

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

In the Matter of the Application of )  
Confluence Rivers Utility Operating )  
Company, Inc., for Authority to Issue )                   Case No. WF-2023-0023  
Long-Term Debt and to Secure Same )  
with a Lien on its Property                    )

**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 Missouri Public Service Commission (“Staff”) filed its recommendation in the above referenced case on October 7, 2022.
2.       Staff recommends the approval of the application, subject to conditions outlined in its attached *Memorandum*.
3.       The OPC supports Staff’s recommended approval of Confluence Rivers Utility Operating Company, Inc.’s request to execute a secured loan of \$7.2 million with CoBank. It is the OPC’s understanding that the requested \$7.2 million will refinance the Fresh Start Venture affiliate loans.
4.       As the OPC expressed during the Elm Hills Utility Operating Company, Inc. 2020 rate case, Case No. WR-2020-0275, the OPC understands CoBank is a viable option for reasonably priced, third-party debt financing.
5.       The OPC had expected Confluence to request authority for a higher loan amount based on OPC’s understanding that Confluence intends to target a capital structure consisting of up to 50% debt. The OPC’s review of Confluence’s balance

sheet indicates it has other affiliate loans outstanding, presumably to its parent company.

6. Consistent with the Stipulation and Agreement in Case No. WR-2020-0275, OPC recommends the Commission order Confluence Rivers Utility Operation Company Inc. to provide regular updates on the continued pursuit of third-party debt financing and include the OPC (and Staff to the extent it wants be involved) on conversations with such prospective lenders.

7. The OPC specifically recommends the Commission order the following conditions in addition to those recommended by Staff:

- a. Confluence shall provide all correspondence provided to and received from current or prospective lenders/debt investors as it relates to the current or potential additional debt financing.
- b. If Confluence has substantive discussions with its current or prospective lenders/debt investors, Confluence will involve Public Counsel (and Staff, to the extent it wants to be involved) in such discussions. Confluence, CSWR, LLC, and their Missouri affiliates agree to permit Public Counsel to discuss confidential information regarding CSWR, LLC, Confluence, and their Missouri affiliates with current and potential lenders in conjunction with these discussions.
- c. Subject to the Commission rules governing discovery, Confluence agrees to provide Staff and Public Counsel data and documents necessary to discuss the financial situation of CSWR, LLC, Confluence, and their

Missouri affiliates with current and potential lenders. These data and documents will include correspondence between Confluence, CSWR, LLC, and their Missouri affiliates, on one hand, and potential lenders, on the other hand, including all attachments and requests for information made by the potential lenders.

8. Subject to these recommend conditions and those proposed by Staff in the *Memorandum* attached to its filed *Recommendation*, The OPC requests the Commission approve Confluence Rivers Utility Operating Company, Inc.'s requested financing authority.

WHEREFORE, the Office of the Public Counsel respectfully requests the Commission accept this *Response to Staff Recommendation* and approve Confluence Rivers Utility Operating Company, Inc.'s requested financing authority subject to the conditions laid out herein and those found in the *Memorandum* attached to Staff's filed *Recommendation*.

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 seventeenth day of October, 2022.

/s/ John Clizer