M E M O R A N D U M

TO: Missouri Public Service Commission
Official Case File, Case No. WM-2020-0282

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Case Manager

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Legal Counsel

SUBJECT: Recommendation of Approval of Application

DATE: July 17, 2020

CASE BACKGROUND

On March 11, 2020, Confluence Rivers Utility Operating Company, Inc. (Confluence Rivers) filed its *Application and Motion for Waiver* (Application) with the Missouri Public Service Commission (Commission).

Confluence Rivers seeks authority to acquire the assets of Branson Cedars Resort Utility Company LLC (Branson Cedars) and its Certificate of Convenience and Necessity (CCNs). Confluence Rivers is also seeking CCNs for currently unregulated systems it is purchasing: Fawn Lake Water Corp. ("Fawn Lake"), Freeman Hills Subdivision Assoc. ("Freeman Hills"), P.A.G. LLC, d/b/a Prairie Heights Water Company ("Prairie Heights"), and a sewer system located in DeGuire Subdivision and owned by Mr. Mark Edgar ("DeGuire"). In its application, Confluence Rivers also sought to purchase the water and sewer assets of Terre du Lac Utilities Corporation, but filed to voluntarily dismiss that portion of the Application on June 1, 2020.

BACKGROUND OF THE COMPANIES TO BE ACQUIRED

Branson Cedars obtained a CCN from the Commission on September 5, 2015, in Case No. WA-2015-0049, and provides service to 64 water customers and 60 sewer customers in Taney County.

Fawn Lake, Freeman Hills, Prairie Heights and DeGuire are systems not currently regulated by the Commission. Fawn Lake serves 29 water customers in Warren and Lincoln Counties. Freeman Hills is a nonprofit sewer utility providing service to 16 customers near the city of Mexico in

Audrain County. Prairie Heights operates as a limited liability company and currently provides water service to approximately 54 customers in the Prairie Heights Subdivision, in the city of Bolivar in Polk County. DeGuire is located approximately five miles south of Fredericktown in Madison County. The DeGuire system is believed to have been constructed in 1975, and currently provides sewer service to approximately 24 residential customers and four commercial customers.

BACKGROUND OF CONFLUENCE RIVERS

Confluence Rivers is an existing regulated water and sewer utility currently providing water service in several service areas throughout Missouri. Confluence Rivers is a subsidiary of Central States Water Resources, LLC, which also owns and operates six other water and sewer companies in Missouri as well as systems in Arkansas, Tennessee, Kentucky, and Louisiana. In its Application, Confluence Rivers stated it provides water service to approximately 547 customers and sewer service to approximately 636 customers. As of its last rate case, WR-2020-0053, Confluence provided water service to 543 customers and sewer service to 627 customers.

STAFF'S INVESTIGATION

Staff from the Water and Sewer Department investigated the condition of each water and sewer system, including its performance and compliance with drinking water and environmental regulations. Staff also reviewed information from DNR's records, including operating permits, inspections, notices of violation, and letters of warning.

Staff performed an inspection of the water and sewer systems on June 10, 11, and 17, 2020. These inspections included an on-site review of the current condition of each system and a discussion with Confluence Rivers' personnel on proposed capital improvements. Staff agrees with Confluence Rivers that these systems will require repairs and improvements. Based on its current knowledge of the systems, Staff, at this time, considers Confluence Rivers' proposals for system repairs and improvements to be a reasonable plan for providing safe and adequate service. Confluence Rivers' preliminary cost estimates are provided in this Memorandum for informational purposes only. Staff will review all investments and the actual costs for all repair and improvements during a future rate case to be filed by Confluence Rivers. Staff's review and observations are listed below each system description.

As part of its filing, Confluence Rivers included a request to expand its current Villa Ridge service territory. The purpose of this request is to add three residential homes currently outside of Confluence Rivers' service territory that, since having acquired the Villa Ridge system, Confluence Rivers has learned were receiving service from the prior owners of the system. Staff performed a document review and then conducted an on-site review of the territory addition on July 8, 2020. Staff recommends expanding the Villa Ridge service territory to add the three customers at the end of Bridgewater Hill Drive.

Staff's review and observations of the correction to the Villa Ridge service territory map are provided at the end of the PSC Regulated Water and Sewer Systems section.

Commission Regulated Water and Sewer Systems

Confluence Rivers' Application includes a request to acquire substantially all of the water and sewer assets of Branson Cedars, and a request to expand Confluence Rivers' Villa Ridge service territory map. Both Branson Cedars and Confluence Rivers are currently utilities regulated by the Commission.

Branson Cedars

Branson Cedars obtained its CCN from the Commission on September 5, 2015, in Case No. WA-2015-0049. Branson Cedars' water and sewer systems serve the Branson Cedars Resort development (development) in an unincorporated area of Taney County, south of the city of Hollister. The development consists of rental cabins, some of which are owned by individuals and some of which are owned by The Tranquility Group, LLC, d/b/a Branson Cedars Resort (Tranquility). Within its certificated service area, Branson Cedars serves 64 water units and 60 sewer units. Branson Cedars' water and sewer treatment plant is located near the town of Ridgedale, in Taney County, Missouri.

Branson Cedars' current water and sewer rates became effective on December 3, 2018, in Case No. WR-2018-0356.

The current water rates for Branson Cedars are as follows:

Residential – Metered rate:	$61.99
Commercial – Metered rate:	
Class 1.0	$61.99
Class 1.5	$123.97
Class 4.0	$247.95

Commodity Charge $3.04 per 1,000 gallons

The current sewer rates for Branson Cedars are as follows:

Residential – monthly flat rate	$61.97
Commercial – monthly flat rates:	
Class 1.0:	$61.97
Class 1.5:	$92.96

Description of Water System

The existing drinking water system includes two wells with two distribution systems. The two distribution systems are interconnected, but can also be operated separately by closing a valve. The valve can be opened to allow water from one distribution system to flow into the other if required.[1]

The Application proposes that Confluence Rivers purchase only Well #1 and its associated equipment. Well #2 and its associated equipment will be retained by Branson Cedars. Well #1 was drilled in 1986 to a depth of 1,007 feet. The submersible pump, which pumps approximately 100 gallons per minute (gpm), is 10 horsepower (hp) and is set approximately 600 feet deep. The water is disinfected using sodium hypochlorite injected at the well head and then pumped through a master meter to a 20,000 gallon standpipe. A booster pump supplies five 85-gallon hydropneumatic tanks that provide system pressure

Well #2, drilled in 1985, utilizes a 30 hp submersible pump, includes two 10,000 gallon storage tanks, chlorine disinfection, and two high service pumps that pump from the tanks to the distribution system. This well has a master meter to determine how many gallons are being pumped. Well #2 currently serves the sales center, pool, water features (ponds and landscaping), and provides water for irrigation. As part of this transaction, this system will be retained by Branson Cedars to be used only to maintain water features and irrigation.[2] The sales center and pool will be served by Confluence Rivers.

