

## MEMORANDUM

**TO:** Missouri Public Service Commission  
Official Case File, Case No. SA-2024-0129

**FROM:** Antonija Nieto – Auditing Department  
Lindsey Smith – Auditing Department  
Charles Tyrone Thomason – Customer Experience Department  
Kelli McKinley – Financial Analysis Department  
Andrew Harris – Water, Sewer and Steam Department  
Keri Roth – Water, Sewer and Steam Department

/s/ Keri Roth 12/6/2023  
Senior Research/Data Analyst      Date

**SUBJECT:** Staff's Recommendation to Approve Request for  
Certificate of Convenience and Necessity

**DATE:** December 6, 2023

### CASE BACKGROUND

On September 29, 2023, Confluence Rivers Utility Operating Company, Inc. (“Confluence”) filed an *Application and Motion for Waiver* (“Application”) with the Missouri Public Service Commission (“Commission”) requesting a Certificate of Convenience and Necessity (“CCN”) authorizing it to construct, install, own, operate, maintain, control and manage the sewer system assets currently owned by Kathy Kriska d/b/a Country Life Acres #2 Trustees (“Country Life Acres”). The Commission does not currently regulate the sewer system currently owned by Country Life Acres.

On September 29, 2023, the Commission issued an *Order Directing Notice and Setting a Deadline for Intervention Requests* setting the deadline to intervene for October 20, 2023. On October 5, 2023, Confluence filed an *Amendment to the Application*, which included an updated map and legal description of the area sought to be certificated. On October 23, 2023, the Commission issued an *Order Directing Filing* and ordered Staff to file its recommendation, or status report stating when it expects to file a recommendation, by November 29, 2023.

Confluence has no overdue Commission annual reports or assessment fees. Additionally, no parties sought to intervene in the case and, to date, no public comments have been submitted.

### BACKGROUND OF CONFLUENCE

Confluence is a Missouri corporation with its principle office and place of business at 1630 Des Peres Rd., Suite 140, St. Louis, MO 63131, and is a public utility subject to the jurisdiction of the Commission. As of January 31, 2023, Confluence provided service to

\*\* Denotes Confidential Information \*\*

APPENDIX A

approximately 4,830 water connections and 5,053 sewer connections in the State of Missouri.<sup>1</sup> According to the application, Confluence is currently providing water service to approximately 5,200 customers and sewer service to approximately 5,200 customers in the State of Missouri. In recent years, Confluence has acquired several existing small water and sewer systems and continues to do so.

Confluence is a subsidiary of Central States Water Resources, Inc. (“CSWR”), which entered into an Agreement for Sale of Utility System (“Agreement”) with Country Life Acres to purchase the sewer system for \*\* [REDACTED] \*\*.

### **BACKGROUND OF COUNTRY LIFE ACRES**

As stated in the *Application*, Kathy Kriska d/b/a Country Life Acres #2 Trustees has an active fictitious name registration with the Missouri Secretary of State. As stated in the Agreement, Country Life Acres is an unincorporated association, and Ms. Kriska, also known as Kathy Crider, serves in the role of Secretary of a homeowners association for Country Life Acres, a residential community located near Cedar Hill in Jefferson County, Missouri. According to the *Application*, Country Life Acres provides sewer service to approximately 15 residential connections (single family homes). Currently, Country Life Acres charges \$144.00 per year, or \$12.00 per month, for wastewater service.

### **STAFF’S INVESTIGATION**

Staff from the Water, Sewer, and Steam Department investigated the Country Life Acres wastewater treatment system’s condition, including its performance and compliance with environmental regulations. Staff also reviewed records and correspondence from the Missouri Department of Natural Resources (“DNR”). A single record was withheld by DNR from other records received, and when Staff contacted DNR to discuss that record, it was learned that the content of that record relates to litigation and that litigation records are not subject to Sunshine Law review.

