

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

**STAFF’S RECOMMENDATION**

**COMES NOW** the Staff of the Missouri Public Service Commission, by and through counsel, and for its *Recommendation* in this matter hereby states:

1. Confluence Rivers Utility Operating Company, Inc. (CRU) filed an *Application* November 2, 2017, to purchase all of the water and/or sewer assets of Missouri Public Service Commission-regulated utilities: Smithview H2O Company, M.P.B., Inc., Mill Creek Sewers, Inc., Roy-L Utilities, Inc., Port Perry Service Company, Gladlo Water & Sewer Co., Inc., The Willows Utility Company, Inc., and Evergreen lakes Water Supply Co. Confluence also seeks to purchase all of the water and sewer assets of non-Missouri Public Service Commission-regulated Majestic Lakes Homeowners Association, Inc. (Majestic Lakes) and requests a Certificate of Convenience and Necessity (CCN) for the systems.

2. Staff conducted a full investigation of the water and sewer systems CRU seeks to acquire in its *Application* and provides details regarding each of them for the Commission’s consideration. The nine utilities involved in the *Application* each have unique characteristics, and are in various states of ownership or receivership as outlined in Staff’s attached *Memorandum* and accompanying attachments.

3. Staff's overall recommendation is that CRU should be permitted to acquire the nine systems, and should be granted a CCN to operate the Majestic Lakes systems. Specifically, Staff proposes the following:

1. Wait until after March 20, 2018 before taking action regarding approval of this matter, to allow time for customers to receive notice of the proposals in this case and provide Public Comments on this case, if they so desire, with further filings from Staff to address any new issues if deemed necessary;
2. Authorize the regulated Sellers to sell and transfer utility assets to CRU, and transfer the CCN's currently held by the regulated Sellers to CRU upon closing on any of the respective systems;
3. Require CRU to file adoption notice tariff sheets for each tariff currently in effect for the regulated Sellers, as 30-day filings, within ten (10) days of closing on the respective assets;
4. Upon closing on each of the water and sewer systems, authorize the respective Seller CRU to cease providing service, and authorize CRU to begin providing service;
5. Upon closing on each of the water and sewer systems, authorize CRU to provide service by applying, on an interim basis, the existing rates, rules and regulations as outlined in the tariff document(s) of the respective regulated Sellers, until the effective date of respective adoption notice tariff sheets, as recommended in No. 3, above;
6. \*\*  
\*\*,  
;
7. Issue a new CCN to CRU to provide water and sewer service in the proposed Majestic Lakes service area, as depicted on Attachments E and F, with CRU to begin providing such service upon closing on the assets;
8. Approve rates of \$35 per month for water service, and \$35 per month for sewer service, for CRU applicable to customers in the Majestic Lakes service area;
9. Authorize CRU to provide water and sewer service in the Majestic Lakes service area in accordance with the water and sewer tariffs applicable to Roy-L but at the current water and sewer rates of Majestic Lakes, not the water and sewer monthly rates and service charges currently in effect for Roy-L;
10. Approve depreciation schedules for CRU, as shown on Attachments C and D, and order CRU to depreciate its plant accounts for the appropriate systems as specified by the depreciation schedules;
11. Require CRU to ensure adherence to Commission Rule 4 CSR-13 with respect to the Sellers' customers;

12. Require CRU to provide an example of its actual communication with each of the Sellers' service areas regarding its acquisition and operations of the CRU system assets, and how customers may reach CRU regarding water and sewer matters, within ten (10) days after closing on the assets;
13. Require CRU to distribute to the Sellers' customers prior to the first billing from CRU an informational brochure detailing the rights and responsibilities of the utility and customers regarding its water and sewer service, consistent with the requirements of Commission Rule 4 CSR 240-13.040 (2) (A-L) within ten (10) days after closing on the assets;
14. Require CRU to provide to the Customer Experience Department staff a sample of ten (10) billing statements of bills issued to the Sellers' customers (from each service area acquired) within thirty (30) days of such billing;
15. Authorize CRU to finance \*\* \*\* consistent  
with Appendix R-C to the Application; and,
16. Make no finding that would preclude the Commission from considering the ratemaking treatment to be afforded any matters pertaining to the transfers or granting of the CCN to CRU, including past expenditures or future expenditures related to providing service in any of the applicable service areas, in any later proceeding.

**WHEREFORE,** Staff prays that the Commission will accept this *Recommendation*; issue an order consistent with Staff's numbered recommendations included in its *Memorandum*; and grant such other and further relief as the Commission considers just in the circumstances.

**/s/ Whitney Payne**

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**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing was served by electronic mail, or First Class United States Postal Mail, postage prepaid, on this 6th day of March, 2018, to all counsel of record.

**/s/ Whitney Payne** \_\_\_\_\_