

LAW OFFICES
BRYDON, SWEARENGEN & ENGLAND
PROFESSIONAL CORPORATION

DAVID V.G. BRYDON
JAMES C. SWEARENGEN
WILLIAM R. ENGLAND, III
JOHNNY K. RICHARDSON
GARY W. DUFFY
PAUL A. BOUDREAU
SONDRA B. MORGAN
CHARLES E. SMARR

312 EAST CAPITOL AVENUE
P.O. BOX 456
JEFFERSON CITY, MISSOURI 65102-0456
TELEPHONE (573) 635-7166
FACSIMILE (573) 635-0427

DEAN L. COOPER
MARK G. ANDERSON
GREGORY C. MITCHELL
BRIAN T. MCCARTNEY
DIANA C. FARR
JANET E. WHEELER

OF COUNSEL
RICHARD T. CIOTTONI

May 17, 2004

FILED

MAY 17 2004

Mr. Dale Hardy Roberts
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102

Missouri Public
Service Commission

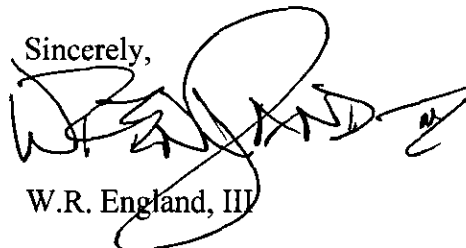
Re: Central Jefferson County Utilities, Inc. - Application for Loan Approval

Dear Mr. Roberts:

Enclosed for filing on behalf of Central Jefferson County Utilities, Inc., please find an original and eight (8) copies of an Application for Loan Approval.

Would you please see that this filing is brought to the attention of the appropriate Commission personnel. Copies of the attached are being provided to Office of the Public Counsel. If there are any questions regarding this filing, they may be directed to me at the above number. I thank you in advance for your cooperation in this matter.

Sincerely,



W.R. England, III

WRE/lar

Enclosures

cc: Office of the Public Counsel
Jerry Nixon
Linda Dennis
Dale Johansen

FILED
MAY 17 2004

Missouri Public
Service Commission

Case No. _____

APPLICATION

Comes now Central Jefferson County Utilities, Inc. (hereinafter referred to as “Central Jefferson” or “Applicant”) and, pursuant to Section 393.200, RSMo 2000, 4 CSR 240-3.320, and 4 CSR 240-3.615, states to the Missouri Public Service Commission (“Commission”) as follows:

1. Applicant is a Missouri corporation duly organized and existing under the laws of the State of Missouri with its principal office and place of business located at 1519 McNutt Road, Herculaneum, MO 63048-1566. Central Jefferson is engaged in the provision of water and sewer services pursuant to a certificate of convenience and necessity issued by this Commission in Case No. WA-80-289. Central Jefferson is a public utility as that term is defined in Section 386.020(32), RSMo 2000. As such, Central Jefferson is subject to the jurisdiction, regulation, supervision, and control of the Commission insofar as it provides water and sewer service to the public in the State of Missouri. Marked **Appendix 1**, attached hereto and made a part hereof for all purposes, is a certified copy of Applicant's Certificate of Corporate Good Standing as issued by the Secretary of State of the State of Missouri. Central Jefferson has no pending action or final unsatisfied judgments or decisions against it from any state or federal agency or court which involve customer service or rates. Central Jefferson has no annual report or assessment fees which are overdue.

2. Correspondence, communications, orders and decisions regarding this matter should

be addressed to the undersigned attorney and:

Mr. Kenneth McClain
Central Jefferson County Utilities, Inc.
1519 McNutt Road
Herculaneum, MO 63048-1566

3. Applicant proposes to borrow certain sums, not to exceed \$400,000.00, from the Jeremiah Nixon Revocable Living Trust dated June 7, 1995; the Norville Kenneth McClain Jr. Revocable Living Trust dated November 6, 1990; and the Norville McClain Revocable Trust, Linda M. Els, Trustee dated July 1, 1990, in order to fund capital improvements and to finance the operating needs of Applicant.

4. The borrowing referred to in paragraph three (3) will be used by Applicant for the construction, completion, extension and improvement of its facilities within the state; specifically, the proceeds of the loan will be used to design, purchase and install a new wastewater treatment facility and related facilities, update five (5) lift stations and assure future compliance with Missouri Department of Natural Resources requirements.