Staff filed Data Request (“DR”) 0014 on October 16, 2023 requesting information provided to customers regarding a proposed system sale to Confluence and received a response on November 6, 2023. According to a record received from Country Life Acres in the DR 0014 response, there are currently 13 homes connected to and using the sewer system. There are an additional 4 homes that are not connected to the sewer system that have their own onsite sewer treatment systems, and another home that is unoccupied do to a major house fire. These 5 homes are within the requested service area and would have an option for service in the future.

Staff was able to verify, by Jefferson County Assessor GIS records, which of the homes are not currently connected. All four homes are situated on lots that appear to be below the expected grade

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<sup>1</sup> General Rate Case No. WR-2023-0006, Direct Testimony Paul K. Amenthor, page 3:6 – 8.

of the gravity sewer line. There are another two of the remaining 13 homes that appear to also be below the grade for a gravity flow system. According to a preliminary 21 Design Engineering Memorandum (“Engineering Memorandum”) filed in response to DR 0005 on October 31, 2023, the sewer collection system is entirely gravity flow. At the time of this writing, Confluence engineering personnel are investigating whether those homes truly have gravity flow connections.

#### Description of the Sewer System

Country Life Acres’ treatment facility consists of a septic tank adjacent to the first cell of a two-cell facultative lagoon with sludge retained in the lagoon. According to the operating permit, the design flow is 3,000 gallons per day (“gpd”) and the actual flow is 1,440 gpd. Plant effluent discharges to a tributary to Belews Creek.

While a new permit for the lagoon treatment facility, operating under DNR permit number MO0090905, became effective on July 1, 2023 (with an expiration date of June 30, 2028), Staff is in agreement with details provided in the application regarding the facility’s demonstrated inability to consistently meet discharge limits that include Biochemical Oxygen Demand (“BOD”), E. Coli, Ammonia and Total Suspended Solids (“TSS”) established in the permit. The permit does not require a certified system operator due to the small residential population connected to the system. This lack of a certified treatment plant operator is immediately evident at the facility, as further discussed below.

According to the permit, the facility was referred to DNR Enforcement Section on October 24, 2019, and is under enforcement action due to repeated exceedances of effluent limits for ammonia. The existing treatment technology was not designed to comply with modern permit limits, and the owners have failed to upgrade the system.

#### Staff’s Inspection of the Sewer System

Staff performed an inspection of the sewer system on November 3, 2023. The inspection included an on-site review of the current condition of the system and led to a focused discussion with Confluence personnel about the seriousness of the upper lagoon that is overflowing the berm, and the associated increasing risk of potential berm failure. The upper lagoon is not operating as designed and the overflow pipe that should be discharging to the lower lagoon is not currently functional.

During the inspection, Staff also observed that sludge removal is needed in the septic tank, areas adjacent to the upper lagoon where tree removal is needed to protect the integrity of the system, and areas around the lagoons that require additional fencing and warning signage placement.

### Proposed Sewer System Improvements

Statements are made in the *Application*, as well as in the Engineering Memorandum, that the facility will likely require significant process improvements to achieve consistent compliance with permitted limits.

The Engineering Memorandum lists the following recommended improvements for the sewer system:

- Installation of remote monitoring;
- Sludge removal from the septic tank;
- Berm repair and rip-rap stabilization at both lagoon cells;
- New fencing installation;
- Clearing of trees and vegetation around the lagoon;
- Installation of supplemental aeration blowers, aerators, and associated control panels at the first lagoon cell;
- Installation of a recycle lift station from the second cell back to the first cell for further treatment; and,
- Installation of chlorine tablet feeder and contact chamber.

The restoration of design flow from the first cell to the second cell and septic tank sludge removal are immediate needs that should be completed within the first month of ownership, should the Commission grant the requested CCN.

There appears to be an available area adjacent to the second lagoon cell to place a secondary treatment unit, such as a moving bed bioreactor, capable of ammonia removal, should that option be chosen.

The Engineering Memorandum uses NARUC categories for the proposed capital upgrades and provides an estimate for the construction costs at \*\* [REDACTED] \*\*.

Confluence's preliminary cost estimates are provided in this Engineering Memorandum for informational purposes only. Staff will review all investments and the actual costs for all repair and improvements during a future rate case to be filed by Confluence.

