

**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,) Case No. WM-2018-0116
For a Certificate of Convenience and)
Necessity, and, in Connection Therewith,)
to Issue Indebtedness and Encumber Assets.)

UNANIMOUS STIPULATION AND AGREEMENT

COMES NOW, Confluence Rivers Utility Operating Company, Inc. (“Confluence Rivers” or “CRU”), the Office of the Public Counsel (“OPC”), Lake Perry Lot Owners’ Association (“Owners Association”), and the Staff of the Missouri Public Service Commission (“Staff”), by and through respective counsel, pursuant to Commission regulation 4 CSR 240-2.115, and respectfully request that the Missouri Public Service Commission (“Commission”) approve this *Stipulation and Agreement* as resolution of the issues specifically addressed herein. This Stipulation and Agreement was reached as the result of negotiations between Confluence Rivers, Staff, and the OPC. In support, Confluence Rivers, the OPC, the Owners Association, and Staff (collectively, the “Parties”), state and agree as follows:

Relevant Factual History

1. On November 2, 2017, Confluence Rivers filed an Application seeking Commission approval to acquire certain water and sewer assets and the certificates of convenience and necessity (CCN) held by Smithview H2O Company (“Smithview”), M.P.B., Inc. (“MPB”), Mill Creek Sewers, Inc. (“Mill Creek”), Roy-L Utilities, Inc. (“Roy-L”), Port Perry Service Company (“Port Perry”), Gladlo Water & Sewer Company, Inc. (“Gladlo”), The Willows Utility Company (“Willows”) and Evergreen Lake Water Company (“Evergreen”) (collectively, the “Selling Utilities”). In the same Application,

Confluence Rivers further seeks a new CCN for a sewer service area known as Majestic Lakes, presently served by a non-regulated entity, Majestic Lakes Homeowners Association, Inc (“Majestic Lakes”).

2. On July 3, 2018, Confluence Rivers filed a Motion for Leave to Amend Application and Amendment to Application, adding its proposed purchase of substantially all of the water and/or sewer assets providing service to Eugene, Missouri (“Eugene”); providing service to Wolf Creek Crossing; operating under CCNs issued to Calvey Brook Water, Inc., and Calvey Brook Sewer, Inc. (collectively, “Calvey Brook”), and designed to provide service for Auburn Lake Estates (“Auburn Lake”). In the same Amendment to Application, Confluence Rivers sought a new CCN for the Eugene, Wolf Creek Crossing, and Auburn Lake Estates service areas, and to acquire Calvey Brook’s CCNs.

3. On September 27, 2018, Confluence Rivers confirmed its withdrawal of the portions of the Application pertaining to Wolf Creek Crossing, as Confluence Rivers chose not to pursue the purchase of Wolf Creek Crossing.

4. Descriptions of the referenced water and sewer systems are provided in **Appendix A**.

5. On November 29, 2018, an affiliate of Confluence Rivers, the Elm Hills Utility Operating Company, Inc., provided notice that “Sciens Capital Management LLC formed an investment entity named U.S. Water Systems, LLC, which has purchased 100% of the ownership interests in affiliates First Round CSWR, LLC, Central States Water Resources, Inc., and Fresh Start Venture LLC.” The Company expects the new ownership structure will improve upon Confluence Rivers’ ability to obtain financing.

(see Paragraph 7).

Settlement of Specific Issues

6. **Withdrawal of Application as to Financing:** The parties agree that, pursuant to Commission Rule 4 CSR 240-2.116(1) and this *Stipulation and Agreement*, Confluence Rivers be permitted to dismiss/withdraw its application for authority to issue secured indebtedness (financing).

7. **Financial Ability:** Confluence Rivers represents to the parties that its new ownership structure should facilitate (i) a move toward a 50-50 mix of equity and debt for its capital structure in a future rate case; (ii) obtaining debt financing that will result in a lower cost of debt than the rate contained in Confluence River's initial financing application in this matter; and, (iii) obtaining debt financing that will result in a debt instrument that does not contain a make whole penalty.

8. **Withdrawal of Application as to Port Perry Service Company:** The parties agree that, pursuant to Commission Rule 4 CSR 240-2.116(1) and this *Stipulation and Agreement*, Confluence Rivers be permitted to dismiss/withdraw its application as to the Port Perry Service Company's assets.

9. **Issues Settled:** The Parties agree and intend this *Stipulation and Agreement* to settle all remaining issues within the above captioned case. The Parties recommend that the Commission approve this *Stipulation and Agreement* and find this to be a just and a fair compromise of their respective positions.

