

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 14<sup>th</sup> day of October, 2021.

In the Matter of the Joint Application of Confluence )  
Rivers Utility Operating Company, Inc.; Hillcrest )  
Utility Operating Company, Inc.; Elm Hills Utility )  
Operating Company, Inc.; Osage Utility Operating ) **File No. WM-2021-0412**<sup>1</sup>  
Company, Inc.; Raccoon Creek Utility Operating )  
Company, Inc.; and Indian Hills Utility Operating )  
Company, Inc. for Approval of a Merger Whereby )  
Confluence Rivers Will Be the Surviving )  
Corporation, and of Related Transactions. )

**ORDER APPROVING MERGER**

Issue Date: October 14, 2021

Effective Date: November 13, 2021

On June 1, 2021,<sup>2</sup> Confluence Rivers Utility Operating Company, Inc. (Confluence Rivers or Confluence); Hillcrest Utility Operating Company, Inc. (“Hillcrest”); Elm Hills Utility Operating Company, Inc. (“Elm Hills”); Osage Utility Operating Company, Inc. (“Osage”); Raccoon Creek Utility Operating Company, Inc. (“Raccoon Creek”); and Indian Hills Utility Operating Company, Inc. (Indian Hills) (collectively, “Joint Applicants”) filed an application with the Missouri Public Service Commission (Commission) seeking approval of the merger of the joint applicants and approval of related transactions.

The Joint Applicants seek approval of a merger of the applicants, with Confluence Rivers to be the surviving company. The application seeks no new certificate of convenience and necessity. In the application, Confluence proposed to maintain separately the current tariffs for Confluence, Hillcrest, Elm Hills, Osage, Raccoon Creek,

---

<sup>1</sup> Files WM-2021-0412 and SM-2021-0413 were consolidated on July 29, with WM-2021-0412 designated as the lead case.

<sup>2</sup> Hereinafter, all date references will be to 2021 unless otherwise stated.

and the Indian Hills Service Area unless otherwise authorized by the Commission. Additionally, Confluence proposed to formally adopt Hillcrest, Elm Hills, Osage, Raccoon Creek, and Indian Hills' tariffs upon Commission approval and consummation of the merger. Further, all customers served by the Hillcrest, Elm Hills, Osage, Raccoon Creek, and Indian Hills divisions will receive services under the same rates, terms and conditions contained in the respective current tariffs until ordered by the Commission in a subsequent rate case or tariff filing. Likewise, all customers currently served by Confluence will receive services under the same rates, terms and conditions contained in the current Confluence tariffs until ordered by the Commission in a subsequent rate case or tariff filing.

Confluence Rivers provides water service to approximately 2,504 customers and sewer service to approximately 2,395 customers in Audrain, Boone, Christian, Cole, Franklin, Greene, Jefferson, Lincoln, Montgomery, Perry, Phelps, Polk, St. Francis, St. Louis, and Taney Counties, Missouri, pursuant to certificates of convenience and necessity. Hillcrest provides water service to approximately 247 customers and sewer service to approximately 252 customers in Cape Girardeau County, Missouri, pursuant to certificates of convenience and necessity. Elm Hills provides water service to approximately 137 customers and sewer service to approximately 680 customers in Pettis, Johnson, Ray, Clay and Clinton Counties, Missouri, pursuant to certificates of convenience and necessity. Osage provides water service to approximately 372 customers and sewer service to approximately 393 customers in Camden County, Missouri, pursuant to certificates of convenience and necessity. Raccoon Creek provides sewer service to approximately 529 customers in Johnson and Pettis Counties Missouri, pursuant to certificates of convenience and necessity. Indian Hills provides water service

to approximately 669 customers in Crawford County, Missouri, pursuant to a certificate of convenience and necessity. Collectively, the Joint Applicants provide water service to an estimated 9,800 persons, and sewer service to approximately 10,600 persons, in the State of Missouri.

