

**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, For a Certificate of)	<u>File No. WM-2018-0116</u>
Convenience and Necessity, and, in Connection)	<u>File No. SM-2018-0117</u>
Therewith, To Issue Indebtedness and Encumber)	
Assets)	

ORDER DIRECTING NOTICE

Issue Date: November 3, 2017

Effective Date: November 3, 2017

On November 2, 2017, Confluence Rivers Utility Operating Company, Inc., (“Confluence Rivers”) filed the above-referenced applications. The applications seek, among other things, authority for Confluence Rivers to buy the assets of twelve water and sewer companies, and to then provide water and sewer service to the customers of those companies.

The Commission will direct notice of the application be given to the county commissions, local newspapers, and members of the General Assembly representing residents of the counties in which the water and sewer assets are located. The Commission will also direct notice of the application to the General Counsel for the Missouri Department of Natural Resources, and will further set a deadline for interested parties to intervene.

THE COMMISSION ORDERS THAT:

1. The Commission’s Data Center shall provide a copy of this order and the Application to the County Commissions of: Boone, Franklin, Greene, Jefferson, Lincoln,

Montgomery, Perry, Phelps, and St. Louis, Missouri, and the General Counsel for the Missouri Department of Natural Resources.

2. The Commission's Public Information Officer shall make notice of this order available to the members of the General Assembly representing the counties of: Boone, Franklin, Greene, Jefferson, Lincoln, Montgomery, Perry, Phelps, and St. Louis, Missouri, and to the media serving those counties.

3. Any person wishing to intervene in this matter shall file an application to intervene no later than November 20, 2017. The application shall be filed in the Commission's Electronic Filing and Information System ("EFIS") or with the Secretary of the Commission. Comments on the application can also be made in EFIS.

4. 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

Ronald D. Pridgin, Deputy Chief
Regulatory Law Judge, by delegation
of authority pursuant to
Section 386.240, RSMo 2016.

Dated at Jefferson City, Missouri,
on this 3rd day of November, 2017.

**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,) File No. _____
For a Certificate of Convenience and Necessity,)
and, in Connection Therewith, To Issue)
Indebtedness and Encumber Assets.)

APPLICATION AND MOTION FOR WAIVER

COMES NOW Confluence Rivers Utility Operating Company, Inc. (“Confluence Rivers” or “Applicant”) and, pursuant to 393.170 and 393.190, RSMo, and 4 CSR 240-2.060, 3.305, 3.310, 3.600, 3.605, and 4.020(2)(B), states the following to the Missouri Public Service Commission (“Commission”) as its Application and Motion for Waiver:

I. Background Information

1. Confluence Rivers is a Missouri corporation with its principal office and place of business at 500 Northwest Plaza Drive, Suite 500, St. Ann, MO, 63074. Confluence Rivers is a Missouri corporation active and in good standing. A certified copy of Confluence Rivers’ certificate of good standing is attached hereto as **Appendix A**.

2. Communications regarding this Application should be addressed to the undersigned counsel and to:

Josiah Cox, President
Confluence Rivers Utility Operating Company, Inc.
500 Northwest Plaza Drive, Suite 500
St. Ann, MO 63074
Phone: (314) 736-4743
E-mail: jcox@cswrgroup.com

3. Confluence Rivers was formed for the purpose of providing water and sewer service to the public and intends to be a “water corporation,” a “sewer corporation,” and a

“public utility” as those terms are defined in Section 386.020, RSMo, and will be subject to the jurisdiction and supervision of the Commission as provided by law. Confluence Rivers has no overdue Commission annual reports or assessment fees. There is no pending action or final unsatisfied judgment or decision against Confluence Rivers from any state or federal agency or court which involves customer service or rates, which action, judgment or decision has occurred within three years of the date of this Application.

II. The Transactions

4. Confluence Rivers proposes to purchase substantially all of the water and/or sewer assets of Smithview H2O Company (“Smithview”), M.P.B., Inc. (“MPB”) (also referred to as Villa Ridge and Lake Virginia), Mill Creek Sewers, Inc. (“Mill Creek”), Roy-L Utilities, Inc. (“Roy-L”), Port Perry Service Company, LLC (“Port Perry”), Gladlo Utilities, Inc. (“Gladlo”), The Willows Utility Company, Inc. (“Willows”) and Evergreen Lakes Water Supply Co. (“Evergreen”) (collectively, the “Selling Utilities”).

