

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service  
Commission held at its office in  
Jefferson City on the 2<sup>nd</sup> day of  
August, 2023.

In the Matter of Confluence Rivers Utility )  
Operating Company, Inc.'s Request for )  
Authority to Implement a General Rate )  
Increase for Water Service and Sewer )  
Service Provided in Missouri Service )  
Areas )

**File No. WR-2023-0006**  
Tracking Nos. YW-2023-0113  
and YS-2023-0114

**ORDER CLARIFYING A COMMISSION ORDER  
AND DIRECTING A RESPONSE**

Issue Date: August 2, 2023

Effective Date: August 2, 2023

**Background**

On June 26, 2023,<sup>1</sup> the Staff of the Commission (Staff) filed its *Motion to Compel* (Motion) regarding data request (DR) DR 231.1. On July 6, Confluence Rivers Utility Operating Company, Inc. (Confluence Rivers or “the Company”) filed its *Response to Staff’s Motion to Compel* (Response). On July 12, the Commission issued its order (July 12 Order), which stated Confluence Rivers shall respond to DR 231.1 no later than July 19.

DR 231.1 is a request for information pertaining to certain board meetings. DR 231.1 arose from a document during Staff’s review of external auditor workpapers that appears to be meeting minutes of a relevant company from a board meeting held in

---

<sup>1</sup> All dates refer to 2023 unless otherwise indicated.

2021 (the 2021 Meeting). The 2021 Meeting document, confidential and attached, references Josiah Cox as a board member and included the acronym “CSWR”. Staff requested in DR 231.1: 1) board meeting documents from the 2021 meeting; 2) the name of the company that held the 2021 meeting (stated by Confluence Rivers on July 28 to be US Water); and 3) all other board meeting documents for the company that held the 2021 meeting (US Water) between October 1, 2019, and April 30, 2023. Staff asserted its belief that the 2021 Meeting document was the minutes from a Central States Water Resources, Inc. (CSWR, Inc.) board meeting.

Confluence Rivers’ initial response was that the document concerned a board meeting of US Water Systems, LLC (US Water) and that the mention of Josiah Cox as a board member was in error.<sup>2</sup>

Confluence Rivers subsequently changed its response to reflect its belief that the document concerned a meeting of CSWR, Inc.<sup>3</sup> In support of this position, Confluence Rivers stated that the names of the members of the board of directors of CSWR, Inc. are generally the same as those listed on the 2021 Meeting document. The Company also argued that the named officer<sup>4</sup> on the document designated as submitting the document is an officer of CSWR, Inc.

On July 28, Confluence Rivers again changed its response, stating during a prehearing conference that the company holding the 2021 Meeting at issue in DR 231.1 was US Water.

---

<sup>2</sup> Response, para. 21.

<sup>3</sup> Response, para. 22.

<sup>4</sup> The name is designated as confidential, but for clarity the officer referenced here is not Josiah Cox.

US Water is relevant to the underlying rate case as it acquired CSWR, LLC and all of its wholly-owned subsidiaries in November 2018 – including Confluence Rivers.<sup>5</sup> Central States Water Resources, Inc. (CSWR, Inc.) was CSWR LLC’s parent company before it was acquired by US Water. CSWR, Inc. acts as the manager of CSWR, LLC and all companies in the CSWR, Inc. organizational chart.<sup>6</sup> CSWR, Inc. has a board of directors, CSWR, LLC does not. Confluence Rivers does not have a board of directors.

### **Procedural History**

On July 25, Staff filed its *Motion for an Order Requiring Immediate Compliance with the Commission's Discovery Order and Motion for Expedited Consideration* (Second Motion). On July 27, the Company filed its response (Second Response). On July 28, the parties and the presiding officer discussed the matter during a prehearing conference.

Staff’s Second Motion requested that the Commission order Confluence Rivers to comply immediately with the Commission’s July 12 Order. Staff also requested that the Commission order Confluence to produce a list of the dates of all US Water and CSWR, Inc. board meetings that took place between October 1, 2019, and April 30, 2023, and state who was present at each of these meetings.

