

MEMORANDUM

TO: Missouri Public Service Commission Official Case File
File No. WM-2021-0412

FROM: David Spratt – Water and Sewer Department
Matthew Barnes – Water and Sewer Department
Jarrod Robertson – Water and Sewer Department
Ashley Sarver – Auditing Department
Sarah Fontaine – Customer Experience Department
Scott Glasgow – Customer Experience Department
Seoungjoun Won – Financial Analysis Department
Peter Chari – Financial Analysis Department
David Buttig – Engineering Analysis Department

/s/ Jarrod J. Robertson 9/14/21
Water & Sewer Dept. / Date

/s/ Whitney Payne 9/14/21
Staff Counsel's Office/Date

SUBJECT: Staff's Recommendation to Approve Merger

DATE: September 14, 2021

CASE BACKGROUND

On June 1, 2021, Confluence Rivers Utility Operating Company, Inc. ("Confluence"); Hillcrest Utility Operating Company, Inc. ("Hillcrest"); Elm Hills Utility Operating Company, Inc. ("Elm Hills"); Osage Utility Operating Company, Inc. ("Osage"); Raccoon Creek Utility Operating, Inc. ("Raccoon Creek"); and Indian Hills Utility Operating Company, Inc. ("Indian Hills") (collectively, "Applicants") filed a *Joint Application and Motion for Waiver* and request from the Missouri Public Service Commission ("Commission") an Order approving the merger of the Applicants. The surviving company will be Confluence Rivers Utility Operating Company, Inc.

This application seeks no new Certificates of Convenience and Necessity ("CCN").

STAFF'S INVESTIGATION

Central States Water Resources ("CSWR")

CSWR, founded in 2014, is the parent company of Confluence, Elm Hills, Hillcrest, Indian Hills, Osage and Raccoon Creek; which are all utility systems located within Missouri. CSWR's main

office is located in St. Louis, Missouri. CSWR has invested in/acquired numerous water and sewer systems across Arkansas, Kentucky, Louisiana, Missouri, Tennessee, and Texas. Collectively, CSWR's subsidiary water and sewer utilities serve over 120,000 customers. This merger only affects CSWR utilities in Missouri, with Confluence as the surviving company. Immediately below is a brief history and description of the systems for each of these companies.

Description of the Water and Sewer Systems

Raccoon Creek Utility Operating Company, Inc. ("Raccoon Creek")

The Commission granted Raccoon Creek its CCN on November 24, 2014, in Case No. SM-2015-0014. Raccoon Creek was created through CSWR's purchase of Village Water and Sewer Company, Inc. (near Whiteman Air Force Base in Knob Noster, Missouri, in Johnson County), W.P.C. Sewer Company, and West 16th Street Sewer Company, Inc. (both located near Sedalia, Missouri, in Pettis County). These three systems collectively provide service to approximately 500 sewer customers. The sewer systems were all in disrepair and facing schedules of compliance from the Missouri Department of Natural Resources ("DNR") to improve effluent quality being discharged into their receiving streams. All three of these systems are now in compliance with DNR. Raccoon Creek most recently initiated a rate increase request February 2, 2016, in Case No. SR-2016-0202. The current rates have been in effect since January 1, 2017.

Elm Hills Utility Operating Company, Inc. ("Elm Hills")

The Commission granted Elm Hills its CCN on September 29, 2017, in Case No. SM-2017-0150. Elm Hills was created through CSWR's purchase of Missouri Utilities Company (near Sedalia, Missouri, in Pettis County) and State Park Village (near Warrensburg, Missouri, in Johnson County). The Company filed Case No. SA-2018-0313 on May 1, 2018, to incorporate two additional systems into Elm Hills: Rainbow Acres (near Knob Noster, Missouri, in Johnson County) and Twin Oaks (also in Johnson County), which were both previously unregulated sewer systems. The Commission's order in SA-2018-0313 became effective September 22, 2018.

The systems mentioned above were all in disrepair and were facing schedules of compliance from DNR to improve effluent quality being discharged into their receiving streams. Per Staff review of DNR records, there are currently no outstanding violations associated with these sewer systems.

On November 22, 2019, Elm Hills filed Case No. SM-2020-0146, requesting the Commission grant it a CCN authorizing it to acquire Central Rivers Wastewater Utility, Inc. (“Central Rivers”), which provides sewer service in seven separate subdivisions in and around Ray and Clay Counties, Missouri. The Commission’s order in SM-2020-0146 became effective June 19, 2020. Elm Hills initiated its most recent rate increase request March 6, 2020, in Case No. WR-2020-0275. The resulting rates became effective February 27, 2021. The rates set in this case did not include consideration of the Central Rivers acquisition. Central Rivers’ last rate increase was initiated March 11, 2014, in Case No. WR-2014-0247. The current rates have been in effect since September 6, 2015.

Indian Hills Utility Operating Company, Inc. (“Indian Hills”)

Indian Hills (near Cuba, Missouri in Crawford County) filed Case No. WO-2016-0045 on August 25, 2015, requesting the Commission issue a CCN authorizing it to acquire Indian Hills Utility, Inc. The Commission’s order in this case became effective May 11, 2016. The system had been in a state of disrepair for some time and was under intense scrutiny from DNR for many issues. The new owners made a large investment in the company and made significant improvements. Per Staff review of DNR records, there are no longer any outstanding violations associated with the water system. Indian Hills most recently initiated a rate increase on April 4, 2017, in Case No. WR-2017-0259, to recover the investment made through the customer’s rates. The current rates have been in effect since March 17, 2018.

Hillcrest Utility Operating Company, Inc. (“Hillcrest”)

Hillcrest (near Cape Girardeau, Missouri in Cape Girardeau County) filed Case No. WO-2014-0340 on May 13, 2014, requesting the Commission issue a CCN authorizing it to acquire Brandco Investments, LLC. The Commission’s order granting the CCN became effective on March 20, 2015. The system had been in a state of disrepair for some time and was under intense scrutiny from DNR for many issues. The new owners made a large investment in the company and made significant improvements. Per Staff review of DNR records, there are no longer any outstanding violations associated with the water system. Hillcrest last initiated a rate increase on September 15, 2015, in Case No. WR-2016-0064, to recover the investment made through customer rates. The current rates have been in effect since August 19, 2016.

