

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

In the Matter of Confluence Rivers Utility)	
Operating Company, Inc.'s Request for)	
Authority to Implement a General Rate)	<u>Case No. WR-2023-0006</u>
Increase for Water Service and Sewer)	Tariff Nos. YW-2023-0113
Service Provided in Missouri Service)	and YS-2023-0114
Areas)	

**JOINT LIST OF ISSUES, LIST AND ORDER OF WITNESSES,
ORDER OF CROSS-EXAMINATION,
AND ORDER OF OPENING STATEMENTS**

COMES NOW the Staff of the Missouri Public Service Commission, by and through counsel, and on behalf of all the parties, tenders this *List of Issues, List and Order of Witnesses, Order of Cross Examination, and Order of Opening Statements* in satisfaction of the Commission's *Order Granting Motion to Amend Procedural Schedule*, issued herein on April 25, 2023:¹

**List of Issues,² List and Order of Witnesses³ and
Order of Opening:**

Thursday, August 10, 2023

Mark Exhibits
Entries of Appearance
Motions and Outstanding Matters

¹ Staff notes that last-minute schedule changes and issue re-writes are even now pending. If necessary, Staff will file an *Amended Joint List of Issues, List and Order of Witnesses, Order of Cross-Examination and Order of Opening Statements*.

² This *List of Issues* includes contributions by several parties with adverse positions in this action; it is necessarily a compromise. Not all parties agree that every issue herein listed is properly an issue to be decided by the Commission in this case. Not all parties agree on the wording of every issue.

³ Witness availability may require that some witnesses be taken out of order.

Order of Opening Statements:

Confluence Rivers Utility Operating Company, Inc. (“Confluence” or “Company”)
Staff of the Missouri Public Service Commission (“Staff”)
Office of the Public Counsel (“OPC”)

1. Depreciation:

What depreciation rates should the Commission order?

Allis ⁴	Company
Coffer	Staff
Robinett	OPC

2. Recommended Reports:

Which reports recommended by Staff, if any, should Confluence be ordered to maintain and provide to Staff and OPC?

- a. Should Confluence maintain revenue reporting, chemical reporting and electric expense reporting to be provided to Staff when requested in future rate cases?
- b. Should the Commission order Confluence to maintain a monthly report, to be provided in future rate cases, showing the payment habits of its customers that includes the amounts of actual revenue collected at different time intervals so this data can be used in lead/lag studies in future rate cases?
- c. Should Confluence provide the Confluence General Ledger, CSWR general ledger, and allocation percentages with supporting information on a quarterly basis, including between rate cases?

Thies	Company
O’Reilly	Company
Amenthor	Staff
Dhority	Staff
Sarver	Staff

3. Income Taxes

With respect to income tax--

- a. How should income tax expense be set for purposes of establishing the revenue requirements?

⁴ By Web-Ex.

b. If the Commission allows Confluence to recover income tax expense in an amount greater than what would be remitted to the IRS in a given tax year, should the excess income tax expense be booked to a deferred liability account that will offset rate base?

Seltzer ⁵	Company
Thies	Company
Bolin	Staff
Riley	OPC

4. Accounting Services:

What amount of third party accounting fees should be included in the Company's revenue requirement?

Thies	Company
Dhority	Staff
Riley	OPC

Friday, August 11, 2023

5. Rate Design/District Consolidation:

With respect to rate design and district consolidation—

- a. What rate design should the Commission order for Confluence?
 - i. What is the appropriate amount of usage for purposes of establishing water rates?
- b. Should Confluence Rivers be permitted to consolidate its rules and regulations and service charges into a single tariff book for water service and a single tariff book for sewer service?

Lyons	Company
Cox	Company
Roth	Staff
Seaver	OPC
Marke	OPC

6. Rate Case Expense:

With respect to rate case expense—

- a. Should Confluence be permitted to amortize rate case expense and include the unamortized portion in rate base to receive a return on and of this expense?
- b. Should the Company be allowed to recover the cost of its depreciation study?

Thies	Company
Dhority	Staff
Robinett	OPC

⁵ By Web-Ex.

7. Acquisition-Related Costs:

What legal and preliminary engineering costs related to acquisitions and applications for certificates of convenience and necessity should be capitalized?

Thies	Company
Cox	Company
Majors	Staff

8. Retirements:

Has Staff reflected the proper amount of retirements that correspond to the proper level of additions in its accounting schedules?

Thies	Company
Majors	Staff

Tuesday, August 15, 2023

9. Cost of Capital:

With respect to the cost of capital—

- a. What is the appropriate capital structure to use in calculating the Company’s rate of return?
- b. What is the appropriate cost of debt to use in calculating the Company’s rate of return?
- c. What is the appropriate return on common equity to use in calculating the Company’s rate of return?

D’Ascendis	Company
Thies	Company
Walters ⁶	Staff
Murray	OPC

10. Call Center Expense:

What amount of call center expense should Confluence recover?

Thies	Company
Cox	Company
Dhority	Staff
Schaben	OPC

11. Customer Feedback:

With respect to customer feedback—

- a. Should the Commission order Confluence to use such methods as customer opinion surveys to solicit the opinions of its customers regarding the service that they are receiving?

⁶ By Web-Ex.

b. Should the Commission order Confluence to conduct a third-party study regarding customer feedback?

