

PUBLIC SERVICE COMMISSION
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Missouri Public
Service Commission

Smithview H2O Company
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Clark, MO 65243

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**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 14th day of
February, 2019

In the Matter of the Application of Confluence)	
Rivers Utility Operating Company, Inc. to)	
to Acquire Certain Water and Sewer Assets,)	<u>File No. WM-2018-0116</u> ¹
For a Certificate of Convenience and)	
Necessity, and, in Connection therewith,)	
to Issue Indebtedness and Encumber Assets)	

**ORDER APPROVING STIPULATION AND AGREEMENT AND
GRANTING CERTIFICATES OF CONVENIENCE AND NECESSITY**

Issue Date: February 14, 2019

Effective Date: February 24, 2019

On November 2, 2017, Confluence Rivers Utility Operating Company, Inc. ("Confluence" or the "Company") filed an application (the "Application") seeking approval from the Missouri Public Service Commission (the "Commission") to acquire certain water and sewer assets and the certificates of convenience and necessity ("CCN") held by Smithview H2O Company ("Smithview"), M.P.B., Inc. ("MPB"), Mill Creek Sewers, Inc. ("Mill Creek"), Roy-L Utilities, Inc., ("Roy-L"), Port Perry Service Company ("Port Perry"), Gladlo Water & Sewer Company, Inc. ("Gladlo"), the Willows Utility Company ("Willows"), Evergreen Lakes Water Supply Co. ("Evergreen") and Majestic Lakes Homeowners Association, Inc. ("Majestic Lakes") (the "Selling Companies"). The Application asked leave to acquire the existing CCNs for the Selling Companies and to grant the Company new ones for the areas now served by the Selling Companies that had none. The Application

¹ This case has been consolidated with SM-2018-0117. *Order Consolidating Actions*, November 26, 2018.

also asked leave to incur up to \$2,600,000.00 indebtedness and to lien the Company's property with that debt.

On July 17, 2018, the Commission granted the Company leave to amend its application,² and the amendment added to the list of assets that the Company wished to acquire. The added assets were substantially all of the water and/or sewer assets providing service to Eugene, Missouri ("Eugene"); providing service to Wolf Creek Crossing ("Wolf Creek Crossing Sewer"); operated by Calvey Brook Water, Inc. and Calvey Brook Sewer, Inc. ("Calvey Brook Water and Sewer"); and designed to provide service to Auburn Lake Estates, (hereinafter, included in "Selling Companies"). Subsequently, the Company withdrew its application as to Wolf Creek Crossing.

On December 14, 2018, all parties filed a *Unanimous Stipulation and Agreement* ("Stipulation"). In the Stipulation,³ Confluence withdrew its requests to purchase the assets of Port Perry and to incur indebtedness. On January 24, 2019, the Commission conducted a hearing on the Stipulation.

FINDINGS

A

Findings of Fact

Confluence is a Missouri corporation active and in good standing.⁴ The Selling Companies are water and/or sewer corporations doing business in the State of Missouri. Smithview is a water utility that was administratively dissolved. Staff filed a complaint against

² *Confluence Rivers Amendment to Application*, July 3, 2018; *Commission's Application and Order Directing Supplemental Notice*, July 17, 2018.

³ The parties' *Unanimous Stipulation and Agreement*, December 14, 2018.

Smithview for its failure to file annual reports, pay required Commission assessments, and provide safe and adequate service. Smithview has essentially abandoned the system.⁵ MPB is a sewer utility that was administratively dissolved, is in receivership, and has been a troubled company for at least 10 years.⁶ Its systems are not meeting their effluent limits, have major infiltration and inflow issues, and are actively discharging sludge into a receiving stream via discharge pipe or leaking berms. The owners have effectively abandoned the system.⁷ Mill Creek is a sewer utility. It has been placed in receivership, and the system is not meeting its effluent limits, does not have basic disinfection, and is discharging sludge into a creek.⁸

Roy-L is a water and sewer utility. Its wastewater operations are under a Department of Natural Resources (DNR) schedule of compliance for ammonia removal and disinfection. The water system is out of compliance for basic drinking water security, physical separation of chlorine disinfection systems, monitoring of residual chlorine, emergency redundant chlorine pump, and corresponding operational management.⁹ Roy-L will be financially unable to meet DNR's water quality standards, which are necessary to provide safe and adequate service in the future.¹⁰ Evergreen is a water utility. Its owner is elderly and would like to retire from the business.¹¹ The system is out of compliance for basic drinking water security, physical separation of chlorine disinfection systems, monitoring of residual

⁴ Confluence's *Application and Motion for Waiver*, November 2, 2017. page 1.

⁵ *Id.*, p. 3.

⁶ Tr. 4-42.

⁷ *Application*, pp. 4-5; Tr. 41-42.

⁸ *Application*, page 6; Tr. 42.

⁹ *Application*, pp. 6-7.

¹⁰ Tr. p. 42-43.

¹¹ Tr. p. 43.

chlorine, emergency redundant chlorine pump, and corresponding operational management.¹²

Majestic Lakes provides water and sewer service. The wastewater system is under a Missouri Attorney General enforcement action due to a failing concrete tankage system. DNR issued a building moratorium. The system is not meeting its effluent limits and is in danger of physical collapse.¹³ Gladlo is a water and sewer utility that is in receivership. Gladlo's wastewater system is under a DNR schedule of compliance for ammonia removal. The system needs a new wastewater treatment plant biological reactor to process waste for nutrient removal. The water system is out of compliance for basic 24-hour storage and emergency service backup.¹⁴

Willows is a water and sewer utility. The wastewater and water systems are under a Missouri Attorney General enforcement action due to allegations of ongoing wastewater receiving stream water pollution, sanitary storm overflow pollution events, a lack of emergency wastewater system redundancy, potential public drinking water health hazards due to unreported low-pressure events, and a lack of emergency procedures for drinking water outages.¹⁵

The Commission finds that with respect to the problems of the Selling Companies and to future rates, the Stipulation commits the Company to consulting with DNR to develop a plan and a timeframe for implementing any proposed repairs, renovations, or improvements to the acquired systems with the goal of mitigating to the extent reasonably possible (given health, safety, service reliability, environmental rules and regulations,

¹² *Application*, pp. 7-8.

¹³ *Application*, p. 8.

¹⁴ *Application*, p. 10.

ultimate rate design, and other factors beyond the Company's control), the future increases to customer rates that may occur in any one given rate case.¹⁶

The Commission finds that Josiah Cox is the President of Central States Water Resources, which is the managing entity of First Round CSWR, LLC, which is the holding company of other water and sewer companies.¹⁷ He will be the person managing the utilities.¹⁸ The Commission finds that he has a good track record of acquiring and improving existing systems in Missouri to the benefit of the ratepayers.¹⁹

The Commission finds that the Company's ownership restructuring, as set forth at page 2, paragraph 5 of the Stipulation, has improved the Company's financial status. Its new ownership structure should facilitate (i) a move toward a 50-50 mix of equity and debt for its capital structure in a future rate case; (ii) obtaining debt financing that will result in a lower cost of debt than the rate contained in the Company's initial financing application; and (iii) obtaining debt financing that will result in a debt instrument that does not contain a make whole penalty.²⁰

The Company, however, has withdrawn its request for authority to incur indebtedness and to lien the Company's property with that debt. The Commission finds on the basis of the testimony adduced at the hearing of January 24, 2019, that the Company understands and agrees that approval of the Stipulation is limited exclusively to approval of its terms, does not authorize financing or liening property, is not a rate-making order, and does not affect the Company's continuing obligation to seek authority in the future from the

¹⁵ *Application*, p. 10.

