

*Exhibit No.:*  
*Issue:* Policy  
*Witness:* Natelle Dietrich  
*Sponsoring Party:* MoPSC Staff  
*Type of Exhibit:* Rebuttal Testimony  
*Case Nos.:* WM-2018-0116 and  
SM-2018-0117  
*Date Testimony Prepared:* November 19, 2018

**MISSOURI PUBLIC SERVICE COMMISSION**

**COMMISSION STAFF DIVISION**

**DIRECT TESTIMONY**

**OF**

**NATELLE DIETRICH**

**CONFLUENCE RIVERS UTILITY OPERATING  
COMPANY, INC.**

**CASE NO. WM-2018-0116**

**AND**

**CASE NO. SM-2018-0117**

*Jefferson City, Missouri  
November 2018*

1 **DIRECT TESTIMONY**

2  
3 **OF**

4 **NATELLE DIETRICH**

5 **CONFLUENCE RIVERS UTILITY OPERATING**  
6 **COMPANY, INC.**

7 **CASE NO. WM-2018-0116**

8 **AND**

9 **CASE NO. SM-2018-0117**

10 Q. Please state your name and business address.

11 A. My name is Natelle Dietrich. My business address is 200 Madison Street,  
12 Jefferson City, MO 65101.

13 Q. By whom are you employed and in what capacity?

14 A. I am employed by the Missouri Public Service Commission (“Commission”) as  
15 Commission Staff Director.

16 Q. Please describe your education and relevant work experience.

17 A. I received a Bachelor’s of Arts Degree in English from the University of  
18 Missouri, St. Louis, and a Master’s of Business Administration from William Woods University.  
19 During my tenure with the Commission, I have worked in many areas of telecommunications  
20 regulation. In October, 2007, I became the Director of Utility Operations. The division was  
21 renamed the Tariff, Safety, Economic and Engineering Analysis Department in August 2011. In  
22 October 2015, I assumed my current position as Commission Staff Director. In this position, I  
23 oversee all aspects of the Commission Staff.

1 I am a member of the National Association of Regulatory Utility Commissioners  
2 Subcommittee on Rate Design and the Staff Subcommittee on Telecommunications. I serve on  
3 the Staff of the Federal/State Joint Board on Universal Service, serve as lead Staff for the  
4 Missouri Universal Service Board, and was a member of Governor Nixon's MoBroadbandNow  
5 taskforce. I was a member of the Missouri Delegation to the Missouri/Moldova Partnership  
6 through NARUC and the US Agency for International Development.

7 Q. Have you previously testified before the Commission?

8 A. Yes. My Case Summary is attached as Schedule ND-d1.

9 Q. What is the purpose of your direct testimony?

10 A. The purpose of my direct testimony is to provide a summary of the request, a  
11 general overview of Staff's overall recommendation, and to adopt Staff's Memorandum filed  
12 March 6, 2018 ("March Recommendation"), and Staff's Supplemental Recommendation filed  
13 September 17, 2018 ("September Recommendation") (collectively, Memoranda), attached as  
14 Schedule ND-d2 and Schedule ND-d3, respectively. Additional Staff witnesses also filing direct  
15 testimony are as follows: 1) David Roos on some of the systems included in the Applications; 2)  
16 James A. Merciel, Jr. on the remainder of the systems, the Tartan Criteria and Staff's  
17 recommendation for future rate cases; and, 3) Kimberly K. Bolin on Staff's proposed rate base  
18 for each system and the camera project for Roy-L Utilities, Inc.

19 Q. Please summarize the request.

20 A. On November 2, 2017,<sup>1</sup> Confluence Rivers Utility Operating Company, Inc.  
21 ("CRU") submitted an Application and Motion for Waiver to acquire certain water and sewer  
22 assets, for a Certificate of Convenience and Necessity ("CCN"), and to issue indebtedness and

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<sup>1</sup> Staff's March 6, 2018, Memorandum mistakenly indicates the application was filed on October 24, 2017.

1 encumber assets. More specifically, CRU proposes to purchase substantially all of the water  
2 and/or sewer assets of Smithview H2O Company (“Smithview”), M.P.B., Inc. (“MPB”), Roy-L  
3 Utilities, Inc. (“Roy-L”), Port Perry Service Company (“Port Perry”), Gladlo Water & Sewer  
4 Company, Inc. (“Gladlo”), The Willows Utility Company, Inc. (“Willows”), and Evergreen Lake  
5 Water Company (“Evergreen”). CRU also proposes to purchase all of the water and sewer assets  
6 of Majestic Lakes Homeowners Association, Inc. (“Majestic Lakes”). On July 3, 2018, CRU  
7 filed a Motion for Leave to Amend Application and Amendment to Application (collectively,  
8 “Applications”) adding its proposed purchase of substantially all of the water and/or sewer assets  
9 providing service to Eugene, Missouri (“Eugene”); Wolf Creek Crossing (“Wolf Creek”);  
10 operated by Calvey Brook Water, Inc. and Calvey Brook Sewer, Inc. (“Calvey”); and Auburn  
11 Lake Estates (“Auburn Lake”).<sup>2</sup> In the September 27, 2018, Confluence Rivers’ Response to  
12 Staff Recommendation and Withdrawal of Application as to Wolf Creek Crossing, CRU  
13 confirmed Staff’s previous supposition that CRU is not pursuing the Wolf Creek transaction at  
14 this time. Staff witnesses David Roos and James Merciel provide more specific information on  
15 each system included in the Applications.

16 Q. Please summarize Staff’s Memoranda.

17 A. In its Memoranda, Staff recommends that CRU be permitted to acquire the utility  
18 systems included in its Applications, and that CRU be granted a CCN to operate Majestic Lakes,  
19 Eugene, and Auburn Lake. Staff’s March Recommendation also includes a history of previous  
20 Commission decisions related to CRU financing. In its Memoranda, Staff identifies 23 points  
21 that summarize its recommendations. Those recommendations address things such as the sale  
22 and transfer of assets; the cessation of existing services and the commencement of service by

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<sup>2</sup> The company names identified in Staff’s testimony reflect the names as certificated with the Commission or as shown on the sales contracts, and may be slightly different than the company names as identified in the Applications or Staff’s Memoranda.

Direct Testimony of  
Natelle Dietrich

1 CRU; rates and tariffs requirements; post-closing rate base information; depreciation schedules;  
2 communications with customers; training for customer service representatives; approval of  
3 financing; and, a recommendation that the Commission make clear it is not making a ratemaking  
4 determination as part of these cases.

5 Q. Does this conclude your direct testimony?

6 A. Yes it does.

**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

In the Matter of the Application of Confluence )  
Rivers Utility Operating Company, Inc. to ) Case No. WM-2018-0116  
Acquire Certain Water and Sewer Assets, For a )  
Certificate of Convenience and Necessity, and, in )  
Connection Therewith, To Issue Indebtedness ) and  
and Encumber Assets )

In the Matter of the Application of Confluence )  
Rivers Utility Operating Company, Inc. to ) Case No. SM-2018-0117  
Acquire Certain Water and Sewer Assets, For a )  
Certificate of Convenience and Necessity, and, in )  
Connection Therewith, To Issue Indebtedness )  
and Encumber Assets )

**AFFIDAVIT OF NATELLE DIETRICH**

STATE OF MISSOURI )  
 ) ss.  
COUNTY OF COLE )

COMES NOW NATELLE DIETRICH and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Direct Testimony*; and that the same is true and correct according to her best knowledge and belief.

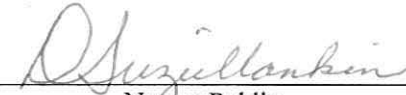
Further the Affiant sayeth not.

  
NATELLE DIETRICH

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 16<sup>th</sup> day of November 2018.

D. SUZIE MANKIN  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for Cole County  
My Commission Expires: December 12, 2020  
Commission Number: 12412070

  
Notary Public

**Natelle Dietrich**  
**Case Summary**

Presented testimony or analysis through affidavits on the following cases and proceedings:

- Case No. TA-99-405, an analysis of the appropriateness of a “payday loan” company providing prepaid telecommunications service.
- Case No. TX-2001-73, In the Matter of Proposed New Rules on Prepaid Calling Cards.
- Case No. TO-2001-455, the AT&T/Southwestern Bell Telephone Company arbitration, which included issues associated with unbundled network elements.
- Case No. TX-2001-512, In the Matter of Proposed Amendments to Commission Rule 4 CSR 240-33.010, 33.020, 33.030, 33.040, 33.060, 33.070, 33.080, 33.110, and 33.150 (telecommunications billing practices).
- Case No. TO-2002-222, the MCI/SWBT arbitration.
- Case No. TR-2002-251, In the Matter of the Tariffs Filed by Sprint Missouri, Inc. d/b/a Sprint to Reduce the Basic Rates by the Change in the CPI-TS as Required by 392.245(4), Updating its Maximum Allowable Prices for Non-Basic Services and Adjusting Certain Rates as Allowed by 392.245(11) and Reducing Certain Switched Access Rates and Rebalancing to Local Rates as Allowed by 392.245(9).
- Case No. TX-2002-1026, In the Matter of a Proposed Rulemaking to Implement the Missouri Universal Service Fund End-User Surcharge.
- Case No. TX-2003-0379, In the Matter of Proposed Amendments to Commission Rule 4 CSR 240-3.545, formerly 4 CSR 240-30.010 (tariff filing requirements).
- Case No. TX-2003-0380, In the Matter of Proposed Amendments to Commission Rules 4 CSR 240-2.060, 4 CSR 240-3.020, 4 CSR 240-3.510, 4 CSR 240-3.520, and 4 CSR 240-3.525 (competitive local exchange carrier filing requirements and merger-type transactions).
- Case No. TX-2003-0389, In the Matter of Proposed Amendment to Commission Rules 4 CSR 240-3.530 and 4 CSR 240-3.535, and New Rules 4 CSR 240-3.560 and 4 CSR 240-3.565 (telecommunications bankruptcies and cessation of operation).
- Case No. TX-2003-0445, In the Matter of a Proposed New Rule 4 CSR 240-33.160 Regarding Customer Proprietary Network Information.
- Case No. TX-2003-0487, In the Matter of Proposed Commission Rules 4 CSR 240-36.010, 36.020, 36.030, 36.040, 36.050, 36.060, 36.070, and 36.080 (arbitration and mediation rules).
- Case No. TX-2003-0565, In the Matter of a Proposed Rulemaking to Codify Procedures for Telecommunications Carriers to Seek Approval, Amendment and Adoption of Interconnection and Resale Agreements.
- Case Nos. TX-2004-0153 and 0154, in the Matter of Proposed Rule for 211 Service (emergency and permanent rules).

Continued Case Summary of  
Natelle Dietrich

- Case Nos. TO-2004-0370, IO-2004-0467, TO-2004-0505 et al, In the Matter of the Petition of various small LECs for Suspension of the Federal Communications Commission Requirement to Implement Number Portability.
- Case No. TX-2005-0258, In the Matter of a New Proposed Rule 4 CSR 240-33.045 (placement and identification of charges on customer bills).
- Case No. TX-2005-0460, In the Matter of the Proposed Amendments to the Missouri Universal Service Fund Rules.
- Case No. TO-2006-0093, In the Matter of the Request of Southwestern Bell Telephone, L.P. d/b/a SBC Missouri, for Competitive Classification Pursuant to Section 392.245.6, RSMo (2205) – 30-day Petition.
- Case Nos. TC-2005-0357, IR-2006-0374, TM-2006-0306, the complaint case, earnings investigation and transfer of assets case to resolve issues related to Cass County Telephone Company, LP, LEC Long Distance, FairPoint Communications, Inc., FairPoint Communications Missouri Inc. d/b/a FairPoint Communications and ST Long Distance Inc. db/a FairPoint Communications Long Distance.
- Case No. TC-2006-0068, FullTel, Inc., v. CenturyTel of Missouri, LLC.
- Case No. TX-2006-0169, In the Matter of Proposed New Rule 4 CSR 240-3.570 Regarding Eligible Telecommunications Carrier Designations for Receipt of Federal Universal Service Fund Support.
- Case No. TX-2006-0429, In the Matter of a Proposed Amendment to 4 CSR 240-3.545 (one day tariff filings).
- Case No. TX-2007-0086, In the Matter of a Proposed Rulemaking to Create Chapter 37 – Number Pooling and Number Conservation Efforts
- Case No. TA-2009-0327, In the Matter of the Petition of TracFone Wireless, Inc. for Designation as an Eligible Telecommunications Carrier in the State of Missouri for the Limited Purpose of Offering Lifeline and Link Up Service to Qualified Households.
- Case No. RA-2009-0375, In the Matter of the application of Nexus Communications, Inc. dba TSI for Designation as an Eligible Telecommunications Carrier in the State of Missouri for the Limited Purpose of Offering Wireless Lifeline and Link Up Service to Qualifying Households.
- Case No. AX-2010-0061, Office of Public Counsel’s Petition for Promulgation of Rules Relating to Billing and Payment Standards for Residential Customers.
- Case No. GT-2009-0056, In the Matter of Laclede Gas Company’s Tariff Revision Designed to Clarify its Liability for Damages Occurring on Customer Piping and Equipment Beyond the Company’s Meter.
- Case No. ER-2012-0166, In the Matter of Union Electric Company d/b/a Ameren Missouri’s Tariffs to Increase Its Revenues for Electric Service. Energy Independence and Security Act of 2007 (EISA).
- Case No. ER-2012-0174, In the Matter of Kansas City Power & Light Company’s Request for Authority to Implement A General Rate Increase for Electric Service. Energy Independence and Security Act of 2007 (EISA).



Continued Case Summary of  
Natelle Dietrich

- Case No. ER-2012-0175, In the Matter of KCP&L Greater Missouri Operations Company's Request for Authority to Implement A General Rate Increase for Electric Service. Energy Independence and Security Act of 2007 (EISA).
- Case No. ER-2012-0345, In the Matter of Empire District Electric Company of Joplin, Missouri Tariff's Increasing Rates for Electric Service Provided to Customers in the Missouri Service Area of the Company. Energy Independence and Security Act of 2007 (EISA).
- File Nos. EO-2013-0396 and EO-2013-0431, In the Matter of the Joint Application of Entergy Arkansas, Inc., Mid South TransCo, LLC, Transmission Company Arkansas, LLC and ITC Midsouth LLC for Approval of Transfer of Assets and Certificate of Convenience and Necessity, and Merger and, in connection therewith, Certain Other Related Transactions; and In the Matter of Entergy Arkansas, Inc.'s Notification of Intent to Change Functional Control of Its Missouri Electric Transmission Facilities to the Midwest Independent Transmission System Operator Inc. Regional Transmission System Organization or Alternative Request to Change Functional Control and Motions for Waiver and Expedited Treatment, respectively.
- Case No. MX-2013-0432, In the Matter of a Proposed Rulemaking to Revise Manufactured Housing Rules Regarding Installation and Monthly Reporting Requirements.
- Case No. TX-2013-0324, In the Matter of a Proposed Rulemaking to the Missouri Universal Service Fund.
- Case No. EO-2014-0095, In the Matter of Kansas City Power & Light Company's Filing for Approval of Demand-Side Programs and for Authority to Establish Demand-Side Programs Investment Mechanism.
- Case No. EA-2014-0207, In the Matter of the Application of Grain Belt Express Clean Line LLC for a Certificate of Convenience and Necessity Authorizing It to Construct, Own, Operate, Control, Manage, and Maintain a High Voltage, Direct Current Transmission Line and an Associated Converter Station Providing an Interconnection on the Maywood - Montgomery 345 kV Transmission Line.
- Case No. ER-2014-0370, In the Matter of Kansas City Power & Light Company's Request for Authority to Implement a General Rate Increase for Electric Service.
- Case No. WR-2015-0301, In the Matter of Missouri-American Water Company's Request for Authority to Implement a General Rate Increase for Water and Sewer Service Provided in Missouri Service Areas.
- Case No. ER-2016-0156, In the Matter of KCP&L Greater Missouri Operations Company's Request for Authority to Implement a General Rate Increase for Electric Service.
- Case No. ET-2016-0246, In the Matter of the Application of Union Electric Company d/b/a Ameren Missouri for Approval of a Tariff Setting a Rate for Electric Vehicle Charging Stations.
- Case No. ER-2016-0285, In the Matter of Kansas City Power & Light Company's Request for Authority to Implement a General Rate Increase for Electric Service.