Confluence Rivers Utility Operating Company, Inc. (“Confluence”)

The Commission granted Confluence its initial CCN on February 24, 2019, in Case No. WM-2018-0116. This company was created to acquire the regulated water and/or sewer assets of Smithview H2O Company Near Columbia, Missouri in Boone County), M.P.B., Inc., (MPB was comprised of two sewer systems known as Villa Ridge (located near Villa Ridge, Missouri in Franklin County) and Lake Virginia (located near Hematite, Missouri in Jefferson County), Mill Creek Sewers, Inc., (located near Florissant, Missouri in St. Louis County), Roy-L Utilities, Inc., (near High Hill, Missouri in Montgomery County, Gladlo Utilities, Inc., (near Rolla, Missouri in Phelps County), The Willows Utility Company, Inc., (near Republic, Missouri in Greene County), Evergreen Lakes Water Supply Co. (near Cedar Hill, Missouri in Franklin County), and Calvey Brook Water, Inc., (near Robertsville, Missouri in Franklin County), Four formerly unregulated systems were also acquired by Confluence as a result of this case: Auburn Lake Estates, Majestic Lakes Homeowners Association, Inc., (located near Troy, Missouri in Lincoln County), and part of the city of Eugene, Missouri (in Cole County). All of the above-mentioned companies were incorporated under a single tariff in Case No. WR-2020-0053, initiated August 29, 2019, with new rates taking effect July 1, 2020.

The Commission issued an order authorizing Confluence to acquire Port Perry Service Company, LLC (“Port Perry”) on November 4, 2020, in Case No. WA-2019-0299. As a condition to the grant of the CCN, Confluence adopted the current rates for the Port Perry system. The current rates originally took effect May 15, 2002.

On December 9, 2020, in Case No. WM-2020-0282, the Commission issued an order granting Confluence a CCN authorizing it to acquire Branson Cedars Resort Utility Company, LLC (“Branson Cedars”) (located near Ridgedale, Missouri in Taney County). As a condition to the grant of the CCN, Confluence adopted Branson Cedars current rates. Branson Cedars, which was regulated by the Commission prior to the acquisition, last initiated a rate increase request in Case No. WR-2018-0356. Those rates have been in effect since December 3, 2018.

As part of Case No. WM-2020-0282, Confluence also acquired four other previously unregulated utilities: Fawn Lake Water Corp. (near Wright City, Missouri in Warren and Lincoln County), Freeman Hills Subdivision Assoc. (Near Mexico, Missouri in Audrain County), P.A.G, LLC d/b/a Prairie Heights Water Company (near Bolivar, Missouri in Polk County), and a

sewer system in the DeGuire subdivision (near Fredericktown, Missouri in Madison County). The rates at the time of the acquisition were adopted by Confluence.

On January 13, 2021, in Case No. WM-2020-0403, the Commission granted Confluence a CCN authorizing it to acquire Terre Du Lac Utilities Corporation (“TDLU”)(located near Bonne Terre, Missouri in St. Francois County). As part of the acquisition, Confluence adopted the existing rates of TDLU. The last rate increase for TDLU was initiated in Case No. WR-2017-0110. Those rates became effective September 29, 2017.

Collectively, the Confluence systems provide service to approximately 2,500 customers. Many of the utilities purchased by Confluence were in some need of repairs to comply with DNR requirements. Based upon Staff’s review of DNR records, all of the water and sewer systems acquired by Confluence are now in compliance with DNR.

Rate Base

The Auditing Department conducted a review of plant-in-service records for each of the systems operated by the Applicants. Staff reviewed the detailed breakdown of each system’s rate base ending May 31, 2021, as provided in responses to Staff Data Requests¹.

Staff expects an updated rate base level will be necessarily established when Confluence files its next rate case. However, for this case Staff has calculated an estimated rate base for each system as of May 31, 2021:

Estimated Rate Base (May 31, 2021)		
	Water	Sewer
Raccoon Creek		\$1,505,000
Elm Hills	\$389,000	\$2,019,000
Indian Hills	\$1,946,000	
Hillcrest	\$545,000	\$608,000
Osage Water	\$511,000	\$327,000
Confluence Rivers	\$3,300,000	\$4,021,000
TOTAL	\$6,691,000	\$8,480,000

Pursuant to Commission regulation, Confluence should keep its financial records for utility plant-in-service and operating expenses in accordance with the National Association of Regulatory

¹ Staff’s Data Request nos. 0068, 0067, 0066, 0065, 0064, 0060, 0059, 0058, 0057, 0056, 0055, 0054, 0053, 0052.2, 0052.1, 0051.2, 0051.1, and 0051.

Utility Commission (NARUC) Uniform System of Accounts. Staff recommends the Commission require Confluence continue such recordkeeping to be applied to each system.

Depreciation

Staff reviewed the currently ordered depreciation rates for each of the companies and recommends maintaining separate records for each system and utilizing the currently ordered depreciation rates. These rates are included as Attachment E, for the water assets, and Attachment F, for the sewer assets. Staff will conduct a depreciation analysis in Confluence River’s future rate cases and recommend new depreciation rates if necessary.

Financial Analysis

To understand the effects of the proposed consolidation on Confluence, the surviving entity, Staff analyzed and compared the historical and pro forma financial statements submitted by the Applicants in the Application, and provided in response to Staff Data Requests. According to the income statements, total operating revenue and net income are projected to increase steadily from the first year to the third year before flattening in the fourth and fifth year.²

In response to Staff’s Data Request No. 0046.1, Confluence explained that its projected increases in revenue and net income in Years 2 and 3 is based on its expected rise in rates ** [REDACTED] **. The Company also expects cost savings from labor and debt amounting to about ** [REDACTED] ** and ** [REDACTED] **, annually, respectively as a result of the proposed merger.³

Staff calculated select financial ratios based on the financial statements submitted by the Company to further understand the impact the consolidation will have on Confluence Rivers. Capital structure for the combined companies, before consolidation, improved from nearly 100% debt ratio (with negative retained earnings), at December 31, 2020, to between a 39.36% and 51.62% debt ratio, in years 1 through 5, post consolidation (see schedules PC-1 to PC-2). The change in capital

² Operating revenue and net income will increase from ** [REDACTED] **
[REDACTED]
[REDACTED]
[REDACTED] **.