Pursuant to the merger agreement, Confluence Rivers will acquire 100% of Hillcrest, Elm Hills, Osage, Raccoon Creek, and Indian Hills, and Hillcrest, Elm Hills, Osage, Raccoon Creek, and Indian Hills will be merged into Confluence Rivers, pursuant to Sections 347.700, et seq., RSMo. After the merger, Confluence Rivers will adopt and utilize Hillcrest, Elm Hills, Osage, Raccoon Creek, and Indian Hills' existing rates, rules, regulations and other tariff provisions currently on file with and approved by the Commission, for the existing Hillcrest, Elm Hills, Osage, Raccoon Creek, and Indian Hills service areas, and will continue to provide service to those customers under the applicable rules, regulations, and tariffs until such time as they may be modified according to law.

Additionally, the Joint Applicants requested a waiver of Commission Rule 20 CSR 4240-4.017(1)'s 60-day pre-filing notice requirement. Commission Rule 20 CSR 4240-4.017(1)(D) allows for waiver of the 60-day notice when good cause is established.

On June 2, the Commission issued its Order Directing Notice, Setting Intervention Date, and Directing Filing. No party requested intervention. Staff filed its Staff Recommendation (Recommendation) on September 14. Staff recommended the Commission approve the merger subject to eleven specified conditions. On September 23, the Office of Public Counsel ("OPC") filed a Response to Staff Recommendation. OPC recommended the Commission approve the merger subject to Staff's eleven conditions and two additional recommendations. On September 23, Staff

filed a Response to OPC. Therein, Staff clarified the depreciation rates to be applied to each system comprising the Confluence Rivers Utility Operating Company resulting from the merger and attached the applicable depreciation schedules, Attachments D and E, as clarified, to its September 23 pleading. On September 24, the joint applicants filed a Response to Staff's Recommendation. On September 28, the Commission issued an order requiring the parties to file a status report or other pleading clarifying the views of all parties on all of the recommendations and conditions stated by Staff, Confluence Rivers, and OPC. All parties have done so, and indicate their agreement about the recommendations and proposed conditions.

The Commission finds the merger, subject to the conditions mutually stated by the parties, is not detrimental to the public interest.<sup>3</sup> Accordingly, the Commission will approve the merger subject to those conditions. The Commission also finds the unobjected-to request for waiver from the 60-day notice requirement establishes good cause: No party has objected, and the application meets the 150-day no-communication-standard.<sup>4</sup> The Commission will grant the waiver. Since the application, along with conditions agreed upon by the parties, is unopposed, and no party has requested a hearing, no hearing need be held.<sup>5</sup> The Commission makes no finding that would preclude the Commission from considering the ratemaking treatment to be afforded any matters pertaining to the granting of this merger in any later proceeding.

---

<sup>3</sup> Rule 20 CSR 4240.10-115 (1)(D).

<sup>4</sup> Rule 20 CSR 4240-4.015(10).

<sup>5</sup> *State ex rel. Deffenderfer Enterprises, Inc. v. Public Service Comm'n of the State of Missouri*, 776 S.W.2d 494 (Mo. App. W.D. 1989)

**THE COMMISSION ORDERS THAT:**

1. The motion for waiver of the 60-day notice requirements of Commission Rule 20 CSR 4240-4.017(1) is granted.

2. The Joint Application is granted. The Commission approves the merger of Confluence Rivers, Hillcrest, Elm Hills, Osage, Raccoon Creek, and Indian Hills, with Confluence Rivers to be the surviving corporation, subject to the following conditions:

- a. Confluence shall submit an adoption notice tariff sheet for the existing tariffs within ten (10) days after closing on the assets and as a 30-day tariff filing, for the existing Confluence tariff;
- b. Confluence shall keep its financial records for utility plant-in-service and operating expenses in accordance with the National Association of Regulatory Utility Commission (NARUC) Uniform System of Accounts. Confluence shall conduct such record-keeping separately for each system.
- c. Confluence shall continue to file its annual reports categorically by system;
- d. Confluence shall track the cost savings associated with economies of scale, reduced administrative costs, and efficiencies associated with the consolidation, and report these values within its application for its next rate case;
- e. Confluence's existing depreciation rates are approved, as set out in Attachments D and E to Staff's Response to OPC filed on September 23, 2021, for water and sewer utility plant accounts to apply to the Confluence service area assets;
- f. Confluence shall distribute to all former customers of Hillcrest, Elm Hills, Osage, Raccoon Creek, and Indian Hills a letter informing of the changes a customer will experience, including but not limited to: the Company name, payment changes, support phone number, support email, billing statements and the Company website;
- g. Confluence shall distribute to all former customers of Hillcrest, Elm Hills, Osage, Raccoon Creek, and Indian Hills prior to the first billing from Confluence an informational brochure detailing the rights and responsibilities of the utility and its customers regarding its water service,

consistent with the requirements of Commission Rule 20 CSR 4240-13.040(3);