Continued Case Summary of  
Natelle Dietrich

- Case No. ER-2016-0179, In the Matter of Union Electric Company d/b/a Ameren Missouri's Tariffs to Increase its Revenues for Electric Service.
- Case No. EE-2017-0113, In the Matter of the Joint Application of Great Plains Energy Incorporated, Kansas City Power & Light Company and KCP&L Greater Missouri Operations Company for a Variance from the Commission's Affiliate Transactions Rule, 4 CSR 240-20.015
- Case No. EA-2016-0358, In the Matter of the Application of Grain Belt Express Clean Line LLC for a Certificate of Convenience and Necessity Authorizing it to Construct, Own, Operate, Control, Manage and Maintain a High Voltage, Direct Current Transmission Line and an Associated Converter Station Providing an Interconnection on the Maywood-Montgomery 345kV Transmission Line
- Case No. EM-2017-0226, In the Matter of the Application of Great Plains Energy Incorporated for Approval of its Acquisition of Westar Energy, Inc.
- Case No. GR-2017-0215, In the Matter of Laclede Gas Company's Request to Increase its Revenues for Gas Service.
- Case No. GR-2017-0216, In the Matter of Laclede Gas Company d/b/a Missouri Gas Energy's Request to increase its Revenues for Gas Service.
- Case No. WR-2017-0259, In the Matter of the Rate Increase Request of Indian Hills Utility Operating Company, Inc.
- Case No. WR-2017-0285, In the Matter of Missouri-American Water Company's Request for Authority to Implement General Rate Increase for Water and Sewer Service Provided in Missouri Service Areas.
- Case No. EM-2018-0012, In the Matter of the Application of Great Plains Energy Incorporated for Approval of its Merger with Westar Energy, Inc.
- Case No. EO-2018-0092, In the Matter of the Application of The Empire District Electric Company for Approval of Its Customer Savings Plan.
- Case No. GR-2018-0013, In the Matter of Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty Utilities' Tariff Revisions Designed to Implement a General Rate Increase for Natural Gas Service in the Missouri Service Areas of the Company.
- Case No. ER-2018-0145, In the Matter of Kansas City Power & Light Company's Request for Authority to Implement a General Rate Increase for Electric Service.
- Case No. ER-2018-0146, In the Matter of KCP&L Greater Missouri Operations Company's Request for Authority to Implement a General Rate Increase for Electric Service.
- Case No. EO-2018-0211, In the Matter of Union Electric Company d/b/a Ameren Missouri's 3rd Filing to Implement Regulatory Changes in Furtherance of Energy Efficiency as Allowed by MEEIA.
- Actively participated in or prepared comments on numerous issues on behalf of the Commission to be filed at the Federal Communications Commission.
- Prepared congressional testimony on behalf of the Commission on number conservation efforts in Missouri.

Continued Case Summary of  
Natelle Dietrich

- A principal author on Missouri Public Service Commission Comments on the Reduction of Carbon Emissions in Missouri under Section 111(d) of the Clean Air Act.
- A principal author on Missouri Public Service Commission Comments on the Environmental Protection Agency's "Emission Guidelines for Existing Stationary Sources: Electric Generating Unity".

Commission Arbitration Advisory Lead Staff for the following cases:

- Case No. TO-2005-0336, Southwestern Bell Telephone, L.P., d/b/a SBC Missouri's Petition for Compulsory Arbitration of Unresolved Issues For a Successor Interconnection Agreement to the Missouri 271 Agreement ("M2A").
- Case No. IO-2005-0468, In the Matter of the Petition of Alma Telephone Company for Arbitration of Unresolved Issues Pertaining to a Section 251(b)(5) Agreement with T-Mobile USA, Inc.
- Case No. TO-2006-0147 et al, In the Matter of the Petition for Arbitration of Unresolved Issues in a Section 251(b)(5) Agreement with T-Mobile USA, Inc and Cingular Wireless.
- Case No. TO-2006-0299, Petition of Socket Telecom, LLC for Compulsory Arbitration of Interconnection Agreements with CenturyTel of Missouri, LLC and Spectra Communications, LLC, pursuant to Section 251(b)(1) of the Telecommunications Act of 1996.
- Case No. TO-2006-0463, In the Matter of the Petition for Arbitration of Unresolved Issues in a Section 251(b)(5) Agreement with ALLTEL Wireless and Western Wireless.
- Case No. TO-2009-0037, In the Matter of the Petition of Charter Fiberlink-Missouri, LLC for Arbitration of an Interconnection Agreement Between CenturyTel of Missouri, LLC and Charter Fiberlink-Missouri, LLC.

## MEMORANDUM

**TO:** Missouri Public Service Commission  
Official Case, Case Nos. WM-2018-0116 and SM-2018-0117

In the Matter of the Application of Confluence Rivers Utility Operating Company, Inc. to Acquire Certain Water and Sewer Assets, For a Certificate of Convenience and Necessity, and, in Connection Therewith, To Issue Indebtedness and Encumber Assets

**FROM:** James A. Merciel, Jr - Water and Sewer Department  
Jonathan Dallas – Water and Sewer Department  
David C. Roos – Water and Sewer Department  
Natelle Dietrich – Commission Staff Director  
Kimberly K. Bolin – Auditing Department  
Paul R. Harrison - Auditing Department  
Deborah Duncan - Auditing Department  
Stephen Moilanen – Engineering Analysis Unit  
Scott J. Glasgow - Customer Experience Department  
Dana R. Parish – Customer Experience Department

/s/ James A. Merciel, Jr. 03-06-18  
Case Coordinator / Date

/s/ Whitney Payne 03-06-18  
Staff Counsel's Office / Date

**SUBJECT:** Staff Recommends Approval of Transfer of Assets, Transfer of Certificates of Convenience and Necessity, and Issuance of Certificate of Convenience and Necessity

**DATE:** March 6, 2018

### **EXECUTIVE SUMMARY**

On October 24, 2017, Confluence Rivers Utility Operating Company, Inc. (“CRU”) filed an *Application and Motion for Waiver* (“Application”) with the Missouri Public Service Commission (“Commission”). In the Application, CRU seeks to purchase (transfer) utility assets comprising fifteen (15) separate water and sewer systems from eight (8) regulated utilities that presently provide water and/or sewer service, and one water and sewer utility that is not regulated by the Commission, which is owned and controlled by an association. All of these entities are collectively referred to herein as the “Sellers,” or “Seller” if referring generally to any one of the entities. Along with the transfer of assets of the regulated utilities, CRU requests a transfer of the Certificates of Convenience and Necessity (“CCN”) presently held by each of the specific regulated utilities. CRU also requests that the Commission grant it a new CCN that will apply to the service area presently served by the unregulated association.

Schedule ND-d2  
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\*\* Denotes Confidential Information \*\*

**APPENDIX A**

Based on its review as described herein, Staff recommends approval of the transfers of assets of Sellers, transfers of the affected CCNs, and issuance of a new CCN, with the conditions and actions as outlined below. Staff further recommends CRU be authorized and ordered to file new water and sewer tariff sheets with a service area map, a service area description, rates and service charges for Majestic Lakes prior to closing on those assets, and to file adoption notice tariff sheets for all of the tariffs currently in effect for the Sellers that are regulated, as described herein.

### **BACKGROUND OF THE SELLERS, AND SELLERS' UTILITY SYSTEMS**

The water and sewer systems CRU proposes to purchase, own and operate are owned by the Sellers, identified as the following entities:

- Smithview H2O Company (water system)
- M.P.B., Inc. (two sewer systems)
- Mill Creek Sewers, Inc. (sewer system)
- Roy-L Utilities, Inc. (one water and one sewer system)
- Port Perry Service Company (one water and one sewer system)
- Gladlo Water & Sewer Co., Inc. (one water and one sewer system)
- The Willows Utility Company (one water and one sewer system)
- Evergreen Lake Water Company (water system)
- Majestic Lakes Homeowners Association, Inc. (one water and one sewer system, currently not a regulated utility)

All of the above entities except the one unregulated entity have existing approved rates. CRU proposes to adopt those existing approved rates and rules initially.

With regard to the systems owned by the unregulated entity, Majestic Lakes Homeowners Association, Inc., CRU seeks a new CCN for authority to provide water and sewer service in a service area that includes a subdivision and some surrounding acreage, as discussed further herein. With the CCN request, CRU seeks approval of monthly water and sewer rates that are identical to those currently charged customers by Majestic Lakes Homeowners Association, Inc.

All of the Sellers have various operations issues that need to be addressed, and are discussed in detail in Attachment A, included with this memorandum and incorporated herein by reference. To summarize and illustrate the types of issues:

- Three of the above regulated utilities are in court-appointed receivership, initiated by action of the Commission.
- Seven of the above entities' sewer systems presently have either current issues regarding permits and compliance with the Missouri Department of Natural Resources, or will be required to upgrade treatment to meet scheduled new

permit requirements. Staff has observed some of these operations issues during its investigations of these utilities related to this case, in prior rate cases, and during inspections.

- Two of the above entities are the subject of formal complaints filed by Staff because of compliance issues involving the Commission’s regulations.
- All of the above entities have aging utility plant facilities, requiring repairs or replacement of certain components.

Staff notes that the resolution of most or all of these issues will require capital improvements to be undertaken in the near future. Some improvements are necessary for compliance, but improvements to all of the involved water and sewer systems, if made, would promote ongoing safe and adequate service, good operations and more reliable utility service for customers, while only maintaining the status quo could lead to further problems.

### **STAFF’S INVESTIGATION**

CRU is a newly formed corporation that exists for the purpose of operating as a regulated water and sewer utility company. The president of CRU has experience with water and sewer systems and is also the president of four affiliates of CRU that are regulated utilities - Hillcrest Utility Operating Company, Inc. (“Hillcrest”), Raccoon Creek Utility Operating Company, Inc. (“Raccoon Creek”), Elm Hills Utility Operating Company, Inc. (“Elm Hills”), and Indian Hills Utility Operating Company, Inc. (“Indian Hills”), which collectively operate a total of nine water and sewer systems. Similar to the plan proposed by CRU, those affiliates purchased the assets of regulated and/or unregulated water and/or sewer systems, have undertaken substantial capital improvements to address compliance and operations issues, improved day-to-day operations of the systems, and improved customer service. With respect to corporate ownership and financing, CRU is set up in a manner that is similar to that of these affiliates.

### **Technical, Managerial, and Financial Capacity and Tartan Energy Criteria**

In studying most situations involving transfers of assets, or new CCNs involving regulated water and/or sewer systems, Staff utilizes the concepts of technical, managerial and financial capacity, or “TMF,” originally developed by the United States Environmental Protection Agency. Staff has reviewed and stated its position regarding TMF regarding each of CRU’s affiliates in previous CCN and transfer of assets cases before the Commission. Staff’s position on TMF remains positive regarding those affiliates, and similarly takes the position that CRU has adequate TMF capability.

When considering a request for a new CCN, the Commission applies criteria originally developed in a CCN case filed by the Tartan Energy Company and referred to now as the “Tartan criteria.” The Tartan criteria contemplate 1) need for service; 2) the utility’s qualifications; 3) the utility’s financial ability; 4) the feasibility of the proposal; and, 5) promotion of the public interest. For its reviews, Staff adds one more criterion, that being whether or not other utility entities are available to provide similar service. Staff has studied these points as they relate to the situations and abilities involving one new CCN and several

transfer cases pertaining to CRU's affiliates. Further, as related to this specific CCN request for CRU's proposed Majestic Lakes service area, Staff takes the position that it is feasible for CRU to operate and manage its water and sewer operations, and it is in the public interest for it to do so. No other utility is readily available to provide water and sewer service except the existing association; and that entity wishes to exit the utility business.

Staff's conclusion for this case is that the criteria regarding TMF and the Tartan Energy criteria are all met.

### **Tariff and Rate Impact**

In its Application, CRU states that it proposes to adopt existing tariff rules and rates for all of the Sellers that are currently regulated. Staff recommends that within ten (10) days after closing on any of the assets, CRU file Tariff Adoption Notice tariff sheets for the corresponding water and/or sewer tariffs of the regulated Sellers, and that the Commission authorize CRU to provide water and sewer service by the terms of the Sellers' tariffs on an interim basis until the effective date of such Adoption Notices.

Since the Majestic Lakes water and sewer systems are not currently operated as a regulated utility and there are no current tariffs that apply to that service area, CRU requests that rules applying to Majestic Lakes be included within the water and sewer tariffs of Roy-L. This will be accomplished by inserting new tariff sheets depicting the Majestic Lakes service area, and rates applicable to Majestic Lakes into the Roy-L tariffs, however before that can be done, CRU will need new tariff sheets, to be approved by the Commission, including a map and description of the authorized service area, rates, and service charges to go into effect immediately upon closing on the Majestic Lakes assets. Staff therefore recommends that as soon as possible after the effective date of a CCN issued by the Commission for the Majestic Lakes service area, CRU submit new original water tariff sheets and sewer tariff sheets under its own name, showing the map and written description depicting the Majestic Lakes service area, and rate sheets and service charge sheets showing rates and charges applying to Majestic Lakes. These tariff sheets must become effective on or before the date CRU closes on the assets, with expedited approval if necessary.

After closing on both the Majestic Lakes and Roy-L assets, CRU would then file tariff sheets in the adopted Roy-L water and sewer tariffs, and seek to cancel the original Majestic Lakes tariff sheets.

The map and description, proposed by CRU to be approved by the Commission, are described and discussed in the **Majestic Lakes New CCN** section of this memorandum, below.

However, if after filing original tariff sheets applying to Majestic Lakes CRU is unable to follow through with closing on the Majestic Lakes assets, then CRU should withdraw any such pending tariff filing(s), or file replacement tariff sheets as necessary in order to cancel the provisions of any such tariff sheets that may have become effective reflecting the service area, rates and charges applying to Majestic Lakes.

### **Rate Base**

The Auditing Department reviewed information provided by CRU in response to Staff's data requests, its Application with included sale agreement documents, CRU's work papers, as well as the effective tariffs and Annual Reports of the Sellers that are currently regulated.

The total price for all of the assets proposed to be purchased by CRU is \*\* \_\_\_\_\_ \*\*. This total amount is determined by adding the purchase prices in all of the sale documents between CRU and each of the Sellers, attached as confidential documents labeled Appendices B-C through K-C to the Application.

Staff is proposing that the net book value as of December 31, 2017 be used to determine the rate base in this case, except for Mill Creek and Majestic Lakes as discussed below. As part of this case CRU is acquiring a total of fifteen (15) different water and sewer systems and consolidating them under single ownership. The Auditing Department, Engineering Analysis Unit and Water and Sewer Department conducted a review of plant in service, depreciation reserve, Contributions in Aid of Construction ("CIAC"), CIAC amortization and other rate base items during their investigation in order to determine CRU's rate base for this case<sup>1</sup>. Where possible, Staff's starting point for determining rate base in this case was an analysis of the actual rate base used in each of the Sellers' most recent rate case, and then using each of the Sellers' Annual Reports submitted to the Commission, updating plant in service, depreciation reserve, CIAC and CIAC amortization to December 31, 2017. Alternatively, for any of the Sellers that have not had a rate case since April 2002 (the date that EFIS became operational), Staff used the Annual Reports submitted to the Commission to develop rate base. Port Perry and Willows were the only two systems for which Staff depended strictly on the Annual Reports to develop rate base. For the non-regulated entity, Staff performed an onsite visit and also obtained an engineering study from CRU to develop rate base. The net book value of assets proposed to be purchased by CRU as of December 31, 2017, as determined by Staff, is approximately \$411,433. For a breakdown of the rate base for each entity please refer to Attachment B included with this memorandum and incorporated by reference herein.

Mill Creek, one of the three Sellers that is under the control of the court-appointed receiver, has assets that are located on land not owned by Mill Creek, and the land owner is requesting \$69,000 for necessary right-of-way access. Additionally, Mill Creek has \$6,000 in unpaid receiver expenses, and a \$15,000 capital expense for plant improvements that were made and paid for by the receiver. Accordingly, under the specific facts and circumstances present in this case, Staff is recommending that CRU establish a regulatory asset on its balance sheet in the approximate amount of \$6,000 to be amortized to expense over a 5-year period. This amortization would begin the month after the closing of the sale. This regulatory asset represents a portion of the purchase price, which will be used to satisfy a portion of the outstanding receivership fees owed to Mill Creek's current receiver. Staff is also recommending that the \$69,000 be booked under Account 310, Land and Land Rights, and the \$15,000 for plant

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<sup>1</sup> Rate base as determined by Staff for this case is for information only, and reflects only Staff's determination based on its review of this case. No rate base amount has been reviewed by other interested parties including CRU and the Office of the Public Counsel. Rate base determination is subject to change based on positions of other parties, or by additional information not available during Staff's review of this case.



improvements be booked under the applicable plant account for which the improvements were made. Staff’s determination of rate base associated with this system is based on the Company providing the right of way easement contract, an itemized listing of the unpaid receiver expenses and the plant improvements. CRU states to Staff that it will not have these documents until it closes on this property; therefore Staff’s determination of including these items in rate base is conditioned upon the receipt of these documents within sixty (60) days of closing on the Mill Creek assets.

There is virtually no available information concerning the original cost of the Majestic Lakes water and sewer systems, nor the amount of ongoing depreciation charged against those plant assets and any contributed amounts associated with Majestic Lakes’ plant-in-service. To determine a net book value for these systems, Staff visited the Majestic Lakes area to observe the water and sewer systems, and reviewed some engineering drawings that were provided by CRU. The Engineering Analysis Unit and the Water and Sewer Department developed an estimate of the original cost of the Majestic Lakes systems based on their inspections and analysis of these assets, Based on that analysis, Staff has determined the net book value of Majestic Lakes to be approximately \$30,000.

**FINANCING REQUEST**

Confluence Rivers seeks an order from the Commission granting it the authority to issue up to \$2,600,000 of secured indebtedness. According to the Application, the purpose of this financing will be for the purchase of the assets and to fund the construction necessary to bring the systems into regulatory compliance.