³ Response to Data Request Nos. 0013, 0046.2 and 0047.

structure indicates a significant improvement in financial risk, post consolidation. A lower debt ratio, all else the same, means lower financial risk.

Staff calculated the pro forma earnings before interest, tax, depreciation and amortization to interest (“EBITDA/Interest”), funds from operation to debt ratio (“FFO/Debt”) and funds from operation to debt ratio (“FFO/Debt”) based on the financial statement provided by the Company, which show a significant improvement in financial risk. EBITDA/Interest improves from negative 0.49 as of the last year before consolidation, to 1.15, 4.43 and 7.07 in Years 1, 2 and 3 – 5, after consolidation, respectively (see schedules PC-1 to PC-2). FFO/Debt improves from negative 0.21 as of the last year before consolidation, to 0.01, 0.14, 0.25 in Years 1, 2 and 3 – 5, respectively after consolidation (see schedules PC-1-PC-2). FFO/Interest improves from negative 1.49 as of the last year before consolidation, to 0.15, 2.92 and 4.90 in Years 1, 2 and 3 – 5, respectively, after consolidation (see schedules PC-1 to PC-2).

Given that Confluence’s financial statements, on which Staff relied for the foregoing analysis, assume a substantial operating revenue increase (via a future rate increase), Staff believes that for added insight, a scenario analysis that assumes a conservative revenue (rate) level of only 75% of the Company’s projected revenue (rate) level, is appropriate. The analysis of Staff’s scenario, assuming that Confluence Rivers achieves only 75% of its projected revenue level, still shows a substantial improvement in Confluence’s financial risk profile (see schedule PC-3).

Overall, Confluence is expected to benefit from cost efficiency and economies of scale. To the extent that Confluence’s financial risk profile improves post consolidation, all else the same, Confluence’s cost of capital should be lower. This would be a benefit to Confluence’s customers. Staff notes, however, that in relying on the pro forma financial statements, which assume a projected increase in rates, Staff assumes that the projected rate increase will not be detrimental to Missouri ratepayers.

Publicity and Customer Notice

According to Confluence, the Company plans to post on each of the consolidated Company’s website the following text for approximately 30 days:

"[NAME OF CURRENT UTILITIY OPERATING COMPANY is pleased to announce that it has merged with Confluence Rivers Utility Operating Company. Beginning [DATE], you and your community will now be served as customers of

Confluence Rivers. If you have automatic payments set up through your banking provider, please be sure to update your financial institution with the new company name: Confluence Rivers Utility Operating Company, Inc. To learn more, visit www.confluenceriversuoc.com, call Customer Support at 1-866-345-3920 or email support@confluenceriversuoc.com."4

Also, Confluence plans to communicate to customers via social media approximately four weeks prior to consolidating and to create a press release to ensure the customers are aware of the consolidation efforts and the changes that will affect them. Additionally, the Company plans to communicate changes that will occur on the customer's last bill with the previous Company and the first bill with Confluence.⁵

Customer Experience

Staff reached out to Confluence to inquire about the anticipated changes to billing statements and the website for Hillcrest, Elm Hills, Osage, Raccoon Creek, and Indian Hills if merged with Confluence. According to Confluence, the billing statement changes will include the Company name, website address, support email, support phone number, and billing security code. The changes to the websites for each Company will include support email, support phone number and the Company name and logo.⁶

If the merger is approved, Staff recommends Confluence send a letter, prior to the first billing cycle, to all former customers of Hillcrest, Elm Hills, Osage, Raccoon Creek and Indian Hills with a description of all changes the customer will experience, including but not limited to: the Company name, payment changes, support phone number, support email, billing statements and the Company website.

Tariff and Rate Impact

In its Application, Confluence proposes to maintain separately the current tariffs for Confluence, Hillcrest, Elm Hills, Osage, Raccoon Creek, and the Indian Hills Service Area, unless otherwise authorized by the Commission. Additionally, Confluence proposes to formally adopt Hillcrest,

4 Response to Data Request Nos. 0049.

5 Response to Data Request Nos. 0049.1.

6 Response to Data Request Nos. 0049.

Elm Hills, Osage, Raccoon Creek, and Indian Hills' tariffs upon Commission approval of this Merger and consummation thereof.

Furthermore, all customers served by the Hillcrest, Elm Hills, Osage, Raccoon Creek, and Indian Hills divisions will receive services under the same rates, terms and conditions contained in the respective current tariffs until ordered by the Commission in a subsequent rate case or tariff filing. Likewise, all customers currently served by Confluence will receive services under the same rates, terms and conditions contained in the current Confluence tariffs until ordered by the Commission in a subsequent rate case or tariff filing.

Public Interest

Based upon Staff's investigation, if approved, the proposed merger will maintain current system operations, ultimate ownership, and current management. Additionally, while Staff recommends additional communication with its customers regarding the merger, customers should experience no change in persons or entities providing day-to-day services, nor experience any changes in tariff rules and/or rates. Furthermore, the merged entities may be in an improved position to obtain debt financing to the benefit of the customers. Therefore, it is Staff's position that the proposed merger would have no detrimental impact upon the Applicants' customers, and as such, Staff finds that the merger is not detriment to the public interest.

OTHER ISSUES

Confluence, Elm Hills, Hillcrest, Indian Hills, Osage and Raccoon Creek are corporations all in "good standing" with the Missouri Secretary of State.

Confluence, Elm Hills, Hillcrest, Indian Hills, Osage and Raccoon Creek are current with annual report filings with the Commission through calendar year 2020, as documented on the Commission's Electronic Filing and Information System ("EFIS").

Confluence, Elm Hills, Hillcrest, Indian Hills and Raccoon Creek are current on their annual assessment quarterly payments through the second quarter of fiscal year 2021. Osage still has a balance due of \$1,616.72.

Confluence and Elm Hills each currently have requests for CCNs before the Commission, WA-2021-0425 and SA-2022-0014, respectively. Neither of the two cases, nor any other pending cases before the Commission, would have a significant impact on this proposed merger; that being

said, should the Commission approve this proposed merger, it could have a potential impact on SA-2022-0014. Should a Commission order approving the CCN requested by Elm Hills in SA-2022-0014 become effective prior to the effective date of an order in this matter, no additional action by this Commission would be necessary. However, should a Commission order approving the request for merger in the present case go into effect prior to an order in SA-2022-0014, should the Commission grant Elm Hills' requested CCN, the CCN should be granted to Confluence rather than Elm Hills.

