

**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)

CONFLUENCE RIVERS' STATEMENT OF POSITION

COMES NOW Confluence Rivers Utility Operating Company, Inc. (“Confluence Rivers” or “Company”), and, and, as its *Statement of Position*, concerning the issues contained in the *Joint List of Issues, List and Order of Witnesses, Order of Opening, Order of Cross-Examination* filed on September 25, 2019, respectfully states as follows to the Missouri Public Service Commission (“Commission”):

CONFLUENCE RIVERS QUALIFICATIONS

Confluence Rivers is a “water corporation,” a “sewer corporation,” and a “public utility” as those terms are defined in Section 386.020, RSMo, and is subject to the jurisdiction and supervision of the Commission as provided by law. It is currently permitted by the Missouri Department of Natural Resources to provide both water and sewer service in the state of Missouri.

In Commission File Nos. WM-2018-0116 and SM-2018-0117 (February 14, 2019), the Commission found that the proposed sale of 9 water and 9 sewer systems to Confluence Rivers was not detrimental to the public interest and stated in support as follows:

Considering the present troubled nature of the systems at issue, the Company’s sound track record in rehabilitating similarly situated systems,

the Company's ability to acquire, maintain, and operate the systems, and the statutory obligation of the Commission to ensure safe and adequate service, allowing the Company to acquire the Selling Companies' assets per the terms and conditions of the Stipulation will not be detrimental to the public.

Confluence Rivers is an affiliate of Central States Water Resources, Inc. ("CSWR"). The following CSWR affiliates are public utilities authorized to provide water and sewer service in Missouri subject to the regulation of the Commission: Hillcrest Utility Operating Company, Inc., Elm Hills Utility Operating Company, Inc., Raccoon Creek Utility Operating Company, Inc., and, Indian Hills utility Operating Company, Inc.

CSWR has purchased 22 wastewater treatment plants with associated sewer pumping stations, gravity force mains, and gravity conveyance lines. In Missouri, CSWR-affiliated companies have designed, permitted, and completed construction, with MDNR approval, of approximately \$5.1 million of sanitary sewer investments since March of 2015.

On the drinking water side of the business, CSWR-affiliated companies have purchased 13 drinking water systems in Missouri and Arkansas. In Missouri, CSWR-affiliated companies have designed, permitted, and completed construction, with MDNR approval, of approximately \$4.1 million of investments in drinking water systems since March 2015.

CSWR has customer service systems at each Missouri utility it currently operates that provide benefits to the customers and comply with the Commission's Chapter 13 rules. This includes 24-hour emergency service phone lines for potential service issues, on-call emergency service contractor personnel, implementation of a computerized

maintenance management system for wastewater and drinking water utility assets, real time remote monitoring to ensure service stability, customer dissemination of MDNR drinking water testing information, on-line bill-pay options, up-to-date website bulletins about current service status, and service initiation or discontinuance procedures.

CSWR has experience in the design and operation of water and sewer systems. Confluence Rivers intends to utilize a contract operator for plant operations, utilizing the services of appropriately qualified and licensed utility system operators (for water and for sewer).

CSWR has been able to attract investment capital to construct and maintain facilities necessary to provide safe and reliable water and wastewater service and is willing and able to invest the capital necessary to ensure the water and wastewater systems at issue in this case are in compliance with applicable MDNR regulations and guidance.

Confluence Rivers is an existing public utility in Missouri and is fully qualified, in all respects, to own and operate the systems to be acquired and to otherwise provide safe and adequate service. Confluence Rivers and CSWR have the resources required to rehabilitate the systems it proposes to acquire, and the managerial, technical, and financial capabilities to safely and adequately operate the systems going forward.

Cox Direct, p. 4-10;
Cox Surrebuttal, p. 2-5.

PORT PERRY SERVICE COMPANY

According to its most recent annual report, Port Perry Service Company currently serves approximately 370 water customers and 248 wastewater customers in the Lake

Perry subdivision. The existing water and sewer rates were put in place on May 15, 2002.