CRU intends to execute a term loan with monthly principal and interest payments amortized over 20 years. Appendix R-C to the Application describes the terms of the loan as follows:

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Some history may provide guidance on CRU’s financing request. As previously noted, the president of CRU is also the president of four affiliates of CRU that are regulated utilities - Hillcrest Utility Operating Company, Inc., Raccoon Creek Utility Operating Company, Inc., Elm Hills Utility Operating Company, Inc., and Indian Hills Utility Operating Company, Inc. All four affiliates have had financing terms decided by the Commission.

Raccoon Creek<sup>2</sup> - On November 24, 2014, the Commission approved a Stipulation and Agreement (“S&A”) and authorized Raccoon Creek to “enter into, execute and deliver loan agreements with Fresh Start Ventures LLC to incur indebtedness.” The S&A stated “Raccoon Creek and any successors or assigns shall bear the burden of proof, in subsequent rate cases where such financing is at issue, to show that it sought the least cost option available to it as to the proposed financing and ownership structure. If the Commission determines that

<sup>2</sup> Case No. SM-2015-0014.

Raccoon Creek has not carried this burden, Raccoon Creek understands the Commission may order a hypothetical capital structure and cost of capital consistent with similarly situated small sewer companies in Missouri, or such other capital structure and/or cost of capital that the Commission may find to be appropriate.”<sup>3</sup>

The Commission approved S&A in Case No. SR-2016-0202 did not explicitly address the financing.

Hillcrest<sup>4</sup> – On July 12, 2016, in its Report and Order deciding Hillcrest’s rate case the Commission stated,

The Commission has the legal authority to impose for ratemaking purposes a lower cost of debt than a utility’s actual debt cost. However, Staff’s arguments are not persuasive that a hypothetical debt cost should be imposed on Hillcrest in this case. Staff expressed suspicions that the financing agreement with Fresh Start was not an arms-length transaction but did not present sufficient evidence to support that allegation. The interest rate under the financing agreement did not change when the New Investors took over Fresh Start and acquired the majority ownership interest in First Round, but there is not enough information in the record concerning the circumstances surrounding that transaction to reach the conclusion that the transaction was not in good faith. While the Commission expects Hillcrest to be responsive to Staff’s appropriate requests for information, the company should not be penalized because it chooses to utilize a complex or non-traditional investment structure for its own business purposes. With regard to Hillcrest’s compliance with the condition in the stipulation and agreement in File No. WO-2014-0340, Staff did not present evidence that Hillcrest failed to seek a lower-cost financing arrangement. On the contrary, Mr. Cox testified credibly that he made significant efforts, although unsuccessful, to obtain financing from more traditional commercial banks and financial institutions. The Commission concludes that Hillcrest has met its burden of proof to demonstrate that it sought the least-cost financing option available to it.

The Commission is very concerned about the effect dramatically increasing water and sewer rates will have on Hillcrest’s customers. However, as stated in the Bluefield Supreme Court case, in setting just and reasonable rates the Commission must provide a return to the utility that is “reasonably sufficient to assure confidence in the financial soundness of the utility and

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<sup>3</sup> Stipulation and Agreement, Case No. SM-2015-0014, p. 6, par 17, November 13, 2014.

<sup>4</sup> Case Nos. WR-2016-0064 and SR-2016-0065.

should be adequate, under efficient and economical management, to maintain and support its credit and enable it to raise the money necessary for the proper discharge of its public duties”.<sup>85</sup> It is important that utility companies be able to attract sufficient capital to meet their financial obligations and provide adequate service to their customers. Hillcrest acquired these systems when they were in a complete state of disrepair, and the company had to find funds to immediately make necessary improvements to protect the health of its customers and to satisfy MDNR and the Missouri Attorney General. The evidence shows that after diligent efforts to obtain financing from a variety of potential lenders, the only financing available to Hillcrest at that time was the transaction with Fresh Start. Penalizing Hillcrest now for that decision would be unfair and may discourage other companies from acquiring and improving troubled water and sewer utilities in the future, which would be contrary to good public policy. The Commission concludes that the appropriate allowed debt rate to apply to the debt in the ratemaking capital structure is the actual debt cost of 14%. (Footnotes omitted.)

Elm Hills<sup>5</sup> - On September 19, 2017, the Commission approved a non-unanimous S&A authorizing Elm Hills to finance \$1,250,000 at \*\* \_\_\_ \*\* with a pre-payment penalty of no more than one-half of the interest owed to the lender and to be in place no longer than one-half of the term of the loan.

Indian Hills<sup>6</sup> - On February 7, 2018, the Commission issued its Report and Order deciding Indian Hills’ rate case authorizing a 6.75% cost of debt for Indian Hills, stating,

[t]he marketplace does not produce 14 percent interest and a 20-year pre-payment penalty – or even a ten-year pre-payment penalty – so far as the record shows. Therefore the Commission must determine a marketplace interest rate for the loan based on the record...Therefore on the issue of cost of debt, the Commission will order the filing of compliance tariffs according to the OPC position statement.<sup>7</sup>

Office of the Public Counsel’s (“OPC”), position statement states,

OPC recommends 6.75% as a reasonable imputed cost of debt. Mr. Gorman and Mr. Meyer explain why the Company’s financing agreement has not been shown to be prudent. The financing agreement involves affiliate relationships raising the risk of self-dealing; and furthermore, the financing agreement contains a high

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<sup>5</sup> Case Nos. SM-2017-0150 and WM-2017-0151.

<sup>6</sup> Case No. WR-2017-0259.

<sup>7</sup> Report and Order, Case No. WR-2017-0259, pp. 57-63.

interest rate and prevents refinancing. These conditions are not beneficial to ratepayers, and it would be unreasonable to pass forward these costs to ratepayers.<sup>8</sup>

As explained by the summary of the history of the 4 affiliates, the Commission has indicated its prior decisions are based on either approval of S&As or the record before it. Much like the previous cases, resolution of the service and compliance issues identified in this memorandum and Attachment A are directly tied to the ultimate financing decision in this case. At this time, the only record before the Commission is the terms of the confidential loan agreement.

### **DEPRECIATION RATES**

The Engineering Analysis Unit performed a review of the depreciation rates for water and sewer utility assets, plant-in-service, and the accumulated depreciation reserves for the Sellers that are regulated utilities. The Auditing Department used these depreciation rates in calculating the recommended rate base discussed above.

Majestic Lakes has no previously approved depreciation rates since it is not owned by a regulated entity. In addition, sewer depreciation rates for The Willows Utility Company could not be determined by Staff due to missing schedule sheets from its last completed rate case in 1995. Furthermore, some new plant that CRU plans to place into service would not be included in the Sellers' prescribed depreciation schedules.

Staff therefore recommends that CRU maintain existing depreciation rates for the Plant Accounts that were previously ordered by the Commission for the regulated Sellers. Staff also, however, recommends that the Commission modify the depreciation schedules by adding additional depreciation rates for Plant Accounts, because CRU intends to make substantial upgrades to the purchased systems that will require Plant Accounts that do not have currently have depreciation rates ordered by the Commission. Staff also recommends that the Commission assign new depreciation rate schedules for the Majestic Lakes water and sewer Plant Accounts, and for the sewer Plant Accounts of The Willows Utility Company.

The proposed depreciation rates, whether previously ordered or newly proposed, are included with this memorandum as Attachment C applying to water assets, and as Attachment D applying to sewer assets, and incorporated herein by reference. Newly-proposed rates are marked within the schedules with an asterisk (\*). CRU should then be required to use the newly prescribed depreciation accrual rates for all water and sewer utility plant going forward. Staff intends to review the depreciation schedules again when CRU files for its first rate case.

### **Majestic Lakes New CCN**

Since CRU is seeking a new CCN for the proposed Majestic Lakes service area, it will need the Commission's approval of rates and approval of the Majestic Lakes service area.

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<sup>8</sup> OPC Statement of Position, Case No. WR-2017-0259, p. 7.

In its Application, CRU requests approval of the monthly residential rates customers are currently charged by Majestic Lakes Homeowners Association, Inc. The requested monthly rates are:

Water	\$35 flat rate
Sewer	\$35 flat rate

Staff recommends approval of these rates for the CRU Majestic Lakes service area.

There was no map or written description of the Majestic Lakes proposed service area included with the Application, as is required by the Commission's regulations for utilities seeking a CCN<sup>9</sup>. To improve upon the request made in CRU's Application, Staff and CRU worked together to develop a metes and bounds description, and a map to be used for an approved service area boundary. The map is included with this memorandum as Attachment E, and a metes and bounds written description included with this memorandum as Attachment F, both incorporated herein by reference. The proposed service area as reflected in these Attachments includes property that could be developed and served by the Majestic Lakes systems, and the location of and access to the sewage treatment facility. Staff recommends approval of the service area as depicted by the description and map as shown in these Attachments. The description and map should also be included in approved water and sewer tariffs for CRU.

As stated earlier in this memorandum, Staff takes the position that the Tartan Energy Criteria, as applicable to new CCN requests, are met for this case.

### **Customer Notice/Customer Service**

CRU is presently contract managing systems for some but not all of the Sellers. CRU sent an introductory letter dated June 27, 2017 to customers of the five entities for which it is contract managing, in which it mentioned a future sale to be approved by the Commission. Additionally, in the time frame January 8, 2018 through at least January 21, 2018, with the input of Staff, CRU drafted letters to customers regarding this pending case along with contact information for Staff and OPC, inviting public comments. Staff was informed by CRU that these letters were sent to customers on or prior to March 2, 2018. Staff recommends that the Commission not take any action approving this matter until March 20, 2018, to allow time for customers to receive communication and respond via Public Comments to information pertaining to this case. Staff will review any Public Comments that customers might send, and will file a subsequent memorandum to make additional or modified recommendations if necessary.

### **OTHER ISSUES**

Staff recommends and encourages Central States Water Resources, Inc. (CSWR), in the future, to consider having all of the regulated utility affiliates that are owned and operated by or through CSWR submit rate cases concurrently. These operations, although they are individual utility entities, share certain corporate resources for which corporate allocations must be made to the individual utilities. Such allocations would be more accurate if each of the affiliated utilities

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<sup>9</sup>Reference 4 CSR 240-3.305(1)(A)3 and 4; and, 4 CSR 240-3.600(1)(A)3 and 4.

were reviewed and the allocations made at the same time. Should CSWR not submit concurrent rate cases as recommended and encouraged, Staff may exercise its options to bring all CSWR affiliates before the Commission.

For each of the entities comprising the Sellers, the following issues are addressed in Attachment A:

- Corporation status, according to documentation on the Missouri Secretary of State (SOS) website;
- Annual report filings, according to information as posted on the Commission's Electronic Filing Information System (EFIS);
- Annual assessments, as posted internally by the Commission's Budget and Fiscal Services Department; and,
- Other pertinent pending formal cases before the Commission.

The other pending cases involving any of the Sellers will not have direct impact upon this case. Approval of the transfers of assets and issuance of a new CCN will not adversely impact the other pending cases.

### **STAFF'S RECOMMENDATION SUMMARY AND CONCLUSIONS**

Staff's position, based on its review as described herein, is that the transfers of utility assets as requested are not detrimental to the public interest, and issuance of a new CCN is not detrimental to the public interest. CRU's proposal to adopt the existing tariffs, rates and charges of the regulated Sellers, to adopt the existing rates charged to customers in Majestic Lakes as described herein, and to include the Majestic Lakes rates and service area in the Roy-L water and sewer tariffs after adoption by CRU are all reasonable. Staff recommends CRU be authorized and ordered to file new water and sewer tariff sheets with a service area map, a service area description, rates and service charges for Majestic Lakes prior to closing on those assets, and to file adoption notice tariff sheets for all of the tariffs currently in effect for the Sellers that are regulated, as described herein. CRU should provide notice to the Commission of closing on the assets of each of the Sellers, and status reports as necessary describing the status of closing on the assets. Staff therefore recommends approval of the transfers of assets of Sellers, transfers of the affected CCNs, and issuance of a new CCN, with the conditions and actions as outlined herein.

#### **Staff's Recommendations**

Based upon the foregoing, Staff recommends that the Commission:

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

Staff will submit further recommendations as necessary regarding Public Comments, and regarding the tariff sheets to be filed by CRU in this matter.

#### **ATTACHMENTS**

- A. Description of the Current Regulated Utilities, and Systems
- B. Rate Base Detail for Each System Proposed to be Purchased by CRU
- C. Proposed Depreciation Accrual Rates for Water Accounts
- D. Proposed Depreciation Accrual Rates for Sewer Accounts
- E. Map of the Proposed Majestic Lakes Service Area
- F. Metes and Bounds Description of the Proposed Majestic Lakes Service Area



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

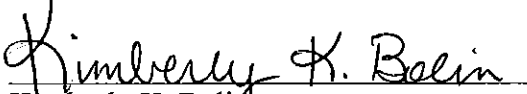
In the Matter of the Application of	)	
Confluence Rivers Utility Operating	)	
Company, Inc. to Acquire Certain	)	<u>Case No. WM-2018-0116</u>
Water and Sewer Assets, For a Certificate	)	SM-2018-0117
Of Convenience and Necessity, and, in	)	
Connection Therewith, To Issue	)	
Indebtedness and Encumber Assets	)	

**AFFIDAVIT OF KIMBERLY K. BOLIN**

STATE OF MISSOURI     )  
  ) ss  
COUNTY OF COLE     )

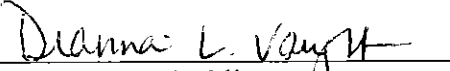
**COMES NOW** Kimberly K. Bolin, and on her oath states that she is of sound mind and lawful age; that she contributed to the foregoing Staff Recommendation; and that the same is true and correct according to her best knowledge and belief.

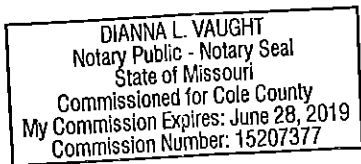
Further the Affiant sayeth not.

  
\_\_\_\_\_  
Kimberly K. Bolin

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 5<sup>th</sup> day of March, 2018.

  
\_\_\_\_\_  
Notary Public



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

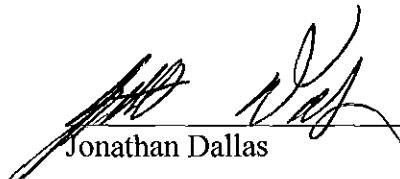
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Confluence Rivers Utility Operating )  
Company, Inc. to Acquire Certain ) Case No. WM-2018-0116  
Water and Sewer Assets, For a Certificate ) SM-2018-0117  
Of Convenience and Necessity, and, in )  
Connection Therewith, To Issue )  
Indebtedness and Encumber Assets )

**AFFIDAVIT OF JONATHAN DALLAS**

STATE OF MISSOURI )  
 ) ss  
COUNTY OF COLE )

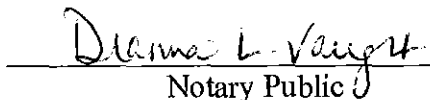
**COMES NOW** Jonathan Dallas, and on his oath states that he is of sound mind and lawful age; that he contributed to the foregoing Staff Recommendation; and that the same is true and correct according to his best knowledge and belief.

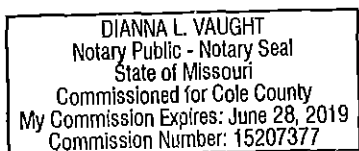
Further the Affiant sayeth not.

  
\_\_\_\_\_  
Jonathan Dallas

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 5<sup>th</sup> day of March, 2018.

  
\_\_\_\_\_  
Notary Public



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

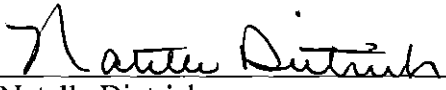
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Confluence Rivers Utility Operating	)	
Company, Inc. to Acquire Certain	)	<u>Case No. WM-2018-0116</u>
Water and Sewer Assets, For a Certificate	)	SM-2018-0117
Of Convenience and Necessity, and, in	)	
Connection Therewith, To Issue	)	
Indebtedness and Encumber Assets	)	

**AFFIDAVIT OF NATELLE DIETRICH**

STATE OF MISSOURI    )  
  ) ss  
COUNTY OF COLE     )

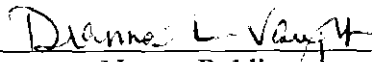
**COMES NOW** Natelle Dietrich, and on her oath states that she is of sound mind and lawful age; that she contributed to the foregoing Staff Recommendation; and that the same is true and correct according to her best knowledge and belief.

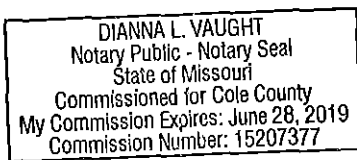
Further the Affiant sayeth not.

  
\_\_\_\_\_  
Natelle Dietrich

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 5<sup>th</sup> day of March, 2018.

  
\_\_\_\_\_  
Notary Public



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

**AFFIDAVIT OF DEBORAH DUNCAN**

STATE OF MISSOURI     )  
  ) ss  
COUNTY OF COLE     )

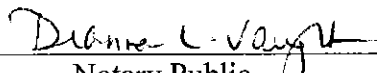
**COMES NOW** Deborah Duncan, and on her oath states that she is of sound mind and lawful age; that she contributed to the foregoing Staff Recommendation; and that the same is true and correct according to her best knowledge and belief.

