

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

In the Matter of the Application)
of Confluence Rivers Utility Operating)
Company, Inc., for a Certificate of)
Convenience and Necessity Authorizing)
it to Install, Own, Acquire, Construct,)
Operate, Control, Manage and Maintain)
a Sewer System in and around the)
Village of Luray, Missouri)

Case No. SA-2023-0437

STAFF RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission and for its *Recommendation* hereby states:

1. On June 23, 2023, Confluence Rivers Utility Operating Company, Inc., filed an *Application and Motion for Waiver* asking the Commission to grant it a Certificate of Convenience and Necessity to acquire the sewer system assets of the Village of Luray in Clark County, Missouri. Staff performed an investigation and now presents its findings and recommendation.

2. Staff initially had concerns that the acquisition of this system may pose a risk for stranded assets looking into the future. The location of this sewer system is a rural, low-income area with a shrinking population. However, as is evidenced in the findings included in Staff's *Memorandum* attached to this pleading, the sewer services presently provided by this system are not safe and adequate and there does not appear to be a better alternative than acquisition by another company.

3. When considering a request for acquisition of a system, traditionally, Staff has applied the criteria originally established in *In Re Tartan Energy Co.*, GA-94-127; 1994 WL 762882 (Mo. P.S.C. Sept. 16, 1994). These criteria are: (1) the need for the

service; (2) the applicant's qualifications; (3) the applicant's financial ability; (4) the economic feasibility of the proposal; and (5) promotion of the public interest. Specifically applicable in this case is consideration of the public interest, which in this case Staff interprets as reliable sewer services at the lowest cost available in this situation. Staff outlines its additional considerations relevant to the remaining criteria in its memorandum, as well as consideration of the technical, managerial and financial qualifications of Confluence Utility Operating Company.

4. Staff recommends the Commission approve Confluence Utility Operating Company's request to acquire the sewer assets of the City of Luray, Missouri, and to grant a certificate of convenience and necessity accordingly. Staff also states that it does not oppose the request for a waiver of 20 CSR 4240-4.017.

5. Staff asks the Commission to include in its order the following conditions:

- A. Require Confluence to revise P.S.C. MO No. 13 for the addition of Luray's sewer assets, to become effective before closing on the assets. Also require Confluence to file tariff sheets for the service area map, service area written description for Luray's sewer assets, and table of contents;
- B. Require Confluence to notify the Commission of closing on the assets within five (5) days after such closing;
- C. Require Confluence to work with the Department of Natural Resources to complete the renewal and transfer of the Operating Permit for the treatment facility.
- D. If closing on the sewer assets does not take place within thirty (30) days following the effective date of the Commission's order approving such, require Confluence to submit a status report within five (5) days after this thirty (30) day period regarding the status of the closing, and additional status reports within five (5) days after each additional thirty (30) day period, until closing takes place, or until Confluence determines that the transfer of the assets will occur.

- E. If Confluence determines that a transfer of the assets will not occur, require Confluence to notify the Commission of such, no later than the date of the next status report, as addressed above, after such determination is made, and require Confluence to submit tariff sheets as appropriate that would cancel the service area map and description applicable to Luray in its sewer tariff, and rate and charge sheet applicable to customers in the Luray service area in the sewer tariff;
- F. Require Confluence to keep its financial books and records for plant-in-service and operating expenses in accordance with the National Association of Regulatory Utility Commissioners Uniform System of Accounts;
- G. Require Confluence Rivers to provide training to its call center personnel regarding rates and rules applicable to the Village of Luray customers;
- H. Require Confluence Rivers to distribute to the Village of Luray customers an informational brochure detailing the rights and responsibilities of the utility and its customers consistent with the requirements of Commission Rule 20 CSR 4240-13, within thirty (30) days of closing on the assets;
- I. Require Confluence Rivers to provide to the Customer Experience Department (“CXD”) Staff an example of its actual communication with the Village of Luray customers regarding its acquisition and operations of the water, and how customers may reach Confluence Rivers, within ten (10) days after closing on the assets;
- J. Require Confluence Rivers to include the Village of Luray customers in its established monthly reporting to the CXD Staff on customer service and billing issues, on an ongoing basis, after closing on the assets;
- K. Require Confluence Rivers to provide to the CXD Staff a sample of five (5) billing statements from the first three month’s billing for the Village of Luray within ten (10) days of the billings; and,
- L. Require Confluence Rivers to file notice in this case outlining completion of the above-recommended training, customer communications, notifications and billing within ten (10) days after such communications and notifications.

WHEREFORE, Staff prays that the Commission will accept this *Recommendation*; will issue a certificate of convenience and necessity to Confluence Utility Operating Company for the sewer assets and system of Luray, Missouri; will include in its order

granting the certificate the 12 conditions identified above; will waive the 60-day notice provision of 20 CSR 4240-4.017; and provide such other and further relief as is just in the circumstances.

Respectfully submitted,

/s/ Whitney Scurlock

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served by electronic mail, or First Class United States Postal Mail, postage prepaid, to all parties or their representatives pursuant to the Service List maintained by the Commission's Data Center for this file, on this 16th day of October, 2023.

/s/ Whitney Scurlock