5. The Selling Utilities, each discussed in more detail below, are water and/or sewer corporations doing business in the State of Missouri, and, as such, are subject to the jurisdiction of the Commission as provided by law. Section 393.190.1, RSMo, states, in pertinent part, that “no . . . water corporation or sewer corporation shall hereafter sell, assign, lease, transfer, mortgage or otherwise dispose of or encumber the whole or any part of its franchise, works or system, necessary or useful in the performance of its duties to the public . . . without having first secured from the Commission an order authorizing it so to do.”

6. Confluence River also proposes to purchase all the water and sewer assets of Majestic Lakes Homeowners Association, Inc. (“Majestic Lakes”) and seeks a Certificate of Convenience and Necessity (“CCN”) to operate the system and provide service to the public.

A. Smithview H2O Company

7. Smithview is an administratively dissolved Missouri corporation. Its mailing address is 820 E. County Line, Clark, Missouri, 65243. Smithview is a “water corporation” and a “public utility” as defined by Section 386.020, RSMo., and is subject to the jurisdiction and supervision of the Commission as provided by law. On April 12, 1973, Smithview was granted a CCN to operate a water utility in Commission Case No. 17652. Pursuant to that CCN, Smithview provides water service to approximately 105 residential customers in Boone County, Missouri.

8. The Staff of the Commission (“Staff”) filed a 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). This case remains pending before the Commission.

9. Staff determined that the owners of Smithview had essentially abandoned the system, and Staff contacted other regulated utilities regarding the operation and management of the system.

10. Central States Water Resources, Inc. (“Central States”), which is under common ownership with the Applicant herein, Confluence Rivers, entered into an agreement with Smithview to allow Central States to immediately take over responsibility for operating the system and managing the utility’s business matters as a contract manager. Since that time, Central States has worked with Staff and the Missouri Department of Natural Resources (“DNR”) to make repairs to the system and move toward the provision of safe and adequate service.

11. Central States has invested more than \$40,000 in the Smithview system, but the

system still needs a new well house, permanent disinfection, major main replacement, and potentially new meters.

12. On January 15, 2016, Smithview and Central States entered into an agreement, a copy of which is attached as **Appendix B-C**. Pursuant to the agreement, Confluence Rivers proposes to purchase substantially all the water assets of Smithview, as specifically described in the agreement and under the terms and provisions further described in the agreement. Such assets include the Smithview CCN. **Appendix B-C** has been identified as Confidential in accordance with Commission Rule 4 CSR 240-2.135(2)(A)(3) and (6), as it contains market specific information and information representing strategies employed in contract negotiations.

B. M.P.B., Inc.

13. MPB is an administratively dissolved Missouri corporation. MPB is a “sewer corporation” and a “public utility” as defined by Section 386.020, RSMo., and is subject to the jurisdiction and supervision of the Commission as provided by law. On November 1, 2014, MPB was granted a CCN to operate a sewer utility in Commission Case No. SR-2014-0067. Pursuant to that CCN, MPB provides sewer service to approximately 169 residential customers in two subdivisions in Franklin County, Missouri. The system is known as Villa Ridge. MPB also provides sewer service to approximately 40 residential customers in a subdivision in Jefferson County, Missouri. The system is known as Lake Virginia.

14. MPB has been placed in receivership, and both the Villa Ridge and Lake Virginia 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 systems need new mechanical equipment, concrete tankage structural reinforcement, conveyance

line manhole sealing, conveyance line replacement, and a new internal plant process alignment utilizing the existing three tank footprint or existing lagoon system.

15. Staff determined that the owners had effectively abandoned the systems, and Johansen Consulting Services, LLC, was named receiver in Commission Case No. SO-2014-0052.

16. On June 5, 2017 (Village Ridge), and on September 29, 2017 (Lake Virginia), MPB, acting by and through its duly appointed receiver, and Confluence Rivers entered into agreements, copies of which are attached as **Appendix C-C and Appendix D-C**. Pursuant to the agreements, Confluence Rivers proposes to purchase the Villa Ridge and Lake Virginia sewer assets, as specifically described in the agreements and under the terms and provisions further described in the agreements. Such assets include the Villa Ridge CCN. **Appendix C-C and Appendix D-C** have been identified as Confidential in accordance with Commission Rule 4 CSR 240-2.135(2)(A)(3) and (6), as they contain market specific information and information representing strategies employed in contract negotiations.