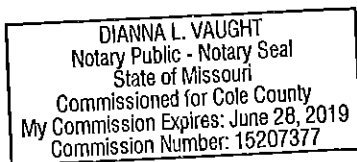
Further the Affiant sayeth not.

  
 \_\_\_\_\_  
 Deborah Duncan

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 5<sup>th</sup> day of March, 2018.

  
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 Notary Public



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

**AFFIDAVIT OF SCOTT J. GLASGOW**

STATE OF MISSOURI     )  
  ) ss  
COUNTY OF COLE     )

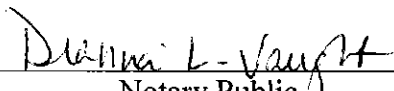
**COMES NOW** Scott J. Glasgow, and on his oath states that he is of sound mind and lawful age; that he contributed to the foregoing Staff Recommendation; and that the same is true and correct according to his best knowledge and belief.

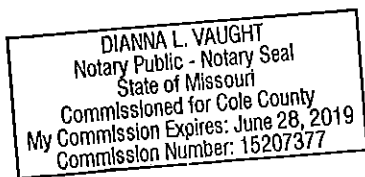
Further the Affiant sayeth not.

  
\_\_\_\_\_  
Scott J. Glasgow

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 2nd day of March, 2018.

  
\_\_\_\_\_  
Notary Public



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

In the Matter of the Application of	)	
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Company, Inc. to Acquire Certain	)	<u>Case No. WM-2018-0116</u>
Water and Sewer Assets, For a Certificate	)	SM-2018-0117
Of Convenience and Necessity, and, in	)	
Connection Therewith, To Issue	)	
Indebtedness and Encumber Assets	)	

**AFFIDAVIT OF PAUL R. HARRISON**

STATE OF MISSOURI     )  
   ) ss  
 COUNTY OF COLE        )

**COMES NOW** Paul R. Harrison, and on his oath states that he is of sound mind and lawful age; that he contributed to the foregoing Staff Recommendation; and that the same is true and correct according to his best knowledge and belief.

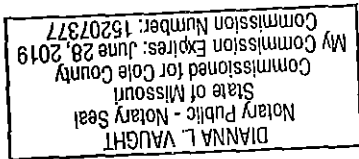
Further the Affiant sayeth not.

*Paul R. Harrison*  
 Paul R. Harrison

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 5th day of March, 2018.

*Dianne L. Vaughn*  
 Notary Public



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

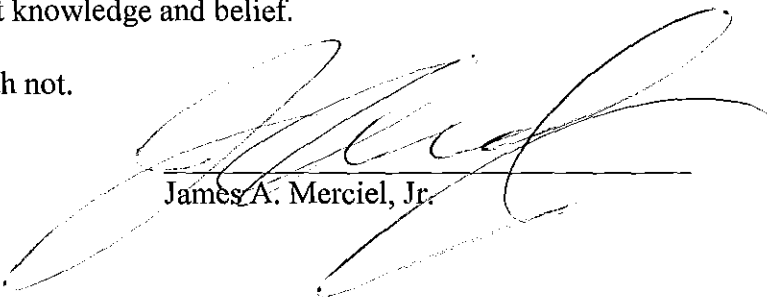
In the Matter of the Application of	)	
Confluence Rivers Utility Operating	)	
Company, Inc. to Acquire Certain	)	Case No. <u>WM-2018-0116</u>
Water and Sewer Assets, For a Certificate	)	SM-2018-0117
Of Convenience and Necessity, and, in	)	
Connection Therewith, To Issue	)	
Indebtedness and Encumber Assets	)	

**AFFIDAVIT OF JAMES A. MERCIEL, JR.**

STATE OF MISSOURI      )  
                                      ) ss  
COUNTY OF COLE        )

**COMES NOW** James A. Merciel, Jr., and on his oath states that he is of sound mind and lawful age; that he contributed to the foregoing Staff Recommendation; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

  
\_\_\_\_\_  
James A. Merciel, Jr.

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 5<sup>th</sup> day of March, 2018.

  
\_\_\_\_\_  
Notary Public

<p style="margin: 0;">DIANNA L. VAUGHT Notary Public - Notary Seal State of Missouri Commissioned for Cole County My Commission Expires: June 28, 2019 Commission Number: 15207377</p>
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**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, For a Certificate                        )  
Of Convenience and Necessity, and, in                            )  
Connection Therewith, To Issue                                    )  
Indebtedness and Encumber Assets                                )


Case No. WM-2018-0116  
SM-2018-0117

**AFFIDAVIT OF STEPHEN MOILANEN**

STATE OF MISSOURI        )  
                                      ) ss  
COUNTY OF COLE        )

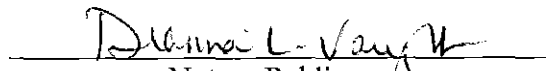
**COMES NOW** Stephen Moilanen, and on his oath states that he is of sound mind and lawful age; that he contributed to the foregoing Staff Recommendation; and that the same is true and correct according to his best knowledge and belief.

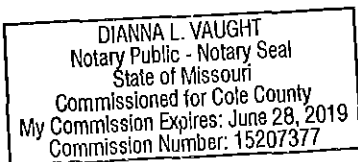
Further the Affiant sayeth not.

  
Stephen Moilanen

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 5<sup>th</sup> day of March, 2018.

  
Notary Public





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

**AFFIDAVIT OF DANA R. PARISH**

STATE OF MISSOURI )  
 ) ss  
COUNTY OF COLE )

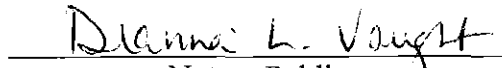
**COMES NOW** Dana R. Parish, and on her oath states that she is of sound mind and lawful age; that she contributed to the foregoing Staff Recommendation; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

  
\_\_\_\_\_  
Dana R. Parish

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 5<sup>th</sup> day of March, 2018.

  
\_\_\_\_\_  
Notary Public

DIANNA L. VAUGHT  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for Cole County  
My Commission Expires: June 28, 2019  
Commission Number: 15207377

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

**AFFIDAVIT OF DAVID C. ROOS**

STATE OF MISSOURI     )  
                                      ) ss  
COUNTY OF COLE     )

**COMES NOW** David C. Roos, and on his oath states that he is of sound mind and lawful age; that he contributed to the foregoing Staff Recommendation; and that the same is true and correct according to his best knowledge and belief.

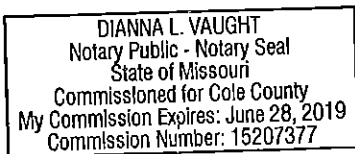
Further the Affiant sayeth not.

*David C. Roos*  
\_\_\_\_\_   
David C. Roos

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 5th day of March, 2018.

*Dianna L. Vaught*  
\_\_\_\_\_   
Notary Public



**Confluence Rivers Utility Operating Company, Inc.**  
**Case Nos. WM-2018-0016 and SM-2018-0117**

**Attachment A –**

- **Overview of Sellers and Systems**
- **Compliance - including Department of Natural Resources (DNR) Regulations**
- **Existing Rates**
- **Other Pending Cases, if Any**
- **Planned Future Improvements**

**Smithview H2O Company (Smithview)** (water) - Originally named Suburban Water and Sewer Company, Inc. before a corporation name change to Smithview H2O Company on May 27, 2011 as authorized in Case No. WN-2011-0353, the Commission granted a CCN to Smithview on April 12, 1973 in Case No. 17,652. Smithview currently provides water service to approximately 105 residential and apartment customers in Bon-Gor Lake Estates north of Columbia in Boone County. Some apartment units are individually metered, and some multi-unit apartment buildings have water service through one meter. The source of water is a single well with a 100 gallon per minute submersible pump along with chlorine disinfection. Water is stored in a 110 foot tall standpipe with a total volume of 41,000 gallons, and usable volume of approximately 24,000 gallons below which level gravity water pressure is inadequate. There is a physical wholesale connection with a local public water district, Consolidated Public Water District No. 1. The connection was originally intended for interim emergency or backup use, however CPWSD1 currently is prohibiting Smithview any use of the connection.

The water system, being approximately 45 years old, is largely degraded due to age. The wellhouse is not weather-tight and has electrical hazards. A portable chlorine disinfection system is in place but a permanent chlorinator is needed. Also, due to a lack of good operations for several years the Missouri Department of Natural Resources has dealt with issues regarding water quality especially inadequate disinfection and boil orders. The owner of Smithview also has effectively walked away from this system. Because of issues regarding violating the Commission's statutes and rules related to the filing of annual reports, payment of annual assessments, provision of safe and adequate service, and provision of unauthorized services (providing of utility service by an affiliated company) Staff filed Case No. WC-2016-0141, in which Staff has requested a stay of proceedings until this pending transfer case filed by CRU is disposed. Smithview currently has a contract for operations and management by an affiliate of CRU, Smithview Utility Operating Company, Inc., and through contract operations/management is providing service as best as possible with available revenue and resources by undertaking day-to-day operations, responding to main breaks and leaks, and handling billing and customer service.

The current monthly water rates for Smithview, which have been in effect since May 27, 2011 are as follows: Customer Charge \$5.31 Commodity Charge \$3.36 per 1,000 gallons.

CRU states to Staff that it estimates the cost of necessary capital improvements to be \$146,000, for wellhouse replacement, permanent chlorination, and other system repairs and upgrades. Meter testing to comply with Commission regulations is also an issue.

Smithview is “Administratively Dissolved” with the Missouri Secretary of State (SOS). It is current with payments of annual assessments since fiscal year 2016 and current with filing annual reports since calendar year 2016, but is past due for some previous years, as addressed in WC-2016-0141.

**M.P.B., Inc. (MPB)** (2 sewer systems) - The Commission granted MPB a CCN for the Lake Virginia sewer system on December 17, 1985 in Case No. SM-86-72, authorizing the sale and transfer of Virginia Properties Inc.’s sewer franchise, works and system to MPB. In Case No. SM-87-52, The Commission granted MPB a CCN for the Villa Ridge sewer system on January 16, 1987, in which it authorized the sale and transfer of L and K Sewer System, Inc.’s sewer franchise, works and system to MPB. MPB is currently operating under the control of an interim receiver, Johansen Consulting Services, LLC, pursuant to an order of the Commission in Case No. SO-2014-0052, which became effective on September 7, 2013.

The current monthly flat sewer rate for Villa Ridge is \$24.24. The current flat rate for Lake Virginia is \$13.33. These rates have been in effect since November 1, 2014.

MPB is currently “Administratively Canceled – Agent” with SOS. There are no other pending cases involving MPB before the Commission. MPB has past due annual assessments from fiscal year 2014 and several prior years before it was placed into receivership. From 2015 to the present fiscal year while in receivership, MPB is current with its annual assessments, and current with annual report filings.

CRU proposes an estimated expenditure of at least \$300,000 to address the problems, and proposed improvements, as outlined below for each of its two sewer systems. However CRU states that the Villa Ridge system also has property ownership issues and because of this upgrade cost estimates are not yet accurate.

### **Villa Ridge**

The Villa Ridge sewer system has approximately 168 customer connections in the Villa Ridge subdivision in Franklin County. The treatment facility is an extended air plant with chlorination. The collecting sewers are all eight inch pipes of various materials which gravity feed to the treatment plant. On June 5, 2017, Central States Water Resources, Inc. (CSWR) and MPB entered into an operations contract specific to the Villa Ridge system.

### **DNR Permit Review:**

The Villa Ridge wastewater treatment facility’s Missouri State Operating Permit MO-0038237 was last issued on March 25, 2011, and expired on March 24, 2016. This facility is currently considered to be operating without a permit, in violation of the Missouri Clean Water Law.<sup>1</sup>

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<sup>1</sup> Missouri Department of Natural Resources Notice of Violation #SL170206 Report of Inspection p. 1.

### **DNR Inspections:**

Since 2007, several DNR inspections of the facility have reported wastewater sludge in the receiving stream, poor operations and violations of the permitted effluent limitations.<sup>2</sup> The most recent DNR inspection was conducted on June 2, 2017. The facility was found to be in non-compliance with the Missouri Clean Water Law, the Missouri Clean Water Commission regulations, and its Missouri State Operating Permit DNR issued Notice of Violation (NOV) #SL170206. The NOV listed the following violations:

- Caused pollution of the Wet Weather Branch of Pin Oak Creek
- Discharged water contaminants and wastewater sludge into waters of the state
- Operated a wastewater treatment facility without a permit
- Failed to submit timely discharge monitoring reports
- Failed to meet design requirements for aerial stream crossings<sup>3</sup>

CRU's proposed improvements for this system include:

- Upgrading the existing plant to meet effluent limits for ammonia and e coli.
- Refurbishing the structure of the plant to prevent inflow and infiltration.
- Cleaning out the chlorine contact chamber.
- Replacing the blowers and rebuilding the aeration system.
- Performing repairs to the collection system to minimize inflow and infiltration.

### **Lake Virginia**

The Lake Virginia sewer system has approximately 37 customer connections in the Lake Virginia subdivision, located outside the city limits of Festus and north of Hematite in Jefferson County. There are actually two adjacent sewer systems at present – some of the customers are connected to a single cell “no-discharge” lagoon which does not require a permit from DNR, and the remainder of the customers are connected to a two-cell lagoon that does require a discharge permit. The collecting sewers are eight inch and six inch pipes comprised of PVC and truss pipe, another type of plastic pipe, which gravity feed to either of the two lagoons. After CRU and MPB entered into a sale agreement for this system, separate from the sale agreement for the Villa Ridge system, CSWR and MPB entered into an operations contract specific to the Villa Ridge system.

### **DNR Permit Review:**

The Lake Virginia wastewater treatment facility's Missouri State Operating Permit MO-0101672 was last issued on February 22, 2008, and expired on March February 21, 2013. This facility is considered to be operating without a permit, in violation of the Missouri Clean Water Law.<sup>4</sup>

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<sup>2</sup> Ibid p.1.

<sup>3</sup> Ibid p. 5, 6.

<sup>4</sup> Missouri Department of Natural Resources Notice of Violation #SL170134 Report of Inspection p. 1.

**DNR Inspections:**

The most recent DNR inspection was conducted on March 8, 2017. The facility was found to be in non-compliance with the Missouri Clean Water Law, the Missouri Clean Water Commission regulations, and its Missouri State Operating Permit. DNR issued Notice of Violation (NOV) #SL170134. The NOV listed the following violations:

- Discharge of domestic wastewater from a non-permitted outfall.
- Failed to provide a method to dechlorinate the effluent following the chlorine contact chamber
- Failed to provide a lockable gate.
- Failed to provide adequate fencing.
- Failed to maintain the inner slopes of the lagoon.<sup>5</sup>

CRU’s proposed improvements for the waste water system include:

- Making repairs to the lagoons to get them in compliance.
- Converting the entire Lake Virginia system to a “no-discharge” system.

**Mill Creek Sewers, Inc. (Mill Creek)** (sewer) - Mill Creek Sewers, Inc. received its CCN on May 7, 1973, in Case No. 17,666. Mill Creek is currently operating under the control of an interim receiver, Heartland Utilities, LLC, pursuant to an order of the Commission in Case No. SO-2010-0237, which became effective on March 13, 2010.

Mill Creek provides sewer service to approximately 75 customers in the Castlereagh Estates area within the city limits of Florissant in St. Louis County. The wastewater treatment plant is an extended air plant. The collecting sewers are all eight inch pipes believed to be clay tile which gravity feed to the treatment plant. This plant is currently under a DNR schedule of compliance.

The current sewer rate for Mill Creek, which has been in effect since October 12, 2005, is a flat rate of \$30.11.

CRU proposes to immediately incur costs of \$69,000 for an easement issue regarding access to the treatment facility, \$6,000 to reimburse the receiver for accounts payable, and \$15,000 to reimburse the receiver for system improvements already undertaken. CRU estimates future capital expenses of \$290,000 for system improvements that will include upgrading the treatment facility to meet new effluent limits for ammonia and e coli, installation of an ultra-violet disinfection system, and refurbishing collecting sewers to reduce inflow and infiltration.

Mill Creek is currently in “Good Standing” with SOS. There are no other pending cases involving Mill Creek before the Commission. Mill Creek is current with its annual assessments through Fiscal Year 2018, and current with its annual report through 2016.

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<sup>5</sup> Ibid p. 4.

### **DNR Permit Review:**

The Mill Creek wastewater treatment facility's Missouri State Operating Permit MO-0084484 was last issued on March 12, 2013, and expired on October 31, 2017. This facility is considered to be operating without a permit, in violation of the Missouri Clean Water Law.

### **DNR Inspections:**

The most recent DNR inspection was conducted on August 11, 2015. Currently, the facility is in non-compliance for failure to pay the annual operating permit fee. In addition, the discharge from the facility does not consistently comply with permitted effluent limitations for E. coli.

**Roy-L Utilities, Inc. (Roy-L)** (water and sewer) - The Commission granted Roy-L its Certificates of Convenience and Necessity (CCN) to provide water and sewer service on August 27, 1968 in Case Nos. 16,379 and 16,380. Roy-L currently provides utility service to approximately 59 water customers and 56 sewer customers, 21 of which are full-time residents, in the Golden Eagle Reserve subdivision near the city of High Hill in Montgomery County. The source of water is a single well with a 120 gallon per minute submersible pump. The well does not require chlorine disinfection. Water is stored in an 18,000 gallon ground storage tank, with a high service pump and a 116 gallon hydropneumatic tank to normalize distribution system water pressure. Currently 32 water customers are metered and 28 water meters are yet to be installed.