10. **Future Rates:** Confluence Rivers will consult with the Missouri Department of Natural Resources, to develop a plan and a timeframe for implementing

any proposed repairs, renovations, or improvements to the systems provided in Appendix A (with the exception of Port Perry Service Company) with the goal of mitigating, to the extent reasonably possible (given health, safety, service reliability, environmental rules and regulations, ultimate rate design, and other factors beyond the Company's control), the increases to customer rates that may occur in any one given rate case.

11. **Smithview Assets Transfer Request:** The Parties agree the sale of the Smithview water assets to Confluence Rivers is not detrimental to the public interest and recommend that the Commission approve the sale. The Parties further recommend that the Commission approve the transfer of the Smithview CCN to Confluence Rivers, and authorize Confluence Rivers to begin providing water service to the Smithview service area.

12. **MPB Inc. Assets Transfer Request:** The Parties agree the sale of the MPB sewer assets (both the Villa Ridge and Lake Virginia systems) to Confluence Rivers is not detrimental to the public interest and recommend that the Commission approve the sale. The Parties further recommend that the Commission approve the transfer of the MPB CCNs to Confluence Rivers, and authorize Confluence Rivers to begin providing sewer service to the Villa Ridge and Lake Virginia service area.

13. **Mill Creek Assets Transfer Request:** The Parties agree the sale of the Mill Creek sewer assets to Confluence Rivers is not detrimental to the public interest and recommend that the Commission approve the sale. The Parties further recommend that the Commission approve the transfer of the Mill Creek CCN to Confluence Rivers, and authorize Confluence Rivers to begin providing sewer service to the Mill Creek

service area.

14. **Roy-L Assets Transfer Request:** The Parties agree the sale of the Roy-L water and sewer assets to Confluence Rivers is not detrimental to the public interest and recommend that the Commission approve the sale. The Parties further recommend that the Commission approve the transfer of the Roy-L CCNs to Confluence Rivers, and authorize Confluence Rivers to begin providing water and sewer service to the Roy-L service area.

15. **Evergreen Assets Transfer Request:** The Parties agree that the sale of the Evergreen water assets to Confluence Rivers is not detrimental to the public interest and recommend that the Commission approve the sale. The Parties further recommend that the Commission approve the transfer of the Evergreen CCN to Confluence Rivers, and authorize Confluence Rivers to begin providing water service to the Evergreen service area.

16. **Gladlo Assets Transfer Request:** The Parties agree that the sale of the Gladlo water and sewer assets to Confluence Rivers is not detrimental to the public interest and recommend that the Commission approve the sale. The Parties further recommend that the Commission approve the transfer of the Gladlo CCNs to Confluence Rivers, and authorize Confluence Rivers to begin providing water and sewer service to the Gladlo service area.

17. **Willows Asset Transfer Request:** The Parties agree that the sale of the Willows water and sewer assets to Confluence Rivers is not detrimental to the public interest and recommend that the Commission approve the sale. The Parties further recommend that the Commission approve the transfer of the Willows' CCNs to

Confluence Rivers, and authorize Confluence Rivers to begin providing water and sewer service to the Willows service area.

18. **Majestic Lakes Certificate of Convenience and Necessity and Assets**

Transfer Request: The Parties agree that issuance of a certificate of convenience and necessity to Confluence Rivers to authorize it to begin providing water and sewer service to the Majestic Lakes service area, as shown and described in Staff's recommendation memorandums, is necessary and convenient to the public interest, and recommend that the Commission issue such a certificate of convenience and necessity.

19. **Eugene Certificate of Convenience and Necessity and Assets**

Transfer Request: The Parties agree that issuance of a certificate of convenience and necessity to Confluence Rivers to authorize it to begin providing water and sewer service to the Eugene service area, as shown and described in CRU's Motion for Leave to Amend Application and Amendment to Application, is necessary and convenient to the public interest, and recommend that the Commission issue such a certificate of convenience and necessity .

20. **Calvey Brook Asset Transfer Request:** The Parties agree that the sale of the Calvey Brook Estates Homeowners Association water and sewer assets to Confluence Rivers is not detrimental to the public interest and recommend that the Commission approve the sale. The Parties further recommend that the Commission approve the transfer of the Calvey Brook CCNs to Confluence Rivers, and authorize Confluence Rivers to begin providing water and sewer service to the Calvey Brook service area.

21. **Auburn Lake Estates Certificate of Convenience and Necessity and Assets Transfer Request:** The Parties agree that issuance of a certificate of convenience and necessity to Confluence Rivers to authorize it to begin providing water and sewer service to the Auburn Lake Estates service area, as shown and described in CRU's Motion for Leave to Amend Application and Amendment to Application, is necessary and convenient to the public interest, and recommend that the Commission issue such a certificate of convenience and necessity .

