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Date: November 19, 2018

**Missouri Public Service Commission**

**Direct Testimony**

**of**

**Todd Thomas**

**On Behalf of**

**Confluence Rivers Utility Operating Company, Inc.**

**November 19, 2018**

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**DIRECT TESTIMONY OF  
TODD THOMAS  
CONFLUENCE RIVERS UTILITY OPERATING COMPANY, INC.**

1 **WITNESS INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Todd Thomas. My business address is 500 Northwest Plaza Drive,  
4 Suite 500, St. Ann, MO, 63074.

5 **Q. WHAT IS YOUR POSITION WITHIN THE CENTRAL STATES WATER  
6 RESOURCES FAMILY OF COMPANIES?**

7 A. I hold the office of Senior Vice President of First Round CSWR, LLC ("First  
8 Round"), the company that is the ultimate parent of Confluence Rivers Utility  
9 Operating Company, Inc. ("Confluence Rivers"). Since First Round is managed  
10 by Central States Water Resources, Inc., we internally refer to all corporate  
11 operations as Central States Water Resources, CSWR, or Central States.

12 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL  
13 EXPERIENCE.**

14 A. My education includes a Bachelor of Science in Civil Engineering from the  
15 Missouri University of Science and Technology, and a Master of Business  
16 Administration from Washington University in St. Louis. Before joining CSWR, I  
17 was President of Brotcke Well and Pump (the 2<sup>nd</sup> largest well driller and service  
18 provider in the Midwest), Vice President of Operations and Business  
19 Development of the Midwest for American Water Contract Operations, and

1 General Manager of Midwest Operations for Environmental Management  
2 Corporation. I currently serve on the Technical Advisory Team for the Public  
3 Water Supply District 2 of St. Charles County, MO. Brotcke Well and Pump  
4 serves municipal potable, regulated potable, and industrial ground water  
5 suppliers in the states of Missouri, Illinois, Kansas, Tennessee, Kentucky, and  
6 Arkansas. The total number of clients exceeds 200 and ranges in size from  
7 Bloomington, IL with 31,000 water customers to 230 customers in Eminence,  
8 MO. Brotcke Well and Pump drills wells, cleans and treats wells, installs pumps,  
9 services pumps, rebuilds pumps, tests wells for regulatory compliance, and  
10 installs and services well controls. As President at Brotcke Well and Pump, I was  
11 involved in the design, maintenance, and repair of all the client's well systems. I  
12 have firsthand experience with how much damage can be done by lack of  
13 maintenance on a well system and how much money and effort is required to  
14 restore a well system after neglect. As Vice President of Operations and  
15 Business Development of the Midwest for American Water Contract Operations, I  
16 was responsible for the water and waste water operations and maintenance  
17 contracts for municipal and industrial clients. These clients included St. Charles,  
18 MO waste water, Godfrey, IL waste water, Mount Vernon, IL waste water,  
19 Quincy, IL waste water, Brighton, IL water and waste water, Litchfield, IL waste  
20 water, Lincoln, IL waste water, Pittsfield, IL waste water, Monmouth, IL water and  
21 waste water, Elwood, IL waste water, and Foristell, MO water and waste water.  
22 At one time I had responsibility for operating water and wastewater systems  
23 serving approximately 64,000 residential connections. My responsibilities



1 included the direction and management of annual budgeting for each plant's  
2 operations and maintenance, design and planning of plant upgrades and  
3 maintenance projects, regulatory reporting, plant operations, and regulatory  
4 compliance of these systems. My position as General Manager of Midwest  
5 Operations for Environmental Management Corporation (EMC) was similar to  
6 that of my position with American Water Contract Operations with regard to the  
7 size and scope of the systems managed.

8 **Q. PLEASE DESCRIBE YOUR CURRENT POSITION.**

9 A. As Senior Vice President, my main responsibilities include utility operations along  
10 with the acquisition, development, and rate stabilization of CSWR utilities. These  
11 duties include operations, maintenance, capital planning, and regulatory  
12 compliance for all CSWR facilities. I am responsible for the management of all  
13 operations and maintenance service providers, customer service and billing  
14 service providers, and engineering firms.

15  
16 **PURPOSE**

17 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?**

18 A. I will provide the Missouri Public Service Commission ("Commission") with a  
19 description of the water and sewer systems that Confluence Rivers seeks to  
20 purchase, improve and operate on an ongoing basis.

21

**SYSTEMS**

1  
2 **Q. WHAT WATER AND SEWER SYSTEMS DOES CONFLUENCE RIVERS SEEK**  
3 **TO PURCHASE IN THIS CASE?**

4 A. Confluence Rivers proposes to purchase substantially all of the water and/or  
5 sewer assets of Smithview H2O Company; M.P.B., Inc. (also referred to as Villa  
6 Ridge and Lake Virginia); Mill Creek Sewers, Inc.; Roy-L Utilities, Inc.; Port Perry  
7 Service Company, LLC; Gladlo Utilities, Inc.; The Willows Utility Company, Inc.;  
8 Majestic Lakes Homeowners Association, Inc.; Evergreen Lakes Water Supply  
9 Co.; Cole County, MO (Eugene); Calvey Brook Water, Inc. and Calvey Brook  
10 Sewer, Inc.; Forest Ridge, LLC (Auburn Lake Estates) (collectively, the “Selling  
11 Utilities”).

12  
13 **Smithview H2O Company (“Smithview”) - Water**

14 **Q. PLEASE DESCRIBE SMITHVIEW.**

15 A. Smithview is an administratively dissolved Missouri corporation. Smithview is a  
16 “water corporation” and a “public utility” as defined by Section 386.020, RSMo.,  
17 and is subject to the jurisdiction and supervision of the Commission as provided  
18 by law. On April 12, 1973, Smithview was granted a certificate of convenience  
19 and necessity (“CCN”) to operate a water utility in Commission Case No. 17652.  
20 Pursuant to that CCN, Smithview provides water service to approximately 105  
21 residential customers in Boone County, Missouri.

22 **Q. IS SMITHVIEW AN INDEPENDENTLY OPERATIONAL UTILITY?**

1 A. No. The Staff of the Commission (“Staff”) filed a complaint against Smithview for  
2 its failure to file annual reports and pay its required Commission assessments  
3 and for failure to provide safe and adequate service (Case No. WC-2016-0141).  
4 This case remains pending before the Commission. Staff determined that the  
5 owners of Smithview had essentially abandoned the system. Staff then contacted  
6 other regulated utilities regarding the possible operation and management of the  
7 system.