¹⁶ *Stipulation*, pp. 3-4.

¹⁷ Tr. p. 20.

¹⁸ Tr. pp. 20-21.

¹⁹ Tr. p. 29; 38 - 39.

Commission with respect to rate making, financing, debt incurrence or the pledging of assets.²¹

B

Conclusions of Law/Decision

The Commission has jurisdiction to rule on the application because Missouri law requires that “[n]o gas corporation, electrical corporation, water corporation or sewer corporation shall hereafter sell. . . its. . . works or system. . . without having first secured from the commission an order authorizing it so to do.”²²

With respect to the proposed sale of assets, the question presented is whether the sale will be “detrimental to the public interest”.²³ The Commission finds that the proposed sale is not detrimental to the public interest. 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.

The Commission may grant a water and sewer corporation a CCN to operate after determining that the construction and operation are either “necessary or convenient for the public service.”²⁴ The Commission articulated the specific criteria to be used when

²⁰ Tr. p. 21- 22; 28-29.

²¹ Tr. 23-24; 30.

²² Section 393.190.1, RSMO.

²³ See *City of St. Louis v. Public Service Commission*, 73 S.W.2d 393 (Mo. 1934); reaffirmed in *State ex rel. AG Processing, Inc. v. Public Service Commission*, 120 S.W.3d 732, 735 (Mo.banc 2003). This standard, although not expressly set out in Section 393.190.1, RSMO, was codified by the Commission in 4 CSR 240-3.110 (1)(D).

²⁴ Section 393.170.3, RSMO.

evaluating applications for utility CCNs in the case *In re Intercon Gas, Inc.*, 30 Mo. P.S.C. (N.S.), 561 (1991). The *Intercon* case combined the standards used in several similar certificate cases, and set forth the following criteria: (1) there must be a need for the service; (2) the applicant must be qualified to provide the proposed service; (3) the applicant must have the financial ability to provide the service; (4) the applicant's proposal must be economically feasible; and (5) the service must promote the public interest.²⁵

The Commission finds that the five criteria for granting a CCN are satisfied. The continued operation of water and sewer systems is a manifest necessity. The Company possesses adequate technical, managerial, and financial capacity to operate the water and sewer systems it wishes to purchase. The Commission concludes that it is in the public interest for the Company to provide water and sewer service to the customers currently being served by the Selling Companies. Consequently, based on the Commission's independent and impartial review of the verified filings and the evidence, the Commission will authorize the transfer of assets and grant the CCNs as specifically described hereinafter in the order, subject to the conditions described therein.

Finally, the Commission finds that the following rates, currently being charged without an authorizing tariff by the named companies, are just and reasonable,²⁶ based on the evidence:

- Eugene Water - \$26.00 for the first 1,999 gallons per month, plus \$6.00 per 1,000 gallons for all usage above 1,999 gallons.

²⁵ The factors have been referred to as the "Tartan Factors" or the "Tartan Energy Criteria." See Report and Ord, *In re Application of Tartan Energy Company, L.C., d/b/a Southern Missouri Gas Company, for a Certificate of Convenience and Necessity*, Case No. GA-94-127, 3 Mo. P.S.C. 3d 173 (September 16, 1994), 1994 WL 762882, *3 (Mo. P.S.W.C.).

²⁶ Section 393.150.1, RSMO.

- Auburn Lake Estates - \$37.50 per month flat rate for water service, and \$37.50 per month flat rate for sewer service.
- Majestic Lakes - \$37.50 per month flat rate for water service, and \$37.50 per month flat rate for sewer service.

The Commission will grant the application and approve the Stipulation, subject to the conditions agreed upon by the parties. No party now objecting and no useful purpose to be served by denying the Motion, the Commission will also sustain the Company's Motion to waive the 60-day notice requirement of Rule 4 CSR 240-4.017(1). Section 386.490, RSMO, states: "Every order or decision of the commission shall of its own force take effect and become operative thirty days after the service thereof, except as otherwise provided." The Commission finds good cause for the order to take effect before thirty days' notice because the parties have unanimously agreed to the Stipulation and the Stipulation was filed on December 14, 2018. Accordingly, the Commission will make this Order effective on February 24, 2019.

THE COMMISSION ORDERS THAT:

1. Confluence's Motion to waive the 60-day notice requirement of Rule 4 CSR 240-4.017(1) is sustained.

2. The *Unanimous Stipulation and Agreement*, including its Appendices A, B, and C, (collectively, the "Stipulation") filed on December 14, 2018,²⁷ is approved as a resolution of all issues. The signatory parties are ordered to comply with the terms of the Stipulation. A copy of the Stipulation is attached to this order.

²⁷ Parties' *Unanimous Stipulation and Agreement*, December 14, 2018.

3. Each of the regulated Selling Companies is authorized to sell and transfer utility assets to Confluence and to transfer the CCNs currently held by the regulated Selling Companies²⁸ to Confluence upon closing on any respective systems.

4. Upon closing on each of the water and sewer systems, each respective Selling Company is authorized to cease service and Confluence is simultaneously authorized to begin service.

5. Confluence is authorized to provide service by applying, on an interim basis, the existing rates, rules and regulations as outlined in the tariff document(s) of the respective regulated Selling Companies upon closing on each of the water and sewer systems, until the effective date of respective adoption notice tariff sheets to be filed as stated elsewhere herein. The existing rates are as follows:

- a. Smithview H2O Company: Water – \$5.31 monthly minimum; Commodity Charge per 1,000 gallons, \$3.36;
- b. M.P.B., Inc.: Sewer - Villa Ridge Regular Monthly Service Charge - \$24.24; Lake Virginia Regular Monthly Service Charge - \$13.33;
- c. Mill Creek Sewers, Inc.: Sewer – Regular Monthly Service Charge, \$30.11;
- d. Roy-L Utilities: Water Non-Metered Full-time Monthly - \$50.16; Part-time Monthly - \$32.99; Metered Full-time Monthly - \$33.24, Part-time Monthly - \$29.92, Commodity Charge per 1,000 gal \$3.08; Sewer – Full-time

²⁸ Smithview H2O Company – Case No. 17,652; M.P.B., Inc. Case No. SM-86-72 and SM-87-52; Mill Creek Sewers, Inc. – Case No. 17,666; Roy-L Utilities, Inc. – Case Nos. 16,379 and 16,380; Evergreen – Case No. 16,916; Gladio Water & Sewer Company, Inc. – Case Nos. 17, 458 and 17,459; The Willows Utility Company – Case No. WA-80-86; Calvey Brook Water, Inc. – Case No. WA-2004-0280; Calvey Brook Sewer, Inc. – SA-2004-0279

Monthly Service Charge - \$36.04, Part-time Monthly Service Charge \$32.58;

- e. Evergreen Lake Water Company: Residential – Customer Charge \$7.71, Commodity Charge per 1,000 gal \$2.054; Commercial – Customer Charge \$7.71, Commodity Charge per 1,000 gal \$2.054;
- f. Gladio Water & Sewer Company, Inc.: Water Monthly \$17.25, Commodity Charge per 1,000 gal \$2.15; Sewer – Monthly Service Charge \$37.67;
- g. Willows Utility Company: Water – Monthly \$5.23 (includes 1,000 gallons), Commodity Charge per 1,000 gal \$1.21; Sewer – Residential Monthly Service Charge \$15, Commercial Monthly Service Charge \$15 plus \$1 per 1,000 gallons; and
- h. Calvey Brook Water and Sewer: Water - \$36.36 per month for up to 3,000 gallons, plus \$2.05 for each additional 1,000 gallons over 3,000 gallons usage; Sewer - \$33.78 per month.