22. **Rates:** The Parties agree that existing rates applicable to each of the service areas should remain the same, and that Confluence Rivers should be permitted to adopt existing tariff rules and rates for all of the Selling Companies that are currently regulated. For the service areas of the previously unregulated Selling Companies, the Parties recommend that the following rates be approved:

a) **Majestic Lakes service area:** Water - \$35.00, Sewer - \$35.00;

b) **Auburn Lake Estates service area:** Water - \$37.50; Sewer - \$37.50; and,

c) **Eugene service area:** \$26.00 for the first 1,999 gallons per month; plus \$6.00 per 1,000 gallons for all usage above 1,999 gallons.

23. **Depreciation:** The Parties seek a Commission order requiring Confluence Rivers to utilize the agreed upon depreciation rates set forth as **Appendix**

B.

Conditions

24. The Parties recommend the Commission provide the above-described

approvals subject to the above and the conditions described in **Appendix C** attached hereto.

General Provisions

25. This *Stipulation and Agreement* is being entered into for the purpose of disposing of the issues that are specifically addressed herein. In presenting this *Stipulation and Agreement*, none of the signatories shall be deemed to have approved, accepted, agreed, consented or acquiesced to any ratemaking or procedural principle, and none of the signatories shall be prejudiced or bound in any manner by the terms of this *Stipulation and Agreement*, whether approved or not, in this or any other proceeding, other than a proceeding limited to the enforcement of the terms of this *Stipulation and Agreement*, except as otherwise expressly specified herein. The signatories further understand and agree that the provisions of this *Stipulation and Agreement* relate only to the specific matters referred to in this *Stipulation and Agreement*, and no signatory waives any claim or right which it otherwise may have with respect to any matter not expressly provided for in this *Stipulation and Agreement*.

26. This *Stipulation and Agreement* has resulted from extensive negotiations and the terms hereof are interdependent. If the Commission does not approve this *Stipulation and Agreement* in total, or approves it with modifications or conditions to which a signatory objects, then this *Stipulation and Agreement* shall be void and no signatory shall be bound by any of its provisions. The agreements herein are specific to this proceeding and are made without prejudice to the rights of the signatories to take other positions in other proceedings except as otherwise noted herein.

If the Commission does not unconditionally approve this *Stipulation and*

Agreement without modification, and notwithstanding its provision that it shall become void, neither this *Stipulation and Agreement*, nor any matters associated with its consideration by the Commission, shall be considered or argued to be a waiver of the rights that any signatory has for a decision in accordance with Section 536.080, RSMo 2000, or Article V, Section 18, of the Missouri Constitution, and the signatories shall retain all procedural and due process rights as fully as though this *Stipulation and Agreement* had not been presented for approval, and any suggestions or memoranda, testimony or exhibits that have been offered or received in support of this *Stipulation and Agreement* shall become privileged as reflecting the substantive content of settlement discussions and shall be stricken from and not be considered as part of the administrative or evidentiary record before the Commission for any further purpose whatsoever.

27. The Parties enter into this *Stipulation and Agreement* in reliance upon information provided by Confluence Rivers and each of the Sellers, and this *Stipulation and Agreement* is explicitly predicated upon the truth of representations made by those parties.

28. If the Commission unconditionally accepts the specific terms of this *Stipulation and Agreement* without modification, the signatories waive, with respect to the issues resolved herein: their respective rights (1) to call, examine and cross-examine witnesses pursuant to Section 536.070(2), RSMo 2000; (2) their respective rights to present oral argument and/or written briefs pursuant to Section 536.080.1, RSMo 2000; (3) their respective rights to the reading of the transcript by the Commission pursuant to Section 536.800.2, RSMo 2000; (4) their respective rights to

seek rehearing pursuant to Section 386.500, RSMo 2000; and (5) their respective rights to judicial review pursuant to Section 386.510, RSMo Supp. 2011. These waivers apply only to a Commission order respecting this *Stipulation and Agreement* issued in this above-captioned proceeding, and do not apply to any matters raised in any prior or subsequent Commission proceeding, or any matters not explicitly addressed by this *Stipulation and Agreement*.

29. This *Stipulation and Agreement* contains the entire agreement of the signatories concerning the issues addressed herein.

30. The intent of the signatories to this *Stipulation and Agreement* has been fully and exclusively expressed in this document and the attachments appended hereto.

