

**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 ) **File Nos. WM-2020-0403**  
and Sewer Assets of Terre Du )  
Lac Utilities Corporation. )

**PUBLIC HEARING NOTICE**

**COMES NOW** Confluence Rivers Utility Operating Company, Inc., (“Confluence Rivers” or “Company) and, in response to the Missouri Public Service Commission’s (“Commission”) *Order Setting Procedures for Local Public Hearing*, states as follows:

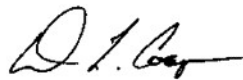
1. On November 13, 2020, the Commission issued its *Order Setting Procedures for Local Public Hearing* (“Order”). The *Order*, among other things, directed that a copy of the public notice be filed in the docket for this case.

2. Attached hereto as **Appendix A** is a copy of the notice mailed to customers on November 30, 2020.

**WHEREFORE**, Confluence Rivers Utility Operating Company, Inc., respectfully requests the Commission consider this filing to comply with its *Order*.

Respectfully submitted,

**BRYDON, SWEARENGEN & ENGLAND P.C.**




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P.O. Box 456  
Jefferson City, MO 65012  
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**ATTORNEYS FOR CONFLUENCE RIVERS  
UTILITY OPERATING COMPANY, INC.**

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing was served by electronic mail on this 1<sup>st</sup> day of December 2020, to all counsel of record.

  
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Dear Resident:

Confluence Rivers Utility Operating Company, Inc. (Confluence Rivers) has filed an application with the Missouri Public Service Commission seeking Commission authorization for Confluence Rivers to acquire the assets of Terre Du Lac Utilities Corporation (Terre Du Lac) and its Certificates of Convenience and Necessity (CCNs).

We have proposed that your rates remain the same. In the future, rates may change based on improvements to treatment plants. Due to the deteriorating condition of the Terre Du Lac systems, Confluence Rivers UOC has requested an acquisition incentive from the Public Service Commission. After we complete the proposed acquisition, we plan to make improvements to the systems to address degradation due to age and environmental compliance issues. These improvements will make it possible for us to bring you clean, safe and reliable water resources 24/7.

As a result of precautions associated with the COVID-19 virus, the associated restrictions on public gatherings, and other recommended social distancing measures, a virtual public hearing is scheduled to begin at 7:00 p.m. on December 15, 2020, via the internet-based video and teleconferencing service, WebEx.

Customers who wish to provide comments on the record to the Commission during the public hearing should register before 5 p.m. on December 11, 2020, to ensure adequate time for the receipt of the invitation referenced below. However, registration will continue up to the hearing. To register, please send an email to [confluencecomments@psc.mo.gov](mailto:confluencecomments@psc.mo.gov) with your first and last name, and whether you will connect to the public hearing via internet or by phone. If you register to connect via internet, you will receive an email invitation with access information. Those who register to participate by phone will receive dial-in information when registration is confirmed. A live audio web stream of the public hearing will also be available at the PSC's website, [www.psc.mo.gov](http://www.psc.mo.gov), for those who are not registered to participate in the public hearing.

Customers are also invited to submit written comments to the Public Service Commission Staff and/or the Office of the Public Counsel, which represents the public in matters before the Commission regarding the proposed sale of the water and sewer systems. Your comments should include a reference to Case Number WM-2020-0403. The Commission Staff and the Public Counsel will review all customer comments submitted in response to this notice. All comments will also be filed in the official case file for review by the Commissioners.