### SERVICE AREA

The Amended Appendix C and Appendix D filed for Country Life Acres on October 5, 2023 lacked some certainty about the number of homes that would be within the service area. Staff worked with Confluence personnel and a revised service area map was received by email on October 30, and an accompanying legal description on November 29.

The final revised legal description and the accompanying map will be reviewed once more when filed with the new tariffs pending Commission approval of the CCN.

### **RATE BASE**

The Auditing Department reviewed information provided by Confluence in response to Staff's DRs and the information in Confluence's *Application*, which included sale agreement documents and Confluence's workpapers. Typically, Staff recommends the value of plant investment, or "rate base," by studying documentation of the cost of constructing plant, along with annual depreciation expense, and whether or not plant facilities or money was contributed by customers or land developers.

In Staff DR 0011 and Staff DR 0009, Staff requested financial records regarding plant investments in the Country Life Acres sewer system. Confluence was unable to provide any financial records to Staff. In Staff DR 0005, Confluence did provide a preliminary Engineering Memorandum estimating initial restoration expenditures and secondary future capital improvements totaling \*\* [REDACTED] \*\*. In response to Staff DR 0004, Confluence provided a feasibility study that included additional preliminary survey and investigation costs and plant in service, for a total project cost of \*\* [REDACTED] \*\*. Based upon the purchase price of \*\* [REDACTED] \*\*, and the need for extensive repairs and upgrades detailed above, Staff finds it reasonable to assume a rate base of \$0.00 until Confluence files an application for its next rate case. However, because rate base is not required to be determined during this type of acquisition, the Commission is not required to make a finding at this time. As part of a future rate case, Confluence will supply details of the plant investments made and may choose to prepare an engineering study estimating rate base for other assets.

### **FINANCIAL ANALYSIS**

Staff investigated whether Confluence has the financial ability to acquire all or substantially all of the sewer system assets of the currently unregulated system of Country Life Acres and upgrade, own, operate, maintain, or otherwise control and manage said system. The purchase cost of the acquisition is \*\* [REDACTED] \*\* with a total project cost of \*\* [REDACTED] \*\*. <sup>2</sup> Confluence states that it has, "the financial strength and resources necessary to make expenditures and investments required to maintain the systems."<sup>3</sup>

A review of Confluence's pro forma financial statements indicates that the total anticipated cost of the project stems from equity infusions by its parent company, CSWR, as well as money borrowed from CSWR.<sup>4</sup> Given the fact that the funding for this acquisition is coming from

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<sup>2</sup> Appendix A-C and F-C, The *Application* and Confluence's response to DR 0004.

<sup>3</sup> Paragraph 18, The *Application*.

<sup>4</sup> According to Confluence's response to DR 0002.1, this money is classified by Confluence as "Payable to Associated Companies" on its balance sheet. Though it is recorded in the Long-Term Liabilities section of Confluence's balance

Confluence's parent company, Staff reviewed the current financial and business risk profile of both companies as well as the effect this project will have on each company's credit quality.

While neither Confluence nor CSWR are publicly traded, a review of Confluence's and CSWR's financial ratios show debt to capital ratios of \*\* [REDACTED] \*\* and \*\* [REDACTED] \*\*, respectively, with minimal increases in each company's pro forma.<sup>5</sup> These ratios indicate that Confluence has a "Highly Leveraged" financial risk while CSWR has a "Minimal" financial risk.<sup>6</sup> Additionally, both companies report negative ratios for both Funds from Operations ("FFO") to Debt as well as Debt to Earnings before Interest, Taxes, and Depreciation/Amortization ("EBITDA"). These ratios have been consistently negative, with a couple of exceptions for Confluence's 2021 annual and Q1 2022 Debt to EBITDA ratios.<sup>7</sup> Negative financial ratios are nonsensical in nature as these ratios are typically positive<sup>8</sup> and due to that reason are unable to truly reflect the financial position of the companies. The negative ratios for FFO/Debt and Debt/EBITDA for both companies result from FFO and EBITDA themselves being negative numbers. The negative FFO in the FFO/Debt ratio indicates that operations earnings are not enough to cover debt expenses. A negative EBITDA typically indicates poor cash flow and in the Debt/EBITDA ratio would indicate earnings are not exceeding debt.

