

MEMORANDUM

TO: Missouri Public Service Commission
Official Case File, Case No. WA-2021-0425 and SA-2021-0426

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Legal Counsel

SUBJECT: Recommendation of Approval of Application

DATE: November 4, 2021

CASE BACKGROUND

On June 25, 2021, Confluence Rivers Utility Operating Company, Inc. (“Confluence Rivers”) filed its *Application and Motion for Waiver* (“Application”) with the Missouri Public Service Commission (“Commission”).

Confluence Rivers seeks the authority to acquire the assets of the Commission-regulated water and sewer systems of Cedar Green Land Acquisition, LLC (“Cedar Green”). Confluence Rivers also seeks the authority to acquire the following unregulated water and sewer systems:

1. The Missing Well, Inc. (“Missing Well”) – Water and Sewer;
2. Shelton Estates Sewer Company (“Shelton Estates”) – Sewer;
3. Ozark Clean Water Company’s Spring Branch Subdivision (“Spring Branch”) – Water;
4. Prairie Heights, LLC./Sullivan (“Prairie Heights”) – Sewer; and
5. Clemstone Sewer District of Platte County (“Clemstone”) - Sewer.

Confluence Rivers seeks Certificates of Convenience and Necessity (“CCN”) to operate these water and sewer systems and provide service to the public.

On June 25, 2021, Confluence Rivers requested the Commission consolidate Case Nos. WA-2021-0425 and SA-2021-0426 and designate Case No. WA-2021-0425 as the lead case. On June 28, 2021, the Commission granted Confluence Rivers request to consolidate both cases as well as ordered the Missouri Public Service Commission Staff (“Staff”) to file a pleading indicating when it can file a recommendation regarding Confluence Rivers application no later than July 9, 2021.

On July 9, 2021, in response to the Commission's *Order Directing Notice, Setting Date for Intervention, and Directing Staff to File a Pleading*, Staff filed a proposed filing date for Confluence Rivers' application no later than October 5, 2021. On July 13, 2021, the Commission granted Staff's proposed filing date for Confluence Rivers' application.

On October 1, 2021, Staff requested a 30-day extension, which the Commission granted on October 4, 2021, and ordered Staff to file its recommendation no later than November 4, 2021.

No parties sought to intervene in these cases.

BACKGROUND OF THE COMPANIES TO BE ACQUIRED

Cedar Green obtained a CCN from the Commission on July 9, 2013, in Case No. WA-2013-0117 to provide water service to approximately 54 customers in Camden County. Cedar Green also obtained a CCN from the Commission on July 19, 2013, in Case No. SA-2013-0354 to provide sewer service to approximately 54 customers in Camden County.

Missing Well, Shelton Estates, Spring Branch, Prairie Heights, and Clemstone are systems not currently regulated by the Commission. Missing Well is a not-for-profit corporation that serves approximately 73 water and sewer customers in Benton, County Missouri. Shelton Estates is a not-for-profit corporation that provides sewer service to approximately 20 customers in Clay County, Missouri. Ozark Clean Water Company ("OCWC") is a regional not-for-profit corporation that provides water and sewer service in several counties. OCWC is seeking to sell its Spring Branch facility, which provides water service to approximately 131 customers in Benton County, Missouri. Prairie Heights provides sewer service to approximately 19 customers in Pettis County, Missouri, and is not regulated due to falling below the 25 connection threshold for sewer companies. Clemstone is a small public sewer district incorporated by the Circuit Court of Platte County, Missouri, on or around January 6, 1983, and is organized and existing under the laws of the State of Missouri. Clemstone provides sewer services to approximately 75 customers in Platte County, Missouri.

BACKGROUND OF CONFLUENCE RIVERS

Confluence Rivers is an existing regulated water and sewer utility currently providing water service in Missouri. Confluence Rivers is a subsidiary of Central States Water Resources, LLC ("CSWR"), which also owns and operates six other water and sewer companies in Missouri, as well as six operating companies in Arkansas, Bluegrass Water in Kentucky, Limestone Water in Tennessee, Great Rivers Utility Operating Company in Mississippi, Magnolia Water in Louisiana, and CSWR Texas in Texas. In its application, Confluence Rivers stated it currently provides water service to approximately 2,440 customers and sewer service to approximately 2,102 customers in Audrain, Boone, Cole, Franklin, Greene, Jefferson, Lincoln, Madison, Montgomery, Perry, Phelps, St. Francois, Taney and Washington Counties in Missouri.

STAFF'S INVESTIGATION

Staff from the Water and Sewer Department investigated the condition of each water and sewer system, including their performance and compliance with drinking water and environmental regulations. Staff also reviewed information from DNR records, including operating permits, inspections, notices of violation, and letters of warning.

Staff performed an inspection of the water and sewer systems on September 14 and 15, 2021. These inspections included an on-site review of the current condition of each system and a discussion with Confluence Rivers' personnel on proposed capital improvements. Staff agrees with Confluence Rivers that these systems will require repairs and improvements. Based on its current knowledge of the systems, Staff, at this time, considers Confluence Rivers' proposals for system repairs and improvements to be a reasonable plan for providing safe and adequate service.

Confluence Rivers' preliminary cost estimates are provided in this Memorandum for informational purposes only. Staff will review all investments and the actual costs for all repair and improvements during a future rate case to be filed by Confluence Rivers. Staff's review and observations are listed below each system description.

Commission Regulated Water and Sewer Systems

Confluence Rivers' application includes a request to acquire substantially all of the water and sewer assets of Cedar Green.

Cedar Green

Cedar Green is a resort condominium development in an unincorporated area of Camden County southwest of the city of Camden. The development consists of two condominium buildings and two residential houses. Within its certificated area, Cedar Green serves water and sewer service to approximately 54 customers.

Cedar Green's current water and sewer rates became effective on August 1, 2013 in Case Nos. WA-2013-0117 and SA-2013-0354 respectively. The current water rate for Cedar Green is a quarterly flat rate of \$80.37 per living unit, and the current sewer rate for Cedar Green is a quarterly flat rate of \$142.65 per living unit. These rates apply to individual residential customers, whether occupying the premises on a permanent or a part-time basis, and to Cedar Green Condominium Owners Association, Inc. based on the number of units the Cedar Green Condominium Owners Association, Inc. owns, whether occupied permanently or part-time.

Description of Water System

The well house is located on a hill above the condominiums off the main road. The source of water is a 610-foot deep well that was drilled in 2004 with an 8-inch diameter steel wellhead casing that extends down to 399 feet. A submersible 30 horsepower electric pump was installed and

produces approximately 80 gallons-per-minute (gpm) based on the pump rate recorded in the well house. A two-inch master meter is in place at the wellhead. The standpipe was constructed on a cut-out of the hillside, at the highest elevation in the service area above the well house and has a capacity of approximately 59,000 gallons of usable storage. The water is not chlorinated.

The distribution system consists of 1,000 feet of 3-inch PVC water mains providing water service to 52 condominium units and two single-family residences.

