

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held by telephone and internet audio conference on the 23rd day of September, 2020.

In the Matter of the Application of Confluence)
Rivers Utility Operating Company, Inc., to Acquire) **File No. WM-2020-0282**
Certain Water and Sewer Assets, and For)
Certificates of Convenience and Necessity)

**ORDER DIRECTING RESPONSES REGARDING
STAFF'S RECOMMENDATION**

Issue Date: September 23, 2020

Effective Date: September 23, 2020

On March 11, 2020, Confluence Rivers Utility Operating Company (Confluence Rivers) applied for authority to acquire the sewer and water utility assets of Branson Cedars Resort Utility Company, LLC (Branson Cedars); the water utility assets of Fawn Lake Water Corp. (Fawn Lake) and P.A.G. LLC d/b/a Prairie Heights Water Company (Prairie Heights); and the sewer utility assets of Freeman Hills Subdivision Association (Freeman Hills) and a system serving the DeGuire subdivision in Madison County (DeGuire).¹ Confluence Rivers also seeks the Commission's approval to transfer Branson Cedars' certificates of convenience and necessity (CCNs) to Confluence Rivers or grant new CCNs to serve Branson Cedars. In addition, Confluence Rivers seeks CCNs for the Fawn Lake, Prairie Heights, Freeman Hills and DeGuire systems, which are not now regulated by the Commission.

¹ On April 17, 2020, Confluence Rivers' application as to sewer utility assets, File No. SM-2020-0283, was consolidated with this case concerning water utility assets, File No. WM-2020-0282. On June 1, 2020, Confluence Rivers withdrew from the consolidated case the portion of its application pertaining to Terre Du Lac Utilities Corporation.

On July 17, 2020, the Staff of the Public Service Commission (Staff) recommended the Commission approve Confluence Rivers' application, subject to specified conditions. Following resolution of the Office of Public Counsel's request for a public hearing in this case, Confluence Rivers on August 24, 2020, filed a timely response to Staff's recommendation and stated "no objection" to the conditions recommended by Staff for approval of the application.

The Commission will direct Staff to respond to the following queries:

A. Please provide all photos in Staff's possession from Staff's inspection of each of the systems proposed for acquisition: Branson Cedars, Fawn Lake, Prairie Heights, Freeman Hills, and DeGuire. Please organize and label photos according to name and system.

B. In regard to each of the systems not currently regulated by the Commission, please provide Staff's calculation of net book value.² In particular, please explain how Staff calculated contributions in aid of construction (CIAC) for each system. In addition, for each system individually, please identify the type of information used to calculate net book value and the source of such information.

C. In regard to Branson Cedars water assets:

1. Has Staff assessed the technical solutions proposed by Confluence Rivers to improve the system? If so, please describe the assessment and disclose any conclusions.

² Staff's calculation of net book value for Fawn Lake, Prairie Heights, Freeman Hills, and DeGuire is stated in *Staff Recommendation*, Appendix A: Memorandum – Confidential, Table: Plant in Service, Accumulated Reserve, CIAC, CIAC Amortization, Net Book Value, pg. 17 (July 17, 2020).

2. Is Staff aware of any other technical solutions that could be used to improve the system? If so, please identify those alternatives and any advantages or disadvantages now known to Staff.

3. Has Staff analyzed the likely cost of system improvements proposed by Confluence Rivers and any alternative technical solutions known to Staff? If so, please describe that analysis and disclose any conclusions.

4. Please advise whether any of the proposed improvements should be given priority and for what reason. Please also advise whether, and for what reason, proposed improvements should be completed together within a particular period, and whether any of the proposed improvements should be deferred.

D. In regard to Branson Cedars sewer assets:

1. Has Staff assessed the technical solutions proposed by Confluence Rivers to improve the system? If so, please describe the assessment and disclose any conclusions.

2. Is Staff aware of any other technical solutions that could be used to improve the system? If so, please identify those alternatives and any advantages or disadvantages now known to Staff.

3. Has Staff analyzed the likely cost of system improvements proposed by Confluence Rivers and any alternative technical solutions known to Staff? If so, please describe that analysis and disclose any conclusions.