8 **Q. WERE THERE ANY ISSUES WITH THE WATER SYSTEM ITSELF WHILE**  
9 **BEING OPERATED BY SMITHVIEW H2O COMPANY?**

10 A. Yes. The Smithview customers were experiencing insufficient chlorine residual  
11 due to the prior operator not injecting chlorine for disinfection. The customers  
12 were also experiencing outages due to frozen piping since there was a lack of  
13 heating and insulation in the well house.

14 **Q. WHAT STEPS WERE TAKEN TO ALLOW SMITHVIEW CUSTOMERS TO**  
15 **RECEIVE WATER SERVICE?**

16 A. Central States Water Resources, Inc. entered into an agreement with Smithview  
17 to allow Central States to immediately take over responsibility for operating the  
18 system and managing the utility’s business matters as a contract manager. Since  
19 that time, Central States has worked with Staff and the Missouri Department of  
20 Natural Resources (“DNR”) to make repairs to the system and move toward the  
21 provision of safe and adequate service. Central States has invested more than  
22 \$40,000 in the Smithview system to make it the drinking water sanitary and safe  
23 to the public. The improvements include professional operations, repairs to the

1 piping in the well house, replacement chlorine injection pump, sealing openings  
2 on the well head for sanitary reasons, flushing the system, and replacement of  
3 main transformer feeding electric to the well.

4 **Q. HAVE CONFLUENCE RIVERS AND SMITHVIEW REACHED AN**  
5 **AGREEMENT CONCERNING THE SALE AND PURCHASE OF SMITHVIEW'S**  
6 **UTILITY ASSETS?**

7 A. Yes. On January 15, 2016, Smithview and Central States entered into an  
8 agreement, a copy of which is attached as Schedule TT-A-C. Pursuant to the  
9 agreement, Confluence Rivers proposes to purchase substantially all the water  
10 assets of Smithview, as specifically described in the agreement and under the  
11 terms and provisions further described in the agreement. Such assets include the  
12 Smithview CCN. Schedule TT-A-C has been identified as Confidential in  
13 accordance with Commission Rule 4 CSR 240-2.135(2)(A)(3) and (6), as it  
14 contains market specific information and information representing strategies  
15 employed in contract negotiations.

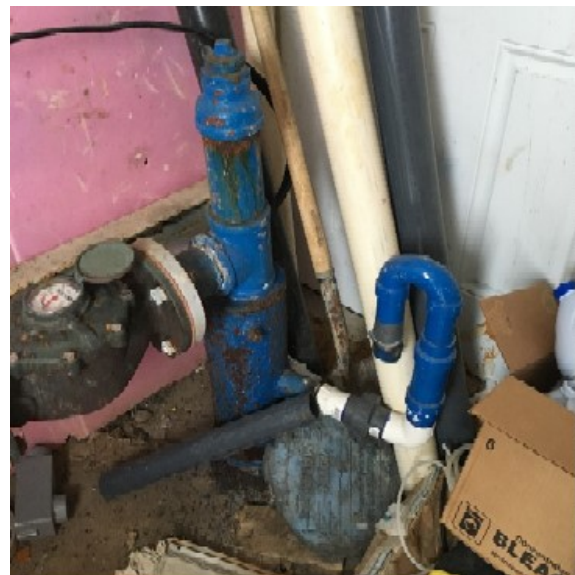
16 **Q. WHAT IS THE CURRENT CONDITION OF THE SMITHVIEW WATER**  
17 **ASSETS?**

18 A. The well house for the well head providing service to the Smithview system is in  
19 disrepair and does not provide adequate shelter to the well system components.  
20 Due to inadequate shelter, pipes at the well have frozen and caused system-wide  
21 boil orders. Additionally, the chlorine needs to be moved outside of the well  
22 house in a separately vented area, and a redundant chlorine pump needs to be  
23 added. The water storage tank has some corroded areas. There is also no back

1 up power for the well pump. Many of the isolation valves in the distribution  
2 system will not operate or will not seal.



3



4

1 **Q. DOES CONFLUENCE RIVERS HAVE A PLAN TO REMEDY THESE ISSUES?**

2 A. Confluence Rivers plans to address water issues by building a new well house,  
3 moving chlorination to outside the well house in a separate room, provide an  
4 additional pump for chlorine injection, installing a chlorine monitoring system,  
5 replacing major areas of defects in the water mains, replacing or repairing  
6 isolation valves, and potentially installing new meters. Sand blasting and  
7 painting will be done on the storage tank. A monitoring system will be installed  
8 so alarms will be sent in the instance of power outage, or equipment malfunction.  
9 Fencing will be added for well house security.

10 **Q. WHAT IS THE PROJECTED COST OF THOSE IMPROVEMENTS?**

11 A. The estimated cost of such additional improvements is approximately \$186,150.  
12

13 **M.P.B., Inc. ("MPB") - Sewer**

14 **Q. PLEASE DESCRIBE MPB.**

15 A. MPB is also an administratively dissolved Missouri corporation. MPB is a "sewer  
16 corporation" and a "public utility" as defined by Section 386.020, RSMo. On  
17 November 1, 2014, MPB was granted a CCN to operate a sewer utility in  
18 Commission Case No. SR-2014-0067. Pursuant to that CCN, MPB provides  
19 sewer service to approximately 169 residential customers in two subdivisions in  
20 Franklin County, Missouri. The system is known as Villa Ridge. MPB also  
21 provides sewer service to approximately 40 residential customers in a  
22 subdivision in Jefferson County, Missouri. The system is known as Lake Virginia.

23 **Q. IS MPB AN INDEPENDENTLY OPERATIONAL UTILITY?**

1 A. No. MPB has been placed in receivership as a result of Commission Case No.  
2 SO-2014-0052.

3 **Q. HAVE CONFLUENCE RIVERS AND MPB REACHED AN AGREEMENT**  
4 **CONCERNING MPB'S UTILITY ASSETS?**

5 A. Yes. On June 5, 2017 (Village Ridge), and on September 29, 2017 (Lake  
6 Virginia), MPB, acting by and through its duly appointed receiver, and  
7 Confluence Rivers entered into agreements, copies of which are attached as  
8 **Schedule TT-B-C**. Pursuant to the agreements, Confluence Rivers proposes to  
9 purchase the Villa Ridge and Lake Virginia sewer assets, as specifically  
10 described in the agreements and under the terms and provisions further  
11 described in the agreements. Such assets include the Villa Ridge CCN.  
12 **Schedule TT-B-C** has been identified as Confidential in accordance with  
13 Commission Rule 4 CSR 240-2.135(2)(A)(3) and (6), as they contain market  
14 specific information and information representing strategies employed in contract  
15 negotiations.