DNR Permits and Inspections

Branson Cedars drinking water system operates under a DNR Permit to Dispense Water to the Public with identification number MO5282768. The results of Staff's Sunshine Request to DNR show that the system was inspected by DNR in July, 2019. This inspection found that Branson Cedars was in compliance with Section 640.100.4 of the Missouri Safe Drinking Water Statutes. Based on this inspection, DNR made several recommendations including developing an adequate tank interior inspection and cleaning program, and installing a duplicate high service booster pump with all necessary appurtenances.

[1] As discussed later in this memorandum, Well #2 and all associated equipment will be retained by Branson Cedars as part of this acquisition. As a result, the valve allowing for and interconnection between the Well #1 and Well #2 systems will typically remain closed. The interconnection will become a standby connection between the two systems and allow for a back-up source of water for the Confluence Rivers water system. Current plans are for water from the Branson Cedars system to be used as a secondary source for the Confluence Rivers system and metered, and will be subject to a water use agreement between Branson Cedars and Confluence Rivers.

[2] While Branson Cedars will retain ownership of Well #2, and the associated system, it will no longer distribute, sell for distribution, or sell or supply water "for gain," and thus will no longer be considered a "Water Corporation" subject to jurisdiction of the Commission. Big Cedars Resort, a current tariffed customer of Branson Cedars, will continue to be served by Branson Cedars but will not be charged for the service.

Staff Observations of Water System

Staff inspected the Branson Cedars water system on June 10, 2020. Staff observed that the tank house showed signs of deterioration including water damage to the ceiling, walls, and insulation. The hydropneumatic tanks and piping had signs of corrosion and pitting. The system controls, including valving and pressure indicators are manually operated, showed signs of age and are obsolete. There was exposed electrical wiring inside the tank house. The 20,000 gallon tank had flaking paint and showed signs of surface corrosion.

During discussions with Branson Cedars and Confluence Rivers personnel, both parties told Staff that the tank is overdue for inspection, cleaning, and painting. Staff observed significant work in progress to extend the water main from the Well #1 tank house in support of future development.

Proposed Improvements for the Water System

The application proposes that Confluence Rivers purchase only Well #1 and its associated equipment and Well #2 and all associated equipment will be retained by Branson Cedars as part of this acquisition. Typically both systems will operate independently of the other. The interconnection between the two systems will become a standby connection and allow for a back-up source of water for the Confluence Rivers water system. Water from the Branson Cedars system used as a secondary source for the Confluence Rivers system will be metered and will be subject to a water use agreement between Branson Cedars and Confluence Rivers.

Confluence Rivers anticipates evaluating the system for valving and flushing hydrant locations. Improvements include building repair and upgrading the controls and equipment inside the tank house.

Confluence Rivers anticipates making the following capital improvements:

- Refurbishment of the tank house,
- Installation of electrical wiring in conduit,
- Installation of remote monitoring equipment,
- Installation of a new magnetic flow meter,
- Installation of tank house piping chlorine analyzer,
- Addition of a separate chlorine room,
- Installation of new booster pumps with variable frequency drives,
- Installation of flush hydrants and valving, and
- Inspection, cleaning, and painting of the 20,000-gallon storage tank.

** _____ **

Confluence Rivers' proposed improvements are consistent with the results of Staff's document review and Staff's observations at the time of Staff's inspection.

Description of Collection Sewer and Treatment System

The collection system consists of gravity and pressure collecting sewers utilizing septic tank effluent pump (STEP) units. Effluent from each of the cabins first flows to a septic tank with a filter for partial sewage treatment. Most solids are retained in the septic tank, and the septic tank effluent is then pumped into the pressure collection system. Individual cabin owners own the septic tanks and pumps on their lots.

The current sewer system consists of a recirculating sand filter treatment facility (RSF), with duplex pumps and a three chambered recirculation tank. The tank is at the front of the plant to settle additional solids and to prevent clogging of downstream pipes and filter media. A portion of the wastewater flows back from the sand filters for recirculation. Recirculation of the partially-treated septic tank wastewater through the sand filters provides additional biological treatment. The next treatment steps are chemical addition for phosphorus removal, tertiary clarification and filtration, and ultraviolet disinfection. The design flow is 9,600 gallons per day (gpd). The actual average flow averages about 3,600 gpd, but, actual daily flows vary greatly with the system operating close to its capacity on busy weekends and holidays when the resort is populated with renters. Daily flow tapers off to near zero during off-peak times. There is no dedicated flow meter for the system. Flow measurement is periodically conducted using a 5-gallon bucket and a stopwatch.

Branson Cedars' long-term plan for sewage treatment has been to replace the RSF by construction of a lift station and force main that will connect to a sewer owned by the city of Hollister. Hollister would then take the wastewater and provide treatment wholesale, charging a fee that is based on the volume of wastewater received from Branson Cedars. This connection was expected to be completed in 2017 but the city of Hollister has yet to extend any sewers and no firm arrangements have been made.

DNR Permits and Inspections

The Branson Cedars wastewater treatment system operates under Missouri State Operating Permit MO-0130656, which was last issued on April 1, 2019, and expires on March 31, 2024. The results of Staff's Sunshine Request to DNR show that the system was last inspected by DNR in May 2018, and the system was found to be in compliance with the Missouri Clean Water Law at the time of the inspection. Although the inspection did show compliance, the DNR inspection report noted multiple exceedances of the permit's phosphorus effluent limit in the past.

Staff Observations of the Treatment System

At the time of Staff's June 17, 2020, inspection, the facility appeared to be in fair condition. The media beds were clear of any vegetation. The liner, designed to prevent wastewater from leaching into the soil and potentially into the water table, appeared to be in fair condition. The mechanical building showed signs of age and deterioration from a flood that occurred several

years ago. The system controls, including valving and pressure indicators, are manually operated, showed signs of age and are obsolete.

Branson Cedars is required by the requirements of its discharge permit issued by the DNR to disinfect year-round because of the characteristics of the receiving stream. Disinfection is accomplished using ultraviolet (UV) lights rather than chlorinating and dechlorinating. Staff's inspection was during an off-peak period or low cabin rental and there was no effluent leaving the outfall pipe. Staff observed significant work in progress to install a below grade poured- in-place concrete tank in support of future development.

Proposed Improvements for the Treatment System

Confluence Rivers is considering a phased approach to system improvements for the wastewater treatment system. As part of a first phase, Confluence Rivers anticipates making the following improvements:

- Repairing the mechanical building, fencing, and access road,
- Regrade the surrounding hillside for drainage improvements,
- Installation of remote monitoring and flow measurement equipment,
- Perform an operational start-up for system evaluation.