5. In connection with this borrowing, Applicant proposes to execute and deliver the following promissory note:

Promissory Note payable to the Jeremiah Nixon Revocable Living Trust dated June 7, 1995; the Norville Kenneth McClain Jr. Revocable Living Trust dated November 6, 1990; and the Norville McClain Revocable Trust, Linda M. Els, Trustee dated July 1, 1990, in the aggregate principal amount of \$400,000.00 bearing interest at a rate of six percent (6%) per year and providing for payment of the indebtedness evidenced thereby within six (6) years from the date thereof,

substantially in the form of the Promissory Note marked Appendix 2, attached hereto and made a part hereof for all purposes.

6. Marked Appendix 3, attached hereto and made a part hereof for all purposes, is an original Certified Copy of Corporate Resolution of the Board of Directors of Central Jefferson which approves the making of the loan and the execution of the promissory note.

7. Marked Appendix 4, attached hereto and made a part hereof for all purposes, is a pro forma balance sheet and pro forma income statement of Applicant showing the effect of the proposed financing upon bonded and other indebtedness.

8. Applicant has made no capital expenditures on its sewer system for the five (5) years prior to the filing of this application.

9. A portion of the proceeds of the loan (approximately \$30,000) will be used for the purpose of guaranteeing, taking over, refunding, discharging or retiring existing indebtedness, which was incurred to pay for engineering, surveying and designing the system improvements; therefore the amount subject to the fee schedule as set forth in § 386.300, RSMo 2000 will be approximately \$370,000.

WHEREFORE, Applicant prays this Commission enter its order:

A. Approving and authorizing the transactions as set forth in this Application and authorizing Applicant to:

1. Borrow from the Jeremiah Nixon Revocable Living Trust dated June 7, 1995; the Norville Kenneth McClain Jr. Revocable Living Trust dated November 6, 1990; and the Norville McClain Revocable Trust, Linda M. Els, Trustee dated July 1, 1990, an amount not to exceed \$400,000.00, substantially in accordance with the terms and

conditions of the Promissory Note attached hereto as Appendix 2;

2. Execute and deliver a promissory note evidencing the loan, substantially in the form of the Promissory Note attached hereto as Appendix 2; and,

3. Do and perform or cause to be done and performed all such other acts and things, as well as to make, execute and deliver any and all documents as may be necessary, advisable or proper to the end that the intent and purposes of this financing may be fully effectuated.

B. Finding that the money, property and labor to be procured by said transaction is reasonably required for the purposes specified above, and that no part of the proceeds shall be reasonably chargeable to operating expenses or to income; and,

C. Granting such further relief in this matter as the Commission may deem necessary.

Respectfully submitted,



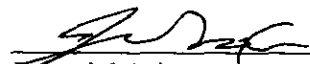
William R. England III #23975
Dean L. Cooper #36593
BRYDON, SWEARENGEN & ENGLAND P.C.
312 E. Capitol Avenue
P.O. Box 456
Jefferson City, MO 65102-0456
(573) 635-7166
(573) 635-3847 fax
dcooper@brydonlaw.com

ATTORNEYS FOR CENTRAL JEFFERSON
COUNTY UTILITIES, INC.

VERIFICATION

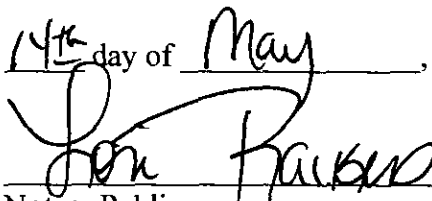
State of Missouri)
) ss
County of Cole _____)

I, Jeremiah Nixon, having been duly sworn upon my oath, state that I am the Secretary/Treasurer of Central Jefferson County Utilities, Inc., that I am duly authorized to make this affidavit on behalf of the Central Jefferson County Utilities, Inc. and that the matters and things stated in the foregoing Application and exhibits thereto are true and correct to the best of my information, knowledge and belief.



Jeremiah Nixon

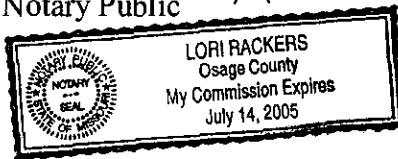
Subscribed and sworn before me this 14th day of May, 2004.



Notary Public

My Commission expires:

7/14/05



STATE OF MISSOURI



Matt Blunt
Secretary of State


CORPORATION DIVISION
CERTIFICATE OF GOOD STANDING

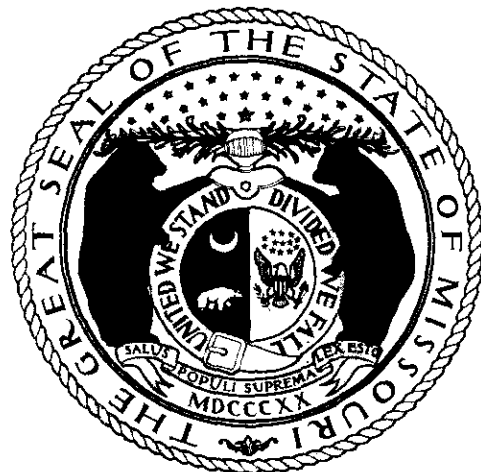
I, MATT BLUNT, Secretary of the State of Missouri, do hereby certify that the records in my office and in my care and custody reveal that

CENTRAL JEFFERSON COUNTY UTILITIES, INC.
00215068

was created under the laws of this State on the 23rd day of October, 1979, and is in good standing, having fully complied with all requirements of this office.