Confluence has a projected average annual capital expenditure of \*\* [REDACTED] \*\*<sup>9</sup> for the next five years, while CSWR shows a projected average annual capital expenditure of \*\* [REDACTED] \*\*<sup>10</sup> for the next five years. The total cost of this acquisition appears to be around half of the average of Confluence's anticipated five-year capital expenditures, while it is roughly less than 1% of CSWR's average projected capital expenditures.<sup>11</sup>

A review of Confluence's and CSWR's Balance Sheets show that the companies have \*\* [REDACTED] \*\* and \*\* [REDACTED] \*\* in cash, respectively.<sup>12</sup> Additional reviews of both companies' financials show that historically, both companies have also had cash available if needed and that this acquisition does not greatly affect either companies' financial statements.<sup>13</sup>

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sheet, this amount has no "repayment, interest or other financing terms" as discussed in response to DR 0007.3 in case WF-2023-0023. Confluence additionally considers this amount as equity in its debt to capital ratios.

<sup>5</sup> Confluence's response to DR 0002.

<sup>6</sup> S&P's Ratings Services, RatingsDirect, "Criteria Methodology: Business Risk/Financial Risk Matrix Expanded"

<sup>7</sup> Confluence's response to DR 0003 as a part of Case No. WA-2023-0398.

<sup>8</sup> FFO/Debt ratios typically range from less than 12 for "Highly Leveraged" risk companies to greater than 60 for "Minimal" risk companies. Debt/EBITDA typically ratios range from less than 1.5 for "Minimal" risk companies to greater than 5 for "Highly Leveraged" risk companies.

<sup>9</sup> Confluence's response to DR 0005 as a part of Case No. WA-2023-0398.

<sup>10</sup> Confluence's response to DR 0183 as a part of Case No. WR-2023-0006.

<sup>11</sup> The percentage of the total acquisition cost (\*\* [REDACTED] \*\*) from the average five year capital expenditure provided by Confluence in case WR-2023-0006 (\*\* [REDACTED] \*\*).

<sup>12</sup> Confluence's response to DR 0001.

<sup>13</sup> Confluence's response to DRs 0001, 0002, and 0002.1 as a part of Case No. WA-2023-0398.

Despite this, Confluence and CSWR both report consistently negative “Net Income” from 2020 to current as well as in the pro forma.

In recent years, the water and sewer sector, “has experienced an expansion in the geographic footprint of transactions and diversity in the acquirers of water and wastewater systems nationwide. Given sector demographics, the lion’s share of water utility acquisition activity will continue to stem from the acquisition of financially challenged, small private systems and municipal utility systems by the largest investor-owned utilities.”<sup>14</sup> A review of the CCN cases filed by Confluence during fiscal year 2023<sup>15</sup> shows in that fiscal year alone, Confluence filed nine CCN cases, with five of them being joint sewer and water cases.<sup>16</sup> Furthermore, from July 1, 2023 to date, Confluence filed two additional CCN cases, including this one.<sup>17</sup> The total purchase cost for all eleven of Confluence’s most recent CCN’s is \*\* [REDACTED] \*\*<sup>18</sup> which is six times more than Confluence’s average annual projected capital expenditures, but less than 8% of CSWR’s average annual projected capital expenditures. The total estimated project cost of Confluence’s eleven CCNs is \*\* [REDACTED] \*\* which is more than 12 times Confluence’s average annual projected capital expenditures but roughly 14% of CSWR’s average annual projected capital expenditures. This indicates that Confluence has a fairly aggressive business practice but with the help of its parent company, is able to accommodate its aggressive business risks. Additionally, larger companies acquiring smaller financially challenged water and sewer systems appears to be on par with other companies nationwide.

