

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

In the Matter of the Joint Application)
of Confluence Rivers Utility Operating)
Company, Inc.; Hillcrest Utility)
Operating Company, Inc.; Elm Hills)
Utility Operating Company, Inc.;)
Osage Utility Operating Company,)
Inc.; Raccoon Creek Utility Operating)
Company, Inc.; and Indian Hills)
Utility Operating Company, Inc. for)
Approval of a Merger Whereby)
Confluence Rivers Will Be the)
Surviving Corporation, and of Related)
Transactions.)

Case No. WM-2021-0412

RESPONSE TO STAFF RECOMMENDATION

COMES NOW the Office of the Public Counsel (“OPC”) and for its *Response to Staff Recommendation*, states as follows:

1. The Staff of the Public Service Commission filed its *Recommendation* in the above case on September 14, 2021.
2. Staff recommended that the Commission approve the proposed merger subject to eleven specified conditions.
3. The OPC also recommends that the Commission approve the proposed merger subject to the eleven specified conditions that Staff proposed and two additional recommendations:
 - 1) Confluence Rivers Utility Operating Company, Inc. (“Confluence”) files into the record in this case copies of the current LLC agreements (and any other agreements, such as operating, management or other contractually binding agreements executed in connection therewith) for

the following entities: CSWR LLC, US Water Systems LLC, and any other entity created for the sole purpose of owning and managing CSWR LLC's Missouri water and sewer systems.

- 2) Confluence or Staff provide clear specification as to which schedule of depreciation rates found in Attachments D and E of Staff's *Memorandum* in support of its *Recommendation* apply to which systems.

4. In support of its first additional recommendation, the OPC notes that procurement of the current LLC agreements of CSWR LLC, US Water Systems LLC, and any other entity created for the sole purpose of owning and managing the CSWR LLC's Missouri water and sewer systems will greatly improve transparency and certainty regarding the current organization, ownership, and control over these entities.

5. In support of its second additional recommendation, the OPC notes that Staff's *Memorandum* in support of its *Recommendation* lists schedules of depreciation rates of water system plant related to "Confluence Rivers Utility Operating Company" in two separate cases: WM-2020-0282 and WA-2019-0299 (pages 1 and 7 of attachment D, respectively). For the sake of clarity, Confluence or Staff should specify exactly which particular system under the "Confluence" name each set of depreciation rates are applied to, or which set control in the event of a conflict on the schedule itself. The OPC notes that a similar practice has already been applied to page 2 of Schedule D. Moreover, the same issue also persists for the schedules of depreciation rates of sewer system plant found in Schedule E (pages 1 and 6 of attachment E).