DNR Permits and Inspections

Cedar Green's drinking water system operates under a DNR Permit to Dispense Water to the Public with identification number MO3190757 issued February 11, 1999. DNR did not provide any documents pertaining to Cedar Green's drinking water system. A review of Staff's files on the Cedar Green drinking water system that the system was inspected by DNR on September 21, 2017. This inspection found that Cedar Green was in compliance with Section 640.100.4 of the Missouri Safe Drinking Water Statutes. DNR made several recommendations including installing security fencing and lockable gate, removing trees and brush around the storage tank, and developing an adequate tank interior inspection and cleaning program. A review of DNR's Drinking Water Watch web site, showed one violation in the past eight years. A water sample collected on September 22, 2020 exceeded drinking water standard for E. coli. DNR issued a boil water order and a formal notice of violation (NOV). Cedar Green complied with DNR orders, notified the public of the boil order, resampled the water and achieved state compliance.

Staff Observations of Water System

Staff inspected Cedar Green's water system on September 14, 2021. Staff observed that the well house showed signs of deterioration including water damage to the ceiling, walls, insulation and siding. The piping had signs of corrosion and pitting. The system controls, including valving and pressure indicators that are manually operated, showed signs of age and are obsolete. A portion of the footings and foundation of the 59,000 gallon tank are undermined from erosion of rock and soil that has slid down the hillside.

Proposed Improvements for the Water System

From Confluence River's response to Staff Data Request 0015 and discussions with Confluence River's personnel, Confluence Rivers anticipates improvements will be necessary to continue operating the water system. Confluence Rivers anticipates making the following improvements:

1. Remove trees around the well house and storage tank and construct a gravel parking lot around the well house;
2. Install security fencing, remote monitoring, a magnetic flow meter and new system controls; and
3. Power wash and paint the ground level storage tank.

The current estimated cost of these anticipated improvements is approximately ** [REDACTED] **.

Confluence River's proposed improvements and professional services appear to be consistent with the results of Staff's document review and Staff's observations at the time of Staff's inspection. In addition, Staff also recommends stabilizing the area around the storage tank and filling in the portion of the pad that has been undermined.

Description of Sewer Collection and Treatment System

The collecting sewer consists of 400 feet of three-inch PVC and a lift station. Sewage from the condominium buildings flows by gravity to a lift station between the two condominium units which pumps it to the treatment facility. Sewage from the single-family residences flows by gravity to the treatment plant. Staff has not received any complaints from the customers about quality of service.

The wastewater treatment plant is an extended aeration plant with a design capacity of 45,210 gallons per day (gpd) that utilizes chlorination and de-chlorination. The treatment plant is inside a building to reduce noise, visibility, and any potential odor to the residents. Both the treatment plant and the building are about 30 years old. Inside the building are chambers for flow equalization, extended aeration and clarification. The chlorination and de-chlorination are outside the building and fenced for security.

DNR Permits and Inspections

The Cedar Green wastewater treatment system operates under Missouri State Operating Permit MO-0130583, which was last issued on October 1, 2019, and expires on June 30, 2024. The results of Staff's Sunshine Request to DNR show that the system was last inspected by DNR in August 2018, and the system was found to comply with the Missouri Clean Water Law at the time of the inspection. There have been no exceedances of permit limits in the last five (5) years.

Staff Observations of the Treatment System

At the time of Staff's September 14, 2021 inspection, the facility appeared to be in fair condition. The mechanical building and treatment system are approximately 30 years old and showed signs of age and deterioration. The system controls, including valving and pressure indicators are manually operated and showed signs of age and are obsolete.

Proposed Improvements for the Treatment System

Confluence Rivers is proposing to upgrade system controls, install remote monitoring and repair, and replace treatment components as needed. Confluence Rivers anticipates making the following improvements:

1. Repairing the mechanical building, wood decking;
2. Replace pump, blower, aeration header, repair collection system and scum baffle;

3. Installation of remote monitoring and flow measurement equipment; and
4. General facility preventive maintenance.

Confluence Rivers' cost estimate for these repairs and upgrades to the wastewater treatment system is ** [REDACTED] **. **

Confluence River's proposed improvements and professional services appear to be consistent with the results of Staff's document review and Staff's observations at the time of Staff's inspection.

Non-PSC Regulated Water and Sewer Systems

This merger case includes the acquisition of five (5) currently unregulated water and/or sewer utilities: Missing Well, Shelton Estates, Spring Branch, Prairie Heights, and Clemstone.

The Missing Well

In 1987, a developer, purchased a tract of land near Warsaw, Missouri and used it for the following developments: Sun Valley, Sunny Hills Addition, Tebo Flats, Eastwood, Westwood, Cedar Flats and Sunny Slope. These developments are collectively called the subdivision. In 1987, a developer installed Well #1. The developer never applied for or obtained a well permit from DNR nor consistently sampled the water. There are no construction details available for Well #1. Residences of the subdivision are part-time and seasonal. In 1992, upon sale of 2/3 of the lots, the property owners were obligated to take over and operate the water well, and did so by forming The Missing Well Inc. Missing Well operates as The Missing Well HOA ("Home Owner's Association").

In December 21, 1994, DNR issued construction permit No. 26-2018 for construction of a collection system and a wastewater treatment system that included two aerated lagoons with a design flow of 25,200 gallons per day. However, the developer instead installed one, unpermitted, two-cell lagoon without aeration. Missing Well is currently operating this unpermitted lagoon providing partial sewage treatment.

On August 28, 2009, the Benton County Circuit Court entered a Final Judgement in Case No. 05BE-CC00040 in order to resolve violations of Missouri's Clean Water Law and Safe Drinking Water Law. To resolve the drinking water issues, the court ordered the developer to hire an engineer and submit a construction permit to upgrade Well #1 or drill a new well to minimum design standards. To resolve the wastewater issues the court ordered the developer to obtain a construction permit and construct a wastewater treatment plant.

The developer did not comply with the court orders and then passed away in 2018. In a letter dated December 14, 2018, DNR concluded that the Final Judgement is not likely enforceable and that Missing Well is now required to address these violations.

Description of Water System

The Missing Well drinking water system is a community public water system and requires an operator with a Distribution I certificate issued by the Department. The water system serves approximately 204 people through 68 active service connections.

The system now consists of two operating groundwater wells, Well #2 and Well #3 at separate locations across the service area. Well #1 is currently not in operation, is within 25 feet of Well #3, and is located in the southernmost part of the system, near the main entrance to the subdivision on Sunset Drive. The current operator leaves a valve closed in the middle of the system to create two different zones, with Well #3 serving the south zone and Well #2 serving the north zone.

Well #1 (South Well) is a domestic well drilled in 1987 that has been physically disconnected from the public water system, and is currently not in use. The electrical components are not connected, but the well has not been properly abandoned per DNR requirements. Well #1 formerly served approximately 11 service connections (23 residents). When the yield from Well #1 dropped, The Missing Well installed, and is currently operating, a DNR non-compliant multifamily well that is referred to as Well #3. Well #3 was installed on May 2, 2017. Well #3 is DNR non-compliant because it was installed without first obtaining a construction permit and constructed as a multi-family well instead of a community well that would meet the public water service community well design standards.

Water storage at Well #3 consists of a single 82-gallon hydropneumatic pressure tank, which operates at a pressure range between 40 and 55 psi. The well water is not disinfected.

Well #2 (North Well) is a multi-family well drilled in 2002, and serves the majority of the public water system with 57 service connections. Well #1(not currently in service) and #2 were permitted for use through a Noncompliant Well Agreement that became effective June 4, 2012.

The storage at Well #2 consists of two hydropneumatic pressure tanks with a combined pressurized storage of 132 gallons. Operating pressure ranges between 40 and 55 psi at the pressure tanks. A new well pump was installed in Well #2 on November 1, 2018. The well water is not disinfected.