While Staff has concerns regarding Confluence’s “Highly Leveraged” financial risk profile, the purchase price for this system is only \*\* [REDACTED] \*\*. Additionally, the projected total cost of this acquisition will be provided by CSWR in the form of loans and equity and is less than 1% of CSWR’s projected capital expenditures. CSWR has a “Minimal” financial risk profile that is mostly unchanged by this transaction and the total acquisition cost is less than 2% of CSWR’s cash available. Given this information, Staff does not have any evidence that CSWR cannot provide the necessary support needed by Confluence to acquire, upgrade, own, operate, maintain, and otherwise control and manage the Country Life Acres sewer system. Staff concludes that Confluence, with the assistance of its parent company, CSWR, is financially capable of the acquisition requested in the application.

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<sup>14</sup> S&P Capital IQ Pro, Financial Focus, “Water utility transactions trickle in while long-term demand remains elevated”, published July, 14, 2023.

<sup>15</sup> State of Missouri’s Fiscal year 2023 went from July 1, 2022 to June 30, 2023.

<sup>16</sup> These Cases include: WA-2023-0003, WA-2023-0026/SA-2023-0027, WA-2023-0092/SA-2023-0093, SA-2023-0187, SA-2023-0215, WA-2023-0284/SA-2023-0285, WA-2023-0398/SA-2023-0396, SA-2023-0437, and WA-2023-0450/SA-2023-0451.

<sup>17</sup> These cases include: WA-2024-0048/SA-2024-0049 and SA-2024-0129.

<sup>18</sup> Review of applications of all FY 2023-2024 Confluence CCN cases. Purchase costs were taken from purchase agreements provided in the application and totaled. Estimated Total Project Costs were taken from the feasibility study included with the application.

## **DEPRECIATION**

Staff recommends the use of the sewer depreciation rates in Exhibit A of the *Unanimous Partial Stipulation and Agreement* filed in Confluence rate case, Case No. WR-2023-0006, which was approved by the Commission on September 27, 2023.

## **CUSTOMER EXPERIENCE**

### Publicity and Customer Notice

According to information provided to Staff by Confluence, Country Life Acres gave notice of the proposed acquisition to residents. From September 25, 2023 to October 3, 2023, 18 households both connected and unconnected to the sewer collection system were asked to sign a notification indicating that they had received an informational letter and that they approved of the sale.<sup>19</sup> Of those 18 households, 17 signed the notification or otherwise indicated their consent.

### Customer Service and Billing

Customers may contact Confluence's customer service department by calling the toll-free phone number 866-945-3920 or by sending an email to customer service. There is also a toll-free phone number available for emergency calls. The emergency number, the website, and email are available 24/7. According to Confluence, this information is provided on the customer brochure, the website, and in all written materials sent to customers. Confluence's main office is located at 1630 Des Peres Road, Suite 140, St. Louis, MO 63131 and is open Monday through Friday from 8:00am to 5:00pm. The main office's customer service personnel are also available to be contacted after hours for escalated emergency calls.

Confluence will offer payment options including check, money order, cashier's check, debit card, credit card, e-check, Apply Pay, Google Pay, and PayPal Cash. Customers may mail in a check/money order as payment or they may pay directly online.

In order to incorporate Country Life Acres customers into its billing and customer service systems, it will be necessary for Confluence to properly enter the appropriate customer information into its systems and apply the Commission-approved rates.

## **RATE AND TARIFF MATTERS**

Confluence is proposing to adopt the rules and regulations contained within its current Commission approved sewer tariff, MO P.S.C. No. 13. At a later date, the service areas will be added to the tariff books at issue in the pending rate case, Case Number WR-2023-0006.

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<sup>19</sup> Confluence response to Staff DRs 0014 and 0014.1. Although the signature document references a letter, Country Life Acres informed Confluence that all communication was verbal.



Confluence is also proposing to adopt the current existing rate being charged by Country Life Acres, \$12.00 per month. Because Country Life Acres is not included in Confluence's current rate case, Case Number WR-2023-0006, the rate will remain at the amount established in this case until the system is included in Confluence's next general rate case. As previously indicated, the facility will likely require significant process improvements to achieve consistent compliance with permitted limits; therefore, an increase to the monthly sewer rate will be a possibility in a future rate case.