### **Clarification of July 12 Order**

Staff’s Second Motion expressed that it wanted the Commission to order Confluence Rivers’ to comply with the July 12 Order. Staff’s Second Motion indicates that Confluence Rivers informed Staff it was only required to provide meeting materials for the 2021 Meeting in response to DR 231.1. Confluence Rivers’ Second Response, and Confluence Rivers’ counsel stated the same belief at the July 28 prehearing conference.

---

<sup>5</sup> See *attached* Central States Water Resources Corporate Entity Organizational Chart.

<sup>6</sup> Cox Direct, pp. 3-4.

The Commission will clarify that its July 12 Order stated the Commission “will grant Staff’s motion with regard to the answers to DR 231.1.”<sup>7</sup>, and it ordered that “Confluence Rivers shall respond to DR 231.1”.<sup>8</sup> Confluence Rivers shall respond to DR 231.1, which included three requests: 1) board meeting documents from the 2021 meeting; 2) the name of the company that held the 2021 meeting (stated by Confluence Rivers on July 28 to be US Water); and 3) all other board meeting documents for the company that held the 2021 meeting (US Water) between October 1, 2019, and April 30, 2023.

### **Request for US Water and CSWR, Inc. Board Meeting Dates and Attendees**

Since Confluence did not fully respond to DR 231.1, Staff requested an order stating that Confluence must produce board meeting dates, as well as identify who was present at each board meeting for US Water and CSWR, Inc. Staff’s Second Motion acknowledged that it did not request a list of CSWR, Inc. board meeting dates in DR 231.1.

In a typical general rate case, the Commission’s review will include the parent company. Here, there are five parent corporations to Confluence Rivers.<sup>9</sup> One, US Water, is said to be only an investor, but is providing ongoing funding to Confluence Rivers. Another, CSWR, Inc. has been designated as the manager, but they were bought out of ownership interest by US Water in 2018.

It is unclear whether CSWR, Inc. is acting as an agent of US Water in its role as manager. There is also no clear indication whether it is US Water or CSWR, Inc. that is making management decisions regarding Confluence Rivers. Further examples of the

---

<sup>7</sup> July 12 Order, p. 8.

<sup>8</sup> July 12 Order, para. 2.

<sup>9</sup> Confluence Rivers UHC, LLC; Missouri CSWR, LLC; CSWR, LLC; CSWR, Inc.; US Water.

uncertainty as to the control and management of Confluence Rivers include those listed below.

**1) The 2021 Meeting document**<sup>10</sup>

- The 2021 Meeting document of US Water refers to CSWR in five separate instances.
- The 2021 Meeting document of US Water lists CSWR Management, and per Confluence Rivers' Response, the names of the CSWR, Inc. management are consistent with those listed in the 2021 Meeting document.
- The 2021 Meeting document of US Water states that an executive session was held and management was excused, except for Russ Mitten, "CSWR General Counsel".
- The 2021 Meeting document of US Water indicates that management was invited to the US Water board meeting the following month.
- The 2021 Meeting document of US Water lists as part of its agenda, the following: "CSWR Consolidated Net Loss"; and "MO CSWR Assets".

**2) Unattributed salary increase authorization**

Staff's Motion indicated that executive salary raises were approved "per board", but without any clarification as to which board. The Company claimed that neither it nor CSWR, LLC have a board of directors – which raises the question then of which board is approving executive salary increases. Confluence Rivers did not respond to this point in its Response, and it was not raised further in the Second Motion or Second Response.

---

<sup>10</sup> Motion, Exhibit 1C.

### **3) US Water and Missouri referenced in Texas**

The Commission's July 12 Order noted that CSWR, LLC stated to the Texas Public Utility Commission (the Texas Commission) that since US Water's acquisition of CSWR, LLC, US Water's "financial statements contain activity for the acquired business."