DNR Permits and Inspections of Water System

The Home Owners Association is a community public water system (MO3031366). DNR has determined that Missing Well is in violation of the Safe Drinking Water Act for installing Well #3 without first obtaining a construction permit from DNR, and for installing a multi-family well instead of a community well. DNR offered a Compliance Agreement to Missing Well, but Missing Well refuses to sign the agreement due to the lack of funds needed to fulfill the agreement.

Staff Observations of Water System

Staff visited Missing Well's water system on September 14, 2021. Staff observed that the two well houses are skid mounted storage sheds with plywood floors. These floors show signs

of past water damage and the storage sheds have limited useful life expectancy. Overall, the above ground portion of the water system appears to be built as temporary construction. The current water storage capacity is limited to 214 gallons and does not meet the Missouri DNR Drinking water standards.

Proposed Improvements for the Water System

From Confluence River's response to Staff's Data Request 0015 and discussions with Confluence River's personnel, Confluence Rivers anticipates improvements will be necessary to continue operating the water system. Confluence Rivers anticipates making the following improvements:

1. Install site fencing;
2. New well house construction;
3. Install remote monitoring, magnetic flow meters, new piping and updated control system;
4. Installation of ground storage tank and booster pumps with variable frequency drives; and
5. Additional valves and flushing hydrants if necessary.

The current estimated cost of these anticipated improvements is approximately ** [REDACTED] **.

Confluence Rivers also anticipates the need for professional services that include engineering design for the water system, surveying and geographic information system (GIS) development of the transmission and distribution piping. The current estimated cost of these services is approximately ** [REDACTED] **.

Confluence Rivers' proposed improvements are consistent with the results of Staff's document review and Staff's observations at the time of Staff's inspection. Staff also recommends properly abandoning Well#1 in accordance with DNR regulation.

Description of Collection Sewer and Treatment System

The existing two-cell lagoon is over 30 years old and was never permitted by DNR. The first cell is approximately 11,000 square feet and the second cell is approximately 640 square feet. There is no aeration, mixing, or disinfection of the wastewater prior to discharge. Since it was not constructed in accordance with an engineering report or construction permit, and only provides partial treatment, no design flow exists. The lagoon serves approximately 80 acres of residential area. The operator believes there are no more than 25 houses directly connected to the lagoon with the remaining houses having either septic tanks and drain fields or holding tanks. Confluence Rivers believes that the plant is not currently equipped to treat wastewater to effluent levels that would be acceptable to DNR.

DNR Permits and Inspections

The results of Staff's Sunshine Request to DNR indicate that DNR is aware of the lagoon and the lagoon was the subject of an enforcement action as described above, but DNR has not formally inspected the lagoon in the last five (5) years.

Staff Observations of the Lagoon

Staff inspected Missing Well's wastewater lagoon on September 14, 2021. Staff observed that the grounds were well maintained and the area was fenced with a locked gate. A warning sign was posted on the gate. The lagoon has no electric service. Staff did not observe any leakage from the lagoon's berms.

Although no sludge layer was visible from the bank of the lagoon, Confluence River's personnel discussed the concern that a large layer of sludge has built up in the unaerated lagoon over 30 years of operation, and reviewed Confluence's approach to remediating this sludge layer.

Proposed Improvements for the Wastewater Lagoon

From Confluence River's response to Staff's Data Request 0015 and discussions with Confluence River's personnel, Confluence Rivers anticipates upgrades will be necessary to meet anticipated permit limits. Confluence Rivers anticipates making the following improvements:

1. Evaluate sludge levels in the lagoon
2. Construct access road
3. Install electric service including electrical distribution panel and manual transfer switch
4. Install a moving bed biological reactor for BOD, TSS and ammonia reduction.
5. Install supplemental aeration in each of the lagoons, and
6. Construct a dedicated contact chamber for disinfection of treated wastewater.

The current estimated construction cost of these anticipated upgrades is approximately ** [REDACTED] **.

Confluence Rivers also anticipates the need for professional services that include engineering design and permitting of the collection and treatment system, surveying and geographic information system (GIS) development of the collection and treatment system. The current estimated cost of these services is approximately ** [REDACTED] **.

Confluence River's proposed improvements and professional services appear to be consistent with the results of Staff's document review and Staff's observations at the time of Staff's inspection.

Water and Sewer Rates

According to Confluence Rivers Application, Missing Well currently does not separately charge its customers for either water or sewer service. In response to Staff Data Request 0050¹, Confluence Rivers stated the following:

The \$20 water and \$20 sewer rates proposed by Confluence Rivers are meant to simply be interim rates charged until such time that the Company files for PSC approval of rate adjustments. As Missing Well does not currently charge rates, the Company is proposing this interim rate as a way to recoup a small portion of the operating expenses necessary to run this system.

Also in response to Staff Data Request 0050, Confluence Rivers provided a Feasibility Study that shows the estimated cost of expenses for Confluence Rivers to operate the drinking water and sewer systems. Staff reviewed the Feasibility Study and determined that Confluence Rivers should be able to provide safe and reliable service for Missing Well customers and the interim \$20 water and \$20 sewer rates proposed by Confluence Rivers are just and reasonable.

In Confluence Rivers next general rate case, Staff will develop its own analysis of the operating expenses necessary for Confluence Rivers to operate Missing Well's water and sewer systems.

Spring Branch

On October 22, 2015, Foxfire Utility Company ("Foxfire") filed an Application and, if Necessary, Motion for Waiver (Application) with the Commission, seeking authority from the Commission for Foxfire to transfer certain water utility assets. It proposed to transfer its "Spring Branch" service area system in Benton County to the OCWC. On December 16, 2015, the Commission approved the transfer of the water assets for the Spring Branch system in Case No. WM-2016-0094.

OCWC, the current owner and operator of the water system, is a not-for-profit corporation in good standing. It was created in 2004 under the provisions of Chapter 355 RSMo, and organized originally as a non-profit sewer utility within the parameters of section 393.825, RSMo through section 393.861, RSMo. As such, OCWC is not subject to regulation by the Commission.

Spring Branch is a community public water system located in the Lake of the Ozarks watershed, in Benton County Missouri. The water system serves approximately 131 customers.

The current water rates for Spring Branch is \$30.99 per month.

¹ Staff's question to Confluence Rivers in data request 0050 states: Please provide an explanation to how Confluence Rivers calculated the water and sewer rates for The Missing Well. Please provide an estimated cost of expenses for Confluence to operate the drinking water and sewer utilities at Missing Well. It is understood that the initial rate proposed by Confluence may not have been based on a full recovery of such costs.

Description of Water System

Spring Branch is a ground water system with three wells (Wells #1, #2 and #3) that are normally operated as three separate distribution systems. In an emergency, the distribution systems can be interconnected by opening normally closed valves.

Per the operator, Well #1 was installed sometime in the mid 1960's. The site is equipped with three 100-gallon hydropneumatic pressure tanks that operate between 40 and 60 psi. Well #1 has 76 connections, and the water is disinfected with sodium hypochlorite solution.

Well #2 was installed sometime in the early 1970's. The site is equipped with two 100-gallon hydropneumatic pressure tanks and one 75-gallon hydropneumatic pressure tank, which operate between 40 and 60 psi. Well #2 has approximately 30 connections, and the water is disinfected with sodium hypochlorite solution.