### **TMF AND TARTAN ENGERGY CRITERIA**

Staff utilizes the concepts of Technical, Managerial, and Financial capacities ("TMF") in studying applications involving existing water and/or sewer systems. Staff has reviewed and stated its position on the TMF capacities regarding each of Confluence's affiliates in previous CCN and transfer of assets cases before the Commission. Staff's position on Confluence's ability to meet TMF criteria remains positive regarding those affiliates, and it similarly takes the position that Confluence has adequate TMF capacity in this case. It is Staff's position that Confluence has the ability to secure funding, to oversee construction of any necessary upgrades or repairs, and the ability to manage operations of the sewer utility system listed above.

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) the need for service; 2) the utility's qualifications; 3) the utility's financial ability; 4) the economic feasibility of the proposal; and, 5) promotion of the public interest. Similar to the TMF capacities, in previous CCN cases Staff investigated these criteria and that investigation relates to this proposed acquisition. The results of Staff's investigation are outlined below:

#### **(1) Need for Service**

There is both a current and future need for sewer service, as the existing Country Life Acres customer base has both a desire and need for service.

#### **(2) Applicant's Qualifications**

Confluence is an existing water and sewer corporation and public utility subject to the jurisdiction of the Commission. As of January 31, 2023, Confluence provides service to approximately 4,830 water connections and 5,053 sewer connections throughout Missouri.<sup>20</sup> According to the application, Confluence is currently providing water service to approximately 5,200 customers and sewer service to approximately 5,200 customers throughout Missouri. Confluence is a subsidiary of CSWR.

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<sup>20</sup> General Rate Case No. WR-2023-0006, Direct Testimony Paul K. Amenthor, page 3:6 – 8.

### (3) Applicant's Financial Ability

Confluence has the financial capacity to acquire this system through access to capital from its parent company. This purchase is being made with a capital infusion and as a result, the purchase does not have a negative impact on the purchaser's capital structure or financial ratios.

### (4) Feasibility of the Proposal

The final determination of the existing rate base (before investment upgrades) and certainly any return of and on rate base for any future rate base investments would be determined in a future rate case. Any investment upgrades need to be prudent, in-service, used and useful before they are included in Confluence's revenue requirement. In other words, Confluence does not get recovery of or a return on any investment until after rates are set in a future rate case. Confluence has proposed to adopt the existing rate currently charged by Country Life Acres for sewer service. Country Life Acres' monthly service charge will be reviewed in Confluence's next general rate case. Confluence can draw upon the significant resources of its parent company, should any shortfall arise prior to the next rate case.

Staff finds Confluence's approach toward investigating and eventually upgrading the facility with modern technology a feasible engineering approach toward providing safe and adequate service.

### (5) Promotion of the Public Interest

Staff finds the proposed transaction promotes the public interest. The current owner of the Country Life Acres system has failed to properly operate and maintain the sewer system. This will be resolved by Confluence purchasing the system and making the appropriate improvements. As a result, the customers will be better served by Confluence as the operator of the sewer system, and will more likely be provided with safe and adequate service, provided that Confluence completes upgrades and repairs in a timely manner as described in the conditions below.

### **OTHER ISSUES**

Country Life Acres, as an unregulated sewer entity, has no obligations due to the Commission, and has no pending actions before the Commission.

Confluence is a corporation that is in "good standing" with the Missouri Secretary of State.

Confluence is current with annual report filings with the Commission through calendar year 2022, as documented on the Commission's Electronic Filing and Information System ("EFIS").

Confluence is current on its annual assessment quarterly payments.

Confluence has other pending cases before the Commission, but none that would impact this decision.