4. Please advise whether any of the proposed improvements should be given priority and for what reason. Please also advise whether, and for what

reason, proposed improvements should be completed together within a particular period, and whether any of the proposed improvements should be deferred.

5. Please identify the factors that Staff believes should determine whether the existing system is upgraded or replaced.

6. Please explain how the total construction cost amount in Staff's recommendation was calculated and how that relates to and/or includes the estimated cost of upgrades to the wastewater system.

E. In regard to Fawn Lake:

1. Has Staff assessed the technical solutions proposed by Confluence Rivers to improve the system? If so, please describe the assessment and disclose any conclusions.

2. Is Staff aware of any other technical solutions that could be used to improve the system? If so, please identify those alternatives and any advantages or disadvantages now known to Staff.

3. Has Staff analyzed the likely cost of system improvements proposed by Confluence Rivers and any alternative technical solutions known to Staff? If so, please describe that analysis and disclose any conclusions.

4. Please advise whether any of the proposed improvements should be given priority and for what reason. Please also advise whether, and for what reason, proposed improvements should be completed together within a particular period, and whether any of the proposed improvements should be deferred.

5. Please explain how geographic information system (GIS) mapping will be used for this system.

F. In regard to Prairie Heights:

1. Has Staff assessed the technical solutions proposed by Confluence Rivers to improve the system? If so, please describe the assessment and disclose any conclusions.

2. Is Staff aware of any other technical solutions that could be used to improve the system? If so, please identify those alternatives and any advantages or disadvantages now known to Staff.

3. Has Staff analyzed the likely cost of system improvements proposed by Confluence Rivers and any alternative technical solutions known to Staff? If so, please describe that analysis and disclose any conclusions.

4. Please advise whether any of the proposed improvements should be given priority and for what reason. Please also advise whether, and for what reason, proposed improvements should be completed together within a particular period, and whether any of the proposed improvements should be deferred.

G. In regard to Freeman Hills:

1. Has Staff assessed the technical solutions proposed by Confluence Rivers to improve the system? If so, please describe the assessment and disclose any conclusions.

2. Is Staff aware of any other technical solutions that could be used to improve the system? If so, please identify those alternatives and any advantages or disadvantages now known to Staff.

3. Has Staff analyzed the likely cost of system improvements proposed by Confluence Rivers and any alternative technical solutions known to Staff? If so, please describe that analysis and disclose any conclusions.

4. Please advise whether any of the proposed improvements should be given priority and for what reason. Please also advise whether, and for what reason, proposed improvements should be completed together within a particular period, and whether any of the proposed improvements should be deferred.

5. Please explain how GIS mapping will be used for this system.

6. Please specify whether Confluence Rivers proposes to use a moving bed biological reactor (MBBR) in conjunction with the existing system or to replace the existing system. In addition, if known to Staff, please identify any other technologies Confluence Rivers considered as an alternative to MBBR for this system.

H. In regard to DeGuire:

1. Has Staff assessed the technical solutions proposed by Confluence Rivers to address improvement of the system? If so, please describe the assessment and disclose any conclusions.

2. Is Staff aware of any other technical solutions that could be used to improve the system? If so, please identify those alternatives and any advantages or disadvantages now known to Staff.

3. Has Staff analyzed the likely cost of system improvements proposed by Confluence Rivers and any alternative technical solutions known to Staff? If so, please describe that analysis and disclose any conclusions.

4. Please advise whether any of the proposed improvements should be given priority and for what reason. Please also advise whether, and for what reason, proposed improvements should be completed together within a particular period, and whether any of the proposed improvements should be deferred.

5. Please explain how GIS mapping will be used for this system.

6. Please specify whether Confluence Rivers proposes to use MBBR in conjunction with the existing system or to replace the existing system. In addition, if known to Staff, please identify any other technologies Confluence Rivers considered as an alternative to MBBR for this system.

THE COMMISSION ORDERS THAT:

1. No later than October 7, 2020, Staff shall respond to the Commission's inquiries above with a supplement to its recommendation or a status report stating when it will be able to respond in full.

2. This order shall be effective when issued.



BY THE COMMISSION

A handwritten signature in black ink that reads "Morris L. Woodruff".

Morris L. Woodruff
Secretary

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

Jacobs, Regulatory Law Judge