Well #3 was installed sometime in the 1970's. The site is equipped with two 100-gallon hydropneumatic pressure tanks that operate between 40 and 60 psi. Well #3 has approximately 25 connections, and the water is disinfected with sodium hypochlorite solution.

According to the operator, the water distribution system consists of 1.25-inch PVC piping. There is approximately 4.1 miles of piping across the entire system.

DNR Permits and Inspections of Water System

Spring Branch drinking water system operates under a DNR Permit to Dispense Water to the Public with identification number MO3031322 and was issued on September 30, 2016. The results of Staff's Sunshine Request to DNR show that the system was inspected by DNR on November 13, 2019. This inspection found Spring Branch to be out of compliance with the Missouri Safe Drinking Water Act. DNR personnel identified 20 deficiencies from the inspection. Some but not all of the deficiencies have been adequately addressed. Those deficiencies still outstanding that will require substantial system improvement and / or engineering services include the following:

1. The water system did not obtain a construction permit prior to modifying the water system as required by Missouri Revised Statutes RSMo 640.115.2, and Missouri Safe Drinking Water Regulations. This is a violation of Missouri Safe Drinking Water Regulations 10 CSR 60-3.010(1) and 10 CSR 60-10.010;
2. The height of the well casings above the ground is not sufficient to protect them from contamination;
3. Well #1, Well #2, and Well #3 casings exhibited minor corrosion;
4. No well vent is installed on Well #2 or Well #3 to provide for rapid venting of the casing;
5. Drawdown measuring equipment is not installed on Well #1, Well #2, and Well #3;

6. The existing pressure tanks provide insufficient storage capacity for the population served;
7. Check valves are not installed on the discharge piping of Well #1, Well #2, and Well #3;
8. An auxiliary power source is not available for the wells;
9. The water system does not maintain a daily free chlorine residual of at least 0.5 ppm at the entry point for each of the well systems;
10. The pressure tanks at Well #2 lack necessary bypass piping and valves to continue operation if the pressure tank was out of service for repair or maintenance.; and
11. The surface of the hydropneumatic tank is corroding.

Staff Observations of Water System

Staff inspected the Spring Branch water system on September 14, 2021. Staff observed that the two of the three well houses are storage shed construction with concrete floors. These two well house floors show signs of deterioration with rotting siding and weathered shingles. The third well house is a metal building with concrete floor that is in good repair. Overall, the above ground portion of the water system appears to be built as temporary construction with exposed wiring, unsecured chemical injection tubing, and a poor piping and equipment layout. The current water storage capacity is limited and does not meet the Missouri Drinking water standards.

Proposed Improvements for the Water System

From Confluence River's response to Staff's Data Request 0015 and discussions with Confluence River's personnel, Confluence Rivers anticipates improvements will be necessary to continue operating the water system. Confluence Rivers anticipates making the following improvements:

1. Install new 8-inch diameter water well;
2. Install site fencing;
3. New well house construction;
4. Install remote monitoring, magnetic flow meters, new piping and updated control system;
5. Install sodium hypochlorite dosing system;
6. Installation of ground storage tank and booster pumps with variable frequency drives; and
7. Additional valves and flushing hydrants if necessary.

The current estimated cost of these anticipated improvements is approximately ** [REDACTED] **.

Confluence Rivers also anticipates the need for professional services that include engineering design and permitting for the water system, surveying and geographic information system (GIS) development of the transmission and distribution piping. The current estimated cost of these services is approximately ** [REDACTED] **.

Confluence Rivers' proposed improvements are consistent with the results of Staff's document review and Staff's observations at the time of Staff's inspection.

Prairie Heights LLC (Sullivan)

Prairie Heights is a limited liability company organized in 2004 and listed as active with the Missouri Secretary of State. Prairie Heights provides sewer services to approximately 19 customers in the Prairie Heights Subdivision, approximately five miles west of Sedalia in Pettis County, Missouri.

The current sewer rates for Prairie Heights are \$25 per month.

Description of Sewer Collection and Treatment System

Residential wastewater flows to one of two septic tanks. All lots that contain a house with a basement contain a grinder pump that pumps the wastewater to a septic tank. Wastewater from houses without basements gravity flows to a septic tank. Wastewater from the two septic tanks gravity flows to the treatment system.

The treatment system is a recirculating sand filter about 20 years old. Influent from the system is initially sent through an 8,000 gallon septic/recirculation tank. The wastewater is screened before exiting the recirculation tank and proceeds to flow by gravity to an 8,000 gallon dosing tank equipped with a two pumps that alternately operate. Wastewater pumped from the recirculation tank is split between six sand filter beds using an indexing valve that doses each bed in series. Following filtration, effluent may flow by gravity through a 4" recirculation drain line leading towards the recirculation tank where it will continue to flow through the filtration process. The remaining wastewater overflows by gravity via a 4" effluent line and is treated with ultraviolet disinfection. Disinfected wastewater continues to flow by gravity into a 1,200 Gallon finished effluent tank and then into a tributary to Coon Creek. The subdivision is not fully built out, so flow increase due to an increase in population are possible.

DNR Permit and Inspections

On August 21, 2019, Prairie Heights' DNR-issued Missouri State Operating Permit No. MO-0132781 was terminated by DNR and replaced with general operating permit No. MO-GD00529. The results of Staff's Sunshine Request to DNR show that the system was last inspected by DNR in March 2019. This inspection found that Prairie Heights was in compliance with the Missouri Clean Water Law.

Although the most current DNR inspection found that Prairie Heights was in compliance, both the results of Staff's Sunshine Request to DNR and Confluence River's regulatory review indicate that Prairie Heights has a history of non-compliance with ammonia effluent limits.

Staff Observations of Water System

Although grounds keeping was good, Staff observed a general state of deterioration of the above ground structures. Each sand filter bed has a shingled roof that is showing signs of age and decay. Typically, there is no need to roof a sand filter bed because there is no exposed piping, and rain events do not effect system performance. The roofs over the Prairie Height's sand filter bed create a hazardous, confined space and appear to exist for aesthetics reasons rather than functional use. Staff does not recommend repair or replacement of the sand filter roofs at this time. The chip board valve cover used to cover the system's valve pit should be replaced with a durable weather proof material.

Proposed Improvements for the Wastewater System

From Confluence River's response to Staff's Data Request 0015 and discussions with Confluence River's personnel, Confluence Rivers anticipates improvements will be necessary for the wastewater plant. Confluence Rivers anticipates making the following improvements:

1. Install remote monitoring;
2. Remove sludge from septic tanks; and
3. Install a two-stage Micro-Moving Bed Biological Reactor ("MBBR") for Biological Oxygen Demand ("BOD"), Total Suspended Solids ("TSS") and ammonia reduction.

The current estimated cost of these anticipated improvements is approximately ** [REDACTED] **.

Confluence Rivers also anticipates the need for professional services that include engineering design for the collection and treatment system, surveying and geographic information system (GIS) development of the collection and treatment system. The current estimated cost of these services is approximately ** [REDACTED] **.

Confluence River's proposed improvements and professional services appear to be consistent with the results of Staff's document review and Staff's observations at the time of Staff's inspection. In addition, Staff recommends replacing the chipboard valve cover with a durable weatherproof material.