C. Mill Creek

17. Mill Creek is a Missouri corporation in good standing. Its mailing address is 7460 E. Bayaud Ave., Denver, CO, 80230. Mill Creek is a “sewer corporation” and a “public utility” as defined by Section 386.020, RSMo., and is subject to the jurisdiction and supervision of the Commission as provided by law. On October 12, 2005, Mill Creek was granted a Certificate of Convenience and Necessity (“CCN”) to operate a sewer utility in Commission Case No. SR-2005-0116. Pursuant to that CCN, Mill Creek provides sewer service to approximately 75 residential customers in St. Louis County, Missouri.

18. Mill Creek has been placed in receivership (Commission Case No. SO-2010-0237), and the system is not meeting its effluent limits, does not have basic disinfection, and is discharging sludge into a creek. The system needs new mechanical nutrient treatment equipment, internal structural reinforcement, conveyance line placement, an ultra-violet disinfection system, and new internal tankage process alignment.

19. On June 1, 2017, Mill Creek, acting by and through its duly appointed receiver, and Confluence Rivers entered into an agreement, a copy of which is attached as **Appendix E-C**. Pursuant to the agreement, Confluence Rivers proposes to purchase substantially all the sewer assets of Mill Creek, as specifically described in the agreement and under the terms and provisions further described in the agreement. Such assets include the Mill Creek CCN. **Appendix E-C** has been identified as Confidential in accordance with Commission Rule 4 CSR 240-2.135(2)(A)(3) and (6), as it contains market specific information and information representing strategies employed in contract negotiations.

D. Roy-L Utilities, Inc.

20. Roy-L is a Missouri corporation in good standing. Its mailing address is 366 Hwy F, High Hill, MO, 63350. Roy-L is a “water corporation,” a “sewer corporation,” and a “public utility,” as defined by Section 386.020, RSMo., and is subject to the jurisdiction and supervision of the Commission as provided by law. In April of 1975, the Commission granted to Roy-L CCNs to operate water and sewer utilities (Commission Case No. SR-2013-0544). Pursuant to those CCNs, Roy-L provides water and sewer service to approximately 60 residential customers in Montgomery County, Missouri.

21. The wastewater operations are under a DNR schedule of compliance for ammonia

removal and disinfection. The system needs a new wastewater treatment plant process for disinfection and nutrient removal. 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 that will require a new chlorination system including redundancy and testing equipment, new fencing, and a generator quick connect.

22. On April 26, 2017, Roy-L and Central States entered into an agreement, a copy of which is attached as **Appendix F-C**. Pursuant to the agreement, Confluence Rivers proposes to purchase substantially all the water and sewer assets of Roy-L, as specifically described in the agreement and under the terms and provisions further described in the agreement. Such assets include the Roy-L CCNs. **Appendix F-C** has been identified as Confidential in accordance with Commission Rule 4 CSR 240-2.135(2)(A)(3) and (6), as it contains market specific information and information representing strategies employed in contract negotiations.

E. Evergreen Lakes Water Supply Co.

23. Evergreen is a Missouri corporation in good standing. Its mailing address is 7080 Ficken Road, PO Box 138, Cedar Hill, MO, 63016. Evergreen is a “water corporation” and a “public utility” as defined by Section 386.020, RSMo., and is subject to the jurisdiction and supervision of the Commission as provided by law. On September 27, 2005, Evergreen was granted a CCN to operate a water utility in Commission Case No. WR-2006-0131. Pursuant to that CCN, Evergreen provides water service to approximately 50 residential customers in Franklin County, Missouri.

24. The owner of Evergreen is elderly and would like to retire from the business. The

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. Evergreen needs a new chlorination system, including redundancy and testing equipment, new fencing, and a generator quick connect.

25. On March 30, 2017, Evergreen and Confluence Rivers entered into an agreement, a copy of which is attached as **Appendix G-C**. Pursuant to the agreement, Confluence Rivers proposes to purchase substantially all the assets of Evergreen, as specifically described in the agreement and under the terms and provisions further described in the agreement. Such assets include the Evergreen CCN. **Appendix G-C** has been identified as Confidential in accordance with Commission Rule 4 CSR 240-2.135(2)(A)(3) and (6), as it contains market specific information and information representing strategies employed in contract negotiations.