STAFF'S RECOMMENDATIONS AND CONCLUSIONS

Staff has reviewed the application and data provided by the Applicants. The nature of the transaction is a reorganization of regulated entities owned by the same regulated parent organization. Based on its review, it is Staff's position that the proposed transaction will not cause any changes to or disruption of utility operations, and that the merger would not be detrimental to the public interest. The primary difference ratepayers will experience is simply a company name change. Staff recommends the Commission approve the application with the conditions and actions as outlined below:

Authorize Raccoon Creek, Elm Hills, Indian Hills, and Hillcrest to transfer utility assets to Confluence, and transfer the CCNs currently held by Raccoon Creek, Elm Hills, Indian Hills, and Hillcrest to Confluence;⁷

1. Require Confluence to submit an adoption notice tariff sheet for the existing tariffs within ten (10) days after closing on the assets and as a 30-day tariff filing, for the existing Confluence tariff;
2. Require Confluence keep its financial records for utility plant-in-service and operating expenses in accordance with the National Association of Regulatory Utility Commission (NARUC) Uniform System of Accounts. Staff recommends the Commission specifically require such recordkeeping apply to each system;

⁷ Or in the alternative issue new CCNs authorizing Confluence Rivers to serve the current service territories of Raccoon Creek, Elm Hills, Indian Hills, and Hillcrest.

3. Require Confluence to continue to file its annual reports categorically by system;
4. Require Confluence to track the cost savings associated with economies of scale, reduced administrative costs, and efficiencies associated with the consolidation, and report these values within its application for its next rate case.
5. Approve Confluence's existing depreciation rates for water and sewer utility plant accounts to apply to the Confluence service area assets;
6. Require Confluence to distribute to all former customers of Hillcrest, Elm Hills, Osage, Raccoon Creek, and Indian Hills a letter informing of the changes a customer will experience, including but not limited to: the Company name, payment changes, support phone number, support email, billing statements and the Company website;
7. Require Confluence to distribute to all former customers of Hillcrest, Elm Hills, Osage, Raccoon Creek, and Indian Hills prior to the first billing from Confluence an informational brochure detailing the rights and responsibilities of the utility and its customers regarding its water service, consistent with the requirements of Commission Rule 20 CSR 4240-13.040(3);
8. Require Confluence to train all customer service representative on the changes that will occur concerning Hillcrest, Elm Hills, Osage, Raccoon Creek, and Indian Hills;
9. Require Confluence to provide the Customer Experience Department ("CXD") five sample billing statements from new Confluence customers that were former Hillcrest, Elm Hills, Osage, Raccoon Creek, and Indian Hills' customers within thirty (30) days of such billing;
10. Require Confluence to provide CXD staff with a monthly call center statistical report regarding: calls offered to representatives, calls answered, abandoned call rate (ACR), and average speed of answer (ASA). This report should also include total number of customer service representatives, supervisors and managers in Confluence's Customer Service team. If the call center representatives support other Missouri customers for other Companies for Central States Water Resources, please provide those same call center statistics separately in the same report. This report should start within thirty (30) days after the first full month after the merger;

11. Make no finding that would preclude the Commission from considering the ratemaking treatment to be afforded any matters pertaining to the granting of this merger to any later proceeding.

ATTACHMENTS

- A. Credit Metrics of Companies Combined
- B. Credit Metrics of C.R. at 100% Revenues
- C. Credit Metrics of C.R. at 75% Revenues
- D. Water Depreciation Rates
- E. Sewer Depreciation Rates

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

In the Matter of the Joint Application of)
Confluence Rivers Utility Operating)
Company, Inc.; Hillcrest Utility Operating)
Company, Inc.; Elm Hills Utility Operating)
Company, Inc.; Osage Utility Operating)
Company, Inc.; Raccoon Creek Utility)
Operating Company, Inc.; and Indian Hills)
Utility Operating Company, Inc. for Approval of a)
Merger Whereby Confluence Rivers Will Be the)
Surviving Corporation, and of Related Transactions)

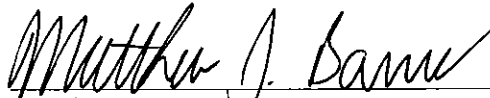
Case No. WM-2021-0412

AFFIDAVIT OF MATTHEW J. BARNES

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

COMES NOW Matthew J. Barnes, and on his oath states 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.

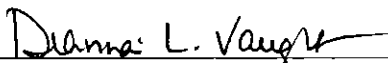
Further the Affiant sayeth not.



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 14th day of September, 2021.



Notary Public

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

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

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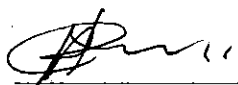
Case No. WM-2021-0412

AFFIDAVIT OF PETER CHARI

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

COMES NOW Peter Chari, and on his oath states 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.

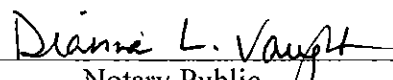
Further the Affiant sayeth not.



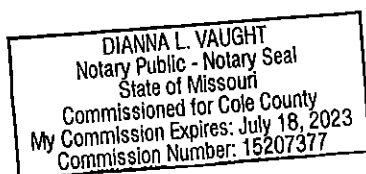
Peter Chari

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 14th day of September, 2021.



Notary Public



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Case No. WM-2021-0412

AFFIDAVIT OF SARAH FONTAINE

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

COMES NOW Sarah Fontaine, and on her oath states 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.

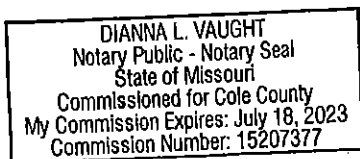
Further the Affiant sayeth not.

Sarah Fontaine
Sarah Fontaine

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 14th day of September, 2021.

Dianna L. Vaught
Notary Public



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Surviving Corporation, and of Related Transactions)

AFFIDAVIT OF SCOTT J. GLASGOW

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

COMES NOW Scott J. Glasgow, and on his oath states 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.