Shelton Estates

Shelton Estates is a not-for-profit corporation formed in 2004 and is in good standing with the Missouri Secretary of State. Shelton Estates provides sewer services to approximately 20 customers in the Shelton Estates Subdivision located approximately three miles north of Excelsior Springs, in Clay County, Missouri. The subdivision is platted for 60 total houses, but no houses have been built within the last fifteen years and the current owner of the

remainder of the lots has no plans of building more houses according to Confluence Rivers. According to Confluence Rivers' Application, the current sewer rates for Shelton Estates are \$35 per month or \$350 per year².

At the time of this report, it is unclear if Shelton Estates owns the property where the wastewater lagoon is located. The purchase agreement between Shelton Estates and Confluence Rivers will only become effective if and/or when Shelton Estates has free title to the real property on which the lagoon lies.

Description of Collection Sewer and Treatment System

While no mapping was made available to Confluence Rivers, the collection system consists solely of gravity collection. According to the operator, the sanitary sewer consists of 10" and 12" Vitrified Clay Pipe, and there are eight (8) manholes total.

The existing facility is about 40 years old per the operator and includes a two cell facultative lagoon for secondary treatment. The first cell is approximately 50,000 square feet, while the second is approximately 12,000 square feet. Neither is equipped with aeration or mixing and there is no electric service at the site. The lagoon has been abandoned for over five (5) years.

DNR Permit and Inspections

Shelton Estates operates under DNR permit MO-0103276, last issued June 27, 2018 and expires June 30, 2023. The results of Staff's Sunshine Request to DNR show that the treatment system was last inspected by DNR on September 3, 2019. The inspection found the lagoon to be in "significant noncompliance" with the Missouri Clean Water Law. A notice of violation, NOV KC190025, was issued for the following violations:

1. Failed to operate and maintain facilities to comply the Missouri Clean Water Law and applicable permit conditions;
2. Failed to submit Discharge Monitoring Reports since June 30, 2017 as required by Special Conditions of its operating permit; and
3. Failed to upgrade facilities to comply with final effluent limitations for ammonia as nitrogen.

To Staff's knowledge, none of these violations have been addressed by the current owners, and remain outstanding.

Staff Observations of Collection Sewer and Treatment System

The road is not an all-weather road and is covered with fallen trees and undergrowth. The gate was not locked and did not have a warning sign on it. The fence was in poor repair and was

² Confluence River's *Application and Motion for Waiver*, page 10, line 40.

overgrown with vegetation. The berms have not been mowed for multiple years and there are woody plants and trees growing on the berms to the water's edge. The lagoon cells were covered with duckweed, which impairs facultative treatment functions. There was about two feet of freeboard on the lagoons. The outfall is located on the eastern edge of the second cell based on the existing permit, but was not located during the site visit due to the severity of overgrowth around each of the cells and the existence of barbed wire between the lagoon and the outfall.

Proposed Improvements for the Collection Sewer and Treatment System

From Confluence River's response to Staff's Data Request 0015 and discussions with Confluence River's personnel, Confluence Rivers anticipates improvements will be necessary for the Shelton Estates lagoon. Confluence Rivers anticipates making the following improvements:

1. Construct access road;
2. Clear vegetation and install site fencing;
3. Installation of electrical panel and transfer switch;
4. Installation of remote monitoring;
5. Installation of lagoon aeration system;
6. Installation of 2-stage MBBR;
7. Installation of new booster pumps with variable frequency drives; and
8. Electrical extension to lagoon.

The current estimated cost of these anticipated improvements is approximately ** [REDACTED] **.

Confluence Rivers also anticipates the need for professional services that include engineering design for the collection and treatment system, surveying, geographic information system (GIS) development of the collection and treatment system, and investigating groundwater infiltration and surface water inflow into the collection system. The current estimated cost of these services is approximately ** [REDACTED] **.

Confluence River's proposed improvements and professional services appear to be consistent with the results of Staff's document review and Staff's observations at the time of Staff's inspection.

Clemstone Sewer District

Clemstone is a public sewer district incorporated by the Circuit Court of Platte County, Missouri, on or around January 6, 1983, organized and existing under the laws of the State of Missouri. Clemstone provides sewer services to approximately 75 customers in Platte County, Missouri.

The current sewer rates for Clemstone are \$60.00 per month.

Description of Collection Sewer and Treatment System

Wastewater from the subdivision gravity flows to a lift station located within the footprint of the wastewater treatment facility. The lift stations pumps the wastewater to the flow equalization tank.

Clemstone is an extended aeration treatment facility located in Camden County. The facility treatment process includes flow equalization, activated sludge/aeration treatment, clarification, chlorination & dechlorination. The facility has a design flow of 30,000 gallons per day of domestic sewage and the permit notes an actual flow of 5,900 gallons per day. All equipment will require evaluations & inspections and there is no remote monitoring system at the facility.

DNR Permit and Inspections

Clemstone operates under DNR permit MO-0044083 last issued January 1, 2020 and expires December 31, 2024. The results of Staff's Sunshine Request to DNR show that the treatment system was last inspected by DNR on March 7, 2017. The inspection found the wastewater treatment system to be out of compliance with the Missouri Clean Water Law. Specifically, Clemstone failed to develop and maintain an Operation and Maintenance Manual and failed to protect potable water. A letter of warning was issued by DNR, which stated that Clemstone must develop an O&M manual and install a backflow prevention device to protect potable water. Clemstone took appropriate action and returned to compliance. Although Clemstone addressed these violations, Clemstone is also required to meet all permit effluent limits all of the time. The Clemstone wastewater treatment system has a history of periodically exceeding its permit limits for BOD, TSS, E.coli, and ammonia. The records indicate there have been no exceedances of permit limits in the past five years with a few monthly reports showing no wastewater discharge.

Staff Observations of Collection Sewer and Treatment System

Staff inspected the Clemstone wastewater treatment system on September 15, 2021. Staff observed that the grounds keeping was good and the Operation & Maintenance manuals and operating logs were well maintained and up to date. The operator was very knowledgeable about the system and identified several system shortcomings and improvements that have been made throughout the years. In general, the plant has been well maintained; however, the system's manual controls are obsolete and some equipment such as pumps and aerators have reduced efficiencies and are at the end of their useful life.

Proposed Improvements for the Collection Sewer and Treatment System

From Confluence River's response to Staff's Data Request 0015 and discussions with Confluence River's personnel, Confluence Rivers plans to inspect all internal process equipment for possible replacement or repair. Confluence Rivers anticipates making the following improvements:

1. Construct access road;
2. Clear, grub and repair site fencing;
3. Sludge removal from equalization tank;
4. Installation of remote monitoring and update controls;
5. Repair generator, ultraviolet disinfection and collection system;
6. Replace bioreactor media;
7. Replace pumps and flow meter; and
8. Provide general repair.

The current estimated cost of these anticipated improvements is approximately ** [REDACTED] **.

Confluence Rivers' proposed improvements are consistent with the results of Staff's document review and Staff's observations at the time of Staff's inspection.

Depreciation

For all the systems being acquired by Confluence Rivers, Staff recommends the use of the depreciation rates ordered by the Commission in Cedar Green's last cases, Case Nos. WA-2013-0117 and SA-2013-0354. Any accounts that were not previously ordered in the aforementioned cases are consistent with Staff's standard water and sewer depreciation rates. These depreciation rates are included as Attachment A.

Rate Base

Regulated Acquisition

Staff recommends that the net book value of the Cedar Green facilities as of June 30, 2021 be used to determine rate base in this case. To determine this value, Staff used the rate base (ending September 30, 2012) that was developed by Staff and approved by the Commission in Case No. WA-2013-0017. Staff then reviewed the Missouri Public Service Commission ("PSC") Annual Reports for plant additions and/or retirements since the CCN case. Staff updated the depreciation reserve as of June 30, 2021.