16 **Q. WHAT IS THE CURRENT CONDITION OF THE MPB SEWER ASSETS?**

17 A. The Villa Ridge waste water plant does not have adequate capacity to treat the  
18 wastewater that enters the plant which results in not meeting effluent limits and  
19 raw sewage being discharged to the creek. The creek has deposits of sludge  
20 built up in it. In addition, the plant has not been maintained and is in a major  
21 state of disrepair. Some blowers are not functioning, the clarifier is not  
22 functioning properly, metal grating over in ground tanks is missing or falling apart.  
23 The systems need new mechanical equipment, concrete tankage structural



1 reinforcement, conveyance line manhole sealing, conveyance line replacement,  
2 and a new internal plant process alignment utilizing the existing three tank  
3 footprint.



4



5



1 To further compact the issues at the plant, the collection system has significant  
2 I&I issues and has some areas where there are recurring blockages due to  
3 bellies in the line and failing sewer main. Lake Virginia is not meeting its effluent  
4 limits, have major infiltration and inflow issues, and has a non-permitted lagoon  
5 with leaking berms. The lagoon is not able to meet ammonia limits. The  
6 collection system has continuing blockages which frequently result in sewer  
7 manhole discharges and sewage backing up into basements. Several manholes  
8 are not structurally sound and need to be rebuilt. There is no fencing around the  
9 lagoons which represents a safety hazard to the community.



10



1

2

3 **Q. DOES CONFLUENCE RIVERS HAVE A PLAN TO REMEDY THESE ISSUES?**

4 A. Yes. Confluence Rivers plans to address wastewater issues at Villa Ridge by  
5 installing new mechanical equipment, reinforcing concrete tankage, sealing  
6 conveyance line manholes, replacing failing conveyance lines, and implementing  
7 a new internal plant process utilizing the existing three tank footprint. At Lake  
8 Virginia, sealing conveyance line manholes, replacing failing conveyance lines,  
9 restoration of the existing lagoon berms and the installation of an MBBR to meet  
10 the ammonia limits. Fencing will be installed around the lagoon and process  
11 equipment.

12 **Q. WHAT IS THE PROJECTED COST OF THOSE IMPROVEMENTS?**

1 A. The estimated cost of such improvements is approximately \$222,165 for Lake  
2 Virginia and \$295,476 for Villa Ridge.

3

4 **Mill Creek Sewers, Inc. ("Mill Creek") - Sewer**

5 **Q. PLEASE DESCRIBE MILL CREEK.**

6 A. Mill Creek is a "sewer corporation" and a "public utility" as defined by Section  
7 386.020, RSMo. On October 12, 2005, Mill Creek was granted a CCN to operate  
8 a sewer utility in Commission Case No. SR-2005-0116. Pursuant to that CCN,  
9 Mill Creek provides sewer service to approximately 75 residential customers in  
10 St. Louis County, Missouri.

11 **Q. IS MPB AN INDEPENDENTLY OPERATIONAL UTILITY?**

12 A. No. Mill Creek has been placed in receivership (Commission Case No. SO-  
13 2010-0237).

14 **Q. HAVE CONFLUENCE RIVERS AND MILL CREEK REACHED AN  
15 AGREEMENT CONCERNING MILL CREEK'S UTILITY ASSETS?**

16 A. Yes. On June 1, 2017, Mill Creek, acting by and through its duly appointed  
17 receiver, and Confluence Rivers entered into an agreement, a copy of which is  
18 attached as **Schedule TT-C-C**. Pursuant to the agreement, Confluence Rivers  
19 proposes to purchase substantially all the sewer assets of Mill Creek, as  
20 specifically described in the agreement and under the terms and provisions  
21 further described in the agreement. Such assets include the Mill Creek CCN.

22 **Schedule TT-C-C** has been identified as Confidential in accordance with  
23 Commission Rule 4 CSR 240-2.135(2)(A)(3) and (6), as it contains market



1 specific information and information representing strategies employed in contract  
2 negotiations.

3 **Q. WHAT IS THE CURRENT CONDITION OF THE MILL CREEK SEWER**  
4 **ASSETS?**

5 A. The system has not experienced investment for over a decade. All of the  
6 mechanical components of the plant, i.e. blowers, piping, electrical components,  
7 diffusers, etc. have reached the end of their useful life. Therefore, the plant is in a  
8 state of structural degradation. The plant is not meeting its effluent limits, is  
9 undersized to handle peak flows caused by heavy usage periods and I&I. The  
10 plant does not have basic disinfection which is required in its schedule of  
11 compliance and is discharging sludge into a creek.



12  
13 **Q. DOES CONFLUENCE RIVERS HAVE A PLAN TO REMEDY THESE ISSUES?**

1 A. Yes. Confluence Rivers plans to address wastewater issues by installing new  
2 flow equalization, mechanical nutrient treatment equipment, internal structural  
3 reinforcement, electrical upgrades, new clarifier piping components, conveyance  
4 line placement, an ultra-violet disinfection system, and new internal tankage  
5 process alignment.

6 **Q. WHAT IS THE PROJECTED COST OF THOSE IMPROVEMENTS?**

7 A. The estimated cost of such improvements is approximately \$300,000.

8

9 **Roy-L Utilities, Inc. (“Roy-L”) – Water and Sewer**

10 **Q. PLEASE DESCRIBE ROY-L.**

11 A. Roy-L is a “water corporation,” a “sewer corporation,” and a “public utility,” as  
12 defined by Section 386.020, RSMo. In April of 1975, the Commission granted to  
13 Roy-L CCNs to operate water and sewer utilities (Commission Case No. SR-  
14 2013-0544). Pursuant to those CCNs, Roy-L provides water and sewer service to  
15 approximately 60 residential customers in Montgomery County, Missouri.

16 **Q. HAVE CONFLUENCE RIVERS AND ROY-L REACHED AN AGREEMENT  
17 CONCERNING ROY-L’S UTILITY ASSETS?**

18 A. Yes. On April 26, 2017, Roy-L entered into an agreement, a copy of which is  
19 attached as **Schedule TT-D-C**. Pursuant to the agreement, Confluence Rivers  
20 proposes to purchase substantially all the water and sewer assets of Roy-L, as  
21 specifically described in the agreement and under the terms and provisions  
22 further described in the agreement. Such assets include the Roy-L CCNs.

23 **Schedule TT-D-C** has been identified as Confidential in accordance with

1 Commission Rule 4 CSR 240-2.135(2)(A)(3) and (6), as it contains market  
2 specific information and information representing strategies employed in contract  
3 negotiations.

