

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

In the Matter of the Application of Timber Creek)
Sewer Company for Authority Related to Financing.)

File No. SF-2024-0141

APPLICATION

COMES NOW Timber Creek Sewer Company (“Timber Creek”) pursuant to Sections 393.190 and 393.200 RSMo., and 20 CSR 4240-2.060, 20 CSR 4240-4.017 and 20 CSR 4240-10.125, and for its *Application*, states as follows to the Missouri Public Service Commission ("Commission"):

AUTHORITY REQUESTED

1. Timber Creek seeks authority from the Commission to issue preferred stock in an amount not to exceed \$4,000,000. Timber Creek’s franchise, works and system will not be secured pursuant to this issuance.

Applicant

2. Timber Creek is a Missouri general business corporation, active and in good standing with the Missouri Secretary of State, with its principal office and place of business located at P.O. Box 511, Platte City, MO 64079. Pursuant to Commission Rule 20 CSR 4240-2.060(1)(G), Timber Creek incorporates by reference the certified copy of its Certificate of Good Standing previously filed in Case No. SA-2010-0100.

3. Timber Creek currently provides sewer service to approximately 2,400 customers in Platte and Clay Counties, Missouri. Timber Creek 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.

4. Other than cases that have been docketed at the Commission, Timber Creek has no pending action or final unsatisfied judgment or decision against it from any state or federal agency or court within the past three years that involves customer service or rates. Timber Creek has no overdue Commission annual reports or assessment fees.

5. Communications regarding this Application should be addressed to the undersigned counsel and to:

Devin Sherry
Timber Creek Sewer Company.
P.O. Box 511
Platte City, MO 64079
Phone: 816.858.3989
E-mail: devin@timbercreeksewerco.com

Description of the Issuance and Use of the Proceeds

6. Timber Creek seeks authority to issue preferred stock in an amount not to exceed \$4,000,000, with the following requirements:

- Up to Four Hundred (400) shares of preferred stock with a par value of Ten Thousand Dollars (\$10,000) each;
- Dividends at a variable rate not to exceed the prime rate per annum as reported each January 1 in the Wall Street Journal. Such rate shall be adjusted on an annual basis based on the rate reported each year with a floor rate of 6%;
- All dividends may be paid quarterly. Any unpaid or undeclared dividends for a year must be accumulated and paid for in the future (cumulative preferred stock); and,
- At its discretion, the Company may buy back preferred stock at the par value after all projects are useful and in service and earning a rate of return through a rate case filing anticipated upon completion of each phase of the project.

7. Timber Creek plans to issue the described preferred stock for the purpose of the expansion of the existing Prairie Creek treatment facility to meet public need and new development. After initial expansion is completed and in service, phase 1 and phase 2 of the treatment facility will be taken offline one at a time to complete needed rehabilitation and repair.

8. It is anticipated that the first issuance will take place in the 4th quarter of 2024 in the amount of approximately \$2,000,000 (200 shares). Thereafter, Timber Creek expects quarterly issuances until funds are depleted over the course of the 5-year expansion and rehabilitation projects.

Use of Preferred Stock

9. Timber Creek proposes the use of preferred stock, rather than other forms of financing, for the following reasons:

- Dividend rate proposed is competitive with interest rates available with other financing options and provides a flexible approach to interest (dividends) with adjusted rates annually.
- Provides the option to defer dividends and principal payments (stock buyback) if necessary, during an economic downturn.
- Provides a flexible approach for retiring debt early, without penalties, if growth exceeds expectations.
- The 6% floor rate provides assurance Timber Creek can retain investors if the prime rate drops significantly providing time for the Company to restructure debt.

Other Filing Requirements

10. Attached hereto, as **Appendix A**, is a certified copy of the Resolutions of the Board of Directors of Timber Creek authorizing the issuance that is the subject of this Application and authorizing the filing of this Application. [See 20 CSR 4240-10.125(1)(D)].

11. Attached as Appendix B-C is a balance sheet and income statement with adjustments showing the effects of the issuance of the proposed \$4,000,000 of preferred stock. [See 20 CSR 4240-10.125(1)(E)]. Appendix B-C is marked Confidential in accordance with Commission Rule 20 CSR 4240-2.135(2)(A)(4) and (6), as it contains market specific information.

12. Attached as Appendix C-C is Timber Creek's five (5) year capitalization expenditure schedule as required by Section 393.200, RSMo. [See 20 CSR 4240-10.125(1)(G)]. Appendix C-C has been identified as "Confidential" in accordance with Commission Rule 20 CSR 4240-2.135(2)(A)(4) and (6), as it contains market specific information and information representing strategies employed in contract negotiations.

13. The money, property or labor to be procured or paid by the issuance of the preferred stock described herein is reasonably required for the purposes specified in this Application and such purposes are not in whole or in part reasonably chargeable to operating expenses or to income.

Regulatory Considerations

14. Timber Creek has no objection to the Commission's order approving this Application containing express language to the effect that its authorization is not a finding by the Commission of the appropriateness of the choice of financing options for ratemaking purposes and, further, that the Commission reserves the right to consider the ratemaking treatment afforded the activities undertaken by Timber Creek pursuant to its order in this case and their impact on the cost of capital in pending or subsequent rate proceedings.

Supplemental Reports of Financing Activity

15. Promptly after the issuance of the instant preferred stock, a report setting forth the amount, price information and other terms and provisions concerning the preferred stock issued

by Timber Creek and setting forth information concerning the use of the proceeds from any such issuance will be filed.

16. Timber Creek is unsure whether this issuance of preferred stock is subject to the fee schedule set forth in Section 386.300, RSMo. If so, it will make payments as appropriate. [See 20 CSR 4240-10.125(1)(F)].