- h. Confluence shall train all customer service representative on the changes that will occur concerning Hillcrest, Elm Hills, Osage, Raccoon Creek, and Indian Hills;
  - i. Confluence shall provide the Customer Experience Department (“CXD”) five sample billing statements from new Confluence customers that were former Hillcrest, Elm Hills, Osage, Raccoon Creek, and Indian Hills’ customers within thirty (30) days of such billing;
  - j. Confluence shall provide CXD staff with a monthly call center statistical report regarding: calls offered to representatives, calls answered, abandoned call rate (ACR), and average speed of answer (ASA). This report should also include total number of customer service representatives employed by Confluence’s 3rd Party Customer Service vendor. This report should start within thirty (30) days after the first full month after the merger;
  - k. Confluence shall file into the record in this case copies of the current LLC agreements (and any other agreements, such as operating, management or other contractually binding agreements executed in connection therewith) for the following entities: CSWR LLC, US Water Systems LLC, and any other entity created for the sole purpose of owning and managing CSWR LLC’s Missouri water and sewer systems.
3. This order shall be effective on November 13, 2021.



**BY THE COMMISSION**

A handwritten signature in black ink that reads "Morris L. Woodruff". The signature is written in a cursive, flowing style.

Morris L. Woodruff  
Secretary

Silvey, Chm., Rupp, Coleman, Holsman, and  
Kolkmeier CC., concur.

Graham, Regulatory Law Judge


**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 14<sup>th</sup> day of October, 2021.**



  
\_\_\_\_\_  
**Morris L. Woodruff**  
**Secretary**

**MISSOURI PUBLIC SERVICE COMMISSION**

**October 14, 2021**

**File/Case No. WM-2021-0412**

**Missouri Public Service Commission**

Staff Counsel Department  
200 Madison Street, Suite 800  
P.O. Box 360  
Jefferson City, MO 65102  
staffcounsel@psc.mo.gov

**Office of the Public Counsel**

Marc Poston  
200 Madison Street, Suite 650  
P.O. Box 2230  
Jefferson City, MO 65102  
opc@opc.mo.gov

**Confluence Rivers Utility Operating Company, Inc.**

Dean L Cooper  
312 East Capitol  
P.O. Box 456  
Jefferson City, MO 65102  
dcooper@brydonlaw.com

**Elm Hills Utility Operating Company, Inc.**

Dean L Cooper  
312 East Capitol  
P.O. Box 456  
Jefferson City, MO 65102  
dcooper@brydonlaw.com

**Hillcrest Utility Operating Company, Inc.**

Dean L Cooper  
312 East Capitol  
P.O. Box 456  
Jefferson City, MO 65102  
dcooper@brydonlaw.com

**Indian Hills Utility Operating Company, Inc.**

Dean L Cooper  
312 East Capitol  
P.O. Box 456  
Jefferson City, MO 65102  
dcooper@brydonlaw.com

**Missouri Public Service Commission**

Whitney Payne  
200 Madison Street, Suite 800  
P.O. Box 360  
Jefferson City, MO 65102  
whitney.payne@psc.mo.gov

**Osage Utility Operating Company, Inc.**

Dean L Cooper  
312 East Capitol  
P.O. Box 456  
Jefferson City, MO 65102  
dcooper@brydonlaw.com

**Raccoon Creek Utility Operating Company, Inc.**

Dean L Cooper  
312 East Capitol  
P.O. Box 456  
Jefferson City, MO 65102  
dcooper@brydonlaw.com

**Enclosed find a certified copy of an Order or Notice issued in the above-referenced matter(s).**

**Sincerely,**



**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.