4 **Q. WHAT IS THE CURRENT CONDITION OF THE ROY-L WATER AND SEWER**  
5 **ASSETS?**

6 A. The wastewater operations are under a Department of Natural Resources  
7 schedule of compliance for ammonia removal and disinfection. The system  
8 needs a new wastewater treatment plant process for disinfection and nutrient  
9 removal. The wastewater collection system has a serious I&I problem which is  
10 already highlighted under the requirement in Roy L's existing tariff to complete  
11 I&I investigation. The current owner did not complete the required level of I&I  
12 investigation. Confluence Rivers has assisted in this requirement by completing  
13 some of the required investigation that has found several areas of sewer main  
14 that must be rehabilitated.



15  
16 The water system is out of compliance for basic drinking water security, physical  
17 separation of chlorine disinfection systems, monitoring of residual chlorine,

1 emergency redundant chlorine pump, and corresponding operational  
2 management that will require a new chlorination system including redundancy  
3 and testing equipment, new fencing, and a generator quick connect. The  
4 electrical components inside the well house are in poor condition. The bottom of  
5 the water tank of a layer of iron sludge and debris that is several inches thick.



6



7

8 **Q. DOES CONFLUENCE RIVERS HAVE A PLAN TO REMEDY THESE ISSUES?**

1 A. Yes. Confluence Rivers plans to address wastewater issues by adding an MBBR  
2 for nutrient removal, ultraviolet disinfection, new fencing and access road, and a  
3 generator quick connect. A remote monitoring system will be added with process  
4 and mechanical failure alarms. Confluence Rivers plans to address water issues  
5 by installing a new chlorination system including redundancy and testing and  
6 monitoring equipment and a redundant booster pump. Fencing will be installed  
7 for security. The ground storage tank will be cleaned. Some replacement and  
8 repair of electrical components inside the well house will be performed.

9 **Q. WHAT IS THE PROJECTED COST OF THOSE IMPROVEMENTS?**

10 A. The estimated cost of such improvements is approximately \$195,784 for  
11 wastewater system improvements and \$133,388 for water system improvements.

12

13 **Port Perry Service Company, LLC (“Port Perry”) – Water and Sewer**

14 **Q. PLEASE DESCRIBE PORT PERRY.**

15 A. Port Perry is a “water corporation,” a “sewer corporation,” and a “public utility,” as  
16 defined by Section 386.020, RSMo. In July of 1991, the Commission granted to  
17 Port Perry a CCN to operate a water utility. In January of 1994, the Commission  
18 granted to Port Perry a CCN to operate a sewer utility. Pursuant to those CCNs,  
19 Port Perry provides water service to approximately 321 customers and sewer  
20 service to approximately 223 residential customers in Perry County, Missouri.

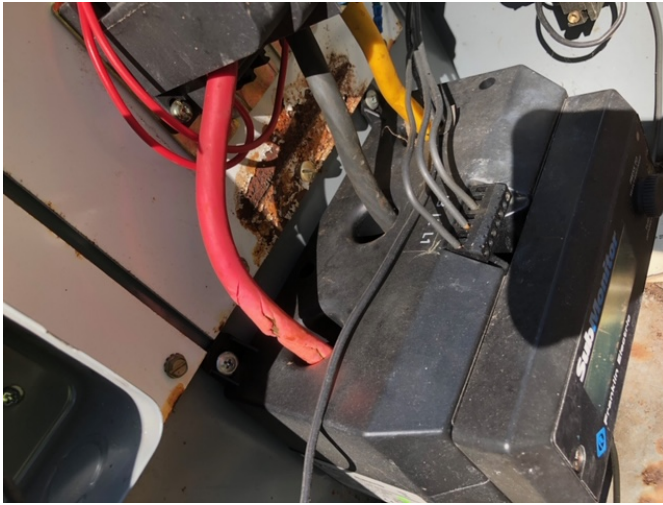
21 **Q. HAVE CONFLUENCE RIVERS AND PORT PERRY REACHED AN**  
22 **AGREEMENT CONCERNING PORT PERRY’S UTILITY ASSETS?**



1 A. Yes. On June 20, 2017, Port Perry entered into an agreement, a copy of which  
2 is attached as **Schedule TT-E-C**. Pursuant to the agreement, Confluence Rivers  
3 proposes to purchase substantially all the water and sewer assets of Port Perry,  
4 as specifically described in the agreement and under the terms and provisions  
5 further described in the agreement. Such assets include the Port Perry CCNs.  
6 **Schedule TT-E-C** has been identified as Confidential in accordance with  
7 Commission Rule 4 CSR 240-2.135(2)(A)(3) and (6), as it contains market  
8 specific information and information representing strategies employed in contract  
9 negotiations.

10 **Q. WHAT IS THE CURRENT CONDITION OF THE PORT PERRY WATER AND**  
11 **SEWER ASSETS?**

12 A. The wastewater operations are in danger of failing due to a lack of basic  
13 maintenance on the berms housing the wastewater storage lagoon cells. The  
14 sprinkler system does not function properly due to sprinkler heads in disrepair  
15 and automated valves not functioning as needed. The valves were all locked in  
16 the open position. The system is not able to spray the wastewater effectively.  
17 The wastewater system is also out of compliance for basic sewer security,  
18 discharge recording and physical protection of the system.



1



2

3

The water system is out of compliance for basic drinking water security, physical separation of chlorine disinfection systems, monitoring of residual chlorine,

4

1 emergency redundant chlorine pumps, and corresponding operational  
2 management that will require a new chlorination system including redundancy  
3 and testing equipment, and new fencing. Missouri DNR recommends a back up  
4 source of water for communities serving over 500 people. Port Perry has over  
5 500 people and the back up well is not operational sound to provide a back up  
6 source of water to the community. A chlorination system does not exist on the  
7 back up well. In addition, due to the configuration of the water system, turnover  
8 of water in the existing ground storage tank is a concern.



9  
10 **Q. DOES CONFLUENCE RIVERS HAVE A PLAN TO REMEDY THESE ISSUES?**

1 A. Yes. Confluence Rivers plans to address wastewater issues by replacing the  
2 defective sprinkler heads, repairing the automated valving for the application  
3 area, and repairing fencing as needed. Confluence Rivers plans to address water  
4 issues in the most cost-effective manner by drilling a new well at the existing  
5 ground water storage tank and building a well house that will house a chlorination  
6 system that provides the second source of chlorination. The water pumped from  
7 the new well will be chlorinated and pumped into the ground storage tank. This  
8 project will ensure that in the event a power outage, an adequate supply of water  
9 is available that is chlorinated with proper detention time. This will also alleviate  
10 any concerns of inadequate water turn over in the ground storage tank.