6. With respect to future rate-making applications to the Commission, Confluence Rivers shall consult with the Missouri Department of Natural Resources to develop a plan and a timeframe for implementing any proposed repairs, renovations, or improvements to the systems which Confluence is acquiring per this Order with the goal of mitigation, to the extent reasonably possible (given health, safety, service reliability, environmental rules and regulations, ultimate rate design, and other factors beyond the Company's control), the increases to customer rates that may occur in any one given rate case.

7. Confluence shall file adoption notice tariff sheets for each tariff currently in effect for the regulated Selling Companies, as 30-day filings, within ten (10) days of closing on the respective assets.

8. Confluence is granted new CCN's to provide water and sewer service in the proposed Majestic Lakes service area, as depicted in Staff's Recommendation,²⁹ with Confluence to begin providing such service upon closing on the assets.

9. Confluence shall charge rates of \$35 per month for water service, and \$35 per month for sewer service to customers in the Majestic Lakes service area.³⁰

10. Confluence is granted a new CCN to provide water and sewer service in the Auburn Lake Estates service area, as requested in the Amended Application, with Confluence to begin providing such service upon closing on the assets.

11. Confluence shall charge rates of \$37.50 per month flat rate for water service, and \$37.50 per month flat rate for sewer service in the Auburn Lake Estates service area.³¹

12. Confluence is granted a new CCN to provide water service in the proposed Eugene service area, as requested in the Amended Application, with Confluence to begin providing such service upon closing on the assets.

13. Confluence shall charge rates of \$26.00 for the first 1,999 gallons per month, plus \$6.00 per 1,000 gallons for all usage above 1,999 gallons, for water service for customers in the Eugene service area.³²

14. Confluence is authorized to provide water and sewer service in the Majestic Lakes service area and Auburn Lake Estates service area and water service in the Eugene

²⁹ Staff's Recommendation, September 17, 2018.

³⁰ This order allows the current rate.

³¹ This order allows the current rate.

service area, in accordance with the rules and regulations within the water and sewer tariffs applicable to Roy-L upon closing on any of those assets.

15. Confluence shall submit new tariff sheets reflecting the maps and written descriptions of the Majestic Lakes service area, the Auburn Lake Estates service area and the Eugene service area, with the appropriate respective information for each service area as described in the Stipulation herein, as well as sheets reflecting the proposed rates for the Majestic Lakes service area, the Auburn Lake Estates service area and the Eugene service area prior to closing on any of these assets, with these or similar replacement tariff sheets to ultimately become a part of the adopted Roy-L water and sewer tariff documents.

16. Confluence shall submit to Staff the confidential post-closing rate base information within sixty (60) days following closing on the Mill Creek assets.

17. Confluence shall submit to Staff the confidential, actual-purchase price of the Auburn Lake Estates systems, within ten (10) days after closing on those assets.

18. The Commission approves the depreciation schedules set out in Appendix B of the Stipulation and orders Confluence to depreciate its plant accounts for the appropriate systems as specified by the depreciation schedules.

19. Confluence shall provide an example of its actual communication with each of the Selling Company's service areas regarding its acquisition and operations of the Confluence system assets, and how customers may reach Confluence regarding water and sewer matters, within ten (10) days after closing on the assets.

20. Confluence shall distribute to the Sellers' customers prior to the first billing from CRU an informational brochure detailing the rights and responsibilities of the utility and

³² This order allows the current rate.

customers regarding its water and/or sewer service, consistent with the requirements of Commission Rule 4 CSR 240-13.040(2)(A-L) within ten (10) days after closing on the assets.

21. Confluence shall provide adequate training for the correct application of rates and rules to all customer service representatives including those employed by contractors prior to the Seller's customers receiving their first bill from Confluence.

22. Confluence shall provide to the Customer Experience Department staff a sample of five (5) billing statements issued to the Sellers' customers (from each service area acquired) within thirty (30) days of such billing.

23. Confluence shall file notice in this case once requirements regarding customer communications and customer billing, above, have been completed.

24. The Commission makes no finding that would preclude it from considering the ratemaking treatment to be afforded any matters pertaining to the transfers or granting of the CCNs to Confluence, including past expenditures or future expenditures related to providing service in any of the applicable service areas, in any later proceeding.

25. This order shall be effective on February 24, 2019.

BY THE COMMISSION



A handwritten signature in cursive script that reads "Morris L. Woodruff".

Morris L. Woodruff
Secretary

Silvey, Chm., Kenney, Hall,
Rupp, and Coleman, CC., concur.

Graham, Regulatory Law Judge

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

In the Matter of the Application of Confluence)
Rivers Utility Operating Company, Inc. to)
Acquire Certain Water and Sewer Assets,) Case No. WM-2018-0116
For a Certificate of Convenience and)
Necessity, and, in Connection Therewith,)
to Issue Indebtedness and Encumber Assets.)

UNANIMOUS STIPULATION AND AGREEMENT

COMES NOW, Confluence Rivers Utility Operating Company, Inc. ("Confluence Rivers" or "CRU"), the Office of the Public Counsel ("OPC"), Lake Perry Lot Owners' Association ("Owners Association"), and the Staff of the Missouri Public Service Commission ("Staff"), by and through respective counsel, pursuant to Commission regulation 4 CSR 240-2.115, and respectfully request that the Missouri Public Service Commission ("Commission") approve this *Stipulation and Agreement* as resolution of the issues specifically addressed herein. This Stipulation and Agreement was reached as the result of negotiations between Confluence Rivers, Staff, and the OPC. In support, Confluence Rivers, the OPC, the Owners Association, and Staff (collectively, the "Parties"), state and agree as follows:

Relevant Factual History

1. On November 2, 2017, Confluence Rivers filed an Application seeking Commission approval to acquire certain water and sewer assets and the certificates of convenience and necessity (CCN) held by Smithview H2O Company ("Smithview"), M.P.B., Inc. ("MPB"), Mill Creek Sewers, Inc. ("Mill Creek"), Roy-L Utilities, Inc. ("Roy-L"), Port Perry Service Company ("Port Perry"), Gladlo Water & Sewer Company, Inc. ("Gladlo"), The Willows Utility Company ("Willows") and Evergreen Lake Water Company ("Evergreen") (collectively, the "Selling Utilities"). In the same Application,

Confluence Rivers further seeks a new CCN for a sewer service area known as Majestic Lakes, presently served by a non-regulated entity, Majestic Lakes Homeowners Association, Inc ("Majestic Lakes").

2. On July 3, 2018, Confluence Rivers filed a Motion for Leave to Amend Application and Amendment to Application, adding its proposed purchase of substantially all of the water and/or sewer assets providing service to Eugene, Missouri ("Eugene"); providing service to Wolf Creek Crossing; operating under CCNs issued to Calvey Brook Water, Inc., and Calvey Brook Sewer, Inc. (collectively, "Calvey Brook"), and designed to provide service for Auburn Lake Estates ("Auburn Lake"). In the same Amendment to Application, Confluence Rivers sought a new CCN for the Eugene, Wolf Creek Crossing, and Auburn Lake Estates service areas, and to acquire Calvey Brook's CCNs.

3. On September 27, 2018, Confluence Rivers confirmed its withdrawal of the portions of the Application pertaining to Wolf Creek Crossing, as Confluence Rivers chose not to pursue the purchase of Wolf Creek Crossing.

4. Descriptions of the referenced water and sewer systems are provided in **Appendix A.**

5. On November 29, 2018, an affiliate of Confluence Rivers, the Elm Hills Utility Operating Company, Inc., provided notice that "Sciens Capital Management LLC formed an investment entity named U.S. Water Systems, LLC, which has purchased 100% of the ownership interests in affiliates First Round CSWR, LLC, Central States Water Resources, Inc., and Fresh Start Venture LLC." The Company expects the new ownership structure will improve upon Confluence Rivers' ability to obtain financing.