Staff's estimated rate base for the Cedar Green systems is included in the chart below:

| | Plant in Service | Accumulated Reserve | Net Book Value |
|--|------------------|---------------------|----------------|
| Cedar Green Land Acquisitions, LLC – Water | \$221,287 | \$97,746 | \$123,541 |
| Cedar Green Land Acquisitions, LLC – Sewer | \$398,273 | \$224,511 | \$173,762 |

Nonregulated Acquisitions

Staff recommends that the net book value of the facilities as of June 30, 2021 be used to determine rate base in this case for the previously nonregulated systems. To determine this value, Staff used the information included in the Flinn engineering reports submitted to staff in DR8.1. From these reports, Staff used the asset lists, estimated original costs, and installation dates to calculate the net book values for the individual systems. These estimated net book values are included in the tables below:

**

| | Plant in Service | Accumulated Reserve | Net Book Value |
|------------|------------------|---------------------|----------------|
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |

| | Plant in Service | Accumulated Reserve | Net Book Value |
|------------|------------------|---------------------|----------------|
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |

**

Publicity and Customer Notice

The current owners of Missing Well held a community meeting to allow its customers an opportunity to ask questions. A business developer representing Confluence Rivers was available for a portion of the meeting to answer questions.

The Clemstone Sewer District Board notified its customers by mail of the possible sale and the dates of two informational meetings. Votes were taken at both meetings and were unanimous to go forward with the sale. Confluence Rivers did not participate in these meetings.

Staff is unaware of any communication to customers in Shelton Estates, Spring Branch, Prairie Heights, or Cedar Green.

Customer Service and Billing

Customers may contact Confluence Rivers in one of several manners utilizing the phone or email.

Customer service personnel are available via phone to address customer questions or concerns Monday-Friday, 8:00 am to 5:00 pm. An emergency toll-free number and email are available 24/7. Confluence Rivers presently has a business office located in St. Louis and it can respond to concerns forwarded to it by operations or customer service personnel. Contact methods for the customer to use are included on the customer brochure, the website, and all written materials sent to customers. Staff recommends that Confluence Rivers provide five (5) customer billing statements to Staff from the first billing cycle of each acquired company to allow Staff to review billing accuracy.

Customer billing information for each of the companies being acquired will be acquired through company records and this data will be entered into Confluence Rivers' billing system. The existing customers will begin receiving a monthly bill from Confluence Rivers once it owns the system. These bills will reflect the same rate as the customer was paying previously but will be under the billing format utilized by Confluence Rivers. Explanations of the bill are included in the Customer Rights and Responsibilities brochure being provided to all customers.

Customers may pay their bills by mail by enclosing a check or money order sent to Confluence Rivers' office in St. Louis. Payment can also be made on-line by credit card, debit card or e-check. Another alternative available is to establish a monthly auto-pay. Confluence Rivers does not require deposits from its customers.

Communications should occur with the newly acquired customers after closing on the assets and should include methods by which customers can contact Confluence Rivers. This communication should also include an informational brochure detailing the rights and responsibilities of the utility and its customers that is required by Commission Rule 20 CSR 4240-13.040(3). Staff recommends that Confluence Rivers be required to send copies of communications and the brochure to Staff along with a statement regarding when these were sent to customers.

Rate and Tariff Matters

In its Application, Confluence Rivers proposes to adopt the existing tariffs and rates of Cedar Green, and to adopt the existing rates for the unregulated systems into its existing tariff. Confluence Rivers has stated it proposes to charge the following rates:

| | | Customer Charge | Commodity Charge |
|--|-------------------------------|-----------------------------------|-------------------------|
| Monthly Residential Water Rates | Cedar Green Land Acquisition | \$80.37 flat rate quarterly rate. | \$0.00 |
| | The Missing Well, Inc. | \$20.00 flat rate. | \$0.00 |
| | Spring Branch | \$30.99 flat rate. | \$0.00 |
| | | | |
| Monthly Residential Sewer Rates | Cedar Green Land Acquisition | \$142.65 flat quarterly rate. | \$0.00 |
| | The Missing Well, Inc. | \$20.00 flat rate. | \$0.00 |
| | Shelton Estates Sewer Company | \$35.00 flat rate. | \$0.00 |
| | Prairie Heights | \$25.00 flat rate. | \$0.00 |
| | Clemstone | \$60.00 flat rate. | \$0.00 |

Staff supports Confluence Rivers’ proposal to adopt Cedar Greens’ water rates into PSC MO No. 20, and adopt the existing sewer rates for Cedar Green into PSC MO No. 21.

Staff supports Confluence Rivers’ proposal to adopt the unregulated water and sewer rates into Confluence Rivers tariff books, PSC MO No. 12 and 13, respectively.

Since there is no existing water and sewer rate for Missing Well, as mentioned above, Staff supports Confluence Rivers’ proposal to adopt a rate of \$20.00 for water and \$20.00 for sewer.

The maps and legal descriptions submitted in this case were reviewed by Water and Sewer Staff for accuracy. Revised maps with surveying information were requested to verify the metes and bounds of each map. During this review, Staff found that the maps submitted in the application for Missing Well and Clemstone were inaccurate. The boundary lines on these maps did not match the legal description. Staff also found that revisions to the legal description and map for Spring Branch were necessary, and Staff worked with the Company to revise the existing map for Cedar Green to make it legible.

Staff recommends and Confluence Rivers agrees that Confluence Rivers submit tariff sheets for Cedar Green, to become effective before closing on the assets, to include a service area map, service area written descriptions, rates and charges to be included in its EFIS tariffs P.S.C. MO No. 20 and 21, applicable to water and sewer service, respectively.

Staff also recommends that Confluence Rivers submit tariff sheets for Missing Well, Shelton Estates, Spring Branch, Prairie Heights, and Clemstone, to become effective before closing on the assets, to include a service area map, service area written descriptions, rates and charges to be included in its EFIS tariffs P.S.C. Mo No. 12 and 13, applicable to water and sewer service, respectively.

Technical, Managerial, and Financial Capacity

In studying most situations involving the acquisition of existing water and/or sewer systems, Staff utilizes the concepts of technical, managerial, and financial capacity, or “TMF,” originally developed by the United States Environmental Protection Agency. Staff has reviewed and stated its position regarding TMF regarding Confluence Rivers in previous CCN and transfer of assets cases before the Commission. Staff again reviewed Confluence Rivers’ TMF capabilities in this context of this Application, and takes the position that Confluence Rivers continues to demonstrate adequate TMF capability.

Technical Capacity

As noted above, Confluence Rivers is an existing regulated water and sewer utility currently providing water service to more than 2,440 customers and sewer service to more than 2,102 customers in Audrain, Boone, Cole, Franklin, Greene, Jefferson, Lincoln, Madison, Montgomery, Perry, Phelps, St. Francois, Taney and Washington Counties in Missouri. Confluence Rivers’ parent company provides service in several additional service areas through its ownership of six other utility companies in Missouri. Operation of these utilities has been satisfactory to date, and Staff has no reason to believe that this will change. Confluence Rivers has employees and contract operators with sufficient technical ability to operate the utilities. As such, it is Staff’s position that Confluence Rivers has the requisite technical capacities to acquire and operate Cedar Green.