31. Acceptance of this *Stipulation and Agreement* by the Commission shall not be deemed as constituting an agreement on the part of the Commission to forego the use of any discovery, investigative or other power which the Commission presently has. Thus, nothing in this *Stipulation and Agreement* is intended to impinge or restrict in any manner the exercise by the Commission of any statutory right, including the right to access information, or any statutory obligation.

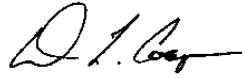
WHEREFORE, the Parties hereby respectfully submit this *Stipulation and Agreement*, and request the Commission issue an Order approving the same; and

granting any further relief the Commission deems just and reasonable.

Respectfully submitted,

//S// Whitney Payne by dlc

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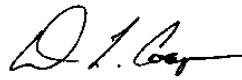
CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been sent by electronic mail this 14th day of December, 2018, to:

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APPENDIX A

Smithview H2O Company

1. Smithview obtained a CCN from the Commission in 1973 in Case No. 17,652.
2. Pursuant to its CCN, Smithview provides water service to approximately 105 residential customers in Bon-Gor Lake Estates north of Columbia in Boone County, Missouri.
3. 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 gallon, \$3.36.
4. Staff has filed a pending 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).
5. On January 15, 2016, Smithview entered into an agreement whereby Confluence Rivers would purchase substantially all of the water assets of Smithview.

M.P.B., Inc.

6. MPB obtained a CCN from the Commission in 1985 for the Lake Virginia sewer system in Case No. SM-86-72. MPB obtained a CCN from the Commission in 1987 for the Villa Ridge sewer system in Case No. SM-87-52.
7. Pursuant to the Lake Virginia CCN, MPB provides sewer service to approximately 37 customers in the Lake Virginia subdivision located outside the city limits of Festus in Jefferson County. Pursuant to the Villa Ridge CCN, MPB provides sewer services to approximately 168 customers in the Villa Ridge subdivision in Franklin County.

8. 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.

9. MBP is currently operating under the control of a receiver, Mr. Terry Jarrett.

10. On June 5, 2017 (Village Ridge) and September 29, 2017 (Lake Virginia), MPB, acting by and through its duly appointed receiver, and Confluence Rivers entered into agreements whereby Confluence Rivers agreed to purchase the Villa Ridge and Lake Virginia sewer assets.

Mill Creek Sewers, Inc.

11. Mill Creek obtained a CCN from the Commission in 1973 in Case No. 17,666.

12. Pursuant to its CCN, Mill Creek provides sewer service to approximately 75 residential customers in the Castlereagh Estates area in St. Louis County.

13. 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.

14. Mill Creek is currently operating under the control of a receiver, Heartland Utilities, LLC.

15. On June 1, 2017, Mill Creek, acting by and through its duly appointed receiver, and Confluence Rivers entered into an agreement whereby Confluence Rivers agreed to purchase substantially all the sewer assets of Mill Creek.

Roy-L Utilities, Inc.

16. Roy-L obtained water and sewer service CCNs from the Commission in

1968 in Case Nos. 16,379 and 16,380..

17. Pursuant to those CCNs, Roy-L provides water service to approximately 59 customers and sewer service to approximately 56 customers in the Golden Eagle Reserve subdivision near the city of High Hill in Montgomery County.

18. 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.

19. On April 26, 2017, Roy-L entered into an agreement whereby Confluence Rivers agreed to purchase substantially all of the water and sewer assets of Roy-L.

Evergreen Lake Water Company

20. Evergreen obtained a CCN from the Commission in 1970, in Case No. 16,916. The water system assets are currently owned by another entity, Evergreen Lakes Water Supply Company. There was no approval by the Commission for a transfer of assets.

21. Pursuant to its CCN, Evergreen provides water service to approximately 52 customers in the Evergreen Lake subdivision near Cedar Hill in Franklin County.

22. 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.

23. On March 30, 2017, Evergreen and Confluence Rivers entered into an

agreement whereby Confluence Rivers agreed to purchase substantially all the assets of Evergreen.

Port Perry Service Company

24. Port Perry obtained water and sewer service CCNs from the Commission in 1973 in Case Nos. 17,681 and 17,642, respectively.

25. Pursuant to the CCNs, Port Perry provides water service to approximately 267 customers and sewer service to approximately 107 customers in the Port Perry subdivision near the city of Perryville in Perry County, Missouri.

26. The current water and sewer rates for Port Perry Service Company (which have been in effect since May 15, 2002) are as follows: Water – Based on Meter Size Monthly Minimum per Customer 5/8" \$ 13.23; 3/4" \$16.26; 1" \$22.33;, 1-1/2 " \$37.49; 2" \$55.69; 3" \$98.16; 4" \$158.83; (all include 2,000 gallons) 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.