(see Paragraph 7).

Settlement of Specific Issues

6. **Withdrawal of Application as to Financing:** The parties agree that, pursuant to Commission Rule 4 CSR 240-2.116(1) and this *Stipulation and Agreement*, Confluence Rivers be permitted to dismiss/withdraw its application for authority to issue secured indebtedness (financing).

7. **Financial Ability:** Confluence Rivers represents to the parties that its new ownership structure should facilitate (i) a move toward a 50-50 mix of equity and debt for its capital structure in a future rate case; (ii) obtaining debt financing that will result in a lower cost of debt than the rate contained in Confluence River's initial financing application in this matter; and, (iii) obtaining debt financing that will result in a debt instrument that does not contain a make whole penalty.

8. **Withdrawal of Application as to Port Perry Service Company:** The parties agree that, pursuant to Commission Rule 4 CSR 240-2.116(1) and this *Stipulation and Agreement*, Confluence Rivers be permitted to dismiss/withdraw its application as to the Port Perry Service Company's assets.

9. **Issues Settled:** The Parties agree and intend this *Stipulation and Agreement* to settle all remaining issues within the above captioned case. The Parties recommend that the Commission approve this *Stipulation and Agreement* and find this to be a just and a fair compromise of their respective positions.

10. **Future Rates:** Confluence Rivers will consult with the Missouri Department of Natural Resources, to develop a plan and a timeframe for implementing

any proposed repairs, renovations, or improvements to the systems provided in Appendix A (with the exception of Port Perry Service Company) with the goal of mitigating, to the extent reasonably possible (given health, safety, service reliability, environmental rules and regulations, ultimate rate design, and other factors beyond the Company's control), the increases to customer rates that may occur in any one given rate case.

11. **Smithview Assets Transfer Request:** The Parties agree the sale of the Smithview water assets to Confluence Rivers is not detrimental to the public interest and recommend that the Commission approve the sale. The Parties further recommend that the Commission approve the transfer of the Smithview CCN to Confluence Rivers, and authorize Confluence Rivers to begin providing water service to the Smithview service area.

12. **MPB Inc. Assets Transfer Request:** The Parties agree the sale of the MPB sewer assets (both the Villa Ridge and Lake Virginia systems) to Confluence Rivers is not detrimental to the public interest and recommend that the Commission approve the sale. The Parties further recommend that the Commission approve the transfer of the MPB CCNs to Confluence Rivers, and authorize Confluence Rivers to begin providing sewer service to the Villa Ridge and Lake Virginia service area.

13. **Mill Creek Assets Transfer Request:** The Parties agree the sale of the Mill Creek sewer assets to Confluence Rivers is not detrimental to the public interest and recommend that the Commission approve the sale. The Parties further recommend that the Commission approve the transfer of the Mill Creek CCN to Confluence Rivers, and authorize Confluence Rivers to begin providing sewer service to the Mill Creek

service area.

14. **Roy-L Assets Transfer Request:** The Parties agree the sale of the Roy-L water and sewer assets to Confluence Rivers is not detrimental to the public interest and recommend that the Commission approve the sale. The Parties further recommend that the Commission approve the transfer of the Roy-L CCNs to Confluence Rivers, and authorize Confluence Rivers to begin providing water and sewer service to the Roy-L service area.

15. **Evergreen Assets Transfer Request:** The Parties agree that the sale of the Evergreen water assets to Confluence Rivers is not detrimental to the public interest and recommend that the Commission approve the sale. The Parties further recommend that the Commission approve the transfer of the Evergreen CCN to Confluence Rivers, and authorize Confluence Rivers to begin providing water service to the Evergreen service area.

16. **Gladlo Assets Transfer Request:** The Parties agree that the sale of the Gladlo water and sewer assets to Confluence Rivers is not detrimental to the public interest and recommend that the Commission approve the sale. The Parties further recommend that the Commission approve the transfer of the Gladlo CCNs to Confluence Rivers, and authorize Confluence Rivers to begin providing water and sewer service to the Gladlo service area.

17. **Willows Asset Transfer Request:** The Parties agree that the sale of the Willows water and sewer assets to Confluence Rivers is not detrimental to the public interest and recommend that the Commission approve the sale. The Parties further recommend that the Commission approve the transfer of the Willows' CCNs to

Confluence Rivers, and authorize Confluence Rivers to begin providing water and sewer service to the Willows service area.

18. Majestic Lakes Certificate of Convenience and Necessity and Assets

Transfer Request: The Parties agree that issuance of a certificate of convenience and necessity to Confluence Rivers to authorize it to begin providing water and sewer service to the Majestic Lakes service area, as shown and described in Staff's recommendation memorandums, is necessary and convenient to the public interest, and recommend that the Commission issue such a certificate of convenience and necessity.

19. Eugene Certificate of Convenience and Necessity and Assets

Transfer Request: The Parties agree that issuance of a certificate of convenience and necessity to Confluence Rivers to authorize it to begin providing water and sewer service to the Eugene service area, as shown and described in CRU's Motion for Leave to Amend Application and Amendment to Application, is necessary and convenient to the public interest, and recommend that the Commission issue such a certificate of convenience and necessity .

20. Calvey Brook Asset Transfer Request: The Parties agree that the sale of the Calvey Brook Estates Homeowners Association water and sewer assets to Confluence Rivers is not detrimental to the public interest and recommend that the Commission approve the sale. The Parties further recommend that the Commission approve the transfer of the Calvey Brook CCNs to Confluence Rivers, and authorize Confluence Rivers to begin providing water and sewer service to the Calvey Brook service area.

21. **Auburn Lake Estates Certificate of Convenience and Necessity and Assets Transfer Request:** The Parties agree that issuance of a certificate of convenience and necessity to Confluence Rivers to authorize it to begin providing water and sewer service to the Auburn Lake Estates service area, as shown and described in CRU's Motion for Leave to Amend Application and Amendment to Application, is necessary and convenient to the public interest, and recommend that the Commission issue such a certificate of convenience and necessity .

22. **Rates:** The Parties agree that existing rates applicable to each of the service areas should remain the same, and that Confluence Rivers should be permitted to adopt existing tariff rules and rates for all of the Selling Companies that are currently regulated. For the service areas of the previously unregulated Selling Companies, the Parties recommend that the following rates be approved:

- a) **Majestic Lakes service area:** Water - \$35.00, Sewer - \$35.00;
- b) **Auburn Lake Estates service area:** Water - \$37.50; Sewer - \$37.50; and,
- c) **Eugene service area:** \$26.00 for the first 1,999 gallons per month; plus \$6.00 per 1,000 gallons for all usage above 1,999 gallons.

23. **Depreciation:** The Parties seek a Commission order requiring Confluence Rivers to utilize the agreed upon depreciation rates set forth as **Appendix B.**

Conditions

24. The Parties recommend the Commission provide the above-described

approvals subject to the above and the conditions described in Appendix C attached hereto.

General Provisions

25. This *Stipulation and Agreement* is being entered into for the purpose of disposing of the issues that are specifically addressed herein. In presenting this *Stipulation and Agreement*, none of the signatories shall be deemed to have approved, accepted, agreed, consented or acquiesced to any ratemaking or procedural principle, and none of the signatories shall be prejudiced or bound in any manner by the terms of this *Stipulation and Agreement*, whether approved or not, in this or any other proceeding, other than a proceeding limited to the enforcement of the terms of this *Stipulation and Agreement*, except as otherwise expressly specified herein. The signatories further understand and agree that the provisions of this *Stipulation and Agreement* relate only to the specific matters referred to in this *Stipulation and Agreement*, and no signatory waives any claim or right which it otherwise may have with respect to any matter not expressly provided for in this *Stipulation and Agreement*.