CSWR, LLC additionally stated to the Texas Commission that US Water is committed to investing the necessary capital in the acquisition and improvement of CSWR's Missouri operations. The Company did not respond regarding the testimony to the Texas Commission.

### **4) Corporate names**

A copy of CSWR, Inc.'s corporate organization chart is attached. It lists a total of 39 corporate entities across twelve states. Each of the twelve states have three corporate entities for a total of 36. Those 36 are all overseen by CSWR, LLC, which is listed directly under US Water, with CSWR, Inc. shown to the side of US Water. Twenty-one of the listed companies include the acronym "CSWR" as part of the corporate name, not counting Central States Water Resources, Inc. which is regularly shortened to CSWR, as it is in this order.<sup>11</sup>

### **Decision**

Confluence Rivers has changed its answer twice as to what board meeting a large number of its executive staff attended on a specific date. This gives the Commission concern about the confusion. Multi-layered corporate relationships with holding companies make it difficult for the Commission to know who is making decisions for

---

<sup>11</sup> To be clear, this order refers to Central States Water Resources, Inc. as CSWR, Inc. in order to distinguish it from CSWR, LLC, whose corporate name is the acronym "CSWR".

Confluence Rivers. The Commission is expressly required by Section 393.140(12), RSMo to examine the dealings of regulated entities with their unregulated counterparts to review if operations are kept substantially separate and apart. Further, costs incurred at the CSWR level may be allocated to the individual utility operating companies such as Confluence Rivers. Therefore, it is necessary to verify the legitimacy of the expenses and costs, including capital that Confluence seeks to recover from ratepayers. Ultimately, in a general rate case the Commission inquires as to, and prescribes the apportionment of, capitalization, earnings, debts and expenses where necessary.

The definitions of both water and sewer corporations include those owning, operating, controlling or managing any water or sewer system. As stated in Mr. Cox's testimony, CSWR, Inc. manages all the corporate entities listed in its organizational chart, which includes Confluence Rivers. CSWR, Inc. appears to meet the definition of a water and sewer corporation due to its manager designation.

Given the above questions as to what role US Water and CSWR, Inc. play with regard to Confluence Rivers management and funding, the Commission finds that Staff needs further information regarding the entities seemingly involved in the management of Confluence Rivers, namely US Water and CSWR, Inc. The Commission will grant Staff's request for a list of all US Water and CSWR, Inc. board meeting dates between October 1, 2019, and April 30, 2023, and identification of who was present at each of these meetings no later than on August 4, 2023.

**THE COMMISSION ORDERS THAT:**

1. Staff's Second Motion's request for clarification is granted. As stated in the July 12 Order, Confluence Rivers shall respond fully to DR 231.1, which includes three requests: 1) board meeting documents from the 2021 meeting; 2) the name of the company that held the 2021 meeting (stated by Confluence Rivers on July 28 to be US Water); and 3) all other board meeting documents for the company that held the 2021 meeting (US Water) between October 1, 2019, and April 30, 2023. Confluence Rivers shall respond no later than August 4, 2023.

2. Staff's Second Motion's request for the list of all US Water and CSWR, Inc. board meeting dates between October 1, 2019, and April 30, 2023, and the identity of those present at each of these meetings is granted. Confluence Rivers shall provide the lists no later August 4, 2023.

3. This order shall be effective immediately upon issuance.



**BY THE COMMISSION**

A handwritten signature in black ink that reads "Nancy Dippell". The signature is written in a cursive, flowing style.