WHEREFORE, Timber Creek requests the Commission to issue an Order authorizing Timber Creek to:

A. Issue preferred stock in the maximum principal amount of \$4,000,000, as described herein;

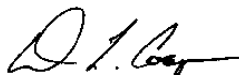
B. Enter into, execute, deliver and perform the necessary arrangements or other documents necessary to effectuate the transactions described herein;

C. Take such other actions as may be necessary to complete the subject transactions;

D. Further ordering that the proceeds from the issuance of the indebtedness will be used by Timber Creek for the for the exclusive benefit of Timber Creek's regulated operations; and,

E. Further ordering that the money, property or labor to be procured or paid for by the Timber Creek through the issuance of the preferred stock is reasonably required and necessary for the purposes set forth and will be used therefore and such purposes are not, in whole or in part, reasonably chargeable to operating expense or to income, as required by Section 393.200 RSMo.

Respectfully submitted,



Dean L. Cooper, Mo. Bar #36592
BRYDON, SWEARENGEN & ENGLAND P.C.
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P.O. Box 456

Jefferson City, MO 65012
(573) 635-7166 telephone
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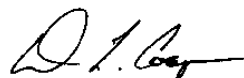
**ATTORNEYS FOR
TIMBER CREEK SEWER COMPANY**

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above and foregoing document was electronically transmitted on this 15th day of February, 2024 to:

Office of the General Counsel
staffcounsellservice@psc.mo.gov

Office of the Public Counsel
opcservice@opc.mo.gov




TCSC Board of Directors Resolution	
01/2024	Preferred Stock Issue
Resolution author	Devin Sherry
Board and Stockholders	Derek Sherry, Devin Sherry, Willis Sherry, Dawn Jamison, Denise Sewell

Preferred Stock Issue - DRAFT	
Preferred Stock	All
<p>Pending Missouri Public Service Commission approval, the Board of Directors and stockholders approve the issuance of up to 400 shares of Preferred Stock at a Par Value of \$10,000 per share for the purposes of raising capital to fund plant expansion and rehabilitation of the Prairie Creek treatment facility. The five-year capital plan identifies additional capital improvements that these funds will also be used to complete.</p> <p>The Preferred Stock will be issued as Cumulative Preferred Stock with the option for the Company to buy back the Preferred Stock at its discretion at the Par Value identified above. Dividends to be distributed quarterly at a variable rate not to exceed the prime rate per annum as reported each January 1 in the Wall Street Journal. Such dividend rate shall be adjusted on an annual basis based on the rate reported each year with a floor rate of 6%.</p> <p>The Board of Directors and stockholders approve the filing of the related Financing Application with the Missouri Public Service Commission and authorize the Company's President to execute documents associated with, and necessary for the processing of, such Application.</p>	

TCSC Board of Directors Resolution	
01/2024	Preferred Stock Issue
Resolution author	Devin Sherry
Board and Stockholders	Derek Sherry, Devin Sherry, Willis Sherry, Dawn Jamison, Denise Sewell

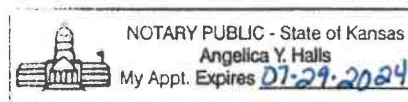
Resolution approved by:


Derek Sherry _____

Date: 1.23.2024


Subscribed and sworn before me this 23rd day of January, 2024.


Notary Public _____




TCSC Board of Directors Resolution		
01/2024	Preferred Stock Issue	
Resolution author	Devin Sherry	
Board and Stockholders	Derek Sherry, Devin Sherry, Willis Sherry, Dawn Jamison, Denise Sewell	

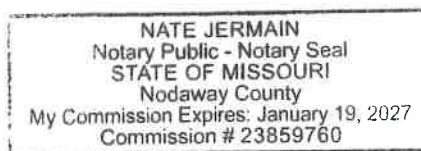
Resolution approved by:

Devin Sherry 

Date: 01-24-24

Subscribed and sworn before me this 24th day of Jan, 2024.


Notary Public



TCSC Board of Directors Resolution	
01/2024	Preferred Stock Issue
Resolution author	Devin Sherry
Board and Stockholders	Derek Sherry, Devin Sherry, Willis Sherry, Dawn Jamison, Denise Sewell

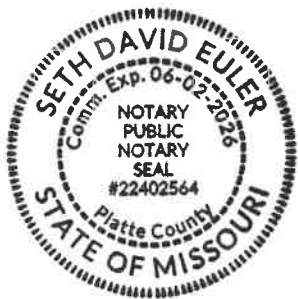
Resolution approved by:

Dawn Jamison *Dawn Jamison*

Date: 1/25/24

Subscribed and sworn before me this 25 day of January, 2024.

Seth David Euler
Notary Public



TCSC Board of Directors Resolution		
01/2024	Preferred Stock Issue	
Resolution author	Devin Sherry	
Board and Stockholders	Derek Sherry, Devin Sherry, Willis Sherry, Dawn Jamison, Denise Sewell	

Resolution approved by:

Willis Sherry *Willis Sherry*

Date: 4/25/2024

Subscribed and sworn before me this 25 day of January, 2024.

Seth David Euler
Notary Public



TCSC Board of Directors Resolution	
01/2024	Preferred Stock Issue
Resolution author	Devin Sherry
Board and Stockholders	Derek Sherry, Devin Sherry, Willis Sherry, Dawn Jamison, Denise Sewell

Resolution approved by:

Denise Sewell *Denise Sewell*

Date: 2-1-24

Subscribed and sworn before me this 1st day of February, 2024.

Seth David Euler
Notary Public



APPENDIX B-C

HAS BEEN
IDENTIFIED AS

CONFIDENTIAL

IN ITS ENTIRETY

APPENDIX C-C

HAS BEEN
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CONFIDENTIAL

IN ITS ENTIRETY