

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

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 Company, Inc.;)
Raccoon Creek Utility Operating Company, Inc.; and) File No. WM-2021-0412
Indian Hills Utility Operating Company, Inc. for)
Approval of a Merger Whereby Confluence Rivers Will)
Be the Surviving Corporation, and of Related)
Transactions.)

RESPONSE TO ORDER DIRECTING FILING

COME NOW Confluence Rivers Utility Operating Company, Inc. (“Confluence Rivers”); 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”), by and through their undersigned counsel, and for their *Response to Order Directing Filing* state as follows to the Missouri Public Service Commission (“Commission”):

BACKGROUND

1. On June 1, 2021, the Joint Applicants filed an *Application and Motion for Waiver* (“Application”), concerning the proposed merger of the Joint Applicants, with Confluence Rivers being the surviving corporation.

2. On September 14, 2021, the Staff of the Commission (“Staff”) filed its recommendation the merger proposed in the Applications be approved, subject to eleven conditions. On September 22, 2021, the Office of the Public Counsel (“OPC”) filed a *Response to Staff Recommendation* (“OPC Response”), recommending approval of the proposed merger subject to

Staff's eleven conditions, together with two additional conditions.

3. On September 23, 2021, Staff filed a Response addressing OPC's second condition concerning more specificity as to depreciation rates. Staff stated it had modified its original Attachments D and E to better clarify specifically to which system(s) the attachments applied.

4. On September 24, 2021, the Joint Applicants filed a *Response to Staff Recommendation* stating they have no objection to Staff's conditions 1-9 and 11; and further stating that they had discussed condition 10 with Staff and understood that a proposed "modified Condition 10" (as provided in the Response) was acceptable to Staff.

5. On September 28, 2021, the Commission issued its *Order Directing Filing*, wherein it observed "that neither Staff nor the applicants have addressed OPC's first condition, nor has OPC addressed the acceptability of modified Condition 10. . . ." Therefore, the Commission ordered "the parties to file a status report or other pleading clarifying the views of all parties on all of the conditions" proposed by Staff, Joint Applicants, and OPC.

OPC Response to Staff Recommendation

6. The first OPC condition states as follows:

Confluence Rivers Utility Operating Company, Inc. ("Confluence") files 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.

7. The Joint Applicants believe the information OPC requests be submitted into the record in this case is irrelevant to any issue in the case because neither CSWR LLC, nor US Water Systems LLC, is directly involved in or affected by the pending application or the proposed consolidation. The merger that is proposed concerns Missouri operating companies

that are today under common ownership by a Missouri holding company – Missouri Central States Water Resources, LLC. That common ownership will not change as a result of the merger.¹

8. However, as indicated in the Application, it is believed that the merged entities may be in an improved position to obtain debt financing to the benefit of customers because of their combined asset base. Because the Joint Applicants believe the proposed consolidation is in the public interest for this reason and in the interest of expediting a final order in the case, Confluence Rivers will not oppose the first OPC condition.

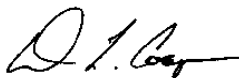
9. The second OPC Condition concerns the applicability of depreciation rates found in Attachments D and E of Staff’s Memorandum. The Joint Applicants do not object to this condition and believe that Staff has addressed that condition in its *Staff Response to OPC* filed on September 23, 2021.

SUMMARY

10. Confluence Rivers has no objection to Staff’s conditions 1-9 and 11 and, as to Condition 10, supports the “modified Condition 10” found in its earlier pleading. The Joint Applicants have no objection to the two additional conditions proposed by the OPC.

WHEREFORE, Joint Applicants respectfully request the Commission consider this *Response to Order Directing Filing* and, thereafter, issue its order granting Joint Applicants’ Application, subject to the conditions described herein.

Respectfully submitted,



Dean L. Cooper MBE#36592
BRYDON, SWEARENGEN & ENGLAND P.C.

¹ Appendix B to the Application shows the Post-Merger and Pre-Merger organizational charts of the impacted entities.

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**ATTORNEYS FOR CONFLUENCE RIVERS,
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CREEK, AND INDIAN HILLS**

CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing document was sent by electronic mail on October 4, 2021, to the following:

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