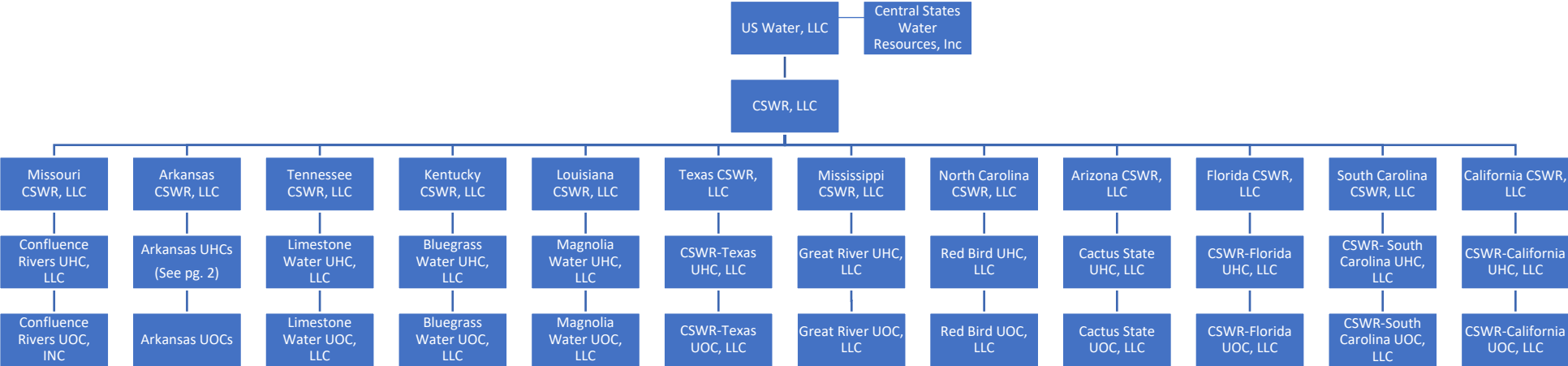
Nancy Dippell  
Secretary

Rupp, Chm., Coleman, Holsman, Kolkmeier  
and Hahn CC., concur.

Hatcher, Senior Regulatory Law Judge



**Central States Water Resources Corporate Entity Organizational Chart**



**STATE OF MISSOURI**

**OFFICE OF THE PUBLIC SERVICE COMMISSION**

**I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.**

**WITNESS my hand and seal of the Public Service Commission, at Jefferson City, Missouri, this 2<sup>nd</sup> day of August, 2023.**



*Nancy Dippell*  
\_\_\_\_\_  
**Nancy Dippell**  
**Secretary**

**MISSOURI PUBLIC SERVICE COMMISSION**

**August 2, 2023**

**File/Case No. WR-2023-0006**

**Missouri Public Service Commission**  
Staff Counsel Department  
200 Madison Street, Suite 800  
P.O. Box 360  
Jefferson City, MO 65102  
staffcounsel@psc.mo.gov

**Office of the Public Counsel**  
Marc Poston  
200 Madison Street, Suite 650  
P.O. Box 2230  
Jefferson City, MO 65102  
opcservice@opc.mo.gov

**Confluence Rivers Utility Operating Company, Inc.**  
Dean L Cooper  
312 East Capitol  
P.O. Box 456  
Jefferson City, MO 65102  
dcooper@brydonlaw.com

**Confluence Rivers Utility Operating Company, Inc.**  
Jennifer L Hernandez  
312 E. Capitol Avenue  
PO Box 456  
Jefferson City, MO 65102  
jhernandez@brydonlaw.com

**Confluence Rivers Utility Operating Company, Inc.**  
Russ Mitten  
1630 Des Peres Road, Suite 140  
Des Peres, MO 63131  
rmitten@cswrgroup.com

**Confluence Rivers Utility Operating Company, Inc.**  
David Woodsmall  
1650 Des Peres Road, Suite 303  
Des Peres, MO 63131  
dwoodsmall@cswrgroup.com

**Missouri Public Service Commission**  
Kevin Thompson  
200 Madison Street, Suite 800  
P.O. Box 360  
Jefferson City, MO 65102  
kevin.thompson@psc.mo.gov

**Enclosed find a certified copy of an Order or Notice issued in the above-referenced matter(s).**

*Sincerely,*



**Nancy Dippell  
Secretary**

---

Recipients listed above with a valid e-mail address will receive electronic service. Recipients without a valid e-mail address will receive paper service.