Managerial Capacity

Confluence Rivers intends to incorporate Cedar Green into its current billing and customer service system. Confluence Rivers’ current customer service representatives will be available to take and process customer inquiries pertaining to billing and/or service issues, make necessary bill adjustments, enter into payment plans within company guidelines, interact with Staff in working with customer complaints, and manage new customer accounts and the closing of customer accounts. In the operation of its current system, Confluence Rivers has demonstrated the requisite managerial abilities to operate Cedar Green.

Financial Capacity

Confluence Rivers and its affiliates have demonstrated ability to utilize available approved financial resources in its other Missouri service areas to undertake rehabilitations, replacements and improvements to substandard water and sewer systems. With respect to financing and capital funding, Confluence Rivers plans to fund the total (\$530,002.00) for acquisitions, and

improvements with equity invested by its parent company, CSWR, and third-party debt. CSWR receives its equity funding from US Water, LLC.³ Confluence Rivers plans to, subject to the Commission's approval, ** [REDACTED] **. ⁴

Tartan Criteria

It is also customary with most cases involving the issuance of a new CCN for Staff to utilize the Tartan Criteria when analyzing the request. Further, Staff finds it appropriate to utilize the Tartan Criteria when analyzing a request to acquire the CCNs of existing utilities. In the case at hand, Confluence Rivers requests approval for the issuance of new CCNs for Missing Well, Shelton Estates, Spring Branch, Prairie Heights, and Clemstone systems. Further, Confluence Rivers has requested the Commission approve the transfer of Cedar Green's existing CCN's to it, or alternatively, to issue new water and sewer CCNs allowing Confluence Rivers to serve customers currently on the Cedar Green systems.

The Tartan criteria contemplate the following:

1. The need for service;
2. The utility's qualifications;
3. The utility's financial ability;
4. The feasibility of the proposal; and
5. The promotion of the public interest.

Similar to the TMF capacities, in previous CCN and CCN transfer cases, Staff has investigated these criteria and that investigation relates to this proposed acquisition. Based on Staff's investigation, it is Staff's opinion there is:

1. Both a current and future need for water and sewer service. The existing customer base for all the systems being acquired has both a desire and need for service. In addition, there is a need for the necessary steps to be taken to update all of the water and sewer systems being acquired by Confluence Rivers to ensure provision of safe and adequate service.;
2. Confluence Rivers is an existing water and sewer corporation and public utility subject to the jurisdiction of the Commission. Confluence Rivers is currently providing water service to approximately 2,440 customers and sewer service to approximately 2,102 customers throughout Missouri. Confluence Rivers is a subsidiary of CSWR.
3. Confluence Rivers anticipates no need for additional external financing to complete this acquisition, and has demonstrated over numerous years that it has adequate resources to operate utility systems it owns, to acquire new systems, to undertake construction of new systems and expansions of existing systems, to plan and undertake scheduled capital improvements, and timely respond and resolve emergency issues when such situations arise;

³ Response from data request no. 0047.1

⁴ ** [REDACTED] **. **.

4. The proposed rates are feasible, as Confluence Rivers is not requesting a change in the currently approved Commission rates for Cedar Green and Confluence Rivers is proposing a continuation of the non-regulated rates. Staff also finds the establishment of rates for the Missing Well to be feasible; and
5. As the Commission determined in GA-94-127, positive findings with respect to the other four standards above will in most instances support a finding that an application for a CCN will promote the public interest. Staff's conclusion is that the points regarding TMF capacities and the Tartan Energy criteria are all met, for this case.

OTHER ISSUES

Confluence Rivers is current on its water and sewer PSC assessment payments, is current on its annual reports, and is in good standing with the Secretary of State's office. Cedar Green has filed its 2020 annual water and sewer report and is current on its water and sewer PSC assessment payments, and is in good standing with the Secretary of State's office.

On October 14, 2021, the Commission approved Confluence Rivers' merger application, Case No. WM-2021-0412⁵ with an effective date of November 13, 2021 that requested Commission approval for Confluence Rivers to merge its Confluence Rivers, Hillcrest, Elm Hills, Osage, Raccoon Creek, and Indian Hills water and sewer systems with Confluence Rivers to be the surviving corporation. The acquisition of Cedar Green, Missing Well, Shelton Estates, Spring Branch, Prairie Heights, and Clemstone will not be impacted by the merger application as these systems will be combined with Confluence Rivers.

With the exception of the case mentioned above, Confluence Rivers, Cedar Green, and the non-regulated systems being acquired by Confluence Rivers do not have any cases pending before the Commission that would affect this application.

STAFF'S CONCLUSIONS AND RECOMMENDATIONS

Staff finds the transfer of the Cedar Green utility assets to be not detrimental to the public interest, and finds Confluence Rivers acquisition of the unregulated systems to be in the public interest. Staff recommends the Commission grant Confluence Rivers' application, subject to the following conditions:

1. Grant Confluence Rivers a CCN to acquire the water and sewer assets of Cedar Green;
2. Grant Confluence Rivers the CCN's to acquire the unregulated water and sewer assets of Missing Well, the sewer assets of Shelton Estates, the water assets of Spring Branch, the sewer assets of Prairie Heights, and the sewer assets of Clemstone;

⁵ Files WM-2021-0412 and SM-2021-0413 were consolidated on July 29, 2021 with WM-2021-0412 designated as the lead case.

3. Require Confluence Rivers to file notice to adopt the Cedar Green water and sewer tariffs as P.S.C. MO No. 20 and 21, respectively, to become effective before closing on the assets. Also require Confluence Rivers to file tariff sheets to revise the service area map and service area written descriptions for Cedar Green;
4. Require Confluence Rivers to submit tariff sheets for Clemstone, Missing Well, Prairie Heights, Shelton Estates, and Spring Branch to become effective before closing on the assets, to include a service area map, service area written descriptions, rates and charges to be included in its EFIS tariffs P.S.C. Mo No. 12 and 13, applicable to water and sewer service, respectively;
5. Require Confluence Rivers to notify the Commission of closing on the assets within five (5) days after such closing;
6. If closing on the water and sewer assets does not take place within thirty (30) days following the effective date of the Commission's order approving such, require Confluence Rivers to submit a status report within five (5) days after this thirty (30) day period regarding the status of the closing, and additional status reports within five (5) days after each additional thirty (30) day period, until closing takes place, or until Confluence Rivers determines that the transfer of the assets will occur.
7. If Confluence Rivers determines that a transfer of the assets will not occur, require Confluence Rivers to notify the Commission of such, no later than the date of the next status report, as addressed above, after such determination is made, and require Confluence Rivers to submit tariff sheets as appropriate that would cancel service area maps and descriptions applicable to Cedar Green, Clemstone, Missing Well, Prairie Heights, Shelton Estates, and Spring Branch service areas in its water and sewer tariffs, and rate and charges sheets applicable to customers in those service areas in both the water and sewer tariffs;
8. Require Confluence Rivers to keep its financial books and records for plant-in-service and operating expenses in accordance with the National Association of Regulatory Utility Commissioners Uniform System of Accounts;
9. Require Confluence Rivers to evaluate the soil and rock erosion around the ground storage tank and install shoring as required and file a notification in EFIS when completed;
10. Require Confluence Rivers to file a notification in EFIS for each facility when construction has been completed to bring The Missing Well, Spring Branch and Shelton Estates into compliance with DNR regulations;