27. On June 20, 2017, Port Perry entered into an agreement whereby Confluence Rivers agreed to purchase substantially all of the water and sewer assets of Port Perry.

Gladlo Water & Sewer Company, Inc.

28. Gladlo obtained water and sewer service CCNs from the Commission in 1972 in Case Nos. 17,458 and 17,459, respectively.

29. Pursuant to the CCNs, Gladlo currently provides service to approximately 69 water customers and 65 sewer customers in the Whispering Pines subdivision near

the city of Rolla in Phelps County.

30. 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 1,000 gal \$2.15; Sewer –Monthly Service Charge \$37.67.

31. Gladlo is currently operating under the control of a receiver, Heartland Utilities, LLC.

32. On October 16, 2017, Gladlo entered into an agreement with Confluence Rivers whereby Confluence Rivers agreed to purchase all the water and sewer assets of Gladlo.

The Willows Utility Company

33. Willows obtained a water and sewer service CCN from the Commission in 1979 in Case No. WA-80-86.

34. Pursuant to the CCN, Willows provides water service to approximately 151 customers and sewer service to approximately 124 customers in the Chalet City West subdivision and mobile home park in Republic, Missouri.

35. The current water and sewer rates for Willows (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.

36. On May 16, 2017, Willows entered into an agreement whereby Confluence Rivers agreed to purchase substantially all of the water and sewer assets of Willows.

Majestic Lakes Homeowners Association, Inc.

37. Majestic Lakes is an existing unregulated water and wastewater operation located in Lincoln County approximately two miles southeast of the city of Moscow Mills. Majestic Lakes does not have a CCN.

38. Majestic Lakes' water and sewer systems currently serve approximately 60 customers.

39. 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.

40. On June 30, 2016, Majestic Lakes and Confluence Rivers entered into an agreement whereby Confluence Rivers agreed to purchase substantially all of the water and sewer assets of Majestic Lakes.

Eugene, Missouri

41. The Eugene water system is owned by Cole County, Missouri. The Eugene water system does not have a CCN.

42. The Eugene water system provides water service to approximately 41 customers in southwestern Cole County approximately twenty miles from Jefferson City.

43. The current water rate for Eugene customers is \$26.00 for the first 1,999 gallons per month, plus \$6.00 per 1,000 gallons for all usage above 1,999 gallons.

44. The Eugene water system formerly belonged to the City of Eugene, Missouri. Eugene disincorporated in 1997. Since then, the only remaining vestige of the town of Eugene has been the water system, which Cole County operates. In January 2010, the Cole County Commission turned over control of the Eugene water

system to Cole County Public Works and its director, Larry Benz.

45. On April 25, 2018, Cole County, Missouri entered into an agreement whereby Confluence Rivers agreed to purchase substantially all of the water assets Cole County is using to provide service to Eugene.

Calvey Brook Water and Sewer

46. Calvey Brook Water, Inc. obtained a water service CCN from the Commission in 2004 in Case No. WA-2004-0280. Calvey Brook Sewer, Inc. obtained a sewer service CCN from the Commission in 2004 in Case No. SA-2004-0279.

47. The Calvey Brook regulated utilities' water and sewer systems are now owned and operated by an entity called the Calvey Brook Estates Homeowners Association, Inc. There was no Commission approval of a transfer of assets.

48. Pursuant to the CCNs, the Calvey Brook regulated utilities provide water and sewer services to approximately 10 customers in Calvey Brook Estates, a 36-lot subdivision in Franklin County near Robertsville, Missouri.

49. The current water and sewer rates for Calvey Brook Water and Sewer are as follows: Water - \$36.36 per month for up to 3,000 gallons, plus \$2.05 for each additional 1,000 gallons over 3,000 gallons usage; Sewer - \$33.78 per month.

50. On May 14, 2018, Calvey Brook Estates Homeowners Association, Inc., and Confluence Rivers entered into an agreement whereby Confluence Rivers agreed to purchase substantially all the water and sewer assets of Calvey Brook Estates Homeowners Association, Inc., as operated by Calvey Brook Water and Calvey Brook Sewer, including the CCNs.

Forest Ridge, LLC – Auburn Lake Estates

51. Forest Ridge, LLC owns water and sewer systems for a developing subdivision in Lincoln County, Missouri south of the City of Troy, in a subdivision commonly known as Auburn Lake Estates. Forest Ridge, LLC does not have a CCN.

52. Home construction has only recently begun in the Auburn Lake Estates, and accordingly, Forest Ridge, LLC has only one water customer and no sewer customers.