The wastewater is treated by a single cell lagoon. The collecting sewers are eight inch pipes comprised of PVC and clay tile which gravity feed to the treatment plant. Roy-L currently experiences surface water inflow and ground water infiltration issues due to the age and design of the system. The wastewater system is currently under a DNR schedule of compliance to meet ammonia limits in its effluent. Roy-L is also under a directive from the Commission, by the terms of a stipulation from its last rate case, to inspect and repair collecting sewers to reduce inflow and infiltration.

The current monthly water and sewer rates for Roy-L, have been in effect since May 23, 2014. Non-Metered flat rates for full-time customers of \$50.16, and for part-time customers of \$32.99. Metered rates consist of a customer charge of \$33.24 for full-time customers, and \$29.92 for part-time customers, each with a commodity charge of \$3.08 per 1,000 gallons. Sewer flat rates are \$36.04 for full-time customers and \$32.58 for part-time customers.

Roy-L is in "Good Standing" with SOS. There are no other pending cases involving Roy-L before the Commission. Roy-L is current on its annual assessments through the 3<sup>rd</sup> quarter of fiscal year 2018, and current on annual report filings through 2016.

### **DNR Permit Review**

Roy-L's wastewater treatment facility's Missouri State Operating Permit is MO-0087211 and was last issued on August 1, 2016, and expires on June 30, 2019. The facility failed to comply with effluent limitations for Total Residual Chlorine in 2017. The current permit requires effluent to comply with final limitations for Ammonia as Nitrogen by August 1, 2020. The ammonia monitoring data provided to DNR indicates that the current lagoon treatment facility will not be able to produce an effluent that will comply with DNR's standards.

Roy-L's drinking water system operates under the identification number MO6251710. Roy-L is required to sample the drinking water supplied to its customers for lead and copper once per year but has not completed sampling since 2013.

CRU's proposed improvements for the water system are estimated to cost \$90,000, and include:

- Adding a second chlorine pump.
- Enclosing the chlorine and pumping equipment in a separate room.
- Install a second high service pump.
- Install remote water system operations monitoring.

CRU's proposed improvements for the waste water system are estimated to cost \$130,000, and include:

- Either converting the lagoon to a "no-discharge" system, or constructing a moving bed bio reactor to supplement wastewater treatment.
- Performing repairs to the collection system to minimize inflow and infiltration.

**Port Perry Service Company (Port Perry)** (water and sewer) - The Commission granted Port Perry a CCN to provide water service on May 18, 1973 in Case No. 17,681, and granted a CCN to provide sewer service on June 7, 1973 in Case No. 17,642. Utility services are currently provided to approximately 267 water customers and 107 sewer customers in the Port Perry subdivision near the city of Perryville in Perry County. The source of water is two wells. Well #1 produces 60 gallons per minute from a submersible pump and has chlorine disinfection. Well #2 is operated as an emergency well, it has a submersible pump producing 270 gallons per minute. The water system has a 223,000 gallon ground storage tank, with high service pumps and three 800 gallon hydropneumatic tanks to normalize distribution system water pressure. All water customers are metered.

The wastewater treatment system is a "no-discharge" system with land irrigation, consisting of a four cell lagoon with the discharge over one acre of land. Three additional acres are available for irrigation. The collecting sewers are PVC pipe. About half of the collecting sewers are 2 or 2.5 inch pressure sewers, and the other half are 4 inch small diameter gravity sewers. The pressure collecting sewers operate with "pump units" on each customers' premises.

The current monthly water and sewer rates for Port Perry have been in effect since May 15, 2002. Water rates for a residential customer with a 5/8" meter consists of a customer charge of \$13.23 (includes 2,000 gallons), and commodity charge for over 2,000 gallons \$3.58 per 1,000 gallons. Other customer charge rates apply for larger meter sizes. Sewer flat rates for full-time residential customers are \$18.94, for part-time residential customers \$14.21, and for part-time trailer or camper sites with sewer service \$14.21.

Port Perry is in "Good Standing" with SOS. Port Perry is current on its annual assessments through fiscal year 2018, and is current with filing annual reports through 2016.<sup>6</sup>

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<sup>6</sup> Formal complaints were filed by Staff against Port Perry, WC-2018-0002 and SC-2018-0003 for failure to file an annual report for 2016. However Staff considers these cases to be resolved, by Port Perry having submitted the annual report. The Commission has recognized Staff's Motion to Dismiss, but the cases appear to remain open on the Commission's Electronic Filing and Information System at this time.



**DNR Permit Review:**

The Port Perry’s DNR wastewater Operating Permit MO-0116998 was last issued on December 1, 2013, and expires on November 30, 2018. An inspection was conducted by DNR Staff on December 14, 2016, and the facility was found to be in compliance.

The Port Perry water system operates under DNR Operating Permit MO4036132. DNR found it to be in compliance based on observations on December 14, 2017.

CRU’s proposed improvements for the water system, estimated to cost \$150,000, include:

- Installing chlorine equipment.
- Improving access roads to the facilities.
- Repairing the well house.
- Overhauling the backup wellhead.
- Installing remote operations monitoring

CRU’s proposed improvements for the waste water system, estimated to cost \$200,000, include:

- Installing a second irrigation pump.
- Installing an all-weather access road and repairing fencing.
- Performing repairs to the collection system to minimize inflow and infiltration.
- Repairing irrigation sprinkler heads that are not currently operating.
- Removing trees growing inside the lagoon fenced area and in the lagoon cells.

**Gladlo Water & Sewer Co., Inc. (Gladlo)** (water and sewer)

The Commission granted Gladlo a CCN to provide water and sewer services in October, 1972 in Case Nos. 17,458 and 17,459. Gladlo has been in receivership for nine years. 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. The source of water is a single well with a 50 gallon per minute submersible pump. The well does not require chlorine disinfection. The water system has a 1,000 gallon pneumatic tank to normalize distribution system water pressure. A concrete storage tank, adequate to provide a one-day volume of water along with high service pumps, is degraded and is no longer in service. All water customers are metered. The wastewater is treated by a three cell lagoon. The collecting sewers are all eight inch clay tile which gravity feed to the lagoon.

The current monthly water and sewer rates for Gladlo, which have been in effect since May 18, 2017, are as follows: Water - Customer Charge \$17.25, plus Commodity Charge \$2.15 per 1,000 gallons. Sewer – Flat rate \$37.67.

Gladlo is in “Good Standing” with SOS. There are no other pending cases involving Gladlo before the Commission. Gladlo is current on its annual assessments through the 3<sup>rd</sup> quarter of fiscal year 2018, and current with its annual reports through 2016.

**DNR Permit Review:**

Gladlo's wastewater treatment facility's Missouri State Operating Permit is MO-0084191, was last issued on January 1, 2016, and expires on December 31, 2020. The facility failed to comply with effluent limitations for Total Residual Chlorine in 2017. The facility will need to meet new permit requirements for ammonia beginning January 1, 2020.

CRU's proposed improvements for the waste water system, estimated to cost \$150,000, include:

- Installing a moving bed bioreactor to meet new discharge limits.
- Installing aeration equipment in the second cell of the lagoon for adequate treatment.
- Installing remote operations monitoring.
- Making repairs to the all-weather access road.

Gladlo's drinking water system operates under the identification number MO3036151. There are no outstanding DNR violations associated with Gladlo's drinking water system, but Staff observes that general maintenance is needed, and it is desirable for the concrete storage tank to be rehabilitated or replaced, along with high service pumps. Gladlo has experience electrical problems in the past, and the current receiver has worked with the electric supplier and undertaken some improvements.

CRU's proposed improvements for the water system, estimated to cost \$85,000, include:

- Repairing the well house.
- Making further upgrades to electrical components.
- Installing chlorine equipment.
- Repairing and painting the existing hydropneumatic tank.
- Installing remote monitoring operations equipment.
- Possibly rehabilitating, or replacing the concrete ground storage tank, along with other components necessary to put it back into service.

**The Willows Utility Company (Willows)** (water and sewer) – The Commission granted Willows a CCN to provide water and sewer service on December 27, 1979, in Case No. WA-80-86. Willows is currently providing water and sewer service to approximately 151 water customers and 124 sewer customers located in the Chalet City West subdivision and mobile home park in Republic, Missouri. The source of water is a single well with a 200 gallon per minute submersible pump along with chlorine disinfection. Water is pumped directly into the distribution system without chlorine contact time. An 80 foot tall standpipe is located remotely from the well. It has a total volume of approximately 47,000 gallons, approximately half of which is usable due to a minimum water level needed to maintain distribution system water pressure by gravity. Only about 30 water customers are metered,<sup>7</sup> but many customers are tenants of the mobile home park, which is owned by the owner of Willows.

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<sup>7</sup> Staff is uncertain how bills are determined for non-metered customers. Willows has not filed a rate case since 1995 and Staff has not conducted an audit since that time. Based on periodic system inspections, however, Staff surmises that the owner of the mobile home park, who also owns Willows, provides adequate revenue supplementing revenue from metered residential customers for operation of the corporation.

The wastewater treatment plant is an extended air plant, with sand filter, chlorination and dechlorination system. The collecting sewers are reportedly all ten inch transite (asbestos-cement composite) pipes which gravity feed to a lift station that pumps all of the wastewater to the above-ground treatment facility.

Willow's monthly rates have been in effect since April 1995. Water rates consist of a customer charge of \$5.23 for the first 1,000 gallons, plus \$1.23 per each additional 1,000 gallons. The sewer flat rate for residential customers is \$15.00.

Willows is in "Good Standing" with SOS. There are no other pending cases involving Willows before the Commission. Willows is current with its annual assessments through fiscal year 2018, and current with annual reports through 2016.

### **DNR Permit Review:**

The Willows wastewater treatment facility's Missouri State Operating Permit MO-0052281 was last issued on June 1, 2017, and expires on June 30, 2021. Data submitted to DNR shows that the effluent discharged from The Willows wastewater treatment facility failed to consistently comply with permitted effluent limitations for Biochemical Oxygen Demand, E. coli, and Ammonia as Nitrogen. Staff has observed that the discharge from the treatment facility consistently appears to have a poor environmental impact.

The Willows drinking water system operates under Missouri State Operating Permit MO5048099. There are no outstanding violations associated with The Willows' drinking water system, but Staff has received calls from customers regarding system reliability.

CRU's proposed improvements for the water system, estimated to cost \$120,000, include:

- Making repairs of the well house, inside piping, and pump controls inside the well house.
- Adding a second chlorine pump.
- Enclosing the chlorine and pumping equipment in a separate room.
- Having the standpipe inspected and potentially cleaned and painted.
- Making repairs to the overflow pipe and vent.

CRU's proposed improvements for the waste water system, estimated to cost \$225,000, include:

- Making repairs to the treatment plant, or potentially pumping to the City of Republic for wholesale treatment service.

**Evergreen Lake Water Company (Evergreen)** (water) - On June 15, 1970, in Case No. 16,916 the Commission granted a CCN to Evergreen Lake Water Company a division of Evergreen Lake, Inc. Evergreen Lake Water Company is not a registered name with SOS. Evergreen Lake, Inc. is dissolved as of 1996. In 1990 one of the owners of Evergreen Lake Water Company formed Evergreen Lakes Water Supply Co. and although there was never any case before the Commission seeking approval of a transfer of assets, this is the corporation that presently owns and operates the water utility assets. That corporation is in "Good Standing" with SOS, and has made appropriate filings and payments.

Evergreen provides water service to approximately 52 customers in the Evergreen Lake Subdivision near Cedar Hill, in Franklin County. The source of water is a single well with a 230 gallon per minute submersible pump along with chlorine disinfection. Water is stored in a concrete ground storage tank adjacent to the well house which has a capacity of 27,000 gallons. The tank is located on a hill and pressure to the customers is maintained by gravity. Each residential customer is metered. One customer is a mobile home park, served through one water meter, with approximately 40 mobile home living units.

The current monthly 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 \$2.54, Commercial - Customer Charge \$7.71, and Commodity Charge per 1,000 gal \$2.54.

As stated, Evergreen has issues regarding its corporate status. There are no other pending cases involving Evergreen before the Commission. It is current with payments of annual assessments through fiscal year 2018 and current with filing annual reports through calendar year 2016.

CRU states to Staff that it estimates the cost of necessary capital improvements for Evergreen to be \$100,000 for repairs and upgrades to this aging water system.

**Majestic Lakes Homeowners Association, Inc. (Majestic Lakes)** (water and sewer) - 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' water and sewer systems currently serve approximately sixty residential customers. CRU has proposed a service area which would include approximately 140 platted lots where water mains and collecting sewers exist, along with potential of additional customers on platted lots upon which homes have not yet been constructed; and to also include undeveloped land north of the platted lots, owned by the same developer that owns most or all of the empty lots. Except that water mains and collecting sewers are not yet in place in the undeveloped area, the water and sewer systems generally have enough capacity to provide service in both the developed and undeveloped areas of the proposed service area.

**Water System:**

The water system, dating to approximately 2004, is comprised of a deep well, well house with chlorination room and a 420,000 gallon standpipe, of which approximately 244,000 gallons is usable, to maintain minimum water pressure by gravity. Ground water is pumped from a twelve inch, 1,500 foot deep well, with a 60 horse power submersible pump set at a depth of approximately 150 feet. As it is pumped from the well, water is chlorinated and then stored in the stand pipe. The stand pipe is bolted steel construction, and is showing signs of rust on the outside. There is a small leak in the stand pipe approximately three quarters of the way up. There are currently no water meters on any of the customers' service lines and CRU is not proposing to install meters at this time.

CRU proposes to make necessary repairs to the standpipe, which includes replacing some bolts and possibly some of the steel panels. CRU also states to Staff it will install a second chlorine pump for redundancy, and add a chlorine monitoring system in conjunction with a SCADA remote operation/monitoring system.

**Waste Water Systems:**

The Majestic Lakes sewer system is currently under enforcement action by the Missouri Attorney General's Office, prohibiting further home construction and new customer connections, due to the insufficient structural integrity of the concrete walls in the waste water treatment facility.

The collection system consists of 8" PVC gravity collecting sewers with manholes, which drains to a lift station. The lift station then pumps the sewage via 6" inch force main to the waste water treatment facility which is located approximately 125 yards away on the other side of a creek. The treatment plant was designed to be a "sequencing batch reactor" which treats and discharges sewage in limited quantities at a time. Because of failing parts and structure however, it is currently being operated as "extended aeration" plant. The treatment facility is cast-in-place concrete construction. During its inspection, Staff observed large cracks in the concrete walls of the plant structure. Structural steel has been added to the exterior of the wall in an attempt to shore it up. A backup generator is located at the lift station but was rendered unusable after it was flooded and damaged in 2008.

CRU has proposed further reinforcing the failing concrete walls of the treatment facility, and then lining them to prevent leaks. Until the treatment plant is drained the true extent of damage is unknown.

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, and Sewer - \$35.00.

Since it is not presently regulated by the Commission, Majestic Lakes has no obligations regarding annual assessments and annual reports, and there are no other pending cases involving Majestic Lakes before the Commission.

CRU states to Staff that it estimates the cost of necessary capital improvements for the water system to be \$120,000, and for the sewer system to be \$300,000 for repairs and/or reconstruction.

There are no plant records for Majestic Lakes. Staff has studied the plant components that are in service, took into consideration that the capital costs were incurred by the subdivision developer who likely wrote-off most of the capital expenditures against lot sales, and estimated current rate base.

	Evergreen Water	Gladlo Water	Gladlo Sewer	Majestic Lakes Water**	Majestic Lakes Sewer**	Mill Creek Sewer*	MPB Villa Ridge Sewer	MPB Lake Virginia Sewer	Port Perry Water	Port Perry Sewer	Roy L Water	Roy L Sewer	Smithview Water	Willows Water	Willows Sewer
<b>Total Plant</b>	\$122,661.00	\$54,595.00	\$55,706.00	\$1,058,730.00	\$911,600.00	\$142,467.00	\$5,450.00	\$6,430.00	\$263,713.66	\$268,318.00	\$62,378.00	\$52,186.00	\$177,362.00	N/A	N/A
<b>Total Reserves</b>	\$108,647.06	\$22,868.49	\$41,736.03	\$356,971.32	\$544,752.00	\$81,397.73	\$7,466.00	\$8,270.80	\$240,166.59	\$142,283.96	\$11,448.23	\$9,440.11	\$89,905.30	N/A	N/A
<b>Total CIAC</b>	\$0.00	\$12,252.00	\$0.00	\$1,058,730.00	\$911,600.00	\$0.00	\$0.00	\$0.00	\$143,639.00	\$152,316.00	\$3,584.00	\$0.00	\$0.00	N/A	N/A
<b>Total Amortized CIAC</b>	\$0.00	\$1,880.72	\$0.00	\$356,971.32	\$544,752.00	\$0.00	\$0.00	\$0.00	\$123,570.70	\$86,811.04	\$535.22	\$0.00	\$0.00	N/A	N/A
<b>Net Plant, Workbook</b>	\$14,013.94	\$21,355.22	\$13,969.97	\$0.00	\$0.00	\$61,069.28	-\$2,016.00	-\$1,840.80	\$3,478.77	\$60,529.08	\$47,880.99	\$42,745.89	\$87,456.71	N/A	N/A
<b>Net Plant, Proposed</b>	\$14,013.94	\$21,355.22	\$13,969.97	\$15,000.00	\$15,000.00	\$90,000.00	\$0.00	\$0.00	\$3,478.77	\$60,529.08	\$47,880.99	\$42,745.89	\$87,456.71	\$1.00	\$1.00

**Total Net Plant: \$411,432.58**

\*Rate base determined by cost for land, unpaid AP and improvements, as discussed in memo.