Based on the results of the system evaluation, a second phase of improvements would be completed. At this time, Confluence Rivers anticipates either upgrading the existing system or replacing with a new system.

Confluence Rivers' cost estimate for upgrades to the wastewater treatment system includes ** ____ ** for future process upgrades and a ** ____-** contingency based on total cost of the improvements. ** _____ **

Confluence Rivers' phased approach with proposed improvements are consistent with the results of Staff's document review and Staff's observations at the time of Staff's inspection.

Villa Ridge CCN Addition

As part of its filing, Confluence Rivers included a request to expand its current Villa Ridge service territory. The purpose of this request is to add three residential homes that are currently outside of Confluence Rivers' service territory that, since having acquired the Villa Ridge system, Confluence Rivers has learned were receiving service from the prior owners of the system. Staff performed a document review and conducted a site visit of the proposed addition to the Villa Ridge service territory on July 8, 2020. Staff's review and observations indicate that Confluence Rivers is providing service to three customers in Villa Ridge that are located beyond the area described

in the 1987 CCN. The three customers are located in the northern portion of the map at the end of Bridgewater Hill Drive.

Staff recommends adding the three customers at the end of Bridgewater Hill Drive to the service territory.

Non-PSC Regulated Water and Sewer Systems

This merger case includes the acquisition of four currently unregulated water and/or sewer utilities: Fawn Lake Water Corp., Freeman Hills, Prairie Heights and a sewer system located in the DeGuire Subdivision.

Fawn Lake

Rachel Hackman is the current owner of Fawn Lakes, which serves 29 customers near the Fawn Lake Air Park in Wright City, Missouri, and is divided between the counties of Warren County and Lincoln County. On June 11, 2015, a complaint (WC-2015-0330) was filed by Staff against Fawn Lakes for using its facilities to provide potable water for gain without first having obtained the permission and approval of the Commission. On November 1, 2017, the Commission granted a default determination against Fawn Lake and found the allegations in Staff's complaint to be established. The Commission authorized its General Counsel to file action in the circuit court to seek civil penalties against Fawn Lake and Rachel Hackman.

On June 3, 2019, Elm Hills Utility Operating Company, Inc. ("Elm Hills") entered into a sales agreement with Fawn Lake. As part of the sales agreement Elm Hills plans to assign its rights under the sales agreement to Confluence Rivers at closing.

Fawn Lake's current monthly rates were established by the current owner without Commission approval and it is not known how closely they align with the current cost of operations. The water rates for customers are $50 per month for the first 3,000 gallons, and $3.00 for each additional 1,000 gallons.

Description of Water System

The source of water for the Fawn Lake system is a single well, drilled to a depth of 855 feet with 507 feet of 6-inch diameter steel casing. The well pump produces approximately 40 gpm. There is one well house containing the well, master meter, pressure gauges, a 1,000 gallon hydropneumatic tank and a sampling port. No disinfection is provided for this water system at this time. The distribution system is comprised of approximately 11,000 feet of various sizes of PVC pipe. There are no hydrants on the lines for flushing.

DNR Permits and Inspections of Water System

The Fawn Lake drinking water system operates under a Permit to Dispense Water to the Public with identification number MO6031357, issued on September 24, 2002. The results of

Staff's Sunshine Request to DNR show that the system was inspected by DNR in July 2016 and March 2019.

The results from the 2016 inspections found Fawn Lakes to be out of compliance on numerous significant deficiencies. Fawn Lakes then received notices of violations (NOVs) for failure to consult with DNR on the significant deficiencies by August 19, 2016, followed by an NOV for failure to correct the significant deficiencies by November 19, 2016. The system returned to compliance on June 20, 2018 for correcting these significant deficiencies.

The 2019 inspection found the well head was not sealed properly, but it was sealed later that day and photos were sent to DNR as proof. The inspection report noted that the 1,000-gallon hydropneumatic tank had been noted in previous inspection reports as being undersized for the population served. Fawn Lake has presently paid all Primacy and Laboratory Fees to date.

Staff Observations of Water System

Staff visited the Fawn Lake water system on June 10, 2020. Staff observed that the two off-line storage tanks outside of the well house were corroded and had holes in them. The well house was in need of repairs. Water damage was present around the base of the well house due to persistent leaks. The well pump was replaced recently. The well head was clean and properly sealed. The 1,000-gallon hydropneumatic tank showed signs of corrosion on the discharge pipe threads on the ventral side of the tank. The tank had been leaking and repairs had been made. The piping inside the well house is a combination of galvanized steel and PVC pipe. At the time of Staff's inspection, the galvanized pipe was corroded and at the end of its useful life. Currently, the water is not chlorinated.

Proposed Improvements for the Water System

Pursuant to Confluence Rivers' response to Staff's Data Request No. 0007 and discussions with Confluence Rivers' personnel, Confluence Rivers anticipates improvements will be necessary for security, storage, back-up power, remote monitoring, and chlorination. Those improvements include the following:

- Repairs to the well house for structural integrity and security,
- Cleaning of the wellhead,
- Installation of updated system controls and remote monitoring equipment,
- Refurbishment of the existing 1,000-gallon hydropneumatic tank,
- Installation of four 100-gallon hydropneumatic tanks necessary to meet DNR capacity requirements.

Other costs associated with this project include removing the two outside storage tanks, surveying, GIS mapping, and engineering. ** _____ **

Confluence Rivers' proposed improvements are consistent with the results of Staff's document review and Staff's observations at the time of Staff's inspection.

Freeman Hills

Freeman Hills is a non-profit corporation formed in 2005 and is in good standing with the Missouri Secretary of State. Freeman Hills was formed to provide wastewater treatment and disposal services to the homeowners in the Freeman Hills Subdivision, which is located near the city of Mexico, in Audrain County, Missouri. The system provides wastewater treatment and disposal services to approximately 16 customers.

Freeman Hill's current monthly rates were established by the current owner without Commission approval and it is not known how closely they align with the current cost of operations. Freeman Hills' current sewer rates are a $200 annual fee per household, which equates to $16.67 per month, per household.

Description of Collection Sewers and Wastewater System

Based on subdivision plan drawings, the collection system was installed around the year 1974, and is estimated to consist of 1400 feet of 8-inch vitrified clay pipe (VCP), seven manholes and 16 service connections.

The wastewater treatment system is a three cell facultative lagoon designed for a flow of 7,700 gallons of wastewater per day, but is actually only receiving 5,500 gallons per day. The lagoons are not mechanically mixed or aerated. The effluent discharges into a tributary to Brushy Creek.

DNR Permits and Inspections of Wastewater Treatment System

Freeman Hills operates under DNR permit MO-0033901, last issued March 1, 2017. The permit was issued with conditions, including a schedule of compliance (SOC) for new effluent limits as well as monitoring requirements for E.coli.