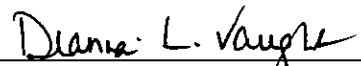
Further the Affiant sayeth not.



Scott J. Glasgow

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 14th day of September, 2021.



Notary Public



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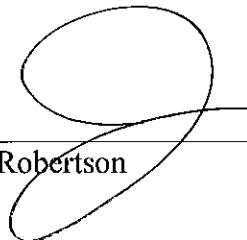
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AFFIDAVIT OF JARROD J. ROBERTSON

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

COMES NOW Jarrod J. Robertson, and on his oath states 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.

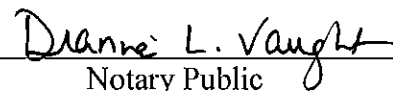
Further the Affiant sayeth not.



Jarrod J. Robertson

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 10th day of September, 2021.



Notary Public

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

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

In the Matter of the Joint Application of)
Confluence Rivers Utility Operating)
Company, Inc.; Hillcrest Utility Operating)
Company, Inc.; Elm Hills Utility Operating) Case No. WM-2021-0412
Company, Inc.; Osage Utility Operating)
Company, Inc.; Raccoon Creek Utility)
Operating Company, Inc.; and Indian Hills)
Utility Operating Company, Inc. for Approval of a)
Merger Whereby Confluence Rivers Will Be the)
Surviving Corporation, and of Related Transactions)

AFFIDAVIT OF ASHLEY SARVER

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

COMES NOW Ashley Sarver, and on her oath states 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.

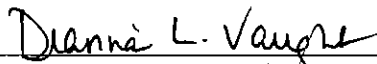
Further the Affiant sayeth not.



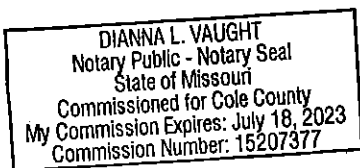
Ashley Sarver

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 14th day of September, 2021.



Notary Public



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

In the Matter of the Joint Application of)
Confluence Rivers Utility Operating)
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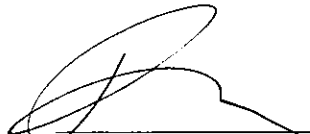
Case No. WM-2021-0412

AFFIDAVIT OF DAVID A. SPRATT

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

COMES NOW David A. Spratt, and on his oath states 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.

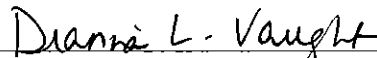
Further the Affiant sayeth not.



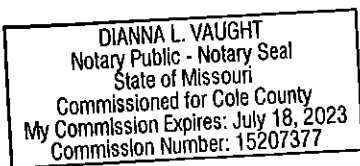
David A. Spratt

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 14th day of September, 2021.



Notary Public



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

In the Matter of the Joint Application of)
Confluence Rivers Utility Operating)
Company, Inc.; Hillcrest Utility Operating)
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Company, Inc.; Osage Utility Operating)
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Operating Company, Inc.; and Indian Hills)
Utility Operating Company, Inc. for Approval of a)
Merger Whereby Confluence Rivers Will Be the)
Surviving Corporation, and of Related Transactions)


Case No. WM-2021-0412

AFFIDAVIT OF SEOUNG JOUN WON, PhD

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

COMES NOW Seoung Joun Won, PhD, and on his oath states 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.

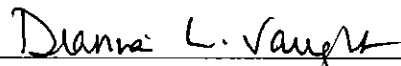
Further the Affiant sayeth not.



Seoung Joun Won, PhD

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 14th day of September, 2021.



Notary Public

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

Credit Metrics of the Combined Companies							
at December 31, 2020							
Case No. WM-2021-0412							
	Hillcrest	Raccoon Creek	Indian Hills	Confluence Rivers	Elm Hills	Osage	Combined
Debt/Capital	89.89%	142.03%	166.56%	0.00%	140.22%	0.00%	105.42%
EBITDA/Interest Expenses	1.48	1.01	0.91	NM	-1.64	NM	-0.49
FFO/Debt	0.07	0.00	-0.01	NM	-0.34	NM	-0.21
Debt/EBITDA	4.76	6.98	7.75	0.00	-4.80	0.00	-14.87
FFO/Interest	0.48	0.01	-0.09	NM	-2.64	NM	-1.49

Credit Metrics of Confluence Rivers
Post Consolidation at 100% Revenues
Case No. WM-2021-0412

	Year 1	Year 2	Year 3	Year 4	Year 5
Debt/Capital	51.62%	49.62%	45.65%	42.28%	39.36%
EBITDA/Interest Expenses	1.15	4.43	7.07	7.07	7.07
FFO/Debt	0.01	0.14	0.25	0.25	0.25
Debt/EBITDA	17.45	4.69	2.83	2.83	2.83
FFO/Interest	0.15	2.92	4.90	4.90	4.90

**Credit Metrics of Confluence Rivers
Post Consolidation at 75% Revenues
Case No. WM-2021-0412**

	Year 1	Year 2	Year 3	Year 4	Year 5
Debt/Capital	51.62%	49.62%	45.65%	42.28%	39.36%
EBITDA/Interest Expenses	1.15	4.43	7.07	7.07	7.07
FFO/Debt	0.01	0.14	0.25	0.25	0.25
Debt/EBITDA	17.45	4.69	2.83	2.83	2.83
FFO/Interest	-2.27	0.38	2.17	2.17	2.17

Confluence Rivers Utility Operating Company
SCHEDULE of DEPRECIATION RATES
(WATER)
WM-2020-0282