11. Within one (1) year of closing on the assets of Missing Well, require Confluence Rivers to close and properly abandon Well #1 at Missing Well in accordance with DNR regulations, and file a notification in EFIS when this abandonment is completed;
12. Require Confluence to provide training to its call center personnel regarding rates and rules applicable to the water and sewer customers in each of the acquired areas;
13. Require Confluence to distribute to the customers in each of the acquired areas an informational brochure detailing the rights and responsibilities of the utility and its customers regarding its sewer service, consistent with the requirements of Commission Rule 20 CSR 4240-13, within thirty (30) days of closing on the assets;
14. Require Confluence to provide to the Customer Experience Department (“CXD”) Staff an example of its actual communication with the water and sewer customers of each acquired company regarding its acquisition and operations of the water and sewer system assets, and how customers may reach Confluence, within ten (10) days after closing on the assets;
15. Require Confluence to provide to the CXD Staff a sample of five (5) billing statements from the first month’s billing for each of the acquired companies within ten (10) days after the initial bill; and
16. Require Confluence to file notice in this case outlining completion of the above-recommended training, customer communications, notifications and billing for each acquired company within ten (10) days after such communications and notifications.

Attachments

- A. Cedar Green, Clemstone, Missing Well, Prairie Heights, Shelton Estates, and Spring Branch Depreciation Schedule
- B. Map of Cedar Green Service Area
- C. Legal Description for Cedar Green Service Area
- D. Map of Clemstone Service Area
- E. Legal Description for Clemstone Service Area
- F. Map of Missing Well Service Area
- G. Legal Description for Missing Well Service Area
- H. Map of Prairie Heights Service Area
- I. Legal Description for Prairie Heights Service Area
- J. Map of Shelton Estates Service Area
- K. Legal Description for Shelton Estates Service Area
- L. Map of Spring Branch Service Area
- M. Legal Description of Spring Branch Service Area

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) Case No. WA-2021-0425
Assets and for Certificates of Convenience and)
Necessity)

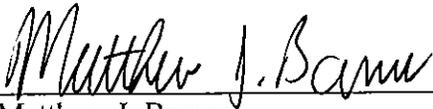
In the Matter of the Application of Confluence)
Rivers Utility Operating Company, Inc. for)
Authority to Acquire Certain Water and Sewer) Case No. SA-2021-0426
Assets and for Certificates of Convenience and)
Necessity)

AFFIDAVIT OF MATTHEW J. BARNES

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW Matthew J. Barnes, and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Recommendation in Memorandum form*; and that the same is true and correct according to his best knowledge and belief, under penalty of perjury.

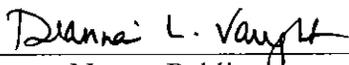
Further the Affiant sayeth not.



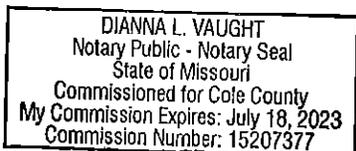
Matthew J. Barnes

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 3rd day of November, 2021.



Notary Public



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) Case No. WA-2021-0425
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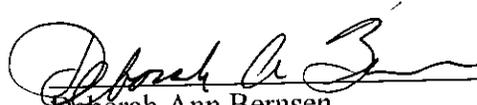
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Assets and for Certificates of Convenience and)
Necessity)

AFFIDAVIT OF DEBORAH ANN BERNSEN

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW Deborah Ann Bernsen, and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Recommendation in Memorandum form*; and that the same is true and correct according to her best knowledge and belief, under penalty of perjury.

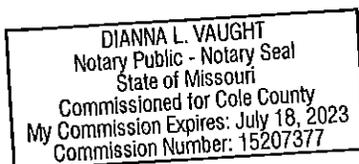
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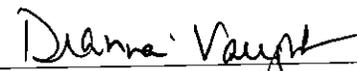


Deborah Ann Bernsen

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 4th day of November, 2021.





Notary Public

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) Case No. WA-2021-0425
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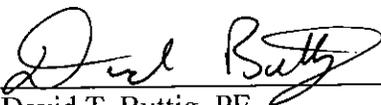
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Assets and for Certificates of Convenience and)
Necessity)

AFFIDAVIT OF DAVID T. BUTTIG, PE

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW David T. Buttig, PE, and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Recommendation in Memorandum form*; and that the same is true and correct according to his best knowledge and belief, under penalty of perjury.

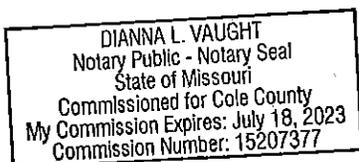
Further the Affiant sayeth not.

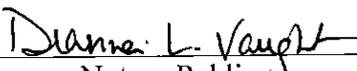


David T. Buttig, PE

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 4th day of November, 2021.





Notary Public

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) Case No. WA-2021-0425
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Rivers Utility Operating Company, Inc. for)
Authority to Acquire Certain Water and Sewer) Case No. SA-2021-0426
Assets and for Certificates of Convenience and)
Necessity)

AFFIDAVIT OF PETER CHARI

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW Peter Chari, and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Recommendation in Memorandum form*; and that the same is true and correct according to his best knowledge and belief, under penalty of perjury.

Further the Affiant sayeth not.

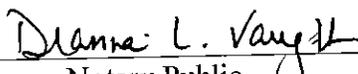


Peter Chari

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 4th day of November, 2021.

DIANNA L. VAUGHT
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: July 18, 2023
Commission Number: 15207377



Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

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Rivers Utility Operating Company, Inc. for)
Authority to Acquire Certain Water and Sewer) Case No. WA-2021-0425
Assets and for Certificates of Convenience and)
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In the Matter of the Application of Confluence)
Rivers Utility Operating Company, Inc. for)
Authority to Acquire Certain Water and Sewer) Case No. SA-2021-0426
Assets and for Certificates of Convenience and)
Necessity)

AFFIDAVIT OF DAVID C. ROOS

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW David C. Roos, and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Recommendation in Memorandum form*; and that the same is true and correct according to his best knowledge and belief, under penalty of perjury.

Further the Affiant sayeth not.

David C. Roos
David C. Roos

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 3rd day of November, 2021.

DIANNA L. VAUGHT
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: July 18, 2023
Commission Number: 15207377

Dianna L. Vaught
Notary Public

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) Case No. WA-2021-0425
Assets and for Certificates of Convenience and)
Necessity)

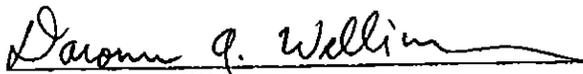
In the Matter of the Application of Confluence)
Rivers Utility Operating Company, Inc. for)
Authority to Acquire Certain Water and Sewer) Case No. SA-2021-0426
Assets and for Certificates of Convenience and)
Necessity)

AFFIDAVIT OF DARONN A. WILLIAMS

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

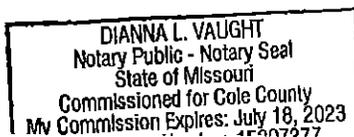
COMES NOW Daronn A. Williams, and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Recommendation in Memorandum form*; and that the same is true and correct according to his best knowledge and belief, under penalty of perjury.

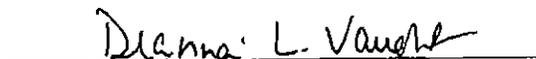
Further the Affiant sayeth not.


Daronn A. Williams

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 2nd day of November, 2021.




Notary Public