The results of Staff's Sunshine Request to DNR show that the treatment system was last inspected by DNR on September 17, 2014, and September 25, 2018. The 2014 inspection found the lagoon to be operating in non-compliance. On October 16, 2014, DNR issued a NOV for the following violations: failed to submit engineering plans, engineering specifications, and a construction permit application, and failed to upgrade facility for ammonia. The facility was also cited for causing pollution of the tributary to Brushy Creek, for which the facility was referred to the Enforcement Section of DNR.

On December 23, 2016, Freeman Hills signed a DNR Abatement Order on Consent that set deadlines for addressing the violations raised in the NOV. A certified letter from DNR to Freeman Hills, dated May 10, 2019, indicates that DNR had yet to receive from Freeman Hills a construction permit application to perform upgrades and improvements to the wastewater treatment system, and that Freeman Hills was out of compliance with the Abatement Order. DNR further requested a letter of commitment from Freeman Hills to pursue the system upgrades or sell the system to a wastewater operating company that will bring the system into compliance.

After evaluating its alternatives, Freeman Hills has decided to sell the wastewater collection and treatment system to Confluence Rivers.

Staff Observations of Wastewater Collection and Treatment System

Staff visited the Freeman Hills wastewater treatment system on June 10, 2020. At that time, Staff observed that the lagoon appeared to be in good condition with rock lining the inner berm to prevent erosion and to keep muskrats from burrowing into it. There was some vegetation around the berms that needed to be cut back. There is a storm water diversion ditch to reroute rain water and runoff from the hills away from the lagoon. The fence appeared to be in good condition and does not require additional work.

From discussions with Confluence Rivers' personnel, it is apparent that the collection system has had ongoing problems with infiltration and inflow (I&I) of groundwater and surface runoff.

Proposed Improvements for the Wastewater Collection and Treatment System

Confluence Rivers is considering a phased approach to system improvements. As part of a first phase, system operating conditions would be monitored and assessed, followed by system improvements. From Confluence Rivers' response to Staff's Data Request No. 0007 and discussions with Confluence Rivers personnel, Confluence Rivers anticipates improvements will be necessary to reduce I&I including smoke testing and collection system repair.

Confluence Rivers also anticipates capital improvements will be necessary for the wastewater system, and will be constructed in subsequent phases.

Specifically, the Company proposes to install the following improvements:

- Installation of a Moving Bed Biological Reactor (MBBR) with media, piping and blower,
- Installation of chlorine disinfection,
- Installation of a remote monitoring system (Mission Monitoring), flow meter, and a new access road.

** _____ **

Confluence Rivers' phased approach and proposed improvements are consistent with the results of Staff's document review and Staff's observations at the time of Staff's inspection.

Prairie Heights

Prairie Heights operates as a limited liability company (P.A.G., LLC, d/b/a Prairie Heights Water Company) formed in 2008 and listed as active with the Missouri Secretary of State. Prairie Heights currently provides water service to approximately 54 customers in the Prairie Heights Subdivision, in the city of Bolivar, Polk County, Missouri.

Prairie Heights' current monthly rates were established by the current owner without Commission approval and it is not known how closely they align with the current cost of operations. Water rates for customers consist of a monthly flat rate of $19.08.

Description of Water System

The source of water for the Prairie Heights system is a single well, drilled in 1971 to a depth of 547 feet with six-inch casing to a depth of 473 feet. The 5-horsepower submersible pump is set at 273 feet and is rated at 50 gpm. No treatment of the drinking water is provided. Storage is provided by three 1,550-gallon polymer ground level storage tanks, which is about a half of a day's water usage for the system. Water is drawn from the tanks by one of two 7.5-horsepower high service pumps. One high service pump is equipped with a three-phase motor that is controlled by a variable frequency drive (VFD). The additional pump is equipped with a single-phase motor, and is used if the three-phase motor is out of service. System pressure is balanced by a single 34-gallon bladder tank. There are no customer meters installed on the system.

The current owners replaced the well pump sometime after the DNR inspection of April 21, 2017.

DNR Permit and Inspections

The Prairie Heights drinking water system operates under a DNR Permit to Dispense Water to the Public with identification number MO5036140. This permit has an effective date of January 1, 1971. The results of Staff's Sunshine Request to DNR show that the system was inspected by DNR in August 23, 2011, May 27, 2014, April 10, 2017, and January 30, 2020. The last DNR inspection found the system to be in compliance with the Missouri Safe Drinking Water Regulations based on the observations made at the time of the inspection. At the time of the January 2020 DNR inspection file review, no violations of the Safe Drinking Water Regulations had been noted for the past two years. DNR noted that storage capacity was insufficient and that dead end mains were not equipped with flush hydrants. DNR recommended an evaluation of system storage capacity and the installation of flush hydrants for each dead end main.

Staff Observations of Water System

Staff visited the Prairie Heights drinking water system on June 17, 2020. Staff observed that the well house showed signs of deterioration, including water damage to the ceiling, walls, and insulation. There was a cracked, horizontal steel tank, formally used as a hydropneumatic tank, that was not in service. The high service pump with the VFD drive had a starter and breaker box

that appeared to have been recently installed. Other system controls, including valving, pressure indicators and motor starters showed signs of age and are obsolete. Staff observed exposed electrical wiring and circuit breakers.

Proposed Improvements for the Water System

Confluence Rivers anticipates evaluating the system for valving and flushing hydrant locations; repairing flushing hydrants if needed once located; possibly repairing a large, cracked storage tank that is currently off line; disconnecting the secondary pump with a single-phase motor to avoid it causing a main break; and, updating system monitoring, controls, and wiring.

Confluence Rivers anticipates making the following capital improvements:

- Installation of a pressure reducing valve to the emergency line connection to the City of Bolivar drinking water system;
- Update or replacement of the chlorination system through the installation of new pumps, a chorine analyzer, chorine scale, and construction of a small room inside the well house with an exterior door with window and panic bar in order to isolate the chlorine from other equipment;
- Addition of a remote monitoring system, such as a Mission Monitoring system, equipped with a pressure transducer and a magnetic flow meter;
- Repair/clean well house (ceiling, walls, insulation);
- Installation of electric wiring in conduit to eliminate hazard; and
- Repair well head.

** _____ **

Confluence Rivers' proposed improvements are consistent with the results of Staff's document review and Staff's observations at the time of Staff's inspection.

DeGuire

Mr. Mark Edgar is the owner of a sewer system in the DeGuire subdivision, located approximately 5 miles south of Fredericktown, Madison County, Missouri. The area served appears to have been developed in the 1970s. It is believed the wastewater treatment plant was constructed in 1975. Currently the system provides sewer service to approximately 24 residential customers and 4 commercial customers.

DeGuire's current monthly rates were established by the current owner without Commission approval, and it is not known how closely they align with the current cost of operations. DeGuire's current monthly water rates are as follows: $20 per month for residential customers and $30 per month for commercial customers.