11 **Q. WHAT IS THE PROJECTED COST OF THOSE IMPROVEMENTS?**

12 A. The estimated cost of such improvements is approximately \$693,000 for the  
13 water system upgrades and \$90,000 for the sewer system upgrades.

14

15 **Gladlo Utilities, Inc. (“Gladlo”) – Water and Sewer**

16 **Q. PLEASE DESCRIBE GLADLO.**

17 A. Gladlo is a “water corporation,” a “sewer corporation,” and a “public utility,” as  
18 defined by Section 386.020, RSMo. The Commission first authorized the  
19 Company to provide regulated sewer utility service in June, 1997, and regulated  
20 water utility service in June, 1997. Pursuant to its CCNs, Gladlo provides water  
21 service to approximately 71 customers and sewer service to approximately 71  
22 residential customers in Phelps County, Missouri.

23 **Q. IS GLADLO AN INDEPENDENTLY OPERATIONAL UTILITY?**

1 A. No. Gladlo was placed in receivership in 2008 (Case No. WO-2009-0086).

2 **Q. HAVE CONFLUENCE RIVERS AND GLADLO REACHED AN AGREEMENT**  
3 **CONCERNING GLADLO'S UTILITY ASSETS?**

4 A. Yes. On October 16, 2017, Gladlo, acting by and through its duly appointed  
5 receiver, and Confluence Rivers entered into an agreement, a copy of which is  
6 attached as **Schedule TT-F-C**. Pursuant to the agreement, Confluence Rivers  
7 proposes to purchase substantially all the water and sewer assets of Gladlo, as  
8 specifically described in the agreement and under the terms and provisions  
9 further described in the agreement. Such assets include the Gladlo CCNs.

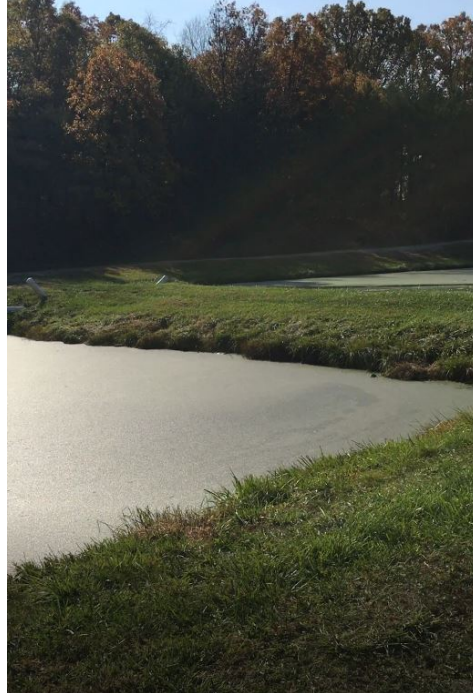
10 **Schedule TT-F-C** has been identified as Confidential in accordance with  
11 Commission Rule 4 CSR 240-2.135(2)(A)(3) and (6), as it contains market  
12 specific information and information representing strategies employed in contract  
13 negotiations.

14 **Q. WHAT IS THE CURRENT CONDITION OF THE GLADLO WATER AND**  
15 **SEWER ASSETS?**

16 A. The wastewater system is under a DNR schedule of compliance for ammonia  
17 removal and disinfection. The lagoon berms need repair from erosion and  
18 muskrat damage. Basic security does not exist since the existing fencing does



1 not adequately prevent entry into the lagoon area.



2

3 The water system is out of compliance for basic 24-hour storage and emergency  
4 service backup. The well house is not sanitary, and the wiring is not safe or up  
5 to code. The distribution system does not have the ability to flush the system  
6 periodically to ensure proper distribution of chlorine and elimination of  
7 contamination.



1

2 **Q. DOES CONFLUENCE RIVERS HAVE A PLAN TO REMEDY THESE ISSUES?**

3 A. Yes. Confluence Rivers plans to address wastewater issues by installing a  
4 biological reactor to process waste for nutrient removal and ultraviolet  
5 disinfection. Fencing will be added for security and a monitoring system will be  
6 added for process control and outage monitoring. Confluence Rivers plans to  
7 address water issues by installing isolation valves, flushing hydrants, provide a  
8 redundant booster pump, and rehabilitating an existing ground storage tanks with  
9 adequate storage capacity. Electrical upgrades will be performed inside. The  
10 inside of the well house will be finished out to provide a sanitary environment.

11 **Q. WHAT IS THE PROJECTED COST OF THOSE IMPROVEMENTS?**

1 A. The estimated cost of such improvements is approximately \$232,975 for  
2 wastewater system improvements and \$134,000 for water system improvements.

3

4 **The Willows Utility Company, Inc. (“Willows”) – Water and Sewer**

5 **Q. PLEASE DESCRIBE THE WILLOWS.**

6 A. Willows is a “water corporation,” a “sewer corporation,” and a “public utility,” as  
7 defined by Section 386.020, RSMo. The Commission granted Willows a CCN  
8 authorizing it to provide water and sewer service to the public for gain on  
9 December 13, 1979 (WA-80-86). Pursuant to its CCN, Willows provides water  
10 and sewer service to approximately 102 residential customers in Greene County,  
11 Missouri.

12 **Q. HAS THE WILLOWS ENTERED INTO AN AGREEMENT CONCERNING ITS**  
13 **UTILITY ASSETS?**

14 A. Yes. On May 16, 2017, Willows entered into an agreement, a copy of which is  
15 attached as **Schedule TT-G-C**. Pursuant to the agreement, Confluence Rivers  
16 proposes to purchase substantially all the water and sewer assets of Willows, as  
17 specifically described in the agreement and under the terms and provisions  
18 further described in the agreement. Such assets include the Willows CCNs.

19 **Schedule TT-G-C** has been identified as Confidential in accordance with  
20 Commission Rule 4 CSR 240-2.135(2)(A)(3) and (6), as it contains market  
21 specific information and information representing strategies employed in contract  
22 negotiations.



1 **Q. WHAT IS THE CURRENT CONDITION OF THE WILLOWS WATER AND**  
2 **SEWER ASSETS?**

3 A. The wastewater and water systems of the Willows are under a Missouri Attorney  
4 General enforcement action (Case Number 1731-CC00313) due to various  
5 allegations of on-going wastewater receiving stream water pollution, sanitary  
6 storm overflow pollution events, a lack of emergency wastewater system  
7 redundancy, potential public drinking water health hazards due to unreported  
8 low-pressure events, a lack of emergency procedure for drinking water outages,  
9 and an upgrade wastewater treatment plant process for disinfection and nutrient  
10 removal. The wastewater collection system has severe I&I. The plant is old and  
11 many of its mechanical components have reached the end of their useful life, i.e.  
12 mechanical screen at the head of the plant, piping, clarifier components, blowers,  
13 diffusers, electrical components, filters, etc. These issues result in the plant not  
14 being able to consistently meet ammonia limits. Due to the age and capacity  
15 of the disinfection system, the plant is not able to consistently meet its  
16 disinfection requirements.