IN TESTIMONY WHEREOF, I have set my hand and imprinted the GREAT SEAL of the State of Missouri, on this, the 14th day of May, 2004


Secretary of State



Certification Number: 6706196-1 Page 1 of 1 Reference:
Verify this certificate online at <http://www.sos.mo.gov/businessentity/verification>

DRAFT

**CENTRAL JEFFERSON COUNTY UTILITIES, INC.
2004 PROMISSORY NOTE**

DRAFT May 13, 2004

<u>DATE OF ISSUE</u>	<u>INTEREST RATE</u>	<u>MATURITY DATE</u>
_____, 2004	6%, fixed	_____, 2010

PROMISE TO PAY: Central Jefferson County Utilities, Inc. ("Borrower"), FOR VALUE RECEIVED, promises to pay to the Jeremiah Nixon Revocable Living Trust dated June 7, 1995; the Norville Kenneth McClain Jr. Revocable Living Trust dated November 6, 1990; and the Norville McClain Revocable Trust, Linda M. Els, Trustee dated July 1, 1990 ("Lender"), or order, the principal amount of Four Hundred Thousand Dollars (\$400,000.00), or so much as may be outstanding, together with interest at the rate of six percent (6%) per annum, fixed, on the unpaid outstanding principal balance. Interest shall be calculated from the issue date until repayment.

PAYMENT: Unless otherwise agreed or required by applicable law, payments will be applied first to accrued unpaid interest, then to principal, and any remaining amount to any unpaid collection costs. The annual interest rate for this Note is computed by applying the ratio of the annual interest rate over a year of 365 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. Borrower will pay Lender at such place as Lender may designate in writing. The entire unpaid principal balance of this Note and all accrued interest thereon remaining unpaid shall be due and payable in full without demand on the six year anniversary of the date of this note.

PREPAYMENT: Borrower shall have the right to prepay, without premium or penalty, the entire principal sum hereof or any part thereof, provided that Maker is not then in default hereunder and such prepayment is accompanied by the payment of all interest accrued hereunder to the date of prepayment.

Severability. If any provision of this Note is held to be invalid or unenforceable by a court of competent jurisdiction, the other provisions of this Note shall remain in full force and effect and shall be liberally construed in favor of Lender in order to effect the provisions of this Note.

Applicable Law. This Note shall be construed and enforced in accordance with the laws of the State of Missouri.

IN WITNESS WHEREOF, the undersigned has caused this Note to be duly executed, sealed and delivered as of the date first set forth above.

BORROWER:

CENTRAL JEFFERSON COUNTY UTILITIES, INC.

Kenneth McClain, President

SEAL

ATTEST:

Jeremiah Nixon, Secretary

**CENTRAL JEFFERSON COUNTY UTILITIES, INC.
CERTIFIED COPY OF
CORPORATE RESOLUTION**

I, Jeremiah Nixon, Secretary of Central Jefferson County Utilities, Inc., hereby certify that the following is a true and accurate copy of a resolution of the Board of Directors of said Company approved by Statement of Unanimous Consent, dated May 7, 2004, which action shall have the same validity and effect as if such had been taken at a meeting of the Board of Directors of said Company, duly called and held, at which all members of the Board of Directors attended and voted therefor and that said resolutions are still in force and effect:

RESOLVED, that the Company be, and it hereby is, authorized, empowered and directed to borrow certain sums, not to exceed \$400,000.00, from the Jeremiah Nixon Revocable Living Trust dated June 7, 1995; the Norville Kenneth McClain Jr. Revocable Living Trust dated November 6, 1990; and the Norville McClain Revocable Trust, Linda M. Els, Trustee dated July 1, 1990, in order to fund capital improvements and to finance the operating needs of Applicant for such consideration and on such terms and conditions as substantially set forth in the Promissory Note;

RESOLVED, that the appropriate officers of the Company be, and each of them hereby singly is, authorized and directed to execute and deliver, on behalf of and in the name of the Company, the Promissory Note and any and all other instruments, agreements and documents in connection therewith, and to take such other action as may be necessary or convenient in order to carry out the purposes of these resolutions.