Description of Collection Sewer and Treatment System

The DeGuire wastewater collection system consists of an all gravity collection sewer. The collection system is estimated to include 3,500 feet of 8-inch gravity sewer, 10 manholes, and 28 service laterals.

The treatment system is a single-cell lagoon with gravity discharge. The lagoon is not mechanically mixed or aerated. Per the system's operating permit, it has a design flow of 4,700 gpd, and the design sludge production is 0.7 dry tons/year.

DNR Permit and Inspections

DeGuire is operating under Missouri State Operating Permit No. MO-0055034. The results of Staff's Sunshine Request to DNR show that this permit was last issued on February 9, 2001, modified on April 1, 2005, and expired on February 8, 2006. As a result, DeGuire is operating with an expired permit.

DNR, performed site inspection on November 13, 2019, and, based on inspection results, sent DeGuire a Letter of Warning (LOW), dated November 21, 2019. From the inspection, DNR determined that this facility was not in compliance with the Missouri Clean Water Law, the Clean Water Commission Regulations, or its operating permit. Specifically, DNR noted the following:

1. MSOP MO-0055034 is expired and failing to apply for renewal at least 180 days prior to a permit's expiration is a violation of the Missouri Clean Water Law and the Department's Water Protection Program's regulations [Sections 644.051.9 and 644.079.1, RSMo, and 10 CSR 20-6.010 (7)(C)].
2. Discharge Monitoring Reports (DMRs) have not been submitted since the second quarter of 2016. Failure to submit DMRs in a timely manner is a violation of MSOP MO-0055034, the Missouri Clean Water Law, and the Department's Water Protection Program's regulations [Sections 644.076.1, RSMo, and 10 CSR 20-7.015 (9) (D) I].
3. A significant portion of the fence was down and in need of repair.
4. There were several areas of damage caused by rodent activity in the berm.

DNR asked DeGuire to respond to these findings by December 23, 2019. Based on the results of Staff's Sunshine Request to DNR, DeGuire did not respond to DNR's requests.

Staff Observations of Collection Sewer and Treatment System

Staff visited the DeGuire treatment facility on June 11, 2020. At that time, Staff observed that a portion of the facility's fence was down, but signs were posted. There were several areas of severe rodent damage in the berm; although no leakage was observed, the potential for leakage exists. The color of the water in the lagoon was gray and there was a mound of sludge near the

lagoon's intake. The outfall was easy to access, but the receiving stream could not be observed due to tall vegetation.

Based on Staff observations and conversations with a DeGuire customer and Confluence Rivers' personnel, it can be assumed that the lagoon is mostly filled with sludge and the treatment capacity of the lagoon is considerably less than its original design.

Proposed Improvements for the Collection Sewer and Treatment System

Due to the failure of the previous owners to maintain the system, Confluence Rivers is considering a phased approach to system improvements. As part of a first phase, a new operating permit would be submitted to DNR, and system operating conditions would be monitored and assessed.

Confluence Rivers anticipates capital improvements will be necessary for the collection sewer and the wastewater plant, which would be constructed in subsequent phases.

Specifically, the Company proposes the following:

- Installation of a Moving Bed Biological Reactor (MBBR) with media, piping and blower;
- Addition of chlorine disinfection;
- Installation of a remote monitoring system (Mission Monitoring), flow meter, and a new access road.

In addition, it is assumed that the collection system needs repair, and Confluence Rivers is proposing smoke testing, surveying, and GIS mapping.

** _____ **

Confluence Rivers' phased approach with proposed improvements is consistent with the results of Staff's document review and Staff's observations at the time of Staff's inspection.

Depreciation

Because Confluence Rivers has made, and will continue to make, substantial capital improvements to most of its water and sewer systems, Staff proposes uniform depreciation rates for these systems' accounts so the new assets can be properly evaluated in the future. These recommended rates are listed in Attachment A and Attachment B at the end of this memorandum.

Rate Base

As part of its review in this case, Staff's Auditing Department reviewed the information provided by Confluence Rivers as part of its Application and through Staff's data requests. Staff also toured the systems that Confluence Rivers is seeking to acquire as part of this case and spoke with the current owners and operators of the systems. In addition to the above information, Staff reviewed

the effective tariffs and annual reports for Branson Cedars, which is the only system to be acquired that is currently regulated by the Commission.

The combined purchase price of the five facilities that Confluence Rivers is seeking to acquire as part of this case is ** _____ **. Staff determined this number by adding together the purchase price from all of the sales contracts included in the confidential attachments to Confluence Rivers' Application.

Regulated Acquisition

Staff is recommending that the net book value of the facilities as of February 29, 2020, be used to determine rate base in this case for Branson Cedars. To determine this value, Staff's starting point was the true-up cut off from the most recent Branson Cedars Rate Case No. WR-2018-0356. From that starting point, Staff reviewed invoices for plant additions and retirements to determine the updated plant in service, depreciation reserve, Contributions in Aid of Construction ("CIAC"), and CIAC amortization. Staff updated the depreciation reserve and CIAC amortization as of February 29, 2020. Further, as described in additional detail above, Branson Cedars intends to retain Well #2 for self-irrigation purposes. Therefore it was necessary to remove the plant in service, depreciation reserve, CIAC, and CIAC amortization amounts associated with Well #2 from rate base and the associated plant (well house, pumps, mains, tanks, etc.) that is being retained by Branson Cedars. As of February 29, 2020, the net book value of the plant that is being retained by Branson Cedars that was included in rates in the previous rate case, WR-2018-0356, is $8,695.[3] Staff's estimated rate base for the Branson Cedars systems is included in the chart below:

	Plant in Service	Accumulated Reserve	CIAC	CIAC Amortization	Net Book Value
Branson Cedars – Water	$88,585	$38,257	$42,183	$28,042	$36,186[4]
Branson Cedars – Sewer	$190,066	$77,566	$53,348	$26,222	$85,374

Non-Regulated Acquisitions

There was little to no information available regarding the original cost, the depreciation charged against the plant assets, nor the contributed amounts applicable to the plant assets for the non-regulated systems[5] that Confluence Rivers is seeking to acquire as part of this case. To determine

[3] As of May 31, 2018, the cut-off date in the previous Branson Cedars Rate Case No. WR-2018-0356, the net book value of the plant being retained by Branson Cedars and included in current rates was $12,545.

[4] Does not include the amounts being retained by Branson Cedars.