\*\*Rate Base for Majestic Lakes systems (water and sewer) is offset with the assumption that CIAC paid for all system components, and that Confluence simply paid for the land; so the rate base for both systems is \$30,000.

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

NARUC USOA ACCOUNT NUMBER	ACCOUNT DESCRIPTION	<u>Evergreen</u> Depreciation Rate	<u>Gladlo</u> Depreciation Rate	<u>Port Perry</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
<b>Source of Supply</b>								
311	Structures & Improvements	2.5%*	10.0%	2.5%*	2.5%*	2.5%*	2.5%*	2.5%*
314	Wells & Springs	2.0%	0.0%	2%*	2.0%	2%*	2.0%	2%*
<b>Pumping Plant</b>								
321	Structures & Improvements	0.0%	2.5%*	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%	10.0%*
325.2	High Service or Booster Pumping Equip.	6.7%*	6.7%*	6.7%*	6.7%*	6.7%*	6.7%*	6.7%*
<b>WaterTreatment Plant</b>								
331	Structures & Improvements	2.5%*	2.5%*	2.5%*	2.5%*	2.5%*	2.5%*	2.5%*
332	Water Treatment Equipment	2.9%*	2.9%*	2.9%*	10.0%	2.9%*	2.9%	2.9%*
<b>Transmission and Distribution</b>								
341	Structures & Improvements	2.5%*	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%	2.5%*
343	Transmission & Distribution Mains	2.0%	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%*	2.5%*
346	Customer Meters, Bronze (Calibrate)	0.0%	3.3%	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%*	10.0%*
347	Customer Meter Pits & Installation	2.5%*	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%*	2.0%*
<b>General Plant CLASS D</b>								
371	Structures & Improvements	2.5%*	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%*	5.0%*
372.1	Office Electronic & Computer Equip.	20.0%*	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%*	13.0%*
379	Other General Equipment (tools, shop equip., backhoes, trenchers, etc.)	6.7%*	10.0%	6.7%*	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 Attachment D

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	<u>MPB</u> Depreciation Rates	<u>Mill Creek</u> Depreciation Rates	<u>Gladlo</u> Depreciation Rates	<u>Port Perry</u> Depreciation Rates	<u>Roy-L</u> Depreciation Rates	<u>Willows</u> Depreciation Rates	<u>Majestic Lakes</u> Depreciation Rates
<b>COLLECTION PLANT</b>								
311/351	Structures & Improvements	4.0%	2.5%	4.0%*	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%*	2.0%*
352.2	Collection Sewers (Gravity)	2.0%	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%*	2.0%*
355	Flow Measurement Devices	3.3%	3.3%*	3.3%*	3.3%*	3.3%*	3.3%*	3.3%*
<b>PUMPING PLANT</b>								
361	Structures and Improvements	4.0%	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%*	4.0%*
363	Electric Pumping Equipment	10.0%	10.0%*	10.0%*	10.0%*	10.0%*	10.0%*	10.0%*
<b>TREATMENT &amp; DISPOSAL PLANT</b>								
371	Structures and Improvements	4.0%	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%*	4.0%*
373	Treatment & Disposal Facilities	4.5%	5.0%	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%*	2.5%*
375	Outfall Sewer Lines	2.0%	2.0%*	2.0%*	2.0%*	2.0%	2.0%*	2.0%*
<b>GENERAL PLANT</b>								
390	Structures and Improvements	2.5%	4.0%*	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%*	5.0%*
391.1	Office Electronic & Computer Equip.	14.3%	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%*	13.0%*
393	Stores Equipment/Other General Equipment	4.0%	10.0%*	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%*	5.0%*
395	Lab Equipment	5.0%	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%*	6.7%*
397	Communication Equipment	6.7%	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.



# WM-2018-0016 and SM-2018-0017 Map for Majestic Lakes



NO.	DATE	DESCRIPTION

**21 DESIGN GROUP**  
ENGINEERING AND SURVEYING  
1523 S. SHERWOOD AVE., SUITE 201  
LINCOLN COUNTY, MISSOURI  
PHONE: 417-529-5201 FAX: 417-529-5202

AREA MAP  
MAJESTIC LAKES  
DEVELOPMENT PLAN  
LINCOLN COUNTY, MISSOURI

ENGINEERING CERTIFICATE OF AUTHORITY NO. E-2013005579  
SURVEYING CERTIFICATE OF AUTHORITY NO. LS-2013002364

SEAL DATE:	
DRAWN BY:	J.F.P.
PROJ NUMBER:	0245.17
DATE:	1/22/18
DRAWING NO:	

Point of Beginning  
NE corner Section 15

**WM-2018-0116 and SM-2018-0117**  
**Metes and Bounds Description for Majestic Lakes**

0240-16 Majestic Lakes Service Area  
Lincoln County, Missouri

The area served consists of part of Sections 10, 11 and 15, Township 48 North, Range 1 East of the 5<sup>th</sup> P.M., Lincoln County, Missouri and being more particularly described as follows:

Beginning at the northeast corner of said Section 15; thence along the east line of said Section 15 S00°59'42"W 1332.37 feet; thence leaving said east line N88°15'24"W 197.30 feet; thence S01°41'03"W 376.36 feet; thence N89°14'34"W 1015.49 feet; thence N01°28'05"E 942.30 feet; thence N79°30'42"W 370.02 feet; thence S01°27'38"W 916.99 feet; thence N87°30'56"W 355.33 feet; thence N89°19'54"W 396.80 feet; thence S58°59'48"W 162.25 feet to the east right-of-way line of Missouri Route "MM"; thence along said east right-of-way line N29°55'58"W 514.00 feet; thence leaving said east right-of-way line N01°33'16"E 440.76 feet; thence N00°38'06"E 837.38 feet; thence N00°38'06"E 1393.35 feet; thence N00°52'17"E 717.14 feet; thence N69°22'02"W 334.89 feet; thence N00°53'53"E 454.40 feet; thence N45°08'32"W 1087.11 feet to the right-of-way line of Rolling Meadows Drive; thence along said right-of-way line along a curve deflecting to the left having a radius of 60.00 feet, an arc length of 32.06 feet, a chord course of N29°33'10"E 31.68 feet; thence leaving said right-of-way line S75°45'08"E 1119.78 feet; thence N01°15'48"E 637.83 feet to the centerline of the Cuivre River; thence along the centerline of the Cuivre River the following courses: S67°31'44"E 770.62 feet, S65°37'42"E 1066.16 feet, S67°23'37"E 490.95 feet, S67°23'40"E 716.99 feet, S54°25'47"E 644.56 feet, S61°43'00"E 986.96 feet, S82°17'04"E 325.80 feet, S73°13'04"E 407.39 feet, N73°48'28"E 423.55 feet; thence leaving said centerline S00°04'18"W 1127.42 feet; thence N89°11'12"W 1882.05 feet; thence S00°06'19"W 364.02 feet; thence S64°57'24"W 834.48 feet to the point of beginning.

## MEMORANDUM

**TO:** Missouri Public Service Commission  
Official Case File, Case Nos. WM-2018-0116 and SM-2018-0117

**FROM:** James A. Merciel, Jr - Water and Sewer Department  
Natelle Dietrich – Commission Staff Director  
Kimberly K. Bolin – Auditing Department  
Deborah Duncan - Auditing Department  
Scott J. Glasgow - Customer Experience Department  
Dana R. Parish – Customer Experience Department

/s/ James A. Merciel, Jr. 09-17-18  
Case Coordinator / Date

/s/ Whitney Payne 09-17-18  
Staff Counsel's Office / Date

**SUBJECT:** Supplemental Recommendation of Approval on Amended Application

**DATE:** September 17, 2018

### **EXECUTIVE SUMMARY**

Staff submits this *Supplemental Staff Recommendation* to address the *Motion for Leave to Amend Application and Amendment to Application* (Amended Application, ref. EFIS item No. 43) filed on July 3, 2018, by Confluence Rivers Utility Operating Company, Inc. (CRU). All of the entities involved with transferring or selling assets to CRU in this case are collectively referred to as the “Sellers,” or “Seller” if referring generally to any one of the entities.

CRU’s Amended Application seeks relief in addition to its *Application and Motion for Waiver* (Application, or original Application) that was filed on November 2, 2017. That Application was addressed by Staff on March 6, 2018, in its *Staff’s Recommendation* (Recommendation, ref. EFIS item No. 16). The Amended Application encompasses six (6) water and sewer systems from two regulated utilities and three entities that are not regulated.

The Sellers and applicable service areas named in the Amended Application are:

- Silas Properties, LLC – sewer system serving Wolf Creek Crossing subdivision
- Calvey Brook Estates Homeowners Association, Inc. – water system formerly owned by a regulated utility Calvey Brook Water, Inc., and a sewer system formerly owned by a regulated utility Calvey Brook Sewer, Inc.
- Forest Ridge, LLC – water and sewer systems serving Auburn Lake Estates subdivision
- Cole County, Missouri – water system serving the former City of Eugene

Schedule ND-d3  
Page 1 of 27

\*\* Denotes Confidential Information \*\*

**APPENDIX A**

Of note, after it filed the Amended Application, CRU expressed to Staff that it will no longer purchase the Wolf Creek Crossing service area from Silas Properties, LLC. However, CRU has not filed anything reflecting this modification. Therefore, Staff recommends the Commission not approve CRU's request for approval or a Certificate of Convenience and Necessity (CCN) regarding the Wolf Creek Crossing system.

Staff outlined its description of CRU, its analysis of CRU's Technical, Managerial, and Financial Capacities (TMF), CRU's request seeking authority for long-term financing, and specific recommendation items in its Recommendation. CRU requests no change to its financing proposal in the Amended Application. Staff's positions on the matters addressed in the Recommendation remain unchanged and unaffected by the Amended Application.

Based on its review Staff recommends approval of the transfer of assets of the regulated Sellers, transfer of the affected existing CCNs, issuance of new CCNs, and financing as CRU requested in the Application and the Amended Application, with the conditions and actions as outlined below.

Although Staff observes that CRU's stated planned improvements as discussed herein, Staff takes no firm position regarding the improvements and the costs at this time. This information is presented for information, to outline possible capital expense items that are likely to be addressed in future rate cases.

## **BACKGROUND AND STAFF INVESTIGATION OF THE SELLERS AND SELLERS' UTILITY SYSTEMS**

### **Calvey Brook Estates Homeowners Association, Inc. – Calvey Brook Subdivision**

Calvey Brook Water, Inc. obtained a CCN in Case No. WA-2004-0280, and Calvey Brook Sewer, Inc. obtained a CCN in Case No. SA-2004-0279. These two corporations, referred to together as the "Calvey Brook regulated utilities," were created by a developer to provide water and sewer service in Calvey Brook Estates, a 36-lot subdivision in Franklin County near Robertsville, MO. However, development and homebuilding in the subdivision was unsuccessful in the early years and the Calvey Brook regulated utilities never provided service to any customers. A bank foreclosed on the developer's land and the assets owned by the Calvey Brook regulated utilities, which are now defunct as corporate entities, prior to any development or homebuilding occurring in the subdivision. The water and sewer systems are now used to provide service to customers, but are owned and operated by an entity named Calvey Brook Estates Homeowners Association, Inc. There was no approval from the Commission for any transfer of assets. Staff attempted to work with this entity for the past several years, to resolve the regulatory issues regarding the water and sewer assets, to no avail.

Pursuant to CRU’s Amended Application, Staff conducted a field visit and observed that there currently are approximately nine (9) homes in the subdivision. The Calvey Brook water system consists of a single well with a submersible pump intended, according to documents from WA-2004-0280, to produce 64 gallons per minute (gpm), a ground storage tank of 12,500 gallons volume, two high service pumps to pressurize the distribution system, one of which is currently out of service, and a 1,000 gallon hydropneumatic (pressure) tank to normalize pressure.

Approved water rates for Calvey Brook Water, Inc. consists of a \$36.36 per month customer charge that includes 3,000 gallons, plus \$2.05 per 1,000 gallons over 3,000 gallons usage. There is also a connection fee of \$600 to pay for a water meter and installation of water meter setting components.

The Calvey Brook sewer system includes a 10,000 gallons per day manufactured media recirculation filter treatment facility. Each customer must utilize a septic tank at the premises that partially treats sewage and allows solids to settle, and discharge what is referred to as “grey water” to small diameter gravity collecting sewers that transport the grey water to the treatment facility.

The approved flat rate for Calvey Brook Sewer, Inc. is \$33.78 per month. There is a connection charge of \$2,600 to pay for installation of the required septic tank along with connection to the collecting sewer.

In a data request response, CRU stated a proposal to adopt existing rates that are on file for the Calvey Brook regulated utilities. It is Staff’s understanding, based on available information, that Calvey Brook Estates Homeowners Association, Inc. is presently charging its customers water and sewer rates that are the same as those that were approved for the Calvey Brook regulated utilities. As such, this proposed transfer of assets would have no immediate impact upon customers with regard to monthly rates.

CRU stated to Staff that water system improvements it intends to undertake include:

\*\* \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ . \*\* Improvements for the sewage treatment facility  
CRU intends to undertake include: \*\* \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ . \*\*

Staff takes the position that approval of the proposed transfer of assets and CCNs, through the agreement between the current owner of the Calvey Brook water and sewer systems and CRU,

would resolve the regulatory issues, in that if the Commission approves the proposed transfer, the water and sewer systems would be placed into ownership by a functioning regulated water and sewer utility.

### **Forest Ridge, LLC – Auburn Lake Estates**

Auburn Lake Estates is a relatively new development located in Lincoln County south of the City of Troy. The subdivision project actually began approximately ten (10) years ago, but home construction is just now getting started. At present there are approximately five (5) homes under construction. One customer, an existing home at the subdivision entrance, is connected to the water system. There are no customers connected to the sewer system yet, and the sewage treatment facility is not running at present. The subdivision presently consists of 180 platted lots according to CRU, with additional available undeveloped land.

The water system consists of one well with a submersible pump with 100 gpm production capacity. This well could support a much larger pump, which if needed could replace the existing pump if the subdivision and customer level grows as intended. At present a 4,000 gallon pressure tank is used for pressure normalization. Future plans include construction of a storage tank that would be designed to provide for a one-day water supply during a well pump outage.

The sewer system consists of gravity sewers and a 90,000 gallon per day extended aeration treatment facility. By conservative design criteria, that capacity would be adequate for more than 240 residential customers.

A homeowners association entity is presently responsible for operations and charging rates. Current rates are \$75 per month for combined water and sewer service, but the sole customer receiving water service only is being charged one-half of that amount. CRU's proposal to adopt the existing water and sewer flat rates is reasonable, except that the existing \$75 rate for combined water and sewer service should be separated into a monthly flat rate for water service of \$37.50, and a monthly flat rate for sewer service of \$37.50. Staff recommends the Commission approve these water and sewer rates.

CRU is seeking new CCNs for its proposed Auburn Lake Estates water and sewer service areas. CRU will be required by Commission regulations to have approved rates for service, and for the water and sewer service areas to be specified by metes and bounds descriptions and maps. Staff reviewed the proposed description and map for the Auburn Lake Estates water and sewer service areas, included with the Amended Application as Appendices DD and EE, respectively. Staff recommends approval of these service areas.

The Auburn Lake Estates water system needs no immediate repairs or modifications, though it may be desirable to install remote monitoring devices. Since the Auburn Lake Estates sewage

treatment facility has existed for approximately 10 years but has not been running, the mechanical, aeration and electrical components could require minor repairs and cleaning when the plant is started. The total cost of plant start-up cannot be accurately estimated at this time. Equipment for flow measurement and remote monitoring might also be desired in the future.

**Cole County, MO – Eugene**

The City of Eugene, disincorporated as a city in the late 1990s, is located in southwestern Cole County approximately 20 miles from Jefferson City. It owned and operated a municipal water system until disincorporation, at which time Cole County assumed ownership and operations. The water system dates to 1962 according to information on file with the Missouri Department of Natural Resources (DNR). There currently are 41 customers, according to the Amended Application. The system has two wells each with a submersible pump with 70 gallons per minute (gpm) and 190 gpm production capacity respectively, one 25,000 gallon 40-foot tall standpipe storage tank that maintains water pressure by gravity, and meters for each customer.

CRU informed Staff that Cole County presently charges the Eugene customers \$26.00 for the first 1,999 gallons per month, plus \$6.00 per 1,000 gallons for all usage above 1,999 gallons. Staff recommends approval of these water rates for CRU's Eugene service area.