Pursuant to an Asset Purchase Agreement and an Assignment of Rights, Confluence Rivers proposes to purchase substantially all the water and sewer assets of Port Perry as specifically described in the agreement and under the terms and provisions further described in the agreement.

ISSUES

1. Should the Commission find that Confluence Rivers Utility Operating Company, Inc.'s ("Confluence Rivers") acquisition of the Port Perry Service Company's ("Port Perry") water and wastewater assets and certificates of convenience and necessity is not detrimental to the public interest, and approve the transaction?

Confluence Rivers Position: Confluence Rivers' acquisition of the Port Perry Service Company assets will not be detrimental to the public interest and, thus, the Commission must approve the proposed transaction.

From a customer service standpoint, customers will have multiple channels in which to interact with Confluence Rivers. First, customers will have a 24-hour phone line to report any utility service issues. Those service issue calls are then transferred into the computerized maintenance management system (CMMS) and converted into work orders, which creates a history with the reported service issue and works to quickly and efficiently deal with any actual issues for customers. Second, Confluence Rivers has customer service representatives available during business hours to talk about any customer concerns. Additionally, Confluence Rivers will have a utility-specific webpage

and dedicated email address that will keep customers informed about their utility service.

Mirroring the relevant utility homepage information, Confluence Rivers will also have a dedicated social media page in order to offer another avenue of communication with customers about utility matters. The social media account will be manned by customer service representatives that can answer customer questions. Finally, Confluence Rivers will also offer online bill paying options to customers including e-checks, debit card, and credit cards.

As identified in Confluence Rivers testimony, there are several matters requiring remediation as to both the water and wastewater systems. Confluence Rivers and CSWR have the resources and experience required to rehabilitate the systems it proposes to acquire, and the managerial, technical, and financial capabilities to safely and adequately operate the systems going forward. This is something that may or may not happen under existing ownership.

Confluence Rivers seeks to provide service after closing of the proposed transaction under the same water and sewer tariffs currently applicable to the Port Perry Service Company service area and charge the same rates currently applicable to the Port Perry Service Company service area. Neither the rates nor the tariff provisions may be changed without approval of the Commission.

The assets would be acquired by an existing public utility, Confluence Rivers, and remain subject to the jurisdiction of the Commission in regard to the provision of safe and adequate service at just and reasonable rates. Confluence Rivers is fully

qualified, in all respects, to own and operate the systems to be acquired and to otherwise provide safe and adequate service. The result of this is that not only will Confluence Rivers ownership be not detrimental to the public interest in relation to the continuation of the existing ownership, both service options and the condition of the systems will be improved going forward.

Cox Direct, p. 4-16;
Cox Surrebuttal, p. 4-30;
Thomas Direct, p. 3-11;
Savage-Clarke, All.

2. If so, should the Commission condition its approval of Confluence Rivers' acquisition of Port Perry and, if so, what should such conditions be?

Confluence Rivers Position: The Staff recommends approval of the transfer of assets of Port Perry and transfers of the relevant CCNs to Confluence Rivers, to include 11 conditions or actions. (Dietrich Dir, Sched. ND-d2, p. 8-9) Confluence Rivers has no objection to those Staff-proposed conditions.

Cox Direct, p. 15-16.

WHEREFORE, Confluence Rivers respectfully submits this *Statement of Position* for the Commission's consideration.

Respectfully submitted,



Dean L. Cooper, MBE #36592
Jennifer L. Hernandez, MBE #59814
BRYDON, SWEARENGEN & ENGLAND P.C.
312 E. Capitol Avenue
P.O. Box 456
Jefferson City, MO 65012
(573) 635-7166 telephone

(573) 636-7431 facsimile
jhernandez@brydonlaw.com
dcooper@brydonlaw.com

**ATTORNEYS FOR CONFLUENCE RIVERS
UTILITY OPERATING COMPANY, INC.**

CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing document was sent by electronic mail, on September 30, 2019, to the following:

Office of the General Counsel
staffcounsel@psc.mo.gov
karen.bretz@psc.mo.gov

Office of the Public Counsel
opcservice@opc.mo.gov
john.clizer@opc.mo.gov

David Linton
jdinton@reagan.com


