

**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 Acquire Certain Water and Sewer ) File No. WA-2019-0299  
Assets and for a Certificate of Convenience and )  
Necessity )

**RESPONSE OF CONFLUENCE RIVERS TO OBJECTION  
OF LAKE PERRY LOT OWNERS ASSOCIATION TO CANCELLATION  
OF EVIDENTIARY HEARING REGARDING NET BOOK VALUE**

COMES NOW Confluence Rivers Utility Operating Company, Inc. (“Confluence Rivers” or “Company”), and, as its Response to Lake Perry Lot Owners Association’s (“Association”) objection to cancellation of the evidentiary hearing regarding net book value, states as follows to the Missouri Public Service Commission (“Commission”):

1. On April 10, 2020<sup>1</sup>, the Commission issued its *Order Directing Responses Regarding Cancellation of Evidentiary Hearing Regarding Net Book Value* (“Order”). The Order recognized that “all parties in this case now agree about the factual issue that was the subject of the evidentiary hearing scheduled for May 19-20, 2020. Therefore, the Commission sees no reason to conduct a hearing on net book value.”<sup>2</sup>

2. On April 14, the Association filed its *Objection of Lake Perry Lot Owners Association to Order Directing Responses Regarding Cancellation of Evidentiary Hearing Regarding Net Book Value* (“Objection”). Within its *Objection*, the Association again confirmed its agreement to the net book values expressed in the April 9 *Stipulation and Agreement as to Net Book Value* (“Stipulation”).

3. The Association’s *Objection* stated that “the question still remains, how does the

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<sup>1</sup> All dates refer to calendar year 2020 unless otherwise noted.

<sup>2</sup> *Order Directing Responses Regarding Cancellation of Evidentiary Hearing Regarding Net Book Value*, p. 1.

net book value stipulated to in the *Stipulation* relate to whether the transaction is detriment [*sic*] of the public interest.” This question is not a fact question requiring an additional evidentiary hearing, but an application of the facts to the law for the Commission to decide using the evidentiary record already before it.

4. The Association’s *Objection* also argues that it will be denied certain procedural rights regarding “...what the net book value reveals about the transaction and its impact on the public interest” if the Commission does not conduct the additional May 19-20 evidentiary hearing.<sup>3</sup> Again, the Association’s question is not a question that requires presentation of additional facts, but is a question for the Commission to decide using the evidentiary record already before it. The Association has already had the opportunity to present testimony and examine or cross examine witnesses regarding net book value and its impact on the public interest as part of the October 2019 evidentiary hearing.

5. In fact, the Association previously filed rebuttal testimony concerning net book value through Association witness Glen Justis.<sup>4</sup> Thereafter, in the Association’s Position Statement filed September 30, 2019, the Association stated its position on the imposition of conditions on the acquisition should the Commission approve the Application:

If the Commission determines to approve the CRU acquisition of Port Perry, the Commission should impose the following conditions on CRU, as proposed by the Association witness Justis, at pages 21 and 22 of his Rebuttal Testimony:

- a. Limit CRU’s starting rate base to Staff’s recommended net book value.<sup>5</sup>

6. Moreover, Confluence Rivers formalized its waiver of acquisition premium recovery related to the acquisition of the assets at issue in this case in its March 4 *Waiver*

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<sup>3</sup> *Objection*, para. 11.

<sup>4</sup> Ex. No. 307, Rebuttal Testimony of Glen Justis, p. 15, ll. 1-6; p. 17, ll. 12-22; p. 21, 17-20.

<sup>5</sup> *Lake Perry Lot Owners Association’s [sic] Position Statement On List Of Issues*, p. 4, para. 2a.

*Concerning Acquisition Premium*, where Confluence Rivers stated “will not seek to recover acquisition premium associated with the acquisition of the assets of Port Perry Service Company, LLC.”<sup>6</sup> Testimony concerning Confluence Rivers’ financial wherewithal to purchase and operate assets currently owned by the Port Perry Service Company, LLC, and Confluence Rivers’ ability to provide safe and adequate service on a going-forward basis has also already been provided in written testimony, that was subject to cross-examination, and in briefs submitted following completion of the evidentiary hearing in this case.<sup>7</sup>

7. The Commission re-opened the evidentiary record and established a procedural schedule, including an evidentiary hearing to obtain “information regarding the net book value of the subject utility assets being purchased.”<sup>8</sup> All parties agree as to that factual matter and there is no genuine issue of material fact left to be determined in the evidentiary hearing. Accordingly, Confluence Rivers asks that the Commission to deny the Association’s *Objection* and find there is no need for the pending procedural schedule or an additional evidentiary hearing in this case and cancel the same.

**WHEREFORE**, Confluence Rivers respectfully requests that the Commission consider this Response and, thereafter, cancel the pending procedural schedule and evidentiary hearing scheduled for May 19-20, and issue such further orders as it shall find to be lawful and

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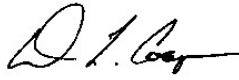
<sup>6</sup> *Waiver Concerning Acquisition Premium*, paras. 5-6.

<sup>7</sup> See Exh. 1, Cox Direct.

<sup>8</sup> *Order Setting Procedural Conference*, para 1.

reasonable.

Respectfully submitted,



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**ATTORNEYS FOR CONFLUENCE RIVERS  
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#### CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing document was sent by electronic mail, on April 15, 2020, to the following:

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