CRU is seeking a new CCN for its proposed Eugene water service area. CRU will be required by Commission regulations to have approved rates for service, the service area to be specified by metes and bounds description, and a map for the service area. Staff has reviewed CRU's proposed description and map for its proposed Eugene water service area, included with the Amended Application as Appendices U and V respectively. Staff recommends approval of this service area.

CRU states to Staff that water system improvements it intends to undertake include:

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\_\_\_\_\_ . \*\*

**Silas Properties, LLC - Wolf Creek Crossing**

The Wolf Creek Crossing subdivision is located southeast of Farmington, MO in St. Francois County. The sewer system consists of gravity sewers and a 21,090 gallons per day extended aeration sewage treatment facility, with chlorine disinfection. There are currently 35 sewer customers according to the Amended Application. According to information provided by CRU, after it filed the Amended Application approximately 50 unsold lots were foreclosed or

otherwise acquired by a bank from Silas Properties, LLC. Subsequent to this action, the bank, according to CRU, sold these lots to an individual. CRU states to Staff that for this proposed transfer of assets, since the bank is no longer involved it is now working with the lot owners of the subdivision, however, the homeowners are reluctant to sign any sale pertaining to the sewer system. CRU had sent a message to the homeowners, with a copy of an email to Staff and DNR stating a date by which they will cease contract operations, and requesting a commitment from them regarding a sale of the sewer system. CRU informed Staff that the homeowners did not positively respond, and as a result it will no longer purchase the Wolf Creek Crossing service by the terms of the sale agreement with Silas Properties, LLC.

In consideration of recent information regarding CRU's ability to purchase this system, Staff recommends against approval of a CCN granted to CRU applying to the Wolf Creek Crossing service area. Staff will address this service area in a future filing, if circumstances change again and such a need arises.

### **Tariff and Rate Impact**

CRU proposes to adopt the existing Commission-approved tariffs for water service and sewer service on file for Calvey Brook Water, Inc. and Calvey Brook Sewer, Inc. Staff recommends that within ten (10) days after closing on any of the assets, CRU file Tariff Adoption Notice tariff sheets for the Calvey Brook regulated utilities' water and sewer tariffs, and that the Commission authorize CRU to provide water and sewer service in Calvey Brook Estates by the terms of those tariffs on an interim basis until the effective date of such Adoption Notices.

Since Auburn Lake Estates and Eugene are not regulated and have no currently effective tariffs, Staff recommends that CRU include the service areas and rates for these systems in the water and sewer tariffs of Roy-L. Such tariff sheets will need to be in effect prior to CRU closing on the assets and providing service. Staff and CRU will need to work together after approval and as the closing schedules develop, in order to get the appropriate tariff sheets and tariff documents timely filed and in effect for CRU to be able to provide service.

### **Tartan Energy Criteria**

When considering a request for a new CCN, the Commission applies criteria originally developed in a CCN case filed by the Tartan Energy Company and referred to now as the "Tartan criteria." The Tartan criteria contemplate 1) need for service; 2) the utility's qualifications; 3) the utility's financial ability; 4) the feasibility of the proposal; and, 5) promotion of the public interest. For its reviews, Staff also analyzes whether or not other utility entities are available to provide similar service. Staff has studied these points in the past as they relate to the situations and abilities involving new CCNs and several transfer cases



pertaining to CRU's affiliates. As related to the new CCN requests in CRU's Amended Application for Auburn Lake Estates and the City of Eugene, Staff takes the position that it is feasible for CRU to operate and manage these water and sewer operations, and it is in the public interest for it to do so. No other utilities are readily available to provide water and sewer services in these service areas, and the existing owners of these utility systems do not wish to remain in the utility business.

Staff's conclusion for this case is that the criteria regarding TMF and the Tartan Energy criteria are all met for the entities contained in both CRU's Application and Amended Application.

### **Rate Base**

The price proposed to be paid for the assets named in the Amended Application is \*\* \_\_\_\_\_ \*\*. The proposed purchase price for the Auburn Lake Estates systems, by the terms of the *Agreement for Sale of Utility System* included with the Amended Application as Appendix CC-C, \*\* \_\_\_\_\_

\_\_\_\_\_ \*\* Staff recommends CRU report the actual purchase price when it is finalized and after closing.

The total price for all of the assets in this case proposed to be purchased in the Application and the Amended Application by CRU is \*\* \_\_\_\_\_ \*\*. This total amount is determined by adding the purchase prices in all of the sale documents between CRU and each of the Sellers, attached as confidential documents labeled Appendices B-C through K-C to the Application, and Appendices BB-C, CC-C and W-C to the Amended Application.

Staff reviewed information provided by CRU in response to Staff's data requests, its Amended Application with included sale agreement documents, CRU's work papers, the effective tariffs and Annual Reports for the Seller that is currently regulated, and field observations, to determine a rate base scenario for CRU for this case<sup>1</sup>.

Because the Calvey Brook regulated entities never commenced utility operations, and the existing owner of these systems for regulatory purposes does not have adequate and complete

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<sup>1</sup> Rate base as determined by Staff for this case is for information only, and reflects only a scenario as determined by Staff based on its review of this case and available information. No rate base amount has been reviewed by other interested parties including CRU and the Office of the Public Counsel. Rate base determination is subject to change based on future positions of Staff, positions of other parties, or by additional information not available during Staff's review of this case. Rate base will also change with future plant investment. Actual rate base would likely be determined in a future rate case to be filed by CRU or a successor.

records<sup>2</sup>, Staff is relying upon the aforementioned CCN cases, WA-2004-0280 and SA-2004-0279, with depreciation, for rate base information. Staff, however, takes the position that this amount of rate base, as it exists at present and as determined by information in the CCN case should also be subject to a “capacity adjustment,” because the developed service area is less than one-third built-out. A capacity adjustment would not necessarily apply to CRU’s future repairs and investment that is necessary to provide service to existing customers. Staff’s estimated current rate base and capacity adjustment for the Calvey Brook water system is \$22,481.94, as shown on Attachment A. Staff’s estimated current rate base and capacity adjustment for the Calvey Brook sewer system is \$6,950.00, as shown on Attachment B.

Staff’s position with regard to the Auburn Lake Estates systems is that a capacity adjustment applying to this initial depreciated rate base amount will likely be appropriate, because at present there is only one water customer with only a few potential additional customers, while these systems are designed for more than the 180 platted lots. Even if a capacity adjustment is made regarding existing rate base, a capacity adjustment may or may not necessarily apply to additional capital investment to be undertaken by CRU in the future. Staff’s estimated Auburn Lake Estates’ rate base for the water system, is \$1,112.93, as shown on Attachment C. Staff’s estimated Auburn Lake Estates’ rate base for the sewer system, is \$6,034.37, as shown on Attachment D. However, since Staff’s rate base calculations are premised upon capacity adjustments, and since there is at present only one water customer and no sewer customers, these stated amounts are based upon including the additional new customers that will, presumably, occupy the homes that are under construction in the service area. Further, rate base would increase as additional customers connect, but with additional depreciation offset. If there is not substantial customer growth, CRU’s rate base for the Auburn Lake Estates systems should not be less than the purchase price, to avoid non-viability.

Staff estimated Eugene’s rate base is \$4,000, as shown on Attachment E. Much of the Eugene system is completely depreciated. However, electrical well pump components may constitute rate base due to their likely age.

### **DEPRECIATION RATES**

The City of Eugene and Auburn Lake Estates systems have no previously approved depreciation rates since they are not owned by regulated utilities. Staff is proposing system-specific depreciation schedules for CRU, to be applicable to the Eugene and Auburn Lake Estates systems as shown on Attachment F for water utility assets, and Attachment G for sewer utility assets.

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<sup>2</sup> Annual reports appear to have been submitted for the Calvey Brook regulated entities by Calvey Brook Estates Homeowners Association, Inc. However, some of the annual reports include revenue and basic operating expense information, but there is no plant-in-service account information reported.

In its Recommendation, Staff recommended that CRU maintain existing depreciation rates for the Plant Accounts that were previously ordered by the Commission for the regulated Sellers. Staff now extends that recommendation to include the Calvey Brook regulated utilities' assets. Staff recommends, however, that the Commission modify the depreciation schedules by adding additional depreciation rates for Plant Accounts, because CRU intends to make substantial upgrades to the purchased systems that will require Plant Accounts that do not currently have depreciation rates ordered by the Commission. Staff also notes one caveat: the previously ordered rates for Calvey Brook Water do not utilize the Water Class D classification of plant accounts assigned by the 1973 NARUC USOA and prescribed by 4 CSR 240-50.030 (1) and (2). In contrast, Staff's proposed depreciation schedule uses the Class D classification system of plant accounts. This change in classification only effects the depreciation rate of the general plant accounts, in which Calvey Brook Water does not currently hold any plant. For this reason, no current assets will be depreciated differently on a moving-forward basis, but any new assets placed in the general plant accounts in the future will conform to Staff's recommended revised depreciation schedules for the Calvey Brook systems, also shown in Attachment F for water utility assets, and Attachment G for sewer utility assets.

### **CUSTOMER NOTICE/CUSTOMER SERVICE**

CRU sent letters to customers in Calvey Brook and Eugene, and sent Staff copies that were received on August 3, 2018. A copy of the letter to Auburn customers was received by Staff on August 31, 2018. These letters informed customers of this proposal for CRU to own the water and sewer systems and provide service, stating that existing rates would initially be adopted. The letters also provided information on how to submit a Public Comment to the Commission. Staff reviewed Public Comments and reached out to a couple of customers who stated they had service issues.

### **OTHER ISSUES**

The Calvey Brook regulated entities each are "administratively dissolved or revoked" by the Missouri Secretary of State according to its website, as of December 29, 2011, for failure to file a correct and current annual report. The Calvey Brook regulated entities are current with annual report filings with the Commission through calendar year 2017, according to information on the EFIS<sup>3</sup>. The Calvey Brook regulated entities are current with annual assessment payments through fiscal year 2019, as reported by the Commission's Budget and Fiscal Services Department. There are no other formal cases before the Commission involving the Calvey Brook regulated utilities. The current owner of the Calvey Brook systems which is one of the Sellers is not currently a regulated entity.

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<sup>3</sup> See the above footnote in the "Rate Base" section of this memorandum, about the Calvey Brook annual reports being submitted by Calvey Brook Estates Homeowners Association, Inc.

Forest Ridge, LLC, as the owner of the Auburn Lake Estates water and sewer systems, and Cole County, MO as the owner of the Eugene water system, are not presently regulated by the Commission. Neither of these Sellers have any obligation to the Commission regarding annual assessments or annual reports. There are no other pending cases before the Commission involving either of these Sellers.

### **STAFF'S RECOMMENDATION SUMMARY AND CONCLUSIONS**

Staff's conclusion, is that the proposed transfers of assets and granting of new CCNs as requested in CRU's Amended Application are not detrimental to the public interest, and are necessary and convenient for the public service.

Staff's recommendations regarding CRU's proposal to adopt the existing tariffs, rates and charges of the Calvey Brook regulated entities is reasonable.

CRU's proposed Auburn Lake Estates water and sewer service areas and proposed Eugene water service area, its proposal to adopt the existing rates charged to customers in Auburn Lake Estates and Eugene, and to include Auburn Lake Estates and Eugene within the Roy-L water and sewer tariffs after adoption by CRU, are all reasonable.

Staff recommends that CRU provide notice to the Commission of closing on the assets of each of the Sellers that are addressed in the Amended Application, and status reports as necessary describing the status of closing on the assets.

Staff recommends approval of the transfers of assets of Sellers, transfers of the affected CCNs, and issuance of new CCNs, as requested in the Application and Amended Application, and as described herein and in the Recommendation, with the conditions and actions as outlined herein.

A summary of all of the systems, with general location and rates, to be owned and operated by CRU, is shown in Attachment H.

In summary, Staff recommends that the Commission:

- 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) Deny approval of the issuance of a CCN to CRU for the Wolf Creek Crossing service area, for the reasons outlined above in this memorandum;
- 6) 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;
- 7) 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;
- 8) 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;
- 9) 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;
- 10) 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;
- 11) 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;
- 12) 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;
- 13) Require CRU to submit new tariff 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, 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, as described in this memorandum;
- 14) Order CRU to submit to Staff the confidential post-closing rate base information within sixty (60) days following closing on the Mill Creek assets;
- 15) 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;
- 16) 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;

- 17) 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;
- 18) 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;
- 19) 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;
- 20) 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;
- 21) Require CRU to file notice in this case once Staff Recommendations regarding customer communications and customer billing, above, have been completed;
- 22) Authorize CRU to finance \*\* \_\_\_\_\_ \*\* consistent with Appendix R-C to the original Application; and,
- 23) 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.

Staff will submit further recommendations as necessary regarding Public Comments, and regarding the tariff sheets to be filed by CRU in this matter.

#### **ATTACHMENTS**

- A. Calvey Brook Water Rate Base
- B. Calvey Brook Sewer Rate Base
- C. Auburn Lake Estates Water Rate Base
- D. Auburn Lake Estates Sewer Rate Base
- E. Eugene Rate Base
- F. Schedule of Depreciation - Water Assets
- G. Schedule of Depreciation - Sewer Assets
- H. Summary of All Proposed CRU Systems

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

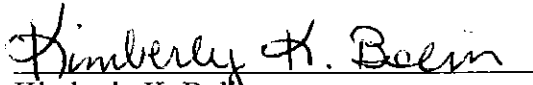
In the Matter of the Application of )  
Confluence Rivers Utility Operating )  
Company, Inc. to Acquire Certain ) Case No. WM-2018-0116  
Water and Sewer Assets, For a Certificate ) SM-2018-0117  
Of Convenience and Necessity, and, in )  
Connection Therewith, To Issue )  
Indebtedness and Encumber Assets )

**AFFIDAVIT OF KIMBERLY K. BOLIN**

STATE OF MISSOURI )  
 ) ss  
COUNTY OF COLE )

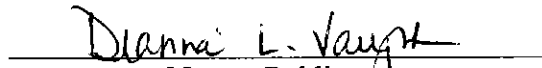
**COMES NOW** Kimberly K. Bolin, and on her oath states that she is of sound mind and lawful age; that she contributed to the foregoing Staff Recommendation; and that the same is true and correct according to her best knowledge and belief.

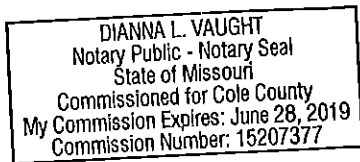
Further the Affiant sayeth not.

  
\_\_\_\_\_  
Kimberly K. Bolin

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 17<sup>th</sup> day of September, 2018.

  
\_\_\_\_\_  
Notary Public



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

**AFFIDAVIT OF DEBORAH DUNCAN**

STATE OF MISSOURI )  
 ) ss  
COUNTY OF COLE )

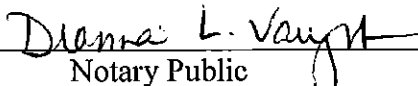
**COMES NOW** Deborah Duncan, and on her oath states that she is of sound mind and lawful age; that she contributed to the foregoing Staff Recommendation; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

  
\_\_\_\_\_  
Deborah Duncan

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 17<sup>th</sup> day of September, 2018.

  
\_\_\_\_\_  
Notary Public

DIANNA L. VAUGHT  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for Cole County  
My Commission Expires: June 28, 2019  
Commission Number: 15207377



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

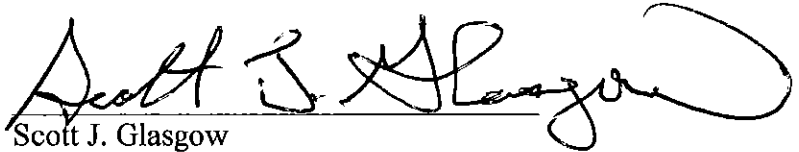
In the Matter of the Application of )  
Confluence Rivers Utility Operating )  
Company, Inc. to Acquire Certain ) Case No. WM-2018-0116  
Water and Sewer Assets, For a Certificate ) SM-2018-0117  
Of Convenience and Necessity, and, in )  
Connection Therewith, To Issue )  
Indebtedness and Encumber Assets )

**AFFIDAVIT OF SCOTT J. GLASGOW**

STATE OF MISSOURI )  
 ) ss  
COUNTY OF COLE )

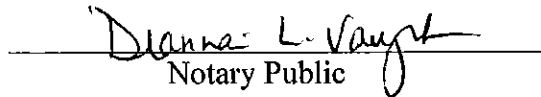
**COMES NOW** Scott J. Glasgow, and on his oath states that he is of sound mind and lawful age; that he contributed to the foregoing Staff Recommendation; and that the same is true and correct according to his best knowledge and belief.

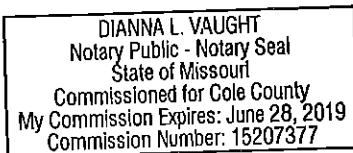
Further the Affiant sayeth not.

  
Scott J. Glasgow

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 17<sup>th</sup> day of September, 2018.