26. This *Stipulation and Agreement* has resulted from extensive negotiations and the terms hereof are interdependent. If the Commission does not approve this *Stipulation and Agreement* in total, or approves it with modifications or conditions to which a signatory objects, then this *Stipulation and Agreement* shall be void and no signatory shall be bound by any of its provisions. The agreements herein are specific to this proceeding and are made without prejudice to the rights of the signatories to take other positions in other proceedings except as otherwise noted herein.

If the Commission does not unconditionally approve this *Stipulation and*

Agreement without modification, and notwithstanding its provision that it shall become void, neither this *Stipulation and Agreement*, nor any matters associated with its consideration by the Commission, shall be considered or argued to be a waiver of the rights that any signatory has for a decision in accordance with Section 536.080, RSMo 2000, or Article V, Section 18, of the Missouri Constitution, and the signatories shall retain all procedural and due process rights as fully as though this *Stipulation and Agreement* had not been presented for approval, and any suggestions or memoranda, testimony or exhibits that have been offered or received in support of this *Stipulation and Agreement* shall become privileged as reflecting the substantive content of settlement discussions and shall be stricken from and not be considered as part of the administrative or evidentiary record before the Commission for any further purpose whatsoever.

27. The Parties enter into this *Stipulation and Agreement* in reliance upon information provided by Confluence Rivers and each of the Sellers, and this *Stipulation and Agreement* is explicitly predicated upon the truth of representations made by those parties.

28. If the Commission unconditionally accepts the specific terms of this *Stipulation and Agreement* without modification, the signatories waive, with respect to the issues resolved herein: their respective rights (1) to call, examine and cross-examine witnesses pursuant to Section 536.070(2), RSMo 2000; (2) their respective rights to present oral argument and/or written briefs pursuant to Section 536.080.1, RSMo 2000; (3) their respective rights to the reading of the transcript by the Commission pursuant to Section 536.800.2, RSMo 2000; (4) their respective rights to

seek rehearing pursuant to Section 386.500, RSMo 2000; and (5) their respective rights to judicial review pursuant to Section 386.510, RSMo Supp. 2011. These waivers apply only to a Commission order respecting this *Stipulation and Agreement* issued in this above-captioned proceeding, and do not apply to any matters raised in any prior or subsequent Commission proceeding, or any matters not explicitly addressed by this *Stipulation and Agreement*.

29. This *Stipulation and Agreement* contains the entire agreement of the signatories concerning the issues addressed herein.

30. The intent of the signatories to this *Stipulation and Agreement* has been fully and exclusively expressed in this document and the attachments appended hereto.

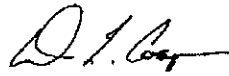
31. Acceptance of this *Stipulation and Agreement* by the Commission shall not be deemed as constituting an agreement on the part of the Commission to forego the use of any discovery, investigative or other power which the Commission presently has. Thus, nothing in this *Stipulation and Agreement* is intended to impinge or restrict in any manner the exercise by the Commission of any statutory right, including the right to access information, or any statutory obligation.

WHEREFORE, the Parties hereby respectfully submit this *Stipulation and Agreement*, and request the Commission issue an Order approving the same; and

granting any further relief the Commission deems just and reasonable.

Respectfully submitted,

//S// Whitney Payne by dlc
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OWNERS' ASSOCIATION**

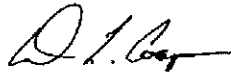
CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been sent by electronic mail this 14th day of December, 2018, to:

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Association
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APPENDIX A

Smithview H2O Company

1. Smithview obtained a CCN from the Commission in 1973 in Case No. 17,652.
2. Pursuant to its CCN, Smithview provides water service to approximately 105 residential customers in Bon-Gor Lake Estates north of Columbia in Boone County, Missouri.
3. The current water rates for Smithview (which have been in effect since May 27, 2011) are as follows: Monthly Minimum \$5.31; Commodity Charge per 1,000 gallon, \$3.36.
4. Staff has filed a pending complaint against Smithview for its failure to file annual reports and pay its required Commission assessments and for failure to provide safe and adequate service (Case No. WC-2016-0141).
5. On January 15, 2016, Smithview entered into an agreement whereby Confluence Rivers would purchase substantially all of the water assets of Smithview.

M.P.B., Inc.

6. MPB obtained a CCN from the Commission in 1985 for the Lake Virginia sewer system in Case No. SM-86-72. MPB obtained a CCN from the Commission in 1987 for the Villa Ridge sewer system in Case No. SM-87-52.
7. Pursuant to the Lake Virginia CCN, MPB provides sewer service to approximately 37 customers in the Lake Virginia subdivision located outside the city limits of Festus in Jefferson County. Pursuant to the Villa Ridge CCN, MPB provides sewer services to approximately 168 customers in the Villa Ridge subdivision in Franklin County.

8. The current sewer rates for MPB (which have been in effect since November 1, 2014) are as follows: Villa Ridge Regular Monthly Service Charge \$24.24; Lake Virginia Regular Monthly Service Charge \$13.33.

9. MBP is currently operating under the control of a receiver, Mr. Terry Jarrett.

10. On June 5, 2017 (Village Ridge) and September 29, 2017 (Lake Virginia), MPB, acting by and through its duly appointed receiver, and Confluence Rivers entered into agreements whereby Confluence Rivers agreed to purchase the Villa Ridge and Lake Virginia sewer assets.

Mill Creek Sewers, Inc.

11. Mill Creek obtained a CCN from the Commission in 1973 in Case No. 17,666.

12. Pursuant to its CCN, Mill Creek provides sewer service to approximately 75 residential customers in the Castlereagh Estates area in St. Louis County.

13. The current sewer rates for Mill Creek (which have been in effect since October 12, 2005) are as follows: Regular Monthly Service Charge \$30.11.

14. Mill Creek is currently operating under the control of a receiver, Heartland Utilities, LLC.

15. On June 1, 2017, Mill Creek, acting by and through its duly appointed receiver, and Confluence Rivers entered into an agreement whereby Confluence Rivers agreed to purchase substantially all the sewer assets of Mill Creek.

Roy-L Utilities, Inc.

16. Roy-L obtained water and sewer service CCNs from the Commission in

1968 in Case Nos. 16,379 and 16,380..

17. Pursuant to those CCNs, Roy-L provides water service to approximately 59 customers and sewer service to approximately 56 customers in the Golden Eagle Reserve subdivision near the city of High Hill in Montgomery County.

18. The current water and sewer rates for Roy-L (which have been in effect since May 23, 2014) are as follows: Water – Non-Metered Full-time Monthly \$50.16, Part-time Monthly 32.99, Metered Full-time Monthly \$33.24, Part-time Monthly 29.92, Commodity Charge per 1,000 gal \$3.08; Sewer – Full-time Monthly Service Charge \$36.04, Part-time Monthly Service Charge \$32.58.

19. On April 26, 2017, Roy-L entered into an agreement whereby Confluence Rivers agreed to purchase substantially all of the water and sewer assets of Roy-L.

Evergreen Lake Water Company

20. Evergreen obtained a CCN from the Commission in 1970, in Case No. 16,916. The water system assets are currently owned by another entity, Evergreen Lakes Water Supply Company. There was no approval by the Commission for a transfer of assets.

21. Pursuant to its CCN, Evergreen provides water service to approximately 52 customers in the Evergreen Lake subdivision near Cedar Hill in Franklin County.