F. Majestic Lakes

26. Majestic Lakes Homeowners Association, Inc. (“Majestic Lakes”) is a Missouri corporation in good standing. Its mailing address is 223 Salt Lick Road #339, Saint Peters, MO, 63376. Majestic Lakes provides water and sewer service to approximately 65 residential customers in Lincoln County, Missouri.

27. The wastewater system of Majestic Lakes is under a Missouri Attorney General enforcement action due to a failing concrete tankage system. There is also a building moratorium issued by DNR. The system is not meeting its effluent limits and is in danger of physical collapse.

28. On June 30, 2016, Majestic Lakes and Confluence Rivers entered into an agreement, a copy of which is attached as **Appendix H-C**. Pursuant to the agreement,

Confluence Rivers proposes to purchase substantially all the water and sewer assets of Majestic Lakes, as specifically described in the agreement and under the terms and provisions further described in the agreement. **Appendix H-C** has been identified as Confidential in accordance with Commission Rule 4 CSR 240-2.135(2)(A)(3) and (6), as it contains market specific information and information representing strategies employed in contract negotiations.

G. Port Perry Service Company

29. Port Perry is a Missouri corporation in good standing. Its mailing address is 728 PCR 724, P.O. Box 43, Perryville, MO, 63775. Port Perry is a “water corporation,” a “sewer corporation,” and a “public utility,” as defined by Section 386.020, RSMo., and is subject to the jurisdiction and supervision of the Commission as provided by law. In July of 1991, the Commission granted to Port Perry a CCN to operate a water utility. In January of 1994, the Commission granted to Port Perry a CCN to operate a sewer utility. Pursuant to those CCNs, Port Perry provides water service to approximately 321 customers and sewer service to approximately 223 residential customers in Perry County, Missouri.

30. The wastewater operations are in danger of failing due to a lack of basic maintenance on the berms housing the wastewater storage lagoon cells. The wastewater system needs pump redundancy to meet minimum emergency service requirements. The wastewater system is also out of compliance for basic sewer security, discharge recording and physical protection of the system. 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 pumps, and corresponding operational management that will require a new chlorination system including redundancy and testing equipment, and new fencing.

31. On June 20, 2017, Port Perry and Central States entered into an agreement, a copy of which is attached as **Appendix I-C**. Pursuant to the agreement, Confluence Rivers proposes to purchase substantially all the water and sewer assets of Port Perry, as specifically described in the agreement and under the terms and provisions further described in the agreement. Such assets include the Port Perry CCNs. **Appendix I-C** has been identified as Confidential in accordance with Commission Rule 4 CSR 240-2.135(2)(A)(3) and (6), as it contains market specific information and information representing strategies employed in contract negotiations.

H. Gladlo Water and Sewer Co., Inc.

32. Gladlo is a Missouri corporation in good standing. Its mailing address is 7460 E. Bayaud Ave., Denver, CO, 80230. Gladlo is a “water corporation,” a “sewer corporation,” and a “public utility,” as defined by Section 386.020, RSMo., and is subject to the jurisdiction and supervision of the Commission as provided by law. The Commission first authorized the Company to provide regulated sewer utility service in June, 1997, and regulated water utility service in June, 1997. Pursuant to its CCNs, Gladlo provides water service to approximately 71 customers and sewer service to approximately 71 residential customers in Phelps County, Missouri.

33. Gladlo was placed in receivership in 2008 (Case No. WO-2009-0086), and the 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 24hr storage and emergency service backup. The water system need 25,000 gallons of water storage tank and emergency power.

34. On October 16, 2017, Gladlo, acting by and through its duly appointed receiver, and Confluence Rivers entered into an agreement, a copy of which is attached as **Appendix J-C**. Pursuant to the agreement, Confluence Rivers proposes to purchase substantially all the water

and sewer assets of Gladlo, as specifically described in the agreement and under the terms and provisions further described in the agreement. Such assets include the Gladlo CCNs. **Appendix J-C** has been identified as Confidential in accordance with Commission Rule 4 CSR 240-2.135(2)(A)(3) and (6), as it contains market specific information and information representing strategies employed in contract negotiations.