IN WITNESS WHEREOF, I have hereunto set my hand as Secretary of Central Jefferson County Utilities, Inc., this 7 day of May, 2004.



JEREMIAH NIXON
SECRETARY

Central Jefferson County Utility Co.

PRO FORMA BALANCE SHEET

Year Ended December 31, 2003 with adjustments

Water and Sewer Operations
Assets

	Amount ¹	Adjustment	Pro Forma
Water Plant in Service	1,689,449.82		1,689,449.82
Less: Water Depreciation Reserve	1,007,207.70		1,007,207.70
Net Water Plant In Service	682,242.12		682,242.12
Water Construction Work in Progress	126,194.40		126,194.40
Sewer Plant in Service	2,306,021.05		2,306,021.05
Less: Sewer Depreciation Reserve	1,429,819.11		1,429,819.11
Escrow Account - Sewer Plant		400,000.00	400,000.00
Cash	5,525.19		5,525.19
Accounts Receivable	23,079.29		23,079.29
Total Assets	713,242.94		2,113,242.94

¹Source: 2003 Annual Report

Central Jefferson County Utility Co.

PRO FORMA BALANCE SHEET (continued)

Year Ended December 31, 2003 with adjustments

Water & Sewer Operations
Liabilities and Stockholders inquiry

	Amount ¹	Adjustment	Pro Forma
Capital Stock	600.00		600.00
Retained Earnings	16,431.31		16,431.31
Long Term Debt to Affiliates		400,000.00	400,000.00
Short Term Debt to Affiliates	5,000.00		5,000.00
Long Term Debt	126,194.40		126,194.40
Water CIAC	1,689,449.82		1,689,449.82
Water Amortization of CIAC	1,005,187.66		1,005,187.66
Net Water CIAC	684,262.16		684,262.16
Sewer CIAC	2,278,273.50		2,278,273.50
Sewer Amortization of CIAC	1,429,548.61		1,429,548.61
Net Sewer CIAC	848,724.89		848,724.89
Other Liabilities	32,030.18		32,030.18
 Total Equity and Liabilities	 1,713,242.94		 2,113,242.94

¹Source: 2003 Annual Report

Central Jefferson County Utility Co.

PRO FORMA INCOME STATEMENT

Year Ended December 31, 2003 with adjustments

Sewer Operations

	Amount ¹	Adjustment	Pro Forma
Total Operating Revenues	178,441.02		178,441.02
Escrow Account Revenues*		87,500.00	87,500.00
Salaries & Wages	35,165.00		35,165.00
Plant Operations Expenses	57,989.63		57,989.63
Billing Expenses	2,018.72		2,018.72
Supplies and Expenses	1,078.63		1,078.63
Transportation Expenses	3,000.00		3,000.00
Rent Expense	1,035.00		1,035.00
Insurance Expense	17,370.17		17,370.17
Outside Services Employed	22,985.00		22,985.00
Regulatory Commission Expenses	10,935.28		10,935.28
Uncollectible Expenses	224.32		224.32
Depreciation Expense	47,416.93		47,416.93
Amortization of contributions in aid of construction	(47,416.93)		(47,416.93)
Loan Payment Principal & Interest*		87,500.00	87,500.00
Tax Expenses	7,165.89		7,165.89
Other Expenses	12,703.69		12,703.69
Total Operating Expenses	171,671.33		259,171.33
Net Income	6,769.69		6,769.69

*See attached

¹Source: 2003 Annual Report

PRO FORMA PAYMENTS TO AND FROM ESCROW ACCOUNT

(Loan repayment of \$400,000 @ 6.0% Interest)

CONNECTION FEES @2,500			LOAN PAYMENT		
	<u>35 Per Yr.*</u>		<u>Interest</u>	<u>Principal</u>	<u>Balance</u>
					\$400,000.00
July 2004-05	\$87,500	2005	\$22,446.58	\$57,103.22	\$342,896.78
July 2005-06	\$87,500	2006	\$18,924.57	\$60,625.23	\$282,271.55
July 2006-07	\$87,500	2007	\$15,185.32	\$64,364.48	\$217,907.07
July 2007-08	\$87,500	2008	\$11,215.47	\$68,334.33	\$149,572.74
July 2008-09	\$87,500	2009	\$7,000.78	\$72,549.02	\$77,023.72
July 2009-10	<u>\$87,500</u>	2010	<u>\$2,526.10</u>	<u>\$77,023.72</u>	-----
	\$525,000		\$77,298.82	\$400,000.00	

*Assumes 35 new sewer connections each year