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The water system is out of compliance for basic drinking water security and separation of chlorination system. The well house is a make shift attachment on the back of the garage at the community clubhouse. It is only accessible through the clubhouse garage. Systemwide water pressure is an issue with the water system, due to leaking conveyance lines. Inadequate flushing hydrants exist to flush the system. . The well house is unsanitary, lacks adequate heating, and has unsafe electrical wiring and components. The water tank has sludge in the bottom of it and requires external painting. A back up chlorination system does not exist.



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3 **Q. DOES CONFLUENCE RIVERS HAVE A PLAN TO REMEDY THESE ISSUES?**

1 A. Yes. Confluence Rivers plans to address wastewater issues by rehabilitating the  
2 existing wastewater plant and modifying the process for disinfection. These  
3 improvements include utilizing ground tanks for flow equalization tanks, installing  
4 new mechanical screens at the head of the plant, replacing blowers, aeration  
5 diffusers, and piping. Rebuilding the clarifiers. Rebuilding the chlorine contact  
6 tank to improve disinfection. Install a plant monitoring system for process  
7 monitoring and outage notification. Confluence Rivers plans to address water  
8 issues by rehabilitating existing water storage tank, renovating well house,  
9 upgrading the wiring and electrical components, installing internal system valves,  
10 and modifying the existing chlorine disinfection system for reliability and adding a  
11 backup chlorination system. A monitoring system for chlorine residual will be  
12 added. A separate structure to isolate the chlorination system will be added.

13 **Q. WHAT IS THE PROJECTED COST OF THOSE IMPROVEMENTS?**

14 A. The estimated cost of such improvements is approximately \$179,650 for  
15 wastewater system improvements and \$208,500 for water system improvements.  
16

17 **Majestic Lakes Homeowners Association, Inc. (“Majestic Lakes”) – Water**  
18 **and Sewer**

19 **Q. PLEASE DESCRIBE MAJESTIC LAKES.**

20 A. Majestic Lakes provides water and sewer service to approximately 65 residential  
21 customers in Lincoln County, Missouri.

22 **Q. HAVE CONFLUENCE RIVERS AND MAJESTIC LAKES REACHED AN**  
23 **AGREEMENT CONCERNING MAJESTIC LAKES’ UTILITY ASSETS?**

1 A. Yes. On June 30, 2016, Majestic Lakes and Confluence Rivers entered into an  
2 agreement, a copy of which is attached as **Schedule TT-H-C**. Pursuant to the  
3 agreement, Confluence Rivers proposes to purchase substantially all the water  
4 and sewer assets of Majestic Lakes, as specifically described in the agreement  
5 and under the terms and provisions further described in the agreement.

6 **Schedule TT-H-C** has been identified as Confidential in accordance with  
7 Commission Rule 4 CSR 240-2.135(2)(A)(3) and (6), as it contains market  
8 specific information and information representing strategies employed in contract  
9 negotiations.

10 **Q. WHAT IS THE CURRENT CONDITION OF THE MAJESTIC LAKES WATER**  
11 **AND SEWER ASSETS?**

12 A. The wastewater system of Majestic Lakes is under a Missouri Attorney General  
13 enforcement action due to a failing concrete tankage system. The concrete tank  
14 walls were constructed with insufficient reinforcement and are cracking and  
15 failing. There is also a building moratorium issued by DNR. Repairs to the system  
16 are under a schedule of compliance with the Missouri DNR. The system is not  
17 meeting its effluent limits and is in danger of physical collapse. Due to age and  
18 lack of maintenance, some equipment components have failed and require  
19 replacement. Moderate I&I exists within the collection system and must be  
20 addressed. The main pump station which pumps collected waste from the  
21 homes to the treatment plant requires repair.





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The water system of Majestic Lakes is in fair condition but requires improvements to extend usable life of system components. The storage tank requires rehabilitation to extend usable life, wiring and starter panel in the well house is substandard, there is not adequate ventilation from the chlorination system, and a redundant chlorination system for disinfection is needed. Within the distribution system there are some isolation valves that leak.



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2 **Q. DOES CONFLUENCE RIVERS HAVE A PLAN TO REMEDY THESE ISSUES?**

3 A. Yes. Confluence Rivers plans to address wastewater issues by repairing the  
4 existing SBR wastewater treatment plant by replacing the internal structurally  
5 failing walls and replacing required equipment. Some electrical upgrades are will  
6 be performed within the plant and at the main sewage pump station. Collection  
7 system repairs will be made to address I&I. Confluence Rivers plans to address  
8 water issues by rehabilitating the existing storage tank, upgrading the wiring and  
9 starter panel in the well house, proving adequate ventilation for chlorine, and  
10 adding a redundant chlorine pump for the disinfection system.

11 **Q. WHAT IS THE PROJECTED COST OF THOSE IMPROVEMENTS?**

1 A. The estimated cost of such improvements is approximately \$415,000 for  
2 wastewater system improvements \$189,675 for water system improvements.

3 **Q. WHAT DOES CONFLUENCE RIVERS NEED FROM THE COMMISSION IN**  
4 **ORDER TO PROVIDE SERVICE AND OPERATE THESE ASSETS?**

5 A. Confluence Rivers needs a service area CCN from the Commission.

6 **Q. FOR WHAT AREA IS CONFLUENCE RIVERS SEEKING A CCN IN REGARD**  
7 **TO MAJESTIC LAKES?**

8 A. For the area of Lincoln County, Missouri, more specifically described in  
9 Schedule TT-I, and as set forth on the map attached as Schedule TT-J.

10

11 Evergreen Lakes Water Supply Co. (“Evergreen”) - Water

12 **Q. PLEASE DESCRIBE EVERGREEN.**

13 A. Evergreen is a “water corporation” and a “public utility” as defined by Section  
14 386.020, RSMo. On September 27, 2005, Evergreen was granted a CCN to  
15 operate a water utility in Commission Case No. WR-2006-0131. Pursuant to that  
16 CCN, Evergreen provides water service to approximately 50 residential  
17 customers in Franklin County, Missouri.