53. The current water and sewer rate approved by the Auburn Lake Estates homeowners association is a \$75 flat fee for combined water and sewer service. The sole customer, who only receives water service, is being charged with half that amount.

54. Forest Ridge, LLC has entered into an agreement whereby Confluence Rivers agreed to purchase substantially all of the water and sewer assets of Forest Ridge, LLC.

Confluence Rivers Utility Operating Company
SCHEDULE of DEPRECIATION RATES
(WATER Class C & D)
WM-2018-0116

NARUC USOA ACCOUNT NUMBER	ACCOUNT DESCRIPTION	<u>Evergreen</u> Depreciation Rate	<u>Gladlo</u> Depreciation Rate	<u>Roy-L</u> Depreciation Rate	<u>Willows</u> Depreciation Rate	<u>Smithview</u> Depreciation Rate	<u>Majestic Lakes</u> Depreciation Rate
Source of Supply							
311	Structures & Improvements	2.5%*	10.0%	2.5%*	2.5%*	2.5%*	2.5%*
314	Wells & Springs	2.0%	0.0%	2.0%	2%*	2.0%	2%*
Pumping Plant							
321	Structures & Improvements	0.0%	2.5%*	2.5%	2.5%*	2.5%	2.5%*
325/325.1	Elec. Submersible Pumping Equipment	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%*
325.2	High Service or Booster Pumping Equip.	6.7%*	6.7%*	6.7%*	6.7%*	6.7%*	6.7%*
Water Treatment Plant							
331	Structures & Improvements	2.5%*	2.5%*	2.5%*	2.5%*	2.5%*	2.5%*
332	Water Treatment Equipment	2.9%*	2.9%*	10.0%	2.9%*	2.9%	2.9%*
Transmission and Distribution							
341	Structures & Improvements	2.5%*	2.5%*	2.5%	2.5%*	2.5%*	2.5%*
342	Distribution Reservoirs & Standpipes	2.5%	2.5%	2.5%	2.5%*	2.5%	2.5%*
343	Transmission & Distribution Mains	2.0%	2.0%	2.0%	2.0%*	2.0%	2.0%*
345	Customer Services	2.5%*	2.5%*	2.5%	2.5%*	2.5%*	2.5%*
346	Customer Meters, Bronze (Calibrate)	0.0%	3.3%	5.0%	5.0%	3.3%	3.3%*
346.1	Customer Meters, Plastic (Throw Aways)	10.0%*	10.0%*	10.0%	10.0%*	10.0%*	10.0%*
347	Customer Meter Pits & Installation	2.5%*	2.5%*	2.5%	5.0%	2.5%	2.5%*
348	Hydrants	2.0%*	2.0%*	2.0%*	2.0%*	2.0%*	2.0%*
General Plant CLASS D							
371	Structures & Improvements	2.5%*	2.5%*	2.5%*	2.5%*	2.5%*	2.5%*
372	Office Furniture & Equipment	5.0%*	5.0%*	5.0%	5.0%*	5.0%*	5.0%*
372.1	Office Electronic & Computer Equip.	20.0%*	20.0%*	20.0%	20.0%*	20.0%*	20.0%*
373	Transportation Equipment	13.0%*	13.0%*	13.0%*	13.0%*	13.0%*	13.0%*
379	Other General Equipment (tools, shop equip., backhoes, trenchers, etc.)	6.7%*	10.0%	10.0%	6.7%*	6.7%*	6.7%*

*Designates a rate proposed in this case, rather than a rate ordered by the Commission in a previous case.

Confluence Rivers Utility Operating Company
SCHEDULE of DEPRECIATION RATES
(SEWER Class B/C & D)
SM-2018-0117