22. The current water rates for Evergreen (which have been in effect since October 27, 2005) are as follows: Residential - Customer Charge \$7.71, Commodity Charge per 1,000 gal \$2.054; Commercial - Customer Charge \$7.71, Commodity Charge per 1,000 gal \$2.054.

23. On March 30, 2017, Evergreen and Confluence Rivers entered into an

agreement whereby Confluence Rivers agreed to purchase substantially all the assets of Evergreen.

Port Perry Service Company

24. Port Perry obtained water and sewer service CCNs from the Commission in 1973 in Case Nos. 17,681 and 17,642, respectively.

25. Pursuant to the CCNs, Port Perry provides water service to approximately 267 customers and sewer service to approximately 107 customers in the Port Perry subdivision near the city of Perryville in Perry County, Missouri.

26. The current water and sewer rates for Port Perry Service Company (which have been in effect since May 15, 2002) are as follows: Water – Based on Meter Size Monthly Minimum per Customer 5/8" \$ 13.23; 3/4" \$16.26; 1" \$22.33; 1-1/2 " \$37.49; 2" \$55.69; 3" \$98.16; 4" \$158.83; (all include 2,000 gallons) All usage over 2,000 gallons (per 1,000 gallons) \$3.58; Sewer – Sewer-Full-time Monthly Service Charge \$18.94, Part-time Residential Monthly Service Charge \$14.21, Part Time Trailer or Camper site with sewer service Monthly Service Charge of \$14.21.

27. On June 20, 2017, Port Perry entered into an agreement whereby Confluence Rivers agreed to purchase substantially all of the water and sewer assets of Port Perry.

Gladlo Water & Sewer Company, Inc.

28. Gladlo obtained water and sewer service CCNs from the Commission in 1972 in Case Nos. 17,458 and 17,459, respectively.

29. Pursuant to the CCNs, Gladlo currently provides service to approximately 69 water customers and 65 sewer customers in the Whispering Pines subdivision near

the city of Rolla in Phelps County.

30. The current water and sewer rates for Gladlo (which have been in effect since May 18, 2017) are as follows: Water Monthly \$17.25, Commodity Charge per 1,000 gal \$2.15; Sewer –Monthly Service Charge \$37.67.

31. Gladlo is currently operating under the control of a receiver, Heartland Utilities, LLC.

32. On October 16, 2017, Gladlo entered into an agreement with Confluence Rivers whereby Confluence Rivers agreed to purchase all the water and sewer assets of Gladlo.

The Willows Utility Company

33. Willows obtained a water and sewer service CCN from the Commission in 1979 in Case No. WA-80-86.

34. Pursuant to the CCN, Willows provides water service to approximately 151 customers and sewer service to approximately 124 customers in the Chalet City West subdivision and mobile home park in Republic, Missouri.

35. The current water and sewer rates for Willows (which have been in effect since April 1, 1995) are as follows: Water – Monthly \$5.23 (includes 1,000 gallons), Commodity Charge per 1,000 gal \$1.21; Sewer – Residential Monthly Service Charge \$15, Commercial Monthly Service Charge \$15 plus \$1 per 1,000 gallons.

36. On May 16, 2017, Willows entered into an agreement whereby Confluence Rivers agreed to purchase substantially all of the water and sewer assets of Willows.

Majestic Lakes Homeowners Association, Inc.

37. Majestic Lakes is an existing unregulated water and wastewater operation located in Lincoln County approximately two miles southeast of the city of Moscow Mills. Majestic Lakes does not have a CCN.

38. Majestic Lakes' water and sewer systems currently serve approximately 60 customers.

39. The current water and sewer rates for Majestic Lakes (which have been in effect since October 27, 2005 from the Homeowners Association) are as follows: Water - \$35.00, Sewer - \$35.00.

40. On June 30, 2016, Majestic Lakes and Confluence Rivers entered into an agreement whereby Confluence Rivers agreed to purchase substantially all of the water and sewer assets of Majestic Lakes.

Eugene, Missouri

41. The Eugene water system is owned by Cole County, Missouri. The Eugene water system does not have a CCN.

42. The Eugene water system provides water service to approximately 41 customers in southwestern Cole County approximately twenty miles from Jefferson City.

43. The current water rate for Eugene customers is \$26.00 for the first 1,999 gallons per month, plus \$6.00 per 1,000 gallons for all usage above 1,999 gallons.

44. The Eugene water system formerly belonged to the City of Eugene, Missouri. Eugene disincorporated in 1997. Since then, the only remaining vestige of the town of Eugene has been the water system, which Cole County operates. In January 2010, the Cole County Commission turned over control of the Eugene water

system to Cole County Public Works and its director, Larry Benz.

45. On April 25, 2018, Cole County, Missouri entered into an agreement whereby Confluence Rivers agreed to purchase substantially all of the water assets Cole County is using to provide service to Eugene.

Calvey Brook Water and Sewer

46. Calvey Brook Water, Inc. obtained a water service CCN from the Commission in 2004 in Case No. WA-2004-0280. Calvey Brook Sewer, Inc. obtained a sewer service CCN from the Commission in 2004 in Case No. SA-2004-0279.

47. The Calvey Brook regulated utilities' water and sewer systems are now owned and operated by an entity called the Calvey Brook Estates Homeowners Association, Inc. There was no Commission approval of a transfer of assets.

48. Pursuant to the CCNs, the Calvey Brook regulated utilities provide water and sewer services to approximately 10 customers in Calvey Brook Estates, a 36-lot subdivision in Franklin County near Robertsville, Missouri.

49. The current water and sewer rates for Calvey Brook Water and Sewer are as follows: Water - \$36.36 per month for up to 3,000 gallons, plus \$2.05 for each additional 1,000 gallons over 3,000 gallons usage; Sewer - \$33.78 per month.

50. On May 14, 2018, Calvey Brook Estates Homeowners Association, Inc., and Confluence Rivers entered into an agreement whereby Confluence Rivers agreed to purchase substantially all the water and sewer assets of Calvey Brook Estates Homeowners Association, Inc., as operated by Calvey Brook Water and Calvey Brook Sewer, including the CCNs.

Forest Ridge, LLC – Auburn Lake Estates

51. Forest Ridge, LLC owns water and sewer systems for a developing subdivision in Lincoln County, Missouri south of the City of Troy, in a subdivision commonly known as Auburn Lake Estates. Forest Ridge, LLC does not have a CCN.

52. Home construction has only recently begun in the Auburn Lake Estates, and accordingly, Forest Ridge, LLC has only one water customer and no sewer customers.

53. The current water and sewer rate approved by the Auburn Lake Estates homeowners association is a \$75 flat fee for combined water and sewer service. The sole customer, who only receives water service, is being charged with half that amount.

54. Forest Ridge, LLC has entered into an agreement whereby Confluence Rivers agreed to purchase substantially all of the water and sewer assets of Forest Ridge, LLC.

