

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

In the Matter of the Application of Confluence Rivers )  
Utility Operating Company, Inc., for Authority to ) **File No. WA-2019-0299**  
Acquire Certain Water and Sewer Assets and for a )  
Certificate of Convenience and Necessity )

**RESPONSE TO MOTION TO QUASH**

**COMES NOW** Staff of the Missouri Public Service Commission (“Staff”), through counsel, and states as follows:

1. On February 13, 2020, the Commission issued its *Order Setting Procedural Schedule*, in which it stated that “it wanted information regarding the net book value of the subject utility assets being purchased,” and re-opened the evidentiary record to do so.

2. Confluence Rivers Utility Operating Company, Inc. (“Confluence”), the Office of Public Counsel, and Staff entered into a stipulation establishing net book value of the subject water and sewer utility assets at \$20,000 and \$57,866, respectively. This stipulation was filed April 9, 2020.

3. The Lake Perry Lot Owners Association (“Association”) filed a partial objection to the stipulation on April 14, 2020, stating that although it agrees with the stipulated net book values, in subsequent filings it claims that the Commission nevertheless must determine whether the sale is detrimental to the public interest.

4. On April 14, 2020, Staff filed *Direct Testimony of Kimberly K. Bolin*, in which Staff provided support for the net book values agreed to in the April 9, 2020, stipulation.

5. Ms. Bolin describes net book value as the “original cost of the asset(s) incurred by a company who first devoted the property to utility service, minus accumulated

depreciation and CIAC” Ms. Bolin also stated that net book value remains the same regardless of utility ownership.<sup>1</sup>

6. On April 20, 2020, the Association filed a non-disclosure agreement (“NDA”) signed by a certified public accountant. On April 23 the Association filed two additional NDAs from individuals employed by banking institutions.

7. On April 24, 2020, Confluence moved to quash the NDAs signed by the persons working at banking institutions, stating that information regarding net book value has not been designated confidential, and that the information sought through the NDAs is unrelated to net book value.

8. On April 24, 2020, the Commission ordered the Association to respond to Confluence’s motion and invited other parties to respond by noon, April 28, 2020.

9. In response to Confluence’s motion, Staff states that it did not rely upon any confidential information in determining the net book value of the subject utility assets being purchased. The Commission has consistently specified that additional proceedings in this matter are being held in order to obtain information related to only net book value. While the Commission has stated a determination of net book value is ‘relevant and critical’ to whether the proposed acquisition is ‘detrimental to the public interest,’<sup>2</sup> it clearly re-opened the record for the submission of evidence specifically in regard to the factual issue of net book value.<sup>3</sup> However, based upon its response to Confluence’s Motion to Quash, it appears that the Association intends to introduce evidence of issues other than

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<sup>1</sup> Staff of the Missouri Public Service Commission, *Direct Testimony of Kimberly K. Bolin*, ER-2019-0299, (Apr 14, 2020).

<sup>2</sup> See the Commission’s *Order Setting Procedural Schedule* issued March 24, 2020.

<sup>3</sup> In its *Order Directing Responses Regarding Cancellation of Evidentiary Hearing Regarding Net Book Value*, issued April 10, 2020, the Commission stated, “All parties in this case now agree about the factual issue that was subject of the evidentiary hearing scheduled for May 19-20, 2020.”

a factual determination of net book value – such as the transaction’s overall impact on the public interest and Confluence’s financial health.

10. All parties have stated that they agree with the utility assets’ net book values. The Commission did not request evidence on any other issues, and as it stated in its April 17, 2020, Order, if evidence of net book value was presented through a unanimous stipulation, a hearing would be unneeded.

11. For these reasons, Staff is unsure as to why the NDAs are necessary for a factual determination of net book value, and agrees that they should be quashed.

Respectfully submitted,

**/s/ Karen E. Bretz**

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**CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been electronically mailed to all parties and/or counsel of record on this 28<sup>th</sup> day of April, 2020.

**/s/ Karen E. Bretz**