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	<u>MPB</u> Depreciation Rates	<u>Mill Creek</u> Depreciation Rates	<u>Gladlo</u> Depreciation Rates	<u>Roy-L</u> Depreciation Rates	<u>Willows</u> Depreciation Rates	<u>Majestic Lakes</u> Depreciation Rates
COLLECTION PLANT							
311/351	Structures & Improvements	4.0%	2.5%	4.0%*	4.0%	4.0%*	4.0%*
352.1	Collection Sewers (Force)	2.0%	2.0%*	2.0%*	2.0%*	2.0%*	2.0%*
352.2	Collection Sewers (Gravity)	2.0%	2.0%*	2.0%	2.0%	2.0%*	2.0%*
354	Services	2.0%	2.0%*	2.0%*	2.0%	2.0%*	2.0%*
355	Flow Measurement Devices	3.3%	3.3%*	3.3%*	3.3%*	3.3%*	3.3%*
PUMPING PLANT							
361	Structures and Improvements	4.0%	4.0%*	4.0%*	4.0%*	4.0%*	4.0%*
362	Receiving Wells	4.0%	4.0%*	4.0%*	4.0%*	4.0%*	4.0%*
363	Electric Pumping Equipment	10.0%	10.0%*	10.0%*	10.0%*	10.0%*	10.0%*
TREATMENT & DISPOSAL PLANT							
371	Structures and Improvements	4.0%	4.0%*	4.0%*	4.0%*	4.0%*	4.0%*
372	Oxidation Lagoons	4.0%	4.0%*	4.0%	4.0%	4.0%*	4.0%*
373	Treatment & Disposal Facilities	4.5%	5.0%	5.0%	4.5%	5.0%*	5.0%*
374	Plant Sewers	2.5%	2.5%*	2.5%*	2.5%*	2.5%*	2.5%*
375	Outfall Sewer Lines	2.0%	2.0%*	2.0%*	2.0%	2.0%*	2.0%*
GENERAL PLANT							
390	Structures and Improvements	2.5%	4.0%*	4.0%*	4.0%*	4.0%*	4.0%*
391	Office Furniture & Equipment	5.0%	5.0%*	5.0%*	5.0%	5.0%*	5.0%*
391.1	Office Electronic & Computer Equip.	14.3%	14.3%*	14.3%*	20.0%	14.3%*	14.3%*
392	Transportation Equipment	13.0%	13.0%*	13.0%*	13.0%*	13.0%*	13.0%*
393	Stores Equipment/Other General Equipment	4.0%	10.0%*	10.0%	14.3%	10.0%*	10.0%*
394	Tools/Shop/Garage Equip.	5.0%	5.0%*	5.0%*	5.0%*	5.0%*	5.0%*
395	Lab Equipment	5.0%	5.0%*	5.0%*	5.0%*	5.0%*	5.0%*
396	Power Operated Equipment	6.7%	6.7%*	6.7%*	6.7%*	6.7%*	6.7%*
397	Communication Equipment	6.7%	6.7%*	6.7%*	6.7%*	6.7%*	6.7%*

*Designates a rate proposed in this case, rather than a rate ordered by the Commission in a previous case.

Confluence Rivers Utility Operating Company
SCHEDULE of DEPRECIATION RATES
(WATER Class D)
WM-2018-0116

NARUC USOA ACCOUNT NUMBER	ACCOUNT DESCRIPTION	<u>Calvey Brook</u> Depreciation Rates	<u>Auburn Lakes</u> Depreciation Rates	<u>Eugene</u> Depreciation Rates
Source of Supply				
311	Structures & Improvements	2.5%	2.5%*	2.5%*
314	Wells & Springs	2.0%	2%*	2%*
Pumping Plant				
321	Structures & Improvements	2.5%	2.5%*	2.5%*
325/325.1	Elec. Submersible Pumping Equipment	10.0%	10.0%*	10.0%*
325.2	High Service or Booster Pumping Equip.	6.7%*	6.7%*	6.7%*
WaterTreatment Plant				
331	Structures & Improvements	2.5%*	2.5%*	2.5%*
332	Water Treatment Equipment	2.9%*	2.9%*	2.9%*
Transmission and Distribution				
341	Structures & Improvements	2.5%	2.5%*	2.5%*
342	Distribution Reservoirs & Standpipes	2.5%	2.5%*	2.5%*
343	Transmission & Distribution Mains	2.0%	2.0%*	2.0%*
345	Customer Services	2.5%	2.5%*	2.5%*
346	Customer Meters, Bronze (Calibrate)	3.3%*	3.3%*	3.3%*
346.1	Customer Meters, Plastic (Throw Aways)	10.0%	10.0%*	10.0%*
347	Customer Meter Pits & Installation	2.5%	2.5%*	2.5%*
348	Hydrants	2.0%*	2.0%*	2.0%*
General Plant CLASS D				
371	Structures & Improvements	2.5%	2.5%*	2.5%*
372	Office Furniture & Equipment	5.0%	5.0%*	5.0%*
372.1	Office Electronic & Computer Equip.	14.3%	20.0%*	20.0%*
373	Transportation Equipment	13.0%*	13.0%*	13.0%*
379	Other General Equipment (tools, shop equip., backhoes, trenchers, etc.)	6.7%*	6.7%*	6.7%*

*Designates a rate proposed in this case,
rather than a rate ordered by the

Confluence Rivers Utility Operating Company
SCHEDULE of DEPRECIATION RATES
(SEWER Class C & D)