I. The Willows Utility Company

35. Willows is a Missouri corporation in good standing. Its mailing address is 1240 East Independence Street, Suite 200, Springfield, MO, 65804. Willows is a “water corporation,” a “sewer corporation,” and a “public utility,” as defined by Section 386.020, RSMo., and is subject to the jurisdiction and supervision of the Commission as provided by law. The Commission granted Willows a CCN authorizing it to provide water and sewer service to the public for gain on December 13, 1979 (WA-80-86). Pursuant to its CCN, Willows provides water and sewer service to approximately 102 residential customers in Greene County, Missouri.

36. The wastewater and water systems of the Willows are under a Missouri Attorney General enforcement action (Case Number 1731-CC00313) due to various allegations of on-going 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 procedure for drinking water outages. The system needs a new wastewater treatment plant process for disinfection and nutrient removal. The water system is out of compliance for basic drinking water security, systemwide water pressure, and corresponding operational management that will require conveyance line repairs, tank rehabilitation, and system zoning.

37. On May 16, 2017, Willows and Central States entered into an agreement, a copy of which is attached as **Appendix K-C**. Pursuant to the agreement, Confluence Rivers proposes to purchase substantially all the water and sewer assets of Willows, as specifically described in the agreement and under the terms and provisions further described in the agreement. Such assets include the Willows CCNs. **Appendix K-C** has been identified as Confidential in accordance with Commission Rule 4 CSR 240-2.135(2)(A)(3) and (6), as it contains market specific information and information representing strategies employed in contract negotiations.

J. Additional Information

38. Confluence Rivers' verifications of authority authorizing the purchase of the subject assets and related transactions contemplated by the agreements referenced above are attached as **Appendix L**.

39. A balance sheet and income statement with adjustments showing the results of the acquisition of the properties for Confluence Rivers is attached as **Appendix M-C**. **Appendix M-C** has been identified as Confidential in accordance with Commission Rule 4 CSR 240-2.135(2)(A)(3) and (6), as it contains market specific information and information representing strategies employed in contract negotiations.

40. The sale and purchase of the referenced assets should have no impact on the tax revenues of relevant political subdivisions, as Confluence Rivers, the Selling Utilities, and Majestic Lakes are private entities and their status as taxpaying entities will not change as a result of these transactions.

III. Certificate of Convenience and Necessity

41. Confluence Rivers further requests permission, approval, and a CCN to install, own, acquire, construct, operate, control, manage, and maintain water and sewer systems for the

public in an area of Lincoln County, Missouri, as set forth on the map attached to this Application as Appendix N. This area is generally known as Majestic Lakes and is currently being served by the Majestic Lakes Homeowners Association, Inc.

42. Attached hereto and marked as Appendix O-C is a list of ten residents or land owners within the proposed service area. Appendix O-C has been identified as Confidential in accordance with Commission Rule 4 CSR 240-2.135(2)(A)(1), as it contains customer-specific information.

43. Attached hereto and marked as Appendix P-C is a feasibility study for the water and sewer systems, including estimated expenses and revenues during the first three years of operation by Confluence Rivers. Appendix P-C has been identified as Confidential in accordance with Commission Rule 4 CSR 240-2.135(2)(A)(3) and (6), as it contains market specific information and information representing strategies employed in contract negotiations.

44. Confluence Rivers will not require any franchises or permits from municipalities, counties, or other authorities in connection with the proposed systems.

45. To provide service to the proposed area, Confluence Rivers will purchase substantially all the water and sewer assets of Majestic Lakes, as specifically described in the agreement previously attached as Appendix H-C and under the terms and provisions further described in said agreement.

IV. Tariffs/Rates

46. Confluence Rivers proposes to adopt the rules and regulations where entities have such approved tariff provisions in place. In the alternative, Confluence Rivers will adopt the “standard” PSC Water and Sewer Department sample tariff..

47. As to rates, Confluence Rivers proposes to use the existing rates for all residential

customers.

48. 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 gal \$3.36

49. 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

50. 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

51. 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

52. 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.

53. 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 1,000gal \$2.15 Sewer –Monthly Service Charge \$37.67

54. The current water and sewer rates for Port Perry Service Company (which have been in effect since May 15, 2002) are as follows: Water – Meter Size Monthly Minimum per Customer 1. 5/8" \$ 13.23 (includes 2,000 gallons), 2. 7/8" \$16.26, 3. 1" \$22.33, 4. 1 1/2 " \$37.49, 5. 2" \$55.69, 6. 3" \$98 .16, 7. 4" \$158.83, 8. 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.