18 **Q. HAVE CONFLUENCE RIVERS AND EVERGREEN REACHED AN**  
19 **AGREEMENT CONCERNING EVERGREEN’S UTILITY ASSETS?**

20 A. Yes. On March 30, 2017, Evergreen and Confluence Rivers entered into an  
21 agreement, a copy of which is attached as Schedule TT-K-C. Pursuant to the  
22 agreement, Confluence Rivers proposes to purchase substantially all the assets  
23 of Evergreen, as specifically described in the agreement and under the terms



1 and provisions further described in the agreement. Such assets include the  
2 Evergreen CCN. **Schedule TT-K-C** has been identified as Confidential in  
3 accordance with Commission Rule 4 CSR 240-2.135(2)(A)(3) and (6), as it  
4 contains market specific information and information representing strategies  
5 employed in contract negotiations.

6 **Q. WHAT IS THE CURRENT CONDITION OF THE EVERGREEN WATER**  
7 **ASSETS?**

8 A. The owner of Evergreen is elderly and would like to retire from the business. The  
9 system is out of compliance for basic drinking water security, physical separation  
10 of chlorine disinfection systems, monitoring of residual chlorine, emergency  
11 redundant chlorine pump, and corresponding operational management.  
12 Evergreen needs a new chlorination system, including redundancy and testing  
13 equipment, new fencing, and a generator quick connect. The well house needs  
14 some minor repairs.



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**Q. DOES CONFLUENCE RIVERS HAVE A PLAN TO REMEDY THESE ISSUES?**

A. Yes. Confluence Rivers plans to address water issues by adding a redundant a chlorine pump for the disinfection system, providing a separate room for the chlorine, and supplying fencing for security. In the distribution system, additional flushing hydrants will be installed. The well house will be tuck pointed and spot painted. A remote monitoring system will be added to monitor chlorine residual and system power outages.

**Q. WHAT IS THE PROJECTED COST OF THOSE IMPROVEMENTS?**

A. The estimated cost of such improvements is approximately \$92.850.

1        **Cole County, Missouri (“Eugene”) - Water**

2        **Q. PLEASE DESCRIBE THE COLE COUNTY, MISSOURI SYSTEM THAT IS A**  
3        **SUBJECT OF THIS CASE.**

4        A. The Eugene, MO water system is owned by Cole County, Missouri. Cole County  
5        provides water service to approximately 41 residential customers in Cole County,  
6        Missouri.

7        **Q. IS COLE COUNTY GENERALLY IN THE BUSINESS OF PROVIDING WATER**  
8        **SERVICE?**

9        A. No. The Eugene water system formerly belonged to the City of Eugene,  
10       Missouri. Eugene disincorporated in 1997. Since then, the only remaining  
11       vestige of the town of Eugene has been the water system, which Cole County  
12       operates. In January 2010, the Cole County Commission turned over control of  
13       the Eugene water system to Cole County Public Works and its director.

14       **Q. HAS COLE COUNTY ENTERED INTO AN AGREEMENT CONCERNING**  
15       **THESE WATER ASSETS?**

16       A. Yes. On April 25, 2018, Cole County, Missouri, entered into an agreement, a  
17       copy of which is attached as **Schedule TT-L-C**. Pursuant to the agreement,  
18       Confluence Rivers proposes to purchase substantially all the water assets Cole  
19       County is using to provide service to Eugene under the terms and provisions  
20       further described in the agreement. **Schedule TT-L-C** has been identified as  
21       Confidential in accordance with Commission Rule 4 CSR 240-2.135(2)(A)(3) and  
22       (6), as it contains market specific information and information representing  
23       strategies employed in contract negotiations.

1 **Q. WHAT IS THE CURRENT CONDITION OF THE EUGENE WATER SYSTEM?**

2 A. The system needs upgrades to extend the life of the facility. Upgrades are  
3 necessary in order to maintain water service to the community. The main  
4 upgrades at this facility consist of repainting the ground storage tank, repair of  
5 the hatch, and extension of the overflow to 12" off the ground. Some ductile iron  
6 piping in the well house requires replacement. The installation of real time remote  
7 monitoring for system status at the well house.



8

1 **Q. DOES CONFLUENCE RIVERS HAVE A PLAN TO REMEDY THESE ISSUES?**

2 A. Yes. Confluence Rivers plans to address water issues by repainting the ground  
3 storage tank Repairing the hatch, extending the overflow to 12” off the ground.  
4 Replacing some ductile iron piping in the well house requires replacement.  
5 Installation of real time remote monitoring for system status at the well house.

6 **Q. WHAT IS THE PROJECTED COST OF THOSE IMPROVEMENTS?**

7 A. The estimated cost of such improvements is approximately \$91,500.

8 **Q. WHAT DOES CONFLUENCE RIVERS NEED FROM THE COMMISSION IN  
9 ORDER TO PROVIDE SERVICE AND OPERATE THESE ASSETS?**

10 A. Confluence Rivers needs a service area CCN from the Commission.

11 **Q. FOR WHAT AREA IS CONFLUENCE RIVERS SEEKING A CCN IN REGARD  
12 TO EUGENE?**

13 A. For the area of Cole County, Missouri, more specifically described in **Schedule**  
14 **TT-M**, and as set forth on the map attached as **Schedule TT-N**.

15

16 **Calvey Brook Water, Inc. (“Calvey Brook Water”) and Calvey Brook Sewer,**

17 **Inc. (“Calvey Brook Sewer”) – Water and Sewer**

18 **Q. PLEASE DESCRIBE CALVEY BROOK WATER.**

19 A. Calvey Brook Water, Inc. is an administratively dissolved Missouri corporation.  
20 Calvey Brook Water is a “water corporation” and a “public utility” as defined by  
21 Section 386.020, RSMo. Calvey Brook Water was granted a CCN to operate a  
22 water utility in Commission Case No. WA-2004-0280. Pursuant to that CCN,



1 Calvey Brook Water provides water service to approximately 26 residential  
2 customers in Franklin County, Missouri.



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4 **Q. PLEASE DESCRIBE CALVEY BROOK SEWER.**

5 A. Calvey Brook Sewer, Inc. is an administratively dissolved Missouri corporation.  
6 Calvey Brook Sewer is a “sewer corporation” and a “public utility” as defined by  
7 Section 386.020, RSMo. Calvey Brook Sewer was granted a CCN to operate a  
8 sewer utility in Commission Case No. SA-2004-0279. Pursuant to that CCN,  
9 Calvey Brook Sewer provides sewer service to approximately 26 residential  
10 customers in Franklin County, Missouri.