Confluence Rivers Utility Operating Company
SCHEDULE of DEPRECIATION RATES
(WATER Class C & D)
WM-2018-0116

NARUC USOA ACCOUNT NUMBER	ACCOUNT DESCRIPTION	<u>Evergreen</u> Depreciation Rate	<u>Gladle</u> Depreciation Rate	<u>Roy-L</u> Depreciation Rate	<u>Willows</u> Depreciation Rate	<u>Smithview</u> Depreciation Rate	<u>Majestic Lakes</u> Depreciation Rate
	Source of Supply						
311	Structures & Improvements	2.5%*	10.0%	2.5%*	2.5%*	2.5%*	2.5%*
314	Wells & Springs	2.0%	0.0%	2.0%	2%*	2.0%	2%*
	Pumping Plant						
321	Structures & Improvements	0.0%	2.5%*	2.5%	2.5%*	2.5%	2.5%*
325/325.1	Elec. Submersible Pumping Equipment	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%*
325.2	High Service or Booster Pumping Equip.	6.7%*	6.7%*	6.7%*	6.7%*	6.7%*	6.7%*
	Water Treatment Plant						
331	Structures & Improvements	2.5%*	2.5%*	2.5%*	2.5%*	2.5%*	2.5%*
332	Water Treatment Equipment	2.9%*	2.9%*	10.0%	2.9%*	2.9%	2.9%*
	Transmission and Distribution						
341	Structures & Improvements	2.5%*	2.5%*	2.5%	2.5%*	2.5%*	2.5%*
342	Distribution Reservoirs & Standpipes	2.5%	2.5%	2.5%	2.5%*	2.5%	2.5%*
343	Transmission & Distribution Mains	2.0%	2.0%	2.0%	2.0%*	2.0%	2.0%*
345	Customer Services	2.5%*	2.5%*	2.5%	2.5%*	2.5%*	2.5%*
346	Customer Meters, Bronze (Calibrate)	0.0%	3.3%	5.0%	5.0%	3.3%	3.3%*
346.1	Customer Meters, Plastic (Throw Aways)	10.0%*	10.0%*	10.0%	10.0%*	10.0%*	10.0%*
347	Customer Meter Pits & Installation	2.5%*	2.5%*	2.5%	5.0%	2.5%	2.5%*
348	Hydrants	2.0%*	2.0%*	2.0%*	2.0%*	2.0%*	2.0%*
	General Plant CLASS D						
371	Structures & Improvements	2.5%*	2.5%*	2.5%*	2.5%*	2.5%*	2.5%*
372	Office Furniture & Equipment	5.0%*	5.0%*	5.0%	5.0%*	5.0%*	5.0%*
372.1	Office Electronic & Computer Equip.	20.0%*	20.0%*	20.0%	20.0%*	20.0%*	20.0%*
373	Transportation Equipment	13.0%*	13.0%*	13.0%*	13.0%*	13.0%*	13.0%*
379	Other General Equipment (tools, shop equip., backhoes, trenchers, etc.)	6.7%*	10.0%	10.0%	6.7%*	6.7%*	6.7%*

*Designates a rate proposed in this case, rather than a rate ordered by the Commission in a previous case.

Confluence Rivers Utility Operating Company

SCHEDULE of DEPRECIATION RATES

(SEWER Class B/C & D)

SM-2018-0117

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	<u>MPB</u> <u>Depreciation</u> Rates	<u>Mill Creek</u> <u>Depreciation</u> Rates	<u>Gladlo</u> <u>Depreciation</u> Rates	<u>Roy-L</u> <u>Depreciation</u> Rates	<u>Willows</u> <u>Depreciation</u> Rates	<u>Majestic Lakes</u> <u>Depreciation</u> Rates
COLLECTION PLANT							
311/351	Structures & Improvements	4.0%	2.5%	4.0%*	4.0%	4.0%*	4.0%*
352.1	Collection Sewers (Force)	2.0%	2.0%*	2.0%*	2.0%*	2.0%*	2.0%*
352.2	Collection Sewers (Gravity)	2.0%	2.0%*	2.0%	2.0%	2.0%*	2.0%*
354	Services	2.0%	2.0%*	2.0%*	2.0%	2.0%*	2.0%*
355	Flow Measurement Devices	3.3%	3.3%*	3.3%*	3.3%*	3.3%*	3.3%*
PUMPING PLANT							
361	Structures and Improvements	4.0%	4.0%*	4.0%*	4.0%*	4.0%*	4.0%*
362	Receiving Wells	4.0%	4.0%*	4.0%*	4.0%*	4.0%*	4.0%*
363	Electric Pumping Equipment	10.0%	10.0%*	10.0%*	10.0%*	10.0%*	10.0%*
TREATMENT & DISPOSAL PLANT							
371	Structures and Improvements	4.0%	4.0%*	4.0%*	4.0%*	4.0%*	4.0%*
372	Oxidation Lagoons	4.0%	4.0%*	4.0%	4.0%	4.0%*	4.0%*
373	Treatment & Disposal Facilities	4.5%	5.0%	5.0%	4.5%	5.0%*	5.0%*
374	Plant Sewers	2.5%	2.5%*	2.5%*	2.5%*	2.5%*	2.5%*
375	Outfall Sewer Lines	2.0%	2.0%*	2.0%*	2.0%	2.0%*	2.0%*
GENERAL PLANT							
390	Structures and Improvements	2.5%	4.0%*	4.0%*	4.0%*	4.0%*	4.0%*
391	Office Furniture & Equipment	5.0%	5.0%*	5.0%*	5.0%	5.0%*	5.0%*
391.1	Office Electronic & Computer Equip.	14.3%	14.3%*	14.3%*	20.0%	14.3%*	14.3%*
392	Transportation Equipment	13.0%	13.0%*	13.0%*	13.0%*	13.0%*	13.0%*
393	Stores Equipment/Other General Equipment	4.0%	10.0%*	10.0%	14.3%	10.0%*	10.0%*
394	Tools/Shop/Garage Equip.	5.0%	5.0%*	5.0%*	5.0%*	5.0%*	5.0%*
395	Lab Equipment	5.0%	5.0%*	5.0%*	5.0%*	5.0%*	5.0%*
396	Power Operated Equipment	6.7%	6.7%*	6.7%*	6.7%*	6.7%*	6.7%*
397	Communication Equipment	6.7%	6.7%*	6.7%*	6.7%*	6.7%*	6.7%*

*Designates a rate proposed in this case, rather than a rate ordered by the Commission in a previous case.

Confluence Rivers Utility Operating Company
SCHEDULE of DEPRECIATION RATES
(WATER Class D)
 WM-2018-0116

NARUC USOA ACCOUNT NUMBER	ACCOUNT DESCRIPTION	<u>Calvey Brook</u> <u>Depreciation</u> <u>Rates</u>	<u>Auburn Lakes</u> <u>Depreciation</u> <u>Rates</u>	<u>Eugene</u> <u>Depreciation</u> <u>Rates</u>
Source of Supply				
311	Structures & Improvements	2.5%	2.5%*	2.5%*
314	Wells & Springs	2.0%	2%*	2%*
Pumping Plant				
321	Structures & Improvements	2.5%	2.5%*	2.5%*
325/325.1	Elec. Submersible Pumping Equipment	10.0%	10.0%*	10.0%*
325.2	High Service or Booster Pumping Equip.	6.7%*	6.7%*	6.7%*
WaterTreatment Plant				
331	Structures & Improvements	2.5%*	2.5%*	2.5%*
332	Water Treatment Equipment	2.9%*	2.9%*	2.9%*
Transmission and Distribution				
341	Structures & Improvements	2.5%	2.5%*	2.5%*
342	Distribution Reservoirs & Standpipes	2.5%	2.5%*	2.5%*
343	Transmission & Distribution Mains	2.0%	2.0%*	2.0%*
345	Customer Services	2.5%	2.5%*	2.5%*
346	Customer Meters, Bronze (Calibrate)	3.3%*	3.3%*	3.3%*
346.1	Customer Meters, Plastic (Throw Aways)	10.0%	10.0%*	10.0%*
347	Customer Meter Pits & Installation	2.5%	2.5%*	2.5%*
348	Hydrants	2.0%*	2.0%*	2.0%*
General Plant CLASS D				
371	Structures & Improvements	2.5%	2.5%*	2.5%*
372	Office Furniture & Equipment	5.0%	5.0%*	5.0%*
372.1	Office Electronic & Computer Equip.	14.3%	20.0%*	20.0%*
373	Transportation Equipment	13.0%*	13.0%*	13.0%*
379	Other General Equipment (tools, shop equip., backhoes, trenchers, etc.)	6.7%*	6.7%*	6.7%*