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	DEPRECIATION RATE
Source of Supply		
311	Structures & Improvements	2.5%
312	Collecting & Impoundment Reservoirs	2.0%
313	Lake, River & Other Intakes	2.5%
314	Wells & Springs	2.0%
316	Supply Mains	2.0%
Pumping Plant		
321	Structures & Improvements	2.5%
325	Electric Pumping Equipment	10.0%
325.1	Submersible Pumping Equipment	10.0%
325.2	High Service or Booster Pumping Equip.	6.7%
325.3	Shaft-driven Pumping Equipment	5.0%
326	Diesel Pumping Equipment	2.7%
328	Other Pumping Equipment	4.0%
328.1	Gas Pumping Equipment	3.3%
Water Treatment Plant		
331	Structures & Improvements	2.5%
332	Water Treatment Equipment	2.9%
Transmission and Distribution		
341	Structures & Improvements	2.5%
342	Distribution Reservoirs & Standpipes	2.5%
343	Transmission & Distribution Mains	2.0%
345	Customer Services	2.5%
346	Customer Meters, Bronze (Calibrate)	3.3%
346.1	Customer Meters, Plastic (Throw Aways)	10.0%
347	Customer Meter Pits & Installation	2.5%
348	Hydrants	2.0%
General Plant		
390	Structures & Improvements	2.5%
391	Office Furniture & Equipment	5.0%
391.1	Office Electronic & Computer Equip.	14.3%
392	Transportation Equipment	13.0%
393	Stores Equipment	4.0%
394	Tools, Shop, Garage Equipment	5.0%
395	Laboratory Equipment	5.0%
396	Power Operated Equipment	6.7%
397	Communication Equipment	6.7%

Confluence Rivers Utility Operating Company
SCHEDULE of DEPRECIATION RATES
WATER
WR-2020-0053

**Evergreen, Gladlo, Roy-L, Willows, Smithview, Majestic Lakes,
 Calvey Brook, Auburn Lakes and Eugene**

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	DEPRECIATION RATE
SOURCE OF SUPPLY		
311	Structures & Improvements	2.5%
314	Wells & Springs	2.0%
PUMPING PLANT		
321	Structures & Improvements	2.5%
325/325.1	Elec. Submersible Pumping Equipment	10.0%
325.2	High Service or Booster Pumping Equip.	6.7%
WATER TREATMENT EQUIPMENT		
331	Structures & Improvements	2.5%
332	Water Treatment Equipment	2.9%
TRANSMISSION & DISTRIBUTION MAINS		
341	Structures & Improvements	2.5%
342	Distribution Reservoirs & Standpipes	2.5%
343	Transmission & Distribution Mains	2.0%
345	Customer Services	2.5%
346	Customer Meters, Bronze (Calibrate)	3.3%
346.1	Customer Meters, Plastic (Throw Aways)	10.0%
347	Customer Meter Pits & Installation	2.5%
348	Hydrants	2.0%
GENERAL PLANT		
371	Structures & Improvements	2.5%
372	Office Furniture & Equipment	5.0%
372.1	Office Electronic & Computer Equip.	20.0%
373	Transportation Equipment	13.0%
379	Other General Equipment (tools, shop equip., backhoes, trenchers, etc.)	6.7%

Elm Hills Utility Operating Company
SCHEDULE of DEPRECIATION RATES
WR-2020-0275

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	DEPRECIATION RATE	AVERAGE SERVICE LIFE (YEARS)	NET SALVAGE
Source of Supply				
311	Structures & Improvements	2.5%	44	-10%
312	Collecting & Impoundment Reservoirs	2.0%	50	0%
313	Lake, River & Other Intakes	2.5%	40	0%
314	Wells & Springs	2.0%	55	-8%
316	Supply Mains	2.0%	50	0%
Pumping Plant				
321	Structures & Improvements	2.5%	44	-10%
325	Electric Pumping Equipment	10.0%	10	0%
325.1	Submersible Pumping Equipment	10.0%	12	-20%
325.2	High Service or Booster Pumping Equip.	6.7%	15	0%
325.3	Shaft-driven Pumping Equipment	5.0%	24	-20%
326	Diesel Pumping Equipment	2.7%	35	5%
328	Other Pumping Equipment	4.0%	25	0%
328.1	Gas Pumping Equipment	3.3%	29	5%
Water Treatment Plant				
331	Structures & Improvements	2.5%	44	-10%
332	Water Treatment Equipment	2.9%	35	0%
Transmission and Distribution				
341	Structures & Improvements	2.5%	44	-10%
342	Distribution Reservoirs & Standpipes	2.5%	42	-5%
343	Transmission & Distribution Mains	2.0%	50	0%
345	Customer Services	2.5%	40	0%
346	Customer Meters, Bronze (Calibrate)	3.3%	30	0%
346.1	Customer Meters, Plastic (Throw Aways)	10.0%	10	0%
347	Customer Meter Pits & Installation	2.5%	40	0%
348	Hydrants	2.0%	50	0%
General Plant				
390	Structures & Improvements	2.5%	44	-10%
391	Office Furniture & Equipment	5.0%	20	0%
391.1	Office Electronic & Computer Equip.	14.3%	7	0%
392	Transportation Equipment	13.0%	7	9%
393	Stores Equipment	4.0%	25	0%
394	Tools, Shop, Garage Equipment	5.0%	18	10%
395	Laboratory Equipment	5.0%	20	0%
396	Power Operated Equipment	6.7%	13	13%
397	Communication Equipment	6.7%	15	0%

Hillcrest Utility Operating Company, Inc
SCHEDULE of DEPRECIATION RATES
WR-2016-0064

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	DEPRECIATION RATE	AVERAGE SERVICE LIFE (YEARS)	NET SALVAGE
Source of Supply				
311	Structures & Improvements	2.5%	44	-10%
314	Wells & Springs	2.0%	55	-8%
316	Supply Mains	2.0%	50	0%
Pumping Plant				
323	Other Power Production Equipment	4.0%	25	0%
325.1	Submersible Pumping Equipment	10.0%	12	-20%
Water Treatment Plant				
332	Water Treatment Equipment	2.9%	35	0%
Transmission and Distribution				
342	Distribution Reservoirs & Standpipes	2.5%	42	-5%
343	Transmission & Distribution Mains	2.0%	50	0%
345	Customer Services	2.5%	40	0%
346	Customer Meters, Plastic (Throw Aways)	10.0%	10	0%
347	Customer Meter Pits & Installation	2.5%	40	0%
348	Hydrants	2.0%	50	0%
General Plant				
390	Structures & Improvements	2.5%	44	-10%
391	Office Furniture & Equipment	5.0%	20	0%
391.1	Office Electronic / Computer Equip./ Software	14.3%	7	0%
397	Communication Equipment	6.7%	15	0%

Indian Hills Utility Operating Company
SCHEDULE of DEPRECIATION RATES
(WATER)
WR-2017-0259