Public Service  
Commission  
Attn: Water/Sewer Dept.  
P.O. Box 360  
Jefferson City, MO 65102  
Phone: 800-392-4211  
Fax: 573-751-1847  
E-Mail: [watersewercomments@psc.mo.gov](mailto:watersewercomments@psc.mo.gov)

Office of the Public  
Counsel  
P.O. Box 2230  
Jefferson City, MO 65102  
Phone: 866-922-2959  
Fax: 573-751-1847  
E-Mail: [mopco@opc.mo.gov](mailto:mopco@opc.mo.gov)

To submit your comments via the Commission's Website:

- 1.) Go to <http://www.psc.mo.gov>
- 2.) Click on the Submit Comments box under the "How Do I..." heading on the right top of the page
- 3.) From this page click on the "submit comment" link found under "Submit Comments in Writing"
- 4.) Fill out the submit the Public Comments form, including the case number shown above. If you want to attach a document, before clicking the "Submit" button, click the "Attach" button. There are instructions on that page for attaching the document and returning to the previous screen.
- 5.) Click the "Submit" button at the bottom of the page.

Case documents may be accessed by entering the case number, WM-2020-0403, at the "Docket Sheet" link, located on the "Submit Comments" page of the Commission's website ([https://psc.mo.gov/General/Submit\\_Comments](https://psc.mo.gov/General/Submit_Comments)).

If you have questions, please contact Confluence Rivers at 314-736-4672 or any of the above public offices.

Josiah Cox,

Confluence Rivers Utility Operating Company, Inc.

## **STAFF POSITION**

Confluence Rivers Utility Operating Company, Inc.

Case No. WM-2020-0403

On June 12, 2020, the Confluence Rivers Creek Utility Operating Company, Inc. (Confluence) filed an application with the Missouri Public Service Commission (Commission) seeking to purchase the utility assets of the Terre Du Lac Utilities Corporation (Terre Du Lac). Confluence proposes to maintain existing rates for Terre Du Lac customers until the next rate case, and make a series of improvements to bring the sewer collection and treatment systems into compliance with the Missouri Clean Water Law and Department of Natural Resources regulations. As part of its application, Confluence has requested acquisition incentives in the form of a rate of return premium and a debt acquisition adjustment. The Staff of the Commission is one party in the case, the other parties being Confluence, Terre Du Lac, and the Office of Public Counsel.

The Staff has reviewed the Company's request, conducted an inspection of the drinking water and sewer systems, and reviewed Confluence's ability to operate and maintain the systems. Staff has also reviewed the current value of the utility systems, and reviewed Confluence's financial capacity to make the necessary improvements.

The Staff has recommended to the Commission that Confluence's application to purchase Terre Du Lac's utility assets be approved, but the application for acquisition incentives be denied. Acquisition incentives are allowed under the law to encourage companies to acquire small, non-viable utilities where the current owner lacks the ability to bring them into compliance with the law. These incentives are intended to reward companies for taking on the risk inherent in acquiring small companies that need significant investment in order to provide safe and adequate service to their customers. It is Staff's position that approving acquisition incentives in this case would be unjust and unreasonable. Staff's position is that Terre Du Lac is not insolvent, the drinking water system is viable, and Terre Du Lac has the ability to bring the sewer system into compliance.



Marc Poston  
Public Counsel

State of Missouri

Mike Parson  
Governor

**Office of the Public Counsel**

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Jefferson City, MO 65102-2230

Telephone: 573-751-4857  
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Email: [mopco@opc.mo.gov](mailto:mopco@opc.mo.gov)  
Web: <https://opc.mo.gov/>

TO: Members of the Public  
FROM: The Missouri Office of the Public Counsel  
RE: Confluence Rivers Utility Operating Company's Proposed Acquisition of the Terre Du Lac Water and Sewer Assets (Commission case number WM-2020-0403)  
DATE: December 15, 2020

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**Who is the Public Counsel:**

The Public Counsel is the statutorily designed utility consumer advocate. The Public Counsel employs legal and technical experts that together form the Office of the Public Counsel (or "OPC"). The purpose of the OPC is to represent and protect the interests of the public in proceedings before the Missouri Public Service Commission (which is a separate entity).