55. The current water and sewer rates for The Willows Utility Company (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.

56. 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

57. The current rates for the Selling Utilities do not reflect the current cost of providing service. Additionally, as indicated above, these systems will require substantial investment after the purchase by Confluence Rivers that will necessarily result in a rate increase of some amount after those additions have been completed. Providing for a reasonable and justified rate increase at this time would act as a phase-in for the customers in advance of the rate case.

V. Public Interest

58. The proposed acquisition of the specified assets of Smithview, MPB, Mill Creek, Roy-L, Evergreen, Gladlo, Port Perry, Willows, and Majestic Lakes, and the related transactions, are not detrimental to the public interest of the State of Missouri, and, in fact, will be consistent with and will promote the public interest.

59. Confluence Rivers, and all utility services provided, will be subject to the jurisdiction of the Commission.

60. Confluence Rivers is fully qualified, in all respects, to own and operate the systems currently being operated by Smithview, MPB, Mill Creek, Roy-L, Evergreen, Port

Perry, Gladlo, Willows, and Majestic Lakes, and to otherwise provide safe and reliable service.

VI. Financing

61. Confluence Rivers seeks an order from the Commission granting it the authority to issue up to \$2,600,000.00 of secured indebtedness. The purpose of this financing will be for the purchase of the assets identified above and to fund the construction necessary to bring the systems into regulatory compliance.

62. A certificate noting that the President of Confluence Rivers is authorized to do all things necessary to consummate the financing transactions contemplated by this Application and as more particularly described herein is included as **Appendix Q** and incorporated herein by reference.

63. Confluence Rivers intends to execute a Term Loan. The Term Loan will be based on monthly principal and interest payments amortized over 20 years. The Term Loan will allow Confluence Rivers to complete the proposed acquisitions, along with the construction of drinking water and wastewater improvements described above. Attached as **Appendix R-C** is the term sheet for the Conditional Loan Commitment, which outlines the principal terms of the agreement including the interest rate, applicable fees, and required collateral, and is designated Confidential pursuant to Rule 4 CSR 240-2.135(2)(A)(5), (6), and (8).

64. The loan will result in a first lien on substantially all the properties acquired by Confluence Rivers. Consequently, the loan obligations will be secured by a lien or encumbrance on Confluence Rivers' utility franchise, plant, and system that is used to provide service to its customers, and also as an encumbrance against additional plant and assets.

65. Marked as **Appendix S-C** and attached hereto and made part hereof for all purposes, are financial statements with adjustments showing the *pro forma* effect of the contemplated financing. **Appendix S-C** is designated Confidential pursuant to Rule 4 CSR 240-

2.135(2)(A)(5) and (8). Confluence Rivers has no capitalization expenditures for the prior five years. The issue is subject to the fee schedule in section 386.300, RSMo.

66. Additionally, Confluence Rivers is currently exploring separate, third party equipment financing. If agreement(s) can be reached on that financing, Confluence Rivers will supplement this Application.

67. Subjecting Confluence Rivers' operating properties to the lien will not be detrimental to the public interest, and, in fact, will be beneficial to the public interest, because the public health, safety, and welfare will be served by the ability of Confluence Rivers to obtain financing for the purposes described. The proposed financing transactions will have no material impact on the tax revenues of the political subdivisions in which any of the structures, facilities, or equipment of the companies involved are located.

VII. Motion for Waiver

68. Commission Rule 4 CSR 240-4.017(1) provides that "(a)ny person that intends to file a case shall file a notice with the secretary of the commission a minimum of sixty (60) days prior to filing such case." A notice was not filed 60 days prior to the filing of this Application. As such, to the extent required, Confluence Rivers seeks a waiver of the 60-day notice requirement.

69. Commission Rule 4 CSR 240-4.017(1)(D) provides that a waiver may be granted for good cause. In this regard, Confluence Rivers declares (as verified below) that it has had no communication with the Office of the Commission (as defined in Commission Rule 4 CSR 240-4.015(10)) within the prior 150 days regarding any substantive issue likely to be in this case. Further, Confluence Rivers notes that there are health and safety issues involved with these small companies. It would serve no purpose to further delay the filing of this Application.

70. For the good cause shown, Confluence Rivers moves for a waiver of the 60-day notice requirement of Rule 4 CSR 240-4.017(1) and acceptance of this Application at this time.