[5] DeGuire, Fawn Lake, Freeman Hills, Prairie Heights.

the estimated rate base value for these systems Staff toured the systems and reviewed engineering studies provided by Confluence Rivers as part of Staff Data Request No. 0002. Staff's estimated rate base for these systems is included on the chart below:

	Plant in Service	Accumulated Reserve	CIAC	CIAC Amortization	Net Book Value
Freeman Hills	$26,070	$22,272	$21,070	$22,272	$5,000
Fawn Lake	$81,790	$42,310	$56,498	$34,808	$17,790
Prairie Heights	$45,717	$41,351	$36,634	$40,771	$8,503
DeGuire	$65,547	$58,816	$64,017	$58,816	$1,530

Based upon Staff's review of the information provided in this case, Confluence Rivers' purchase price is above the net book value of the assets for Branson Cedars, DeGuire, and Prairie Heights systems. The chart below summarizes the premium that Confluence Rivers is paying for the systems listed above. If the Commission approves Confluence Rivers' acquisition request in this case, Staff would expect that an updated rate base level will be established when Confluence Rivers files its next rate case for these systems. It has been Staff's position in prior cases that rates should be based upon the remaining net book value of the original cost of the utility plant at the time it was placed in service, and that no acquisition adjustment, above or below net book value, should be reflected in rates. Confluence Rivers has not requested a recovery of any acquisition premium for any of the five systems included in the application.[6]

System	Purchase Price	Net Book Value	Premium
Branson Cedars	** **	$121,560	** **
DeGuire	** **	$1,530	** **
Prairie Heights	** **	$8,503	** **
Fawn Lake	** **	$17,790	** **
Freeman Hills	** **	$5,000	** **

[6] Confluence Rivers did amend its application seeking an acquisition premium under Commission rule 20 CSR 420-10.085 for the Terre Du Lac system, however it voluntarily withdrew that part of the application and filed a separate case for the acquisition of the Terre Du Lac system.

Publicity and Customer Notice

At the present time, there have been no notifications or meetings held to inform the customers of the pending case. Staff recommends that Confluence Rivers ensure that customers are sent a notice of the proposal for Confluence Rivers to acquire the water and sewer systems and how to submit a Public Comment to the Commission if they desire.

Customer Service and Billing

Customers may contact Confluence Rivers in one of several manners. Customer service personnel are available via phone to address customer questions or concerns Monday-Friday, 8 a.m. to 5 p.m. In addition, customers may send an email to customer service at any time and this will be forwarded to the appropriate group to address the question. Confluence Rivers does not plan to maintain a local office. The main office is open from 7 a.m. to 5 p.m. to respond to customer concerns forwarded by Confluence Rivers operations or customer service staff. There is also an emergency number which operates on a 24/7 basis. Contact information for customers is included on the customer brochure, the website, and all written materials sent to customers.

Customer billing information for the selling companies will be obtained through company records and data will be entered into Confluence Rivers' billing system. Confluence Rivers has utilized Nitor Billing Services to conduct its billing processes utilizing the Munibilling system. As of July 1, 2020, Nitor has transitioned to a new billing system, Starnik, and it will be used to input the records of the acquired companies and develop the bills. Bills under the Starnik system will be the same as previous bills but will be printed on a full page, instead of the prior postcard format. The existing customers will begin receiving a monthly bill from Confluence Rivers once it owns the system. Explanations of the bill are included in the Customer Rights and Responsibilities brochure being provided to all customers. Customers will have several options to pay bills such as check, money order, cashier's check, credit or debit card, and echeck. The methods of payment will include mail, on-line by credit or debit card, echeck or monthly auto-pay. Confluence Rivers does not require deposits from its customers.

Rate and Tariff Matters

In its Application, Confluence Rivers proposes to adopt the existing tariffs and rates of Branson Cedars, and to adopt the existing rates for the unregulated systems into its existing tariff. Confluence Rivers has stated it proposes to charge the following rates:

		Customer Charge	Commodity Charge
Monthly Residential Water Rates	Branson Cedars	$61.99	$3.04
	Fawn Lakes	$50 for first 3,000 gallons	$3.00 each 1,000 gallons in excess of 3,000
	Prairie Heights[7]	$20.00 flat rate	
Monthly Residential Sewer Rates	Freeman Hills	$16.67 flat rate	
	DeGuire	$20 flat rate	
	Branson Cedars	$61.97 flat rate	

Staff supports Confluence Rivers' proposal to adopt Branson Cedars tariffs, adopt existing water rates for the unregulated systems into PSC MO No. 12, and adopt the existing sewer rates for the unregulated systems into PSC MO No. 13. As there is no existing sewer rate for Prairie Heights, and the estimated amount of approximately $19.08 per customer is very unlikely to cover existing cost of service, Staff supports Confluence Rivers' proposal to adopt a rate of $20.00.

Confluence Rivers will also need to adopt maps and legal descriptions of the service areas of the unregulated systems into PSC MO No. 12 and 13. During Staff's review of Confluence Rivers' Application, it was determined that the Application did not include an appropriate map for the Fawn Lake subdivision, nor the appropriate legal description for the Prairie Heights subdivision. Confluence Rivers submitted a revised map for the Fawn Lake subdivision to Staff on July 1, 2020, via electronic mail. Confluence Rivers submitted the proper legal description for the Prairie Heights subdivision to Staff on May 5, 2020, via electronic mail. These additions are included in this memorandum as Attachment C and Attachment D. The remaining maps and legal descriptions submitted with the Application are sufficient for adoption.

Technical, Managerial, and Financial Capacity

In studying most situations involving the acquisition of existing water and/or sewer systems, Staff utilizes the concepts of technical, managerial, and financial capacity, or "TMF," originally developed by the United States Environmental Protection Agency. Staff has reviewed and stated

[7] The application omitted the existing rate for Prairie Heights. In an email on June 10, 2020, Confluence Rivers calculated the existing rate for Prairie Heights at $19.08, per month based on income data provided by Prairie Heights. In response to Data Response No. 0039, Confluence stated they propose to charge Prairie Heights Customers $20.00 per month.

its position regarding TMF regarding Confluence Rivers in previous CCN and transfer of assets cases before the Commission. Staff again reviewed Confluence Rivers' TMF capabilities in this context of this Application, and takes the position that Confluence Rivers continues to demonstrate adequate TMF capability.

Technical Capacity

As noted above, Confluence Rivers is an existing regulated water and sewer utility currently providing water service to more than 500 customers and sewer service to more than 600 customers in several service areas throughout Missouri. Confluence Rivers' parent company provides service in several additional service areas through its ownership of six other utility companies in Missouri. Operation of these utilities has been satisfactory to date, and Staff has no reason to believe that this will change. Confluence Rivers has employees and contract operators with sufficient technical ability to operate the utilities. As such, it is Staff's position that Confluence Rivers has the requisite technical capacities to acquire and operate Branson Cedars, Fawn Lake, Freeman Hills, Prairie Heights, and DeGuire.