**What this case is about:**

The Confluence Rivers Utility Operating Company, Inc. (or "Confluence") is seeking permission from the Missouri Public Service Commission to acquire the physical assets that make up the Terre Du Lac Utilities Corporation (or "TDL") as well as the grant of legal authority (commonly referred to as a "certificate of convenience and necessity" or "CCN") to supply retail water and sewer utility services within TDL's service territory. Confluence is also asking for acquisition incentives, in the form of a rate of return premium and a debit acquisition adjustment. Confluence claims that if the Commission does not grant these incentives, it may not purchase the TDL system. If granted, the acquisition incentives would allow Confluence to charge TDL ratepayers based on Confluence's purchase price rather than TDL's investment balance, and cause a significant increase to the rates charged to customers. Confluence proposes collecting any acquisition incentive through a separate surcharge on TDL customer bills.

Practically speaking, if the Commission approves Confluence's requested acquisition, Confluence would take over the operation of the TDL water and sewer systems and become the new water and sewer service provider for anyone who previously received water or sewer services from TDL. If the Commission approves Confluence's requested acquisition incentive, Confluence would be ordered to initiate a rate case within a Commission ordered period of time, and any approved incentive would be collected from TDL customers following that rate case.

**The Office of the Public Counsel's position:**

The OPC does not oppose Confluence's acquisition of TDL, but does oppose Confluence's requested acquisition incentive. OPC believes that Confluence's acquisition incentive request is legally deficient, unnecessary, and ultimately detrimental to the public. The OPC has taken this position for three major reasons.

First, the Commission's acquisition incentive rule requires that the acquisition is unlikely to occur but for the probability of obtaining an incentive. Confluence maintains it would be unlikely to purchase the TDL systems absent an incentive given TDL's projected repair needs. However, the nature of utility ratemaking is that rates are already set to cover existing investments along with a reasonable rate of return. Because Confluence projects making significant improvements to the TDL system, any future rates would provide a fair and reasonable return so no further incentive is necessary. Confluence has also agreed to pay far above TDL's book value for the assets, and Confluence's holding company (Central States Water Resources) has a business model of purchasing small water and sewer systems. Therefore, Confluence would likely purchase TDL regardless of any incentive.

Second, based on the Staff of the Commission's review, it appears that Confluence's acquisition incentive application does not comply with the Commission's requirements.

Third, and moreover, OPC believes the Commission's acquisition incentive rule itself lacks proper legal foundation.

**What you should do in this case:**

The most important thing for the public to do in this case is to stand up and be heard. Whether you agree with the OPC or not, we still want to hear from you. The virtual local public hearing will start with a brief question and answer session where you can informally ask the parties any questions (or raise any concerns) you might have about this case or your water and sewer services in general. After that, there will be an opportunity for you to speak directly to Commissioners and provide comments that will go on to become a part of the record in this case. If you want Commissioners to consider your opinion in this case, your best chance is to speak to them now. Even if someone else has said everything that you wanted to say, it would help to relay that fact to the Commission just so it knows that more than one person holds that opinion.

The Commission asks that those wishing to participate in the virtual local public hearing to voice their desire to do so by emailing [confluencecomments@psc.mo.gov](mailto:confluencecomments@psc.mo.gov), and requesting a virtual invite. **To ensure that you get your chance to speak please sign up as soon as you can, even if you later decide not to offer public comments.** Please reach out to OPC or the Commission if you have any issues signing up for the virtual local public hearing.

In addition to providing testimony you, or anyone you know who would like to, may also file written comments in this case by going to [https://psc.mo.gov/General/Submit\\_Comments](https://psc.mo.gov/General/Submit_Comments) and accessing the links provided. **However, the Commission has in the past not accepted written comments as part of the record, so your best chance to be heard is at this virtual public hearing.** If you want to stay informed about this case or read what has already been filed, you can access this case on the Commission's Electronic Filing Information System (or "EFIS"). Just go to <https://psc.mo.gov/General/EFIS>, find the link for "Docket Sheet" under EFIS Shortcuts, and enter the case number for this case (WM-2020-0403) in the box provided to see everything filed in this case.