WHEREFORE, Confluence Rivers respectfully requests that the Commission issue its order:

(A) Authorizing the Selling Utilities to sell and Confluence Rivers to acquire the assets of the Selling Utilities identified herein, to include the CCNs held by the Selling Utilities or, in the alternative, grant Confluence Rivers a new CCN to provide water and sewer service in the areas now served by the Selling Utilities;

(B) Authorizing Confluence Rivers and the Selling Utilities to enter into, execute, and perform in accordance with the terms described in the agreements attached to this Application and to take any and all other actions which may be reasonably necessary and incidental to the performance of the acquisitions;

(C) Authorizing Confluence Rivers to enter into, execute, and deliver loan agreements as described herein and to incur indebtedness, provided that the aggregate principal amount of all such debt obligations shall not exceed two million six hundred thousand Dollars (\$2,600,000.00), pursuant to the terms identified herein;

(D) Authorizing Confluence Rivers to create and make effective a first lien on all of the franchises, certificates of convenience and necessity, plant and system of Confluence Rivers, to secure its obligations under the loan as provided herein;

(E) Authorizing Confluence Rivers to enter into, execute, deliver, and perform the necessary promissory notes, loan agreements and other documents necessary to effectuate the described financing transactions;

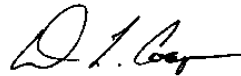
(F) Granting Confluence Rivers a Certificate of Convenience and Necessity

authorizing it to install, acquire, build, construct, own, operate, control, manage and maintain a sewer system for the public within the area currently served by Majestic Lakes;

(G) Granting Confluence Rivers permission to acquire the assets identified herein of Majestic Lakes; and,

(H) Granting such other relief as may be deemed necessary and appropriate to accomplish the purposes of the agreements and the Application and to consummate related transactions in accordance with the agreements.

Respectfully submitted,



Dean L. Cooper, MBE #36592

BRYDON, SWEARENGEN & ENGLAND P.C.

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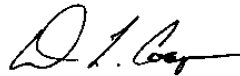
dcooper@brydonlaw.com

CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing document was sent by electronic mail or by U.S. Mail, postage prepaid, on November 2, 2017, to the following:

Office of the General Counsel
Governor Office Building
Jefferson City, MO 65101
staffcounsel@psc.mo.gov

Office of the Public Counsel
Governor Office Building
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opcservice@ded.mo.gov



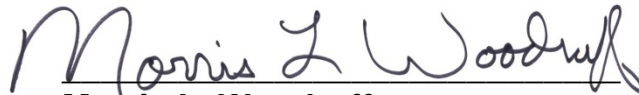
STATE OF MISSOURI

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 3rd day of November 2017.




Morris L. Woodruff
Secretary

MISSOURI PUBLIC SERVICE COMMISSION

November 3, 2017

File/Case No. SM-2018-0117 and WM-2018-0116

Missouri Public Service Commission

Staff Counsel Department
200 Madison Street, Suite 800
P.O. Box 360
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staffcounsel@psc.mo.gov

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Confluence Rivers Utility Operating Company, Inc.

Dean L Cooper
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dcooper@brydonlaw.com

County of Boone, Missouri

County Commission Clerk
801 E. Walnut, Rm. 236
Boone County Government Center
Columbia, MO 65201

County of Franklin, Missouri

County Commission Clerk
400 E Locust, Room 206
Franklin County Courthouse
Union, MO 63084

County of Greene, Missouri

County Commission Clerk
940 Boonville, Rm. 113
Greene County Courthouse
Springfield, MO 65802

County of Jefferson, Missouri

County Commission Clerk
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Admin. Bldg.
PO Box 100
Hillsboro, MO 63050

County of Lincoln, Missouri

County Commission Clerk
201 Main St.
Lincoln County Courthouse
Troy, MO 63379

County of Montgomery, Missouri

County Commission Clerk
211 E Third St.
Montgomery City, MO 63361

County of Perry, Missouri

County Commission Clerk
321 N. Main St., No. 2
Perry County Administration Bldg
Perryville, MO 63375

County of Phelps, Missouri

County Commission Clerk
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Phelps County Courthouse
Rolla, MO 65401

County of St. Louis, Missouri

County Commission Clerk
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Center
Clayton, MO 63105

Evergreen Lake Water Company

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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.