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	DEPRECIATION RATE	AVERAGE SERVICE LIFE (YEARS)	NET SALVAGE
Source of Supply				
311	Structures & Improvements	2.5%	44	-10%
314	Wells & Springs	2.0%	55	-8%
Pumping Plant				
325	Electric Pumping Equipment	10.0%	10	0%
Water Treatment Plant				
332	Water Treatment Equipment	2.9%	35	0%
Transmission and Distribution				
342	Distribution Reservoirs & Standpipes	2.5%	42	-5%
343	Transmission & Distribution Mains	2.0%	50	0%
345	Customer Services	2.5%	40	0%
346	Customer Meters, Bronze (Calibrate)	10.0%	10	0%
347	Customer Meter Pits & Installation	2.5%	40	0%
General Plant				
391	Office Furniture & Equipment	5.0%	20	0%
391.1	Office Electronic & Computer Equip.	14.3%	7	0%
394	Tools, Shop, Garage Equipment	5.0%	18	10%
396	Power Operated Equipment	6.7%	13	13%

**Osage Water Company
DEPRECIATION RATES
(WATER)
WA-2019-0185**

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	DEPRECIATION RATE	AVERAGE SERVICE LIFE (YEARS)
311	Structures & Improvements	2.5%	40
314	Wells & Springs	2.0%	50
316	Supply Mains	2.0%	50
321	Structures & Improvements	2.5%	40
325	Electric Pumping Equipment	10.0%	10
325.2	High Service or Booster Pumping Equip.	6.7%	15
325.3	Shaft-Driven Pumping Equipment	5.0%	20
328	Other Pumping Equipment	4.0%	25
332	Water Treatment Equipment	2.9%	35
342	Distribution Reservoirs & Standpipes	2.5%	40
343	Transmission & Distribution Mains	2.0%	50
346	Meters - Bronze Chamber	3.3%	30
349	Other Transmission and Dist. Plant	2.0%	50
390	Structures & Improvements	2.5%	40
396	Power Operated Equipment	6.7%	15

Confluence Rivers Utility Operating Company
SCHEDULE OF DEPRECIATION RATES
(WATER)
WA-2019-0299

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	PORT PERRY DEPRECIATION RATES
SOURCE OF SUPPLY		
311	Structures & Improvements	2.5%
314	Wells & Springs	2.0%
PUMPING PLANT		
321	Structures & Improvements	2.5%
325/325.1	Elec. Submersible Pumping Equipment	10.0%
325.2	High Service or Booster Pumping Equip.	6.7%
WATER TREATMENT PLANT		
331	Structures & Improvements	2.5%
332	Water Treatment Equipment	2.9%
TRANSMISSION AND DISTRIBUTION		
341	Structures & Improvements	2.5%
342	Distribution Reservoirs & Standpipes	2.5%
343	Transmission & Distribution Mains	2.0%
345	Customer Services	2.5%
346	Customer Meters, Bronze (Calibrate)	3.3%
346.1	Customer Meters, Plastic (Throw Aways)	10.0%
347	Customer Meter Pits & Installation	2.5%
348	Hydrants	2.0%
GENERAL PLANT		
371	Structures & Improvements	2.5%
372	Office Furniture & Equipment	5.0%
372.1	Office Electronic & Computer Equip.	20.0%
373	Transportation Equipment	13.0%
379	Other General Equipment (tools, shop equip., backhoes, trenchers, etc.)	6.7%

Terre Du Lac Utility Company
DEPRECIATION RATES
(WATER)
WM-2020-0403

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	DEPRECIATION RATE	AVERAGE SERVICE LIFE (YEARS)	NET SALVAGE
300	Stipulated Plant	2.5%	40	0%
311	Structures & Improvements	2.5%	44	-10%
314	Wells & Springs	2.0%	50	0%
316	Supply Mains	2.0%	50	0%
321	Structures & Improvements Well House	2.5%	11	-10%
325	Submersible Pump Equipment	10.0%	12	-20%
332	Water Treatment Equipment	2.9%	35	0%
342	Distribution Reservoirs & Standpipes	2.5%	42	-5%
343	Transmission & Distribution Mains	2.0%	50	0%
345	Services	2.5%	40	0%
346.1	Meters - Bronze Chamber	9.5%	10	5%
346.2	Meters - Plastic Chamber	0.0%		
347	Meter Installations - Bronze Chamber	2.5%	40	0%
347.2	Meter Installations - Plastic Chamber	2.5%	40	0%
348	Hydrants	2.0%	50	0%
390	Structures & Improvements Office/Shop	2.5%	44	-10%
391	Office Furniture & Equipment	5.0%	20	0%
391.1	Office Computer Equipment	0.0%		
392	Transportation Equipment	0.0%		
393	Stores Equipment	4.0%	25	0%
394	Tool, Shop, and Garage Equipment	5.0%	18	10%
395	Laboratory Equipment	8.3%	12	0%
396	Power Operated Equipment	0.0%		
397	Communication Equipment	0.0%		

Confluence Rivers Utility Operating Company
SCHEDULE of DEPRECIATION RATES
(SEWER)
WM-2020-0282

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	DEPRECIATION RATE
COLLECTION PLANT		
351	Structures & Improvements	4.0%
352.1	Collection Sewers (Force)	2.0%
352.2	Collection Sewers (Gravity)	2.0%
353	Services (A & B)	2.0%
354	Flow Measurement Devices	3.3%
PUMPING PLANT		
361	Structures & Improvements	4.0%
362	Receiving Wells	4.0%
363	Electric Pumping Equipment	10.0%
TREATMENT & DISPOSAL PLANT		
371	Structures & Improvements	3.7%
372	Treatment & Disposal Facilities	5.0%
372.1	Oxidation Lagoons	4.0%
373	Plant Sewers	2.5%
374	Outfall Sewer Lines	2.0%
GENERAL PLANT		
390	Structures & Improvements	2.5%
391	Office Furniture & Equipment	5.0%
391.1	Office Electronic & Computer Equip.	14.3%
392	Transportation Equipment	13.0%
393	Stores Equipment	4.0%
394	Tools, Shop, and Garage Equipment	5.0%
395	Laboratory Equipment	5.0%
396	Power Operated Equipment	6.7%
397	Communication Equipment	6.7%