  
Notary Public



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

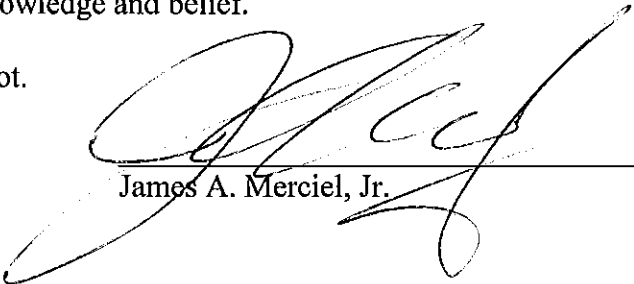
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Confluence Rivers Utility Operating	)	
Company, Inc. to Acquire Certain	)	<u>Case No. WM-2018-0116</u>
Water and Sewer Assets, For a Certificate	)	SM-2018-0117
Of Convenience and Necessity, and, in	)	
Connection Therewith, To Issue	)	
Indebtedness and Encumber Assets	)	

**AFFIDAVIT OF JAMES A. MERCIEL, JR.**

STATE OF MISSOURI     )  
  ) ss  
COUNTY OF COLE     )

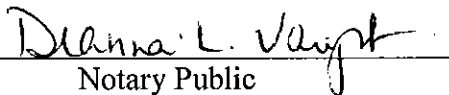
**COMES NOW** James A. Merciel, Jr., and on his oath states that he is of sound mind and lawful age; that he contributed to the foregoing Staff Recommendation; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

  
 \_\_\_\_\_  
 James A. Merciel, Jr.

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 17<sup>th</sup> day of September, 2018.

  
 \_\_\_\_\_  
 Notary Public

DIANNA L. VAUGHT Notary Public - Notary Seal State of Missouri Commissioned for Cole County My Commission Expires: June 28, 2019 Commission Number: 15207377
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**BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI**

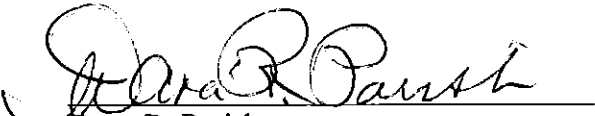
In the Matter of the Application of	)	
Confluence Rivers Utility Operating	)	
Company, Inc. to Acquire Certain	)	<u>Case No. WM-2018-0116</u>
Water and Sewer Assets, For a Certificate	)	<u>SM-2018-0117</u>
Of Convenience and Necessity, and, in	)	
Connection Therewith, To Issue	)	
Indebtedness and Encumber Assets	)	

**AFFIDAVIT OF DANA R. PARISH**

STATE OF MISSOURI     )  
  ) ss  
COUNTY OF COLE     )

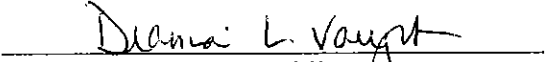
**COMES NOW** Dana R. Parish, and on her oath states that she is of sound mind and lawful age; that she contributed to the foregoing Staff Recommendation; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

  
\_\_\_\_\_  
Dana R. Parish

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 17<sup>th</sup> day of September, 2018.

  
\_\_\_\_\_  
Notary Public

DIANNA L. VAUGHT Notary Public - Notary Seal State of Missouri Commissioned for Cole County My Commission Expires: June 28, 2019 Commission Number: 15207377
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Calvey Brook Water

WM-2018-0116

Supplemental Recommendation

based on 2004 CCN case and current field observations

Staff estimated rate base

Account Description	Acct No	In Service Balance Begin	Prior Ordered Annual Deprec Rate %	Calculated Deprec Expense Mid Yr Conv 12 months	Reserve Balance 2018	NET Plant 2018
Land and Land Rights	301-310	\$15,000.00	0.0			\$15,000.00
Structures and Improvements	Note A	\$19,500.00	2.5	\$487.50	\$6,825.00	\$12,675.00
Wells and Springs	314	\$60,000.00	2.0	\$1,200.00	\$16,800.00	\$43,200.00
Supply mains	316		2.0			
Electric Submersible Pumping	325.1	\$5,000.00	10.0	\$500.00	\$7,000.00	\$0.00
Booster Pump Equip	325.2	\$5,000.00	6.7	\$335.00	\$4,690.00	\$310.00
Shaft Driven Pumping Equip	325.3		5.0			
Water Treatment Equip	332		2.9			
Dist Reservoirs and Standpipe:	342	\$15,000.00	2.5	\$375.00	\$5,250.00	\$9,750.00
Trans & Dist Mains	343	\$58,000.00	2.0	CIAC		\$0.00
Services	345		2.5			
Meters see NOTE B	346		10.0			
Meter Installation Cost (Pits)	347		2.5			
Hydrants	348		2.0			
Office Furniture & Equip	391/372		5.0			
Office Computer Equip	391.1/372.1		14.3			
Transportation Equip	392/373		13.0			
Stores Equipment	393/NA2		4.0			
Tools, Shop , Garage Equip	394/NA2		5.0			
Laboratory Equip	395/NA2		5.0			
Power Operated Equip	396/NA2		6.7			
Communications Equip	397/NA2		6.7			
Other General Equipment	none/379		6.7			
<b>TOTALS</b>		<b>\$177,500.00</b>		<b>\$2,897.50</b>	<b>\$40,565.00</b>	<b>\$80,935.00</b>

capacity adjustment

36 lots total

\$

2,248.19 per customer

**10 customers at present including treatment facility**

<b>2018 Plant in Service</b>	<b>\$</b>	<b>177,500.00</b>
<b>2018 Rate Base</b>	<b>\$</b>	<b>80,935.00</b>
<b>2018 Customer adjusted rate base</b>	<b>\$</b>	<b>22,481.94</b>

Calvey Brook Sewer

SM-2018-0117  
 based on 2004 CCN case and current field observations

Staff estimated rate base

Account Description	Acct No	In Service Balance Begin	2018 Note	Prior Ordered Annual Deprec Rate %	Calculated Deprec Expense using % 12 Months	Reserve Balance 2018	Net Plant 2018
OrganizationLand and Land Rights	301-310	\$5,000.00		0.0			\$5,000.00
Structures and Improvements	351/311			4.0			
Collection Sewers, Force	352.1			2.0	ciac		
Collection Sewers, Gravity	352.2			2.0	ciac		
Services to Customers	354/353			2.0			
Flow Measuring Devices	355			3.3			
Structures (Pumping Plant)	361			4.0			
Receiving Wells (Pump Pits)	362			4.0			
Pumping Equipment	363	\$4,000.00		10.0	\$400.00	\$ 5,600.00	\$0.00
Structures (Treatment Plant)	371			3.7			
Oxidation Lagoons	372			4.0			
Treatment and Disposal Equip	372/373	\$76,000.00		5.0	\$3,800.00	\$ 53,200.00	\$22,800.00
Plant Sewers	373/374			2.5			
Outfall Sewers	374/375			2.0			
Structures (General Plant)	390			2.5			
Office Furniture and Equipment	391			5.0			
Office Computer Equipment	391.1			14.3			
Transportation Equipment	392			13.0			
Stores Equipment	393/NA1			4.0			
Tools Shop & garage Equip	394/NA1			5.0			
Laboratory Equipment	395/NA1			5.0			
Power Operated Equipment	396/NA1			6.7			
Communications Equip.	397/NA1			6.7			
<b>TOTALS</b>		<b>\$85,000.00</b>			<b>\$4,200.00</b>	<b>\$58,800.00</b>	<b>\$27,800.00</b>

Capacity adjustment  
 36 lots total  
**9 customers at present** \$ 772.22 per customer

2018 Plant in Service	\$ 85,000.00
2018 Rate base	\$ 27,800.00
2018 capacity adjusted rate base	\$ 6,950.00

Item	Account	Year Installed	Handy-Whitman	Reference Cost	Est Original cost	Reference Source	Depreciation Rate	Reserve	CIAC	Rate Base	Notes
Land		2008	N/A	\$7,500.00	\$ 7,500	Professional Judgement		0		\$7,500.00	
Well House (Block)	311	2008	0.735353535	\$15,000.00	\$11,030	Professional Judgement	2.50%	\$2,757.58	\$0.00	\$8,272.73	block wellhouse
Well	314	2008	0.675126904	\$100,000.00	\$67,513	Professional Judgement	2.00%	\$13,502.54	\$0.00	\$54,010.15	15 inch hole, 900 feet, 550 feet casing
Well Pump - electrical	325.1	2008	0.639018692	\$20,000.00	\$12,780	Professional Judgement	10.00%	\$12,780.37	\$0.00	(\$0.00)	100gpm pump production
Pressure Tank	342	2008	0.735353535	\$8,000.00	\$5,883	Professional Judgement	2.50%	\$1,470.71		\$4,412.12	4000 gallon pressure tank
Distribution System	343	2008				Professional Judgement			all ciac	\$0.00	
				total orig cost	\$ 104,706				<b>Total:</b>	<b>\$74,195.00</b>	
										\$ 185.49	per customer

Capacity adjustment  
based on well/wellhouse serving

400 customers

1 customer

5 potential customer

6 potential 2018 customers (assuming homes under construction will be occupied)

2018 Plant in Service	\$ 104,706.20
2018 Rate Base	\$ 74,195.00
2018 Customer Adjusted Rate Base	\$ 1,112.93

Item	Account	Year Installed	Handy-Whitman	Reference Cost	Est Original cost	Reference Source	Depreciation Rate	Reserve	CIAC	Rate Base	Notes
Land				\$7,500	\$7,500	Professional Judgement	0.0%	0	0	\$ 7,500.00	
Sewage Plant	371 - S & I	2008	0.675126904	\$15,000	\$10,127	Professional Judgement	4.0%	\$4,050.76	\$0.0	\$6,076.14	300 ft fence and blower building
	373 - Tr. & Dis. Eq.	2008	0.644832606	\$1,350,000	\$870,524	Professional Judgement	4.5%	\$391,735.81	\$0.0	\$478,788.21	Assumed \$15/gal and a daily flow of 90,000 gallons
	374 - Plant Sewers	2008	0.554269175	\$3,000	\$1,663	Professional Judgement	2.5%	\$415.70	\$0.0	\$1,247.11	based on influent sewer, manhole, effluent sewer
Collection System	352 - Collection Sewers	2008			ciac	Professional Judgement			all ciac	\$ -	Assume all CIAC, no rate base. Details unknown.
					\$889,814				<b>Total:</b>	<b>\$493,611.5</b>	
										\$ 1,206.87	per customer

Capacity adjustment

90000 gpd  
 220 assumed gallons per customer for capcity calculation  
 409 customers hydraulic plant capacity  
 no customers  
**5 potential customers** (assuming homes under construction will be occupied)

<b>2018 Original Cost</b>	<b>\$ 889,813.73</b>
<b>2018 Rate Base</b>	<b>\$ 493,611.46</b>
<b>2018 Customer Adjusted Rate Base</b>	<b>\$ 6,034.37</b>

Item	Account	Year Installed	Handy-Whitman	Estimated Original Cost	Reference Source	Depreciation Rate	Reserve	CIAC	Rate Base	Notes
Land		2017	N/A		Professional Judgement	0			\$0.00	
Well House 1	311	1962	N/A	\$2,000	Professional Judgement	2.50%	\$2,000.00	\$0.00	\$0.00	Assume item is fully depreciated due to age
Well House 2		unknown		\$10,000		2.50%	\$10,000.00	\$0.00	\$0.00	
Well 1	314	1962	0.136690647	\$4,073	Professional Judgement	2.00%	\$4,073.38	\$0.00	\$0.00	Assume fully depreciated due to age.
Well 2		Unknown		\$50,000		2.00%	\$50,000.00	\$0.00	\$0.00	
Well Pump/electrical 1	325.1	2012	est	\$4,000	Professional Judgement	10.00%	\$2,400.00	\$0.00	\$1,600.00	Assumed midlife pumps. 15 HP, \$4,000 pump for smaller well
Well Pump/electrical 2		2012	est	\$6,000		10.00%	\$3,600.00		\$2,400.00	
25000 Gnd storage at 2	342	unknown		\$25,000	Professional Judgement	2.50%	\$25,000.00	\$0.00	\$0.00	
Distribution System	343	1962	N/A		Professional Judgement			all ciac	\$0.00	Assume fully depreciated and not part of rate base.
Meters	346	Unknown			Professional Judgement				0	Assume fully depreciated and not part of rate base.

41 customers

<b>Total/2018 Rate Base:</b>	<b>\$ 4,000.00</b>
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rate base per customer \$ 97.56



**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
<b>Source of Supply</b>				
311	Structures & Improvements	2.5%	2.5%*	2.5%*
314	Wells & Springs	2.0%	2%*	2%*
<b>Pumping Plant</b>				
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%*
<b>Water Treatment Plant</b>				
331	Structures & Improvements	2.5%*	2.5%*	2.5%*
332	Water Treatment Equipment	2.9%*	2.9%*	2.9%*
<b>Transmission and Distribution</b>				
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%*
<b>General Plant CLASS D</b>				
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

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	<u>Calvey Brook</u> <u>Depreciation</u> <u>Rates</u>	<u>Auburn Lakes</u> <u>Depreciation</u> <u>Rates</u>
<b>COLLECTION PLANT</b>			
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%*
<b>PUMPING PLANT</b>			
361	Structures and Improvements	4.0%*	4.0%*
362	Receiving Wells	4.0%	4.0%*
363	Electric Pumping Equipment	10.0%	10.0%*
<b>TREATMENT &amp; DISPOSAL PLANT</b>			
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%*
<b>GENERAL PLANT</b>			
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

WM-2018-0116 and SM-2018-0117

**Summary - Systems Proposed to be Owned and Operated by  
Confluence Rivers Utility Operating Company, Inc.**

**Currently Regulated –  
for Authorization to Transfer of Utility Assets:**

**Calvey Brook Water, Inc. and Calvey Brook Sewer, Inc. – water and sewer**  
(Calvey Brook Estates Homeowners Association, Inc., Seller) - AMENDED APPLICATION

Service area in Franklin County, Calvey Brook Estates - 9 customers

Rates:

Water -- \$36.36 per month customer charge, includes 3,000 gallons  
plus \$2.05 per 1,000 gallons over 3,000 gallons usage

Sewer -- \$33.78 per month flat rate

**Smithview H2O Company – water**

Service area in Boone County, Bon-Gor Lake Estates - 105 customers

Rates

\$5.31 per month customer charge  
plus \$3.36 per 1,000 gallons

**M.P.B., Inc. -- 2 sewer systems**

Service area in Franklin County, Villa Ridge - 168 customers

Service area in Jefferson County, Lake Virginia - 37 customer

Rates:

Villa Ridge - \$24.24 monthly flat rate  
Lake Virginia - \$13.33 monthly flat rate

**Mill Creek Sewers, Inc. – sewer**

Service area in St. Louis County, Castlereagh Estates - 75 customers

Rates

\$30.11 monthly flat rate

**Roy-L Utilities, Inc. -- water and sewer**

Service area in Montgomery County, Golden Eagle Reserve - 59 water and 56 sewer customers

Rates:

Water -- \$50.16 flat rate full-time, \$32.99 flat rate part-time

- Metered rates - customer charge \$33.24 full-time customers, \$29.92 part-time customers plus \$3.08 per 1,000 gallons

Sewer \$36.04 monthly flat rate full-time, \$32.58 monthly flat rate part-time

**Port Perry Service Company -- water and sewer**

Service area in Perry County, Port Perry -- 267 water customers and 107 sewer customers

Rates:

Water -- \$13.23 monthly customer charge includes 2,000 gallons (residential) plus \$3.58 per 1,000 gallons over 2,000 gallons

Sewer -- \$18.94 monthly flat rate full-time customers, \$14.21 part-time and camp sites

**Gladlo Water & Sewer Co., Inc. -- water and sewer**

Service area in Phelps County, Whispering Pines -- 69 water and 65 sewer customers

Rates:

Water -- \$17.25 monthly customer charge plus \$2.15 per 1,000 gallons

Sewer -- \$37.67 monthly flat rate

**The Willows Utility Company -- water and sewer**

Service area in Greene County, Chalet City - 151 water and 124 sewer customers

Rates:

Water -- \$5.23 monthly for the first 1,000 gallons plus \$1.23 per 1,000 gallons over 1,000

Sewer -- \$15.00 monthly flat rate

**Evergreen Lake Water Company -- water**  
(Evergreen Lakes Water Supply Co., Seller)

Service area in Franklin County, Evergreen Lake - 52 customers

Rates  
\$7.71 monthly customer charge  
plus \$2.54 per 1,000 gallons

**Currently Not Regulated –  
for issuance of Certificate of Convenience and Necessity:**

**Auburn Lake Estates - water and sewer**  
(Forest Ridge, LLC, Seller) - AMENDED APPLICATION

Service area in Lincoln County, Auburn Lake Estates – 1 water customer, no sewer customers

Rates:  
Water -- \$37.50 monthly flat rate  
Sewer -- \$37.50 monthly flat rat

**Eugene – water**  
(Cole County, MO, Seller) - AMENDED APPLICATION

Service area in Cole County, formerly City of Eugene – 41 customers

Rates:  
\$26.00 per month customer charge, includes 1,999 gallons  
plus \$6.00 per 1,000 gallons over 1,999 gallons

**Majestic Lakes -- water and sewer**  
(Majestic Lakes Homeowners Association, Inc., Seller)

Service area in Lincoln County, Majestic Lakes – 60 customers

Rates:  
Water -- \$35.00 monthly flat rate  
Sewer -- \$35.00 monthly flat rate