

**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.;) **Case No. WM-2021-0412**
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.)

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission (“Staff”) and for its *Recommendation*, respectfully states:

1. On June 1, 2021, 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. filed a *Joint Application and Motion for Waiver* seeking to merge certain water and sewer assets of the above-referenced entities into Confluence Rivers Utility Operating Company. On June 2, 2021, the Commission ordered Staff to file its recommendation no later than September 14, 2021.

2. Staff conducted a full investigation of the proposed merger and documented its findings in its *Memorandum* attached to this pleading as Appendix A. Staff recommends that the Commission approve the proposed merger subject to the following conditions:

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;
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.

WHEREFORE, Staff prays that the Commission will accept this *Recommendation*; issue an order approving the merger 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., with Confluence Rivers Utility Operating Company being the surviving entity, subject to Staff's recommended conditions; and grant such further and other relief as is just in the circumstances.

Respectfully submitted,

/s/ Whitney Payne

Whitney Payne

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served by electronic mail, or First Class United States Postal Mail, postage prepaid, on this 14th day of September, 2021, to all counsel of record.

/s/ Whitney Payne