Thomas	Company
Glasgow	Staff
Marke	OPC

12. Uncollectible Expense:

What amount of Uncollectible Expense should be used to set the revenue requirement?

Thies	Company
Amenthor	Staff

13. Fire Protection:

With respect to fire protection--

- a. Should the Commission disallow hydrant investments from rate base for the Terre Du Lac system based on the investments not being used and useful?
- b. Should the Commission order Confluence to meet with representatives of Staff, OPC, and the Terre Du Lac fire department to pursue possible avenues for funding to address fire protection concerns?

Marke	OPC
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Wednesday, August 16, 2023

14. Operations, Maintenance, and Oversight:

With respect to operations, maintenance, and oversight--

- a. Should the Commission order Confluence to create and follow written procedures for auditing contract operator performance and to improve maintenance and oversight activities such that it responds to problems as they occur?
- b. Should Confluence be required to hire or designate not less than one employee solely dedicated to Missouri operations?
- c. Should the Commission order a disallowance related to the Company's lack of written procurement policies or guidelines, and if so, how much?
- d. Should the Commission order a disallowance related to Confluence's contract-based business model, and if so, how much?

Cox	Company
Gateley	Staff
Schaben	OPC
Marke	OPC

15. Customer Communications:

Should the Commission order Confluence to continue to pursue improvement in their efforts to communicate with customers, particularly boil advisories?

Cox	Company
Gateley	Staff
Marke	OPC

16. Meter Testing:

Should the Commission order Confluence to establish a customer meter testing program compliant with 4240-10.030(38)?

Thomas	Company
Gateley	Staff

17. Advanced Meter Infrastructure Investments:

Should the Commission disallow any costs related to AMI meter investments?

Thomas	Company
Marke	OPC

18. Use of Employees rather than Contractors:

Should the Commission order Confluence to begin transitioning from using contract wastewater and drinking water operators to Confluence employees performing these functions?

Cox	Company
Gateley	Staff
Marke	OPC

19. Capital Improvement Plan:

Should the Commission order Confluence to file a 5-year capital improvement plan, updated annually, in this docket each year no later than March 31st. This plan will be reviewed with Staff and OPC for discussion of prioritization of projects. The first plan shall be filed no later March 31, 2024. The plan shall include:

- a. Projected budgets for the tasks to be completed
- b. A brief summary of the improvement
- c. Projects shall be broken out by system, and by utility type
- d. A schedule for testing of existing master meters, and installation of master meters where none are presently installed.
- e. The plan will include a narrative discussing why projects were chosen for year 1 of the plan in lieu of other projects.

Cox	Company
Roos	Staff
Marke	OPC

20. Late Fees:

Should the Commission order Confluence Rivers to eliminate late fees for customers except for customers for whom no ready disconnection method is available?

- Thies Company
- Marke OPC

21. Budget Billing:

Should the Commission order Confluence Rivers to offer a budget billing option for customers?

- Thies Company
- Marke OPC

Thursday, August 17, 2023

22. Capital v. Expense:

Should certain costs capitalized by the Company be treated as a repair expense and normalized for cost of service ?

- Thies Company
- Cox Company
- Lyons Staff
- Robinett OPC

23. Timesheets:

Should the Commission order Confluence to require its employees, including executives, to keep timesheets that show the activities performed and where they were performed?

- Thies Company
- Cox Company
- Sarver Staff

24. Payroll:

With respect to payroll—

- a. What is the appropriate amount of payroll expense to include in Confluence’s cost of service?
- b. What amount, if any, of executive compensation should be recovered in rates?
- c. Should MERIC be used in setting salaries?
- d. Should a rate for unemployment be applied to Staff’s proposed amount of salaries in setting such amounts?

- Thies Company
- Cox Company
- Sarver Staff
- Schaben OPC

25. Employee Benefits:

What is the appropriate amount of employee benefits to include in Confluence’s cost of service?

Thies	Company
Cox	Company
Sarver	Staff
Schaben	OPC

26. Corporate Allocations:

What is the appropriate percent of corporate expenses to be allocated from CSWR to Confluence?

Thies	Company
Sarver	Staff
Schaben	OPC

27. Cell Phone/Internet Reimbursement:

Should the Commission allow recovery of cell phone and Internet reimbursement?

O'Reilly	Company
Sarver	Staff

Order of Cross Examination:

<i>Company Witnesses:</i>	<i>Staff Witnesses:</i>	<i>OPC Witnesses:</i>
Staff	OPC	Staff
OPC	Company	Company

WHEREFORE, the Staff of the Missouri Public Service Commission and the other parties hereto jointly tender this *List of Issues, List and Order of Witnesses, Order of Cross Examination, and Order of Opening Statements* in satisfaction of the Commission's *Order Granting Motion to Amend Procedural Schedule*, issued herein on April 2, 2023.

Respectfully submitted,

/s/ Kevin A. Thompson

KEVIN A. THOMPSON

Missouri Bar Number 36288

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Attorney for the Staff of the
Missouri Public Service Commission.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served, either electronically or by hand delivery or by First Class United States Mail, postage prepaid, on this **26th day of July, 2023**, to the parties of record as set out on the official Service List maintained by the Data Center of the Missouri Public Service Commission for this case.

/s/ Kevin A. Thompson