Managerial Capacity

Confluence Rivers intends to incorporate Branson Cedars into its current billing and customer service system. Confluence Rivers' current customer service representatives will be available to take and process customer inquiries pertaining to billing and/or service issues, make necessary bill adjustments, enter into payment plans within company guidelines, interact with Staff in working with customer complaints, and manage new customer accounts and the closing of customer accounts. In the operation of its current system, Confluence Rivers has demonstrated the requisite managerial abilities to operate Branson Cedars, Fawn Lake, Freeman Hills, Prairie Heights, and DeGuire.

Financial Capacity

Confluence Rivers has the financial capacity to acquire and operate Branson Cedars through access to capital through parent company, CSWR. CSWR owns water and sewer utilities in several states. It is Staff's opinion, based upon its current operations and past acquisitions, that Confluence Rivers has demonstrated that it has the requisite financial capacity to acquire and operate Branson Cedars, Fawn Lake, Freeman Hills, Prairie Heights, and DeGuire.

Tartan Criteria

It is also customary with most cases involving the issuance of a new CCN for Staff to utilize the Tartan Criteria when analyzing the request. Further, Staff finds it appropriate to utilize the Tartan Criteria when analyzing a request to acquire the CCNs of existing utilities. In the case at hand, Confluence Rivers requests approval for the issuance of new CCNs for the Fawn Lake, Freeman Hills, Prairie Heights, and DeGuire systems, and to expand its existing Villa Ridge service area.

Further, Confluence Rivers has requested the Commission approve the transfer of Branson Cedars existing CCNs to it, or alternatively, to issue new water and sewer CCNs allowing Confluence Rivers to serve customers currently on the Branson Cedars system.

The Tartan criteria contemplate: 1) need for service; 2) the utility's qualifications; 3) the utility's financial ability; 4) the feasibility of the proposal; and 5) promotion of the public interest. Similar to the TMF capacities, in previous CCN and CCN transfer cases, Staff has investigated these criteria and that investigation relates to this proposed acquisition. Based on Staff's investigation, it is Staff's opinion there is 1) a need for service, as the customers are already receiving service and will continue to need that service; 2) Confluence Rivers is a qualified utility based on its current provisions of water and sewer service; 3) Confluence Rivers has demonstrated its financial ability by making appropriate investment in its current operations; 4) the proposed rates are feasible; Confluence Rivers is not requesting a change in the currently approved Commission rates for Branson Cedars and is proposing a continuation of the non-regulated rates; and 5) due to the positive nature of the preceding criteria, and the improvements in service that Confluence Rivers can provide, this proposed acquisitions are in the public interest.

OTHER ISSUES

Confluence Rivers is current on its water and sewer PSC assessment payments, is current on its annual reports, and is in good standing with the Secretary of State's office. Branson Cedars has not filed its 2019 annual report, but is current on its water and sewer PSC assessment payments, and is in good standing with the Secretary of State's office. Neither Confluence Rivers nor Branson Cedars have cases pending before the Commission which would impact this Application.

STAFF'S RECOMMENDATIONS AND CONCLUSIONS

1. Authorize Branson Cedars to sell and transfer utility assets to Confluence Rivers, and transfer the CCN currently held by Branson Cedars to Confluence Rivers upon closing on any of the respective systems;
2. Upon closing of the asset transfer, authorize Branson Cedars to cease providing service, and authorize Confluence Rivers to begin providing service;
3. Require a 2019 annual report to be filed for Branson Cedars;
4. Authorize Confluence Rivers to expand its service area at Villa Ridge to accommodate the additional existing customers;
5. Authorize Confluence Rivers to file tariff sheets revising the service area map and legal description for its Villa Ridge service area;
6. Authorize Confluence Rivers to acquire the assets of Fawn Lake, Freeman Hills, Prairie Heights, and DeGuire, and grant new CCNs for those service areas;

7. Require Confluence Rivers to submit an adoption notice prior to closing on the assets, to adopt the existing Branson Cedars tariffs;

8. Require Confluence Rivers to submit tariff modifications to adopt the rates, maps, and legal descriptions for Fawn Lake and Prairie Heights into PSC MO No. 12, and adopt the rates, maps and legal descriptions for Freeman Hills and DeGuire systems into PSC MO No. 13. This is to include the updated map for Fawn Lake and the updated legal description for Prairie Heights as described herein, and as depicted in Attachments C and D to this memorandum;

9. Require Confluence Rivers to notify the Commission of closing on the Branson Cedars, Fawn Lake, Freeman Hills, Prairie Heights, and DeGuire assets within five (5) days after such closing;

10. If closing on any of the assets does not take place within thirty (30) days following the effective date of the Commission's order, require Confluence Rivers to submit a status report within five (5) days after this thirty (30) day period regarding the status of closing on the respective assets, and additional status reports within five (5) days after each additional thirty (30) day period, until closing takes place, or until Confluence Rivers determines that a sale of any of the respective assets will not occur;

11. If Confluence Rivers determines that a sale of any of the respective assets will not occur, require Confluence Rivers to notify the Commission of such, after which time the Commission may modify, cancel, or deem null and void, the CCN issued to Confluence Rivers for the specific service area, and require any necessary and appropriate tariff filing action;

12. Approve depreciation rates for water and sewer utility plant accounts as described herein, and depicted in Attachments A and B to this Memorandum;

13. Require Confluence Rivers to create and keep financial books and records for plant-in-service, revenues, and operating expenses (including invoices) in accordance with the NARUC Uniform System of Accounts;

14. Require Confluence Rivers to provide training to its call center personnel regarding rates and rules applicable to the customers acquired in this case, prior to the customers receiving notification of the pending acquisition;

15. Require Confluence Rivers to distribute to the newly acquired customers, prior to the first billing from Confluence Rivers, an informational brochure detailing the rights and responsibilities of the utility and its customers regarding its utility service, consistent with the requirements of Commission Rule 20 CSR 4240-13, as well as notification regarding changes to the billing cycle, bill format, and payment options within fifteen (15) days of closing on the assets;

16. Require Confluence Rivers to provide to the CXD Staff a sample of its actual communication with its newly acquired customers regarding its acquisition and operations of the utility assets, and how customers may reach Confluence Rivers, within fifteen (15) days after closing on the assets;

17. Require Confluence Rivers to provide to the CXD Staff a sample of five (5) billing statements for each acquired company from the first month's billing within thirty (30) days of such billing;

18. Require Confluence Rivers to file notice in this case once the Staff Recommendations regarding staff training, informational brochure, communications, and billing are completed;

19. Require Confluence Rivers to formalize a water usage agreement with Branson Cedars or other alternative entity as a back-up source of supply for the Confluence Rivers system, and provide a copy to Staff within fifteen (15) days after closing on the assets; and

20. Make no finding that would preclude the Commission from considering the ratemaking treatment to be afforded any matters in any later proceeding.