*Designates a rate proposed in this case,
rather than a rate ordered by the

Confluence Rivers Utility Operating Company
SCHEDULE of DEPRECIATION RATES
(SEWER Class C & D)

SM-2018-0117

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	<u>Calvey Brook</u> <u>Depreciation</u> <u>Rates</u>	<u>Auburn Lakes</u> <u>Depreciation</u> <u>Rates</u>
COLLECTION PLANT			
311/351	Structures & Improvements	2.5%	4.0%*
352.1	Collection Sewers (Force)	2.0%	2.0%*
352.2	Collection Sewers (Gravity)	2.0%	2.0%*
354	Services	2.0%	2.0%*
355	Flow Measurement Devices	3.3%	3.3%*
PUMPING PLANT			
361	Structures and Improvements	4.0%*	4.0%*
362	Receiving Wells	4.0%	4.0%*
363	Electric Pumping Equipment	10.0%	10.0%*
TREATMENT & DISPOSAL PLANT			
371	Structures and Improvements	4.0%*	4.0%*
372	Oxidation Lagoons	4.0%*	4.0%*
373	Treatment & Disposal Facilities	5.0%	5.0%*
374	Plant Sewers	2.5%	2.5%*
375	Outfall Sewer Lines	2.0%	2.0%*
GENERAL PLANT			
390	Structures and Improvements	4.0%*	4.0%*
391	Office Furniture & Equipment	5.0%	5.0%*
391.1	Office Electronic & Computer Equip.	14.3%	14.3%*
392	Transportation Equipment	12.5%	13.0%*
393	Other General Equipment/Stores Equipment	4.0%	10.0%*
394	Tools/Shop/Garage Equip.	5.0%	5.0%*
395	Lab Equipment	5.0%	5.0%*
396	Power Operated Equipment	6.7%	6.7%*
397	Communication Equipment	6.7%	6.7%*

*Designates a rate proposed in this case,
rather than a rate ordered by the

APPENDIX C

- 1) Authorize each of the regulated Sellers to sell and transfer utility assets to CRU and transfer the CCN's currently held by the regulated Sellers to CRU upon closing on any of the respective systems;
- 2) Authorize each respective Seller to cease providing service, and authorize CRU to begin providing service, upon closing on each of the water and sewer systems;
- 3) Authorize CRU to provide service by applying, on an interim basis, the existing rates, rules and regulations as outlined in the tariff document(s) of the respective regulated Sellers upon closing on each of the water and sewer systems, until the effective date of respective adoption notice tariff sheets to be filed as recommended herein;
- 4) Require CRU to file adoption notice tariff sheets for each tariff currently in effect for the regulated Sellers, as 30-day filings, within ten (10) days of closing on the respective assets;
- 5) Issue a new CCN to CRU to provide water and sewer service in the proposed Majestic Lakes service area, as depicted in Staff's Recommendation, with CRU to begin providing such service upon closing on the assets;
- 6) Approve rates of \$35 per month for water service, and \$35 per month for sewer service, for CRU applicable to customers in the Majestic Lakes service area;
- 7) Issue a new CCN to CRU to provide water and sewer service in the proposed Auburn Lake Estates service area, as requested in the Amended Application, with CRU to begin providing such service upon closing on the assets;

8) Approve rates of \$37.50 per month flat rate for water service, and \$37.50 per month flat rate for sewer service, for CRU applicable to customers in the Auburn Lake Estates service area;

9) Issue a new CCN to CRU to provide water service in the proposed Eugene service area, as requested in the Amended Application, with CRU to begin providing such service upon closing on the assets;

10) Approve rates of \$26.00 for the first 1,999 gallons per month, plus \$6.00 per 1,000 gallons for all usage above 1,999 gallon, for water service, for CRU applicable to customers in the Eugene service area;

11) Authorize CRU to provide water and sewer service in the Majestic Lakes service area and Auburn Lake Estates service area, and water service in the Eugene service area, in accordance with the rules and regulations within the water and sewer tariffs applicable to Roy-L upon closing on any of those assets;

12) Require CRU to submit new tariff sheets reflecting the maps and written descriptions of the Majestic Lakes service area, the Auburn Lake Estates service area and the Eugene service area, with the appropriate respective information for each service area as described herein, as well as sheets reflecting the proposed rates for the Majestic Lakes service area, the Auburn Lake Estates service area and the Eugene service area prior to closing on any of these assets, with these or similar replacement tariff sheets to ultimately become a part of the adopted Roy-L water and sewer tariff documents;

13) Order CRU to submit to Staff the confidential post-closing rate base information within sixty (60) days following closing on the Mill Creek assets;

14) Order CRU to submit to Staff the confidential, actual-purchase price of the Auburn Lake Estates systems, within ten (10) days after closing on those assets;

15) Approve depreciation schedules for CRU, as addressed in Staff's Recommendation and as addressed herein, and order CRU to depreciate its plant accounts for the appropriate systems as specified by the depreciation schedules;

16) Require CRU to provide an example of its actual communication with each of the Sellers' service areas regarding its acquisition and operations of the CRU system assets, and how customers may reach CRU regarding water and sewer matters, within ten (10) days after closing on the assets;

17) Require CRU to distribute to the Sellers' customers prior to the first billing from CRU an informational brochure detailing the rights and responsibilities of the utility and customers regarding its water and/or sewer service, consistent with the requirements of Commission Rule 4 CSR 240-13.040(2)(A-L) within ten (10) days after closing on the assets;

18) Require CRU to provide adequate training for the correct application of rates and rules to all customer service representatives including those employed by contractors prior to the Seller's customers receiving their first bill from CRU;

19) Require CRU to provide to the Customer Experience Department staff a sample of five (5) billing statements of bills issued to the Sellers' customers (from each service area acquired) within thirty (30) days of such billing;

20) Require CRU to file notice in this case once Staff Recommendations regarding customer communications and customer billing, above, have been completed;

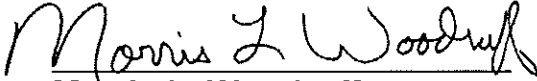
21) Make no finding that would preclude the Commission from considering the ratemaking treatment to be afforded any matters pertaining to the transfers or granting of the CCN to CRU, including past expenditures or future expenditures related to providing service in any of the applicable service areas, in any later proceeding.

STATE OF MISSOURI

OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at Jefferson City, Missouri, this 14th day of February 2019.


Morris L. Woodruff
Secretary

MISSOURI PUBLIC SERVICE COMMISSION

February 14, 2019

File/Case No. WM-2018-0116

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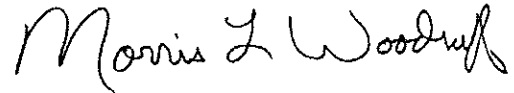
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High Hill, MO 63350

Smithview H2O Company
Legal Department
802 E. County Line
Clark, MO 65243

Willows Utility Company, The
Legal Department
P.O. Box 140099
Dallas, TX 75214

Enclosed find a certified copy of an Order or Notice issued in the above-referenced matter(s).

Sincerely,

A handwritten signature in black ink that reads "Morris L. Woodruff". The signature is written in a cursive style with a large initial "M".

Morris L. Woodruff
Secretary

Recipients listed above with a valid e-mail address will receive electronic service. Recipients without a valid e-mail address will receive paper service.