SM-2018-0117

<u>ACCOUNT NUMBER</u>	<u>ACCOUNT DESCRIPTION</u>	<u>Calvey Brook Depreciation Rates</u>	<u>Auburn Lakes Depreciation Rates</u>
COLLECTION PLANT			
311/351	Structures & Improvements	2.5%	4.0%*
352.1	Collection Sewers (Force)	2.0%	2.0%*
352.2	Collection Sewers (Gravity)	2.0%	2.0%*
354	Services	2.0%	2.0%*
355	Flow Measurement Devices	3.3%	3.3%*
PUMPING PLANT			
361	Structures and Improvements	4.0%*	4.0%*
362	Receiving Wells	4.0%	4.0%*
363	Electric Pumping Equipment	10.0%	10.0%*
TREATMENT & DISPOSAL PLANT			
371	Structures and Improvements	4.0%*	4.0%*
372	Oxidation Lagoons	4.0%*	4.0%*
373	Treatment & Disposal Facilities	5.0%	5.0%*
374	Plant Sewers	2.5%	2.5%*
375	Outfall Sewer Lines	2.0%	2.0%*
GENERAL PLANT			
390	Structures and Improvements	4.0%*	4.0%*
391	Office Furniture & Equipment	5.0%	5.0%*
391.1	Office Electronic & Computer Equip.	14.3%	14.3%*
392	Transportation Equipment	12.5%	13.0%*
393	Other General Equipment/Stores Equipment	4.0%	10.0%*
394	Tools/Shop/Garage Equip.	5.0%	5.0%*
395	Lab Equipment	5.0%	5.0%*
396	Power Operated Equipment	6.7%	6.7%*
397	Communication Equipment	6.7%	6.7%*

*Designates a rate proposed in this case,
rather than a rate ordered by the

APPENDIX C

1) Authorize each of 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;

2) Authorize each respective Seller to cease providing service, and authorize CRU to begin providing service, upon closing on each of the water and sewer systems;

3) 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 upon closing on each of the water and sewer systems, until the effective date of respective adoption notice tariff sheets to be filed as recommended herein;

4) 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;

5) Issue a new CCN to CRU to provide water and sewer service in the proposed Majestic Lakes service area, as depicted in Staff's Recommendation, with CRU to begin providing such service upon closing on the assets;

6) 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;

7) Issue a new CCN to CRU to provide water and sewer service in the proposed Auburn Lake Estates service area, as requested in the Amended Application, with CRU to begin providing such service upon closing on the assets;

8) Approve rates of \$37.50 per month flat rate for water service, and \$37.50 per month flat rate for sewer service, for CRU applicable to customers in the Auburn Lake Estates service area;

9) Issue a new CCN to CRU to provide water service in the proposed Eugene service area, as requested in the Amended Application, with CRU to begin providing such service upon closing on the assets;

10) Approve rates of \$26.00 for the first 1,999 gallons per month, plus \$6.00 per 1,000 gallons for all usage above 1,999 gallon, for water service, for CRU applicable to customers in the Eugene service area;

11) Authorize CRU to provide water and sewer service in the Majestic Lakes service area and Auburn Lake Estates service area, and water service in the Eugene service area, in accordance with the rules and regulations within the water and sewer tariffs applicable to Roy-L upon closing on any of those assets;

12) Require CRU to submit new tariff sheets reflecting the maps and written descriptions of the Majestic Lakes service area, the Auburn Lake Estates service area and the Eugene service area, with the appropriate respective information for each service area as described herein, as well as sheets reflecting the proposed rates for the Majestic Lakes service area, the Auburn Lake Estates service area and the Eugene service area prior to closing on any of these assets, with these or similar replacement tariff sheets to ultimately become a part of the adopted Roy-L water and sewer tariff documents;

13) Order CRU to submit to Staff the confidential post-closing rate base information within sixty (60) days following closing on the Mill Creek assets;

14) Order CRU to submit to Staff the confidential, actual-purchase price of the Auburn Lake Estates systems, within ten (10) days after closing on those assets;

15) Approve depreciation schedules for CRU, as addressed in Staff's Recommendation and as addressed herein, and order CRU to depreciate its plant accounts for the appropriate systems as specified by the depreciation schedules;

16) 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;

17) 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/or 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;

18) Require CRU to provide adequate training for the correct application of rates and rules to all customer service representatives including those employed by contractors prior to the Seller's customers receiving their first bill from CRU;

19) Require CRU to provide to the Customer Experience Department staff a sample of five (5) billing statements of bills issued to the Sellers' customers (from each service area acquired) within thirty (30) days of such billing;

20) Require CRU to file notice in this case once Staff Recommendations regarding customer communications and customer billing, above, have been completed;

21) 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.