Confluence Rivers Utility Operating Company

SCHEDULE of DEPRECIATION RATES

(SEWER Class A & B)

SR-2020-0275

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%

Attachment A

Confluence Rivers Utility Operating Company

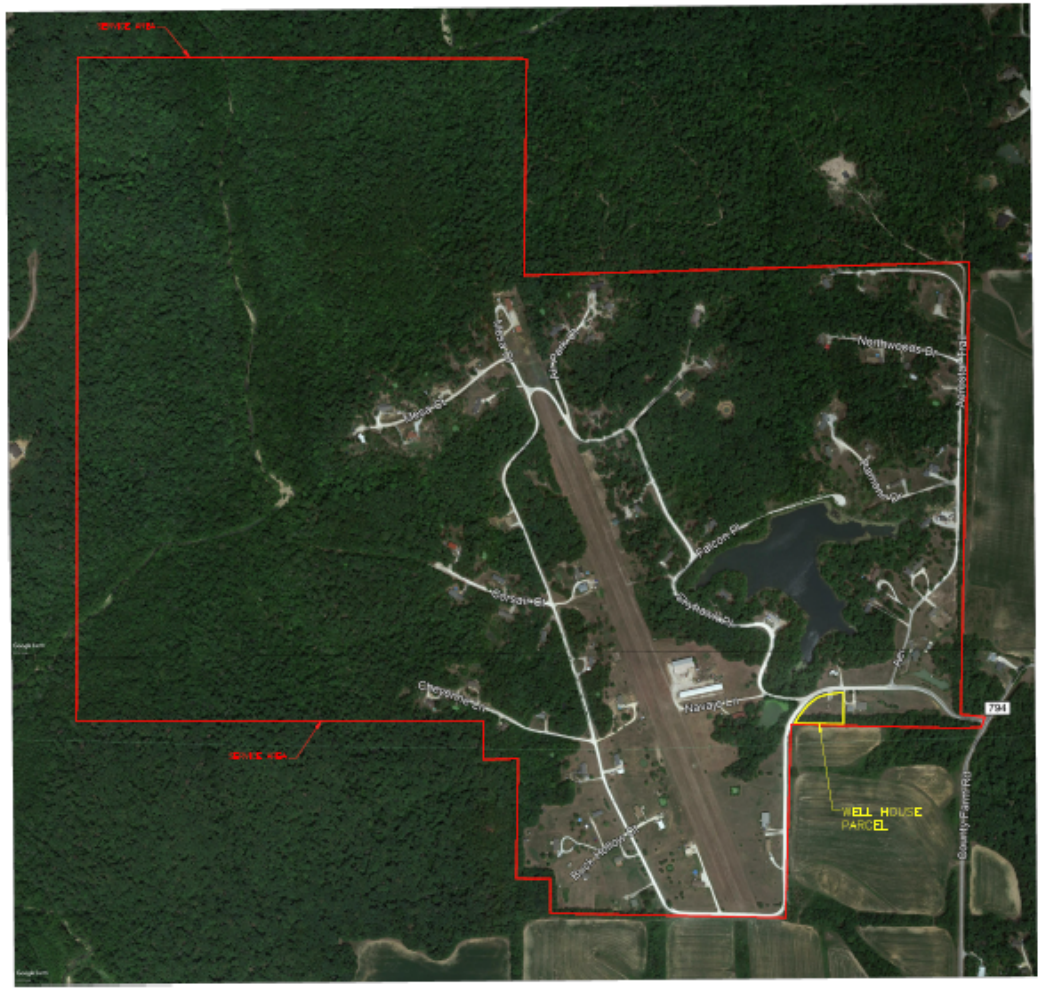
SCHEDULE of DEPRECIATION RATES

(WATER Class A & B)

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%

Attachment B

ROUGH SERVICE AREA MAP (v2)
FAWN LAKE (MAP 1 OF 1)
SUBDIVISION (WATER)
WARREN, MO



Utility Note Disclaimer:

The Utilities shown hereon are depicted based on the original design plans provided by the system manager. 21 Design Group, Inc performed no field verification of the layout and are unable to determine the exact location of the lines. The location represents approximate location only and should not be construed as being 100% accurate. It is shown to provide general layout of the system only and should not be used to interpret encroachments.

21 DESIGN GROUP INC.

Attachment C

Legal Description of the Prairie Heights Service Area

The area served is part of Polk County, Missouri and being more particularly described as follows:

Beginning at the intersection of the east right-of-way line of South 115th Road with the south line of the North Half of the Northeast Quarter of Section 23, Township 33 North, Range 23 West; thence along said east right-of-way line of South 115th Road, N0°00’00”E 1299.23 feet to the intersection of said east right-of-way line of South 115th Road with the south right-of-way line of East 460th Road; thence along said south right-of-way line of East 460th Road, N89°57’00”E 835.60 feet; thence leaving said south right-of-way line of East 460th Road, S0°00’00”E 435.60 feet; thence N89°57’00”E 579.23 feet; thence S0°03’00”E 60.90 feet; thence N89°57’00”E 299.21 feet; thence N6°29’24”W 124.57 feet; thence N86°43’52”E 332.86 feet; thence S6°20’14”E 119.86 feet; thence S89°42’00”E 588.77 feet; thence N0°18’00”E 448.96 feet to the southwest right-of-way line of Missouri Route 13; thence along said southwest right-of-way line of Missouri Route 13, S61°38’00”E 1486.30 feet; thence S1°02’11”W 10.13 feet; thence S62°10’24”E 1194.29 feet; thence leaving said southwest right-of-way line of Missouri Route 13, N90°00’00”W 2370.50 feet; thence N89°58’19”W 2194.40 feet; thence S89°52’00”W 435.60 feet to the point of beginning, containing 94.65 acres, more or less.

Attachment D

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, and For Certificates of Convenience and Necessity	))))	Case No. WM-2020-0282

AFFIDAVIT OF CURT B. GATELEY, DAVID C. ROOS DARONN A. WILLIAMS, DEBORAH ANN BERNSEN SCOTT J. GLASGOW, JASON KUNST, CPA

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COME NOW CURT B. GATELEY, DAVID C. ROOS, DARONN A. WILLIAMS, DEBORAH ANN BERNSEN, SCOTT J. GLASGOW, JASON KUNST, CPA and on their oath declares that they are of sound mind and lawful age; that they contributed to the foregoing *Staff Recommendation* in memorandum form; and that the same is true and correct according to their best knowledge and belief, under penalty of perjury.

Further the Affiants sayeth not.

/s/ Curt B. Gateley
Curt B. Gateley

/s/ David C. Roos
David C. Roos

/s/ Daronn A. Williams
Daronn A. Williams

/s/ Deborah Ann Bernsen
Deborah Ann Bernsen

/s/ Scott J. Glasgow
Scott J. Glasgow

/s/ Jason Kunst, CPA
Jason Kunst, CPA