

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

FILED
May 27, 2020
Data Center
Missouri Public
Service Commission

In the Matter of the Application of)
Confluence Rivers Utility Operating)
Company, Inc., for Authority to)
Acquire Certain Water and Sewer)
Assets and for a Certificate of)
Convenience and Necessity)

Case No. WA-2019-0299

STATUS REPORT AND MOTION FOR LATE-FILED EXHIBIT

COMES NOW the Office of the Public Counsel (“OPC”) and for its *Status Report and Motion for Late-Filed Exhibit*, states as follows:

1. During the evidentiary hearing held in the above matter on May 19, 2020, the OPC requested an opportunity to provide an update to Confluence Rivers Utility Operating Company, Inc.’s (“Confluence Rivers”) exhibit 601.

2. On the same day, the Commission issued its *Notice that Briefs and Status Update Ordered* ordering the OPC to provide a status report regarding the above referenced update.

3. Pursuant to the same, the OPC now presents an updated version of Confluence River’s exhibit 601, which has been attached to this pleading, that includes an additional line indicating the net book value or nearest approximation thereof for each system included in the exhibit.

4. The net book values included in the updated version of exhibit 601 were determined as follows.

5. For the Missouri American Water acquisition of the Hallsville water system, no net book value could be determined. This is because the transaction has not been completed yet, because it has not been approved by the people of Hallsville, so there is no Commission case from which to draw data.

6. For the Missouri American Water acquisition of the Lawson water and wastewater systems, the closest approximation of a net book value would be the rate base that the Commission's Staff recommended in the *Memorandum* filed in Commission case number WA-2018-0222. That value is \$4,000,000 (\$2,630,000 for the water system, and \$1,370,000 for the sewer system), as described in this excerpt from the Commission Staff's memorandum:

Staff's conclusion based on its comparison is that the appraisal and sale price of \$4,000,000 as "rate base," with a breakdown of \$2,630,000 for the water system, and \$1,370,000 for the sewer system, is reasonable and recommends approval by the Commission.

For the sake of completeness, it should be noted that this case was the first and only case to employ the special "appraisal" acquisition mechanics found in RSMo. § 393.320. No similar appraisal was performed in the present case.

7. For the Liberty Utilities acquisition of the Franklin County Water system, the net book value of the system is \$8,545 as identified in the *Memorandum* attached to Staff's recommendation filed in WA-2019-0036 and shown in the following excerpt:

The net book value of assets proposed to be purchased from Franklin County by Liberty Utilities as of December 31, 2018, as determined by Staff, is approximately \$8,545.

It should be noted that purchase price for the system found in exhibit 601 is higher than the one found in Staff's *Memorandum* which lists the purchase price as

** _____ **

8. For the Missouri American Water acquisition of the Wardsville water and wastewater systems, the best approximation of a net book value is the net utility plant balance accounts determined by Staff shortly after the acquisition. This value would be \$4,081,782 (\$1,798,519 for water and \$2,283,263 for wastewater). These values were taken from a workpaper titled "Net Utility Plant in Service Balances with Corporate Allocated" prepared by Staff auditor Amanda McMellen in Commission case numbers WR-2017-0285 & SR-2017-0286 and are set as of June 30, 2017. In an order issued by the Commission in the Wardsville acquisition case (WA-2017-0181) on May 22, 2017, the Commission stated that MAWC intended to close on the sale on May 23, 2017. These net utility plant balance accounts were thus determined less than one month after the acquisition and should therefore be a reliable representation of the net book value of the system at the time of purchase. However, it should be noted that the Staff *Recommendation* filed on March 13, 2017, stated "that Wardsville plant records do not appear complete with respect to MAWC's need to keep plant records in accordance with the National Association of Regulatory Utility Commission (NARUC) Uniform System of Accounts." *Staff Recommendation*, File No. WA-2017-0181, Memorandum page 5 of 9 (March 13, 2017).

9. The OPC moves that its updated version of Confluence River's exhibit 601 be admitted to the record in this case as a late-filed exhibit.

10. Counsel for OPC has presented this motion and the attached exhibit to the counsel for Confluence Rivers; the Commission Staff; and the Lake Perry Lot Owners' Association and all have stated that they have no objection to this motion.

WHEREFORE, the Office of the Public Counsel respectfully requests the Commission accept the attached updated version of Confluence River's exhibit 601, as well as this pleading, as a separate, late-filed exhibit by the Office of the Public Counsel and enter the same into the record.

Respectfully submitted,

By: /s/ John Clizer
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CERTIFICATE OF SERVICE

I hereby certify that copies of the forgoing have been mailed, emailed, or hand-delivered to all counsel of record this twenty-sixth day of May, 2020.

 /s/ John Clizer

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Attachment

EX601C Recent Missouri
Transactions OPC Update

has been deemed

“Confidential”

in its entirety