility Operating Company, Inc. is authorized to enter into, execute, and deliver loan agreements with Fresh Start Ventures LLC to incur indebtedness.

5. Hillcrest Utility Operating Company, Inc. is authorized to create and make effective a first lien on all the franchises, certificates of convenience and necessity, plant and systems of Hillcrest, to secure its obligations under the loan.

6. Hillcrest Utility Operating Company, Inc. is authorized to enter into, execute, deliver, and perform the necessary promissory notes, loan agreements, and other documents necessary to effectuate the financing transactions.

7. Hillcrest Utility Operating Company, Inc. shall not close on assets, or operate as a water and/or sewer utility unless it has operation, billing, and emergency answering arrangements (contracts) that can be in place and exercised immediately upon closing.

8. Hillcrest Utility Operating Company, Inc. shall notify the Commission of closing on the assets within five days after such closing.

9. Brandco Investments LLC is authorized to cease providing water and sewer service immediately after closing of the assets. By separate order to be issued after notification of closing, the Commission will cancel Brandco's certificate of convenience and necessity.

10. Hillcrest Utility Operating Company, Inc. is granted a certificate of convenience and necessity to be effective upon closing of the assets.

11. In approving the stipulation and agreement and in granting Hillcrest Utility Operating Company, Inc. a certificate of convenience and necessity, the Commission is making no findings regarding the ratemaking treatment to be afforded any matters pertaining to the granting of the certificate or expenditures related to the certificated service area.

12. This order shall become effective on November 1, 2014.

BY THE COMMISSION



A handwritten signature in black ink that reads "Morris L. Woodruff".

Morris L. Woodruff
Secretary

R. Kenney, Chm., Stoll, W. Kenney,
Hall, and Rupp, CC., concur.

Woodruff, Chief Regulatory Law Judge