1 **Q. HAS CONFLUENCE RIVERS ENTERED INTO AN AGREEMENT TO**  
2 **PURCHASE THE CALVEY BROOK WATER AND CALVEY BROOK SEWER**  
3 **UTILITY ASSETS?**

4 A. Yes. On May 14, 2018, Calvey Brook Estates Homeowners Association, Inc.,  
5 and Confluence Rivers entered into an agreement, a copy of which is attached  
6 as **Schedule TT-O-C**. Pursuant to the agreement, Confluence Rivers proposes  
7 to purchase substantially all the water and sewer assets of Calvey Brook Estates  
8 Homeowners Association, Inc. (as operated by Calvey Brook Water and Calvey  
9 Brook Sewer), as specifically described in the agreement and under the terms  
10 and provisions further described in the agreement. Such assets include the  
11 Calvey Brook Water and Calvey Brook Sewer CCNs. **Schedule TT-O-C** has  
12 been identified as Confidential in accordance with Commission Rule 4 CSR 240-  
13 2.135(2)(A)(3) and (6), as it contains market specific information and information  
14 representing strategies employed in contract negotiations.

15 **Q. WHAT IS THE CURRENT CONDITION OF THE CALVEY BROOK WATER**  
16 **AND CALVEY BROOK SEWER UTILITY ASSETS?**

17 A. The wastewater facility consists of a recirculating AdvanTex filter with no  
18 disinfection. The collection system consists of a low-pressure collection system  
19 with homeowner maintained septic tanks and pumps. The system needs  
20 upgrades to meet the new permit limit of E. coli.



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The water facility consists of one deep well and a single 800-gallon hydro-pneumatic tank along with a 10,000-gallon ground storage tank. At this time, the water quality has been acceptable to Missouri DNR and therefore, they have not required disinfection as of yet. The system needs upgrades to extend the life of the facility, provide the ability to monitor the water supply status and provide safer controlled service. The water supply line from the well to the tank does not have a check valve. Previously, the supply line failed and drained the water storage tank.

**Q. DOES CONFLUENCE RIVERS HAVE A PLAN TO REMEDY THESE ISSUES?**

A. Yes. Confluence Rivers plans to address wastewater issues by adding ultraviolet disinfection. Confluence Rivers plans to address water issues by installing remote monitoring and controls and a hand on/off/auto switch for the well pump. A check valve in the water supply line to the tank will be added to prevent the

1 storage tank from being drained in the event of a piping failure. The supply  
2 piping will be changed from PVC to stainless steel.

3 **Q. WHAT IS THE PROJECTED COST OF THOSE IMPROVEMENTS?**

4 A. The estimated cost of such improvements is approximately \$45,000 for  
5 wastewater improvements and \$30,000 for water improvements.

6

7 **Forest Ridge, LLC (“Forest Ridge”) (Auburn Lake Estates) – Water and**  
8 **Sewer**

9 **Q. PLEASE DESCRIBE FOREST RIDGE.**

10 A. Forest Ridge owns water and sewer systems for a developing subdivision in  
11 Lincoln County, Missouri - commonly known as Auburn Lake Estates.

12 **Q. HAS FOREST RIDGE REACHED AN AGREEMENT TO SELL ITS UTILITY**  
13 **ASSETS?**

14 A. Yes. Forest Ridge entered into an agreement, a copy of which is attached as  
15 **Schedule TT-P-C**. Pursuant to the agreement, Confluence Rivers proposes to  
16 purchase substantially all the water and sewer assets of Forest Ridge, under the  
17 terms and provisions described in the agreement. **Schedule TT-P-C** has been  
18 identified as Confidential in accordance with Commission Rule 4 CSR 240-  
19 2.135(2)(A)(3) and (6), as it contains market specific information and information  
20 representing strategies employed in contract negotiations.

21 **Q. DO THE FOREST RIDGE WATER AND SEWER ASSETS CURRENTLY**  
22 **PROVIDE SERVICE?**

1 A. Yes. Forest Ridge water and sewer assets currently provide service to 5  
2 residential customers.

3 **Q. ARE ADDITIONAL CUSTOMERS EXPECTED?**

4 A. Yes. Currently, approximately 2 to 3 homes are being completed each month.  
5 Approximately 80 homes are expected to be built during Phase 1 of the  
6 development.

7 **Q. WHAT IS THE CURRENT CONDITION OF THE FOREST RIDGE WATER AND**  
8 **FOREST RIDGE SEWER UTILITY ASSETS?**

9 A. The wastewater and water facilities were primarily but not completely constructed  
10 in 2008. Before they were ever brought on line, they were mothballed due to the  
11 development failing and no homes being built. Therefore, the wastewater and  
12 water systems sat idle with no preventative maintenance or preservation  
13 measures being performed for over a decade. Many small to major  
14 maintenance issues developed over the period of idle time that require attention.  
15 The wastewater facility consists of an extended aeration activated sludge plant  
16 along with chlorine disinfection followed by dechlorination. The collection system  
17 consists of a low-pressure collection system with homeowner-maintained grinder  
18 pumps at each house. The blower house was open to environmental elements  
19 along with rodents and insects. Some of the blowers were not salvable. Settling  
20 and cracking occurred in the treatment plant concrete structures. Vegetation,  
21 mud, and debris clogged process tanks and sewage collection lines. Some  
22 process controls are not functional.



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The water facility consists of one deep well and a single hydro-pneumatic tank. This system does utilize chlorine to disinfect. These systems were built several years ago, but the wiring and control panels in the well house were not constructed. Some of the electrical components of the water system that had been built required reconfiguration.

**Q. DOES CONFLUENCE RIVERS HAVE A PLAN TO REMEDY THESE ISSUES?**

A. Yes. Confluence Rivers plans to address wastewater issues by replacing failed blowers and installing remote monitoring in order to improve operational service. The concrete tank structures will be repaired, cleaned and sealed. The collection system piping will be flushed from soil and debris. Confluence Rivers plans to address water issues by completing the well house wiring, installing starter panels, modifying the electrical system and installing remote monitoring in order to improve operational service. The water distribution system will be flushed and disinfected.

1 **Q. WHAT IS THE PROJECTED COST OF THOSE IMPROVEMENTS?**

2 A. The estimated cost of such improvements is approximately \$65,000 for  
3 wastewater system improvements and \$80,000 for water system improvements.

4 **Q. WHAT DOES CONFLUENCE RIVERS NEED FROM THE COMMISSION IN**  
5 **ORDER TO PROVIDE SERVICE AND OPERATE THE FOREST RIDGE**  
6 **ASSETS?**

7 A. Confluence Rivers needs a service area CCN from the Commission.

8 **Q. FOR WHAT AREA IS CONFLUENCE RIVERS SEEKING A CCN IN REGARD**  
9 **TO FOREST RIDGE?**

10 A. For the area of Lincoln County, Missouri, more specifically described in  
11 Schedule TT-Q, and as set forth on the map attached as Schedule TT-R.

12

13 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

14 A. Yes, it does.