## **STAFF'S RECOMMENDATIONS AND CONCLUSIONS**

Staff finds that issuance of a CCN to Confluence is necessary or convenient for the public service. Staff recommends the Commission grant Confluence's Application, authorize Confluence to acquire the unregulated sewer system assets, and grant Confluence a CCN to operate these assets, subject to the following conditions:

1. Grant Confluence a CCN to provide sewer service in the proposed Country Life Acres service area;
2. Approve Confluence's proposed monthly charge for sewer service, and the rules governing sewer service currently found in Confluence's sewer tariff P.S.C. MO No. 13, until such time the new tariff book is approved by the Commission in Confluence's current rate case;
3. Require Confluence to submit tariff sheets, to become effective before closing on the assets, to include a service area map, service area written description, rates and charges;
4. Require Confluence to notify the Commission of closing on the assets within five (5) days after such closing;
5. If closing on the 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 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 not occur;
6. 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 service area maps and descriptions applicable to the service area sewer tariff, and rate and charges sheets applicable to customers in the service areas in the sewer tariff;
7. Require Confluence to keep its financial books and records for plant-in-service and operating expenses in accordance with the NARUC Uniform System of Accounts;
8. Require Confluence to adhere to the acquisition accounting guidance provided in the USOA so that a request for rate recovery can be properly audited in Confluence's next rate case;

9. Require Confluence to utilize the sewer depreciation rates in Exhibit A of the *Unanimous Partial Stipulation and Agreement* filed in Confluence rate case, Case No. WR-2023-0006, which was approved by the Commission on September 27, 2023;
10. Require Confluence to provide training to its call center personnel regarding rates and rules applicable to Country Life Acres customers;
11. Require Confluence to distribute to Country Life Acres 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;
12. Require Confluence to provide to the Customer Experience Department (“CXD”) Staff an example of its actual communication with Country Life Acres customers regarding its acquisition and operations of the sewer system, and how customers may reach Confluence, within ten (10) days after closing on the assets;
13. Require Confluence to include Country Life Acres 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;
14. Require Confluence to provide to the CXD Staff a sample of five (5) billing statements from the first three month’s billing for Country Life Acres within ten (10) days of the billings;
15. Require Confluence 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;
16. Require Confluence to repair the connection between the first and second lagoon cells and remove sludge from the septic tank within the first month of ownership;
17. Require Confluence to upgrade the treatment system as necessary to achieve compliance with wastewater treatment facility permit discharge limits within 24 months of ownership; and,
18. Require Confluence to file notice in this case once Staff Recommendations Nos. 1-17 above have been completed.

**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

In the Matter of the Application of )  
Confluence Rivers Utility Operating ) File No. SA-2024-0129  
Company, Inc., for a Certificate of )  
Convenience and Necessity to Provide )  
Sewer Service in an Area of Jefferson )  
County, Missouri (Country Life Acres) )

**AFFIDAVIT OF ANTONIJA NIETO**

STATE OF MISSOURI )  
 ) ss.  
COUNTY OF JACKSON )

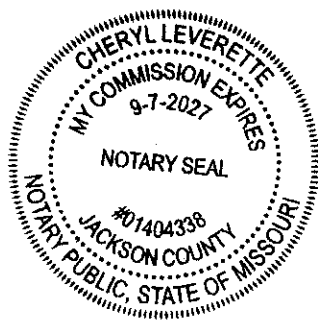
**COMES NOW ANTONIJA NIETO** and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Recommendation* in memorandum form; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

  
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**ANTONIJA NIETO**

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Jackson, State of Missouri, at my office in Kansas City, on this 6<sup>th</sup> day of December 2023.



  
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Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI

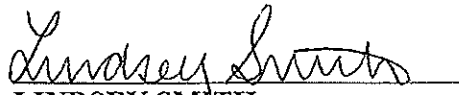
In the Matter of the Application of )  
Confluence Rivers Utility Operating ) File No. SA-2024-0129  
Company, Inc., for a Certificate of )  
Convenience and Necessity to Provide )  
Sewer Service in an Area of Jefferson )  
County, Missouri (Country Life Acres) )

**AFFIDAVIT OF LINDSEY SMITH**

STATE OF MISSOURI )  
 ) ss.  
COUNTY OF JACKSON )

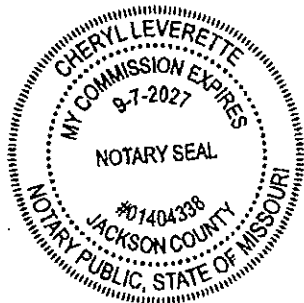
**COMES NOW LINDSEY SMITH** and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Recommendation* in memorandum form; and that the same is true and correct according to her best knowledge and belief.