Confluence Rivers Utility Operating Company

SCHEDULE OF DEPRECIATION RATES

SEWER

SR-2020-0054

Villa Ridge, Mill Creek, Gladlo, Roy-L, Willows, Majestic Lakes,
Calvey Brook and Auburn Lakes

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

Elm Hills Utility Operating Company
SCHEDULE of DEPRECIATION RATES
SR-2020-0274

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	DEPRECIATION RATE	AVERAGE SERVICE LIFE (YEARS)	NET SALVAGE
COLLECTION PLANT				
351	Structures & Improvements	4.0%	27.5	-10%
352.1	Collection Sewers (Force)	2.0%	50	0%
352.2	Collection Sewers (Gravity)	2.0%	50	0%
353	Services	2.0%	50	0%
354	Flow Measurement Devices	3.3%	30	0%
PUMPING PLANT				
361	Structures & Improvements	4.0%	27.5	-10%
362	Receiving Wells	4.0%	26	-5%
363	Electric Pumping Equipment	10.0%	10	0%
TREATMENT & DISPOSAL PLANT				
371	Structures & Improvements	3.7%	30	-10%
372	Treatment & Disposal Facilities	5.0%	22	-10%
372.1	Oxidation Lagoons	4.0%	40	-60%
373	Plant Sewers	2.5%	40	0%
374	Outfall Sewer Lines	2.0%	50	0%
GENERAL PLANT				
390	Structures & Improvements	2.5%	44	-10%
391	Office Furniture & Equipment	5.0%	20	0%
391.1	Office Electronic & Computer Equip.	14.3%	7	0%
392	Transportation Equipment	13.0%	7	9%
393	Stores Equipment	4.0%	25	0%
394	Tools, Shop, and Garage Equipment	5.0%	18	10%
395	Laboratory Equipment	5.0%	20	0%
396	Power Operated Equipment	6.7%	13	13%
397	Communication Equipment	6.7%	15	0%

Hillcrest Utility Operating Company, Inc
SCHEDULE of DEPRECIATION RATES
SR-2016-0065

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	DEPRECIATION RATE	AVERAGE SERVICE LIFE (YEARS)	NET SALVAGE
COLLECTION PLANT				
352.1	Collection Sewers (Force)	2.0%	50	0%
352.2	Collection Sewers (Gravity)	2.0%	50	0%
353	Services (A & B)	2.0%	50	0%
PUMPING PLANT				
363	Electric Pumping Equipment	10.0%	10	0%
TREATMENT & DISPOSAL PLANT				
371	Structures & Improvements	3.7%	30	-10%
372	Treatment & Disposal Facilities	5.0%	22	-10%
372.1	Oxidation Lagoons	4.0%	40	-60%
373	Plant Sewers	2.5%	40	0%
374	Outfall Sewer Lines	2.0%	50	0%
GENERAL PLANT				
391	Office Furniture & Equipment	5.0%	20	0%
391.1	Office Electronic / Computer Equip./ Software	14.3%	7	0%
393	Stores Equipment	4.0%	25	0%
397	Communication Equipment	6.7%	15	0%

**Osage Water Company
DEPRECIATION RATES
(SEWER)
SA-2019-0186**

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	DEPRECIATION RATE	AVERAGE SERVICE LIFE (YEARS)
311	Structures & Improvements	2.5%	40
353	Other Collection Plant	2.0%	50
363	Pumping Equipment	10.0%	10
372	Oxidation Lagoons	4.0%	25
373	Treatment & Disposal Facilities	5.0%	20
375	Outfall Sewers	2.0%	50
391	Office Furniture & Equipment	5.0%	20
396	Power Operated Equipment	6.7%	15
399	Other Tangible Plant	3.0%	33

Confluence Rivers Utility Operating Company
SCHEDULE OF DEPRECIATION RATES
(SEWER)
SA-2019-0300

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

RACCOON CREEK
SCHEDULE OF DEPRECIATION RATES
SR-2016-0202

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	DEPRECIATION RATE	AVERAGE SERVICE LIFE (YEARS)	NET SALVAGE
COLLECTION PLANT				
352.1	Collection Sewers (Force)	2.0%	50	0%
352.2	Collection Sewers (Gravity)	2.0%	50	0%
353	Services	2.0%	50	0%
PUMPING PLANT				
362	Receiving Wells	4.0%	26	-5%
363	Electric Pumping Equipment	10.0%	10	0%
TREATMENT & DISPOSAL PLANT				
371	Structures & Improvements	3.7%	30	-10%
372	Treatment & Disposal Facilities	5.0%	22	-10%
372.1	Oxidation Lagoons	4.6%	22	-60%
373	Plant Sewers	2.5%	40	0%
374	Outfall Sewer Lines	2.0%	50	0%
GENERAL PLANT				
391	Office Furniture & Equipment	5.0%	20	0%
391.1	Office Electronic & Computer Equip.	14.3%	7	0%
393	Stores Equipment	4.0%	25	0%
394	Tools, Shop, and Garage Equipment	5.0%	18	10%
397	Communication Equipment	6.7%	15	0%

Terre Du Lac Utility Company
DEPRECIATION RATES
(SEWER)
SM-2020-0404

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	DEPRECIATION RATE	AVERAGE SERVICE LIFE (YEARS)	NET SALVAGE
300	Stipulated Plant	2.5%	40	0%
311	Structures and Improvements	2.5%	44	-10%
352.1	Collection Sewers (Force)	2.0%	50	0%
352.2	Collection Sewers (Gravity)	2.0%	50	0%
353	Services	2.0%	50	0%
354	Flow Measurement Devices	3.3%	30	0%
326	Receiving Wells	5.0%	26	-5%
363	Electric Pumping Equipment	10.0%	10	0%
371	Treatment Plant Shed	2.5%	44	-10%
372	Treatment & Disposal Equipment	5.0%	22	-10%
390	Structure & Improvements Office/Shop	2.5%	44	-10%
391	Office Furniture and Equipment	0.0%		
391.1	Electronic Office Equipment	0.0%		
392	Transportation Equipment	13.0%	7	9%
393	Stores Equipment	4.0%	25	0%
394	Tools, Shop, and Garage Equipment	0.0%		
395	Laboratory Equipment	8.3%	12	0%
396	Power Operated Equipment	0.0%		
397	Communication Equipment	0.0%		