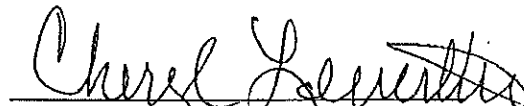
Further the Affiant sayeth not.

  
LINDSEY SMITH

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Jackson, State of Missouri, at my office in Kansas City, on this 5th day of December 2023.



  
Notary Public

**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

In the Matter of the Application of                                    )  
Confluence Rivers Utility Operating                                ) File No. SA-2024-0129  
Company, Inc., for a Certificate of                                    )  
Convenience and Necessity to Provide                             )  
Sewer Service in an Area of Jefferson                             )  
County, Missouri (Country Life Acres)                             )

**AFFIDAVIT OF CHARLES TYRONE THOMASON**

STATE OF MISSOURI            )  
  )        ss.  
COUNTY OF COLE             )

**COMES NOW CHARLES TYRONE THOMASON** and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Recommendation* in memorandum form; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

  
**CHARLES TYRONE THOMASON**

**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 December 2023.

D. SUZIE MANKIN  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for Cole County  
My Commission Expires: April 04, 2025  
Commission Number: 12412070

  
Notary Public

**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

In the Matter of the Application of )  
Confluence Rivers Utility Operating ) File No. SA-2024-0129  
Company, Inc., for a Certificate of )  
Convenience and Necessity to Provide )  
Sewer Service in an Area of Jefferson )  
County, Missouri (Country Life Acres) )

**AFFIDAVIT OF KELLI McKINLEY**

STATE OF MISSOURI )  
 ) ss.  
COUNTY OF COLE )

**COMES NOW KELLI McKINLEY** and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Recommendation* in memorandum form; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

  
KELLI McKINLEY

**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 December 2023.

D. SUZIE MANKIN  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for Cole County  
My Commission Expires: April 04, 2025  
Commission Number: 12412070

  
Notary Public



**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

In the Matter of the Application of )  
Confluence Rivers Utility Operating ) File No. SA-2024-0129  
Company, Inc., for a Certificate of )  
Convenience and Necessity to Provide )  
Sewer Service in an Area of Jefferson )  
County, Missouri (Country Life Acres) )

**AFFIDAVIT OF ANDREW HARRIS, PE**

STATE OF MISSOURI     )  
  )     ss.  
COUNTY OF COLE     )

**COMES NOW ANDREW HARRIS, PE** and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff Recommendation* in memorandum form; and that the same is true and correct according to his best knowledge and belief.

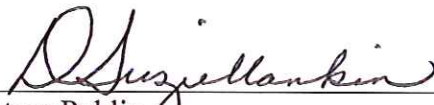
Further the Affiant sayeth not.

  
\_\_\_\_\_  
**ANDREW HARRIS, PE**

**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 December 2023.

D. SUZIE MANKIN  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for Cole County  
My Commission Expires: April 04, 2025  
Commission Number: 12412070

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

**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

In the Matter of the Application of )  
Confluence Rivers Utility Operating ) File No. SA-2024-0129  
Company, Inc., for a Certificate of )  
Convenience and Necessity to Provide )  
Sewer Service in an Area of Jefferson )  
County, Missouri (Country Life Acres) )

**AFFIDAVIT OF KERI ROTH**

STATE OF MISSOURI )  
 ) ss.  
COUNTY OF COLE )

**COMES NOW KERI ROTH** and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff Recommendation* in memorandum form; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

  
\_\_\_\_\_ **KERI ROTH**

**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 December 2023.

D. SUZIE MANKIN  
Notary Public - Notary Seal  
State of Missouri  
Commissioned for Cole County  
My Commission Expires: April 04, 2025  
Commission Number: 12412070

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