

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 13th day of December, 2023.

In the Matter of the Application of Confluence)
Rivers Utility Operating Company, Inc., for)
Authority to Acquire Certain Water and Sewer)
Assets And for Certificates of Convenience)
And Necessity)

File No. WA-2023-0450

**ORDER APPROVING TRANSFER OF ASSETS AND
GRANTING CERTIFICATE OF CONVENIENCE AND NECESSITY**

Issue Date: December 13, 2023

Effective Date: January 12, 2024

Procedural History

On June 30, 2023, Confluence Rivers Utility Operating Company, Inc. (Confluence) filed the above-referenced applications.¹ The applications seek, among other things, authority for Confluence to acquire and operate the sewer systems of Brussels Valley Estates, Inc., (Brussels) and Mapaville Meadows (Mapaville). Confluence also wishes to acquire and operate the water and sewer systems of Chevron/Sierra Land Company, LLC (Johnson Bay).

Confluence also asks for a Certificate of Convenience and Necessity (CCN) to install, own, acquire, construct, operate, control, manage, and maintain those water and sewer systems. Confluence is a “water corporation,” a “sewer corporation,” and “public

¹ At Confluence’s request, the Commission consolidated this file with File No. SA-2023-0451.

utility” as those terms are defined in Section 386.020, RSMo (Supp. 2022), and is subject to the jurisdiction of the Commission.

If the Commission approves the application, Confluence would provide sewer service for Brussels’ 13 residential customers, sewer service for Mapaville’s 9 residential customers, and water and sewer service for Johnson Bay’s 63 customers.² In addition, Confluence asks the Commission to waive the 60-day notice requirement it would otherwise have to give before filing this case.

The Commission issued notice and set a deadline for intervention requests, but received no requests. On November 28, 2023, the Staff of the Commission (Staff) filed its recommendation to approve the transfer of assets and grant a CCN, with certain conditions.

On December 8, 2023, Confluence responded. Confluence stated that its engineering team believes it may take 30 months to bring the Mapaville and Brussels systems into compliance, rather than the 24 months Staff recommended. Confluence states that Staff does not object to the Commission granting Confluence 30 months to bring the Mapaville and Brussels assets into compliance.

Discussion

Certificate of convenience and necessity

The Commission may grant a water and sewer corporation a CCN to operate after determining that the construction and operation are “necessary or convenient for the public service.”³ The Commission articulated criteria to be used when evaluating applications for utility certificates of convenience and necessity that are known as the

² The customer counts are approximate.

³ Section 393.170.3, RSMo. (Supp. 2022).

Tartan factors.

The *Tartan* case combined the standards used in several similar certificate cases, and set forth the following criteria: (1) there must be a need for the service; (2) the applicant must be qualified to provide the proposed service; (3) the applicant must have the financial ability to provide the service; (4) the applicant's proposal must be economically feasible; and (5) the service must promote the public interest.⁴

There is a need for the service, as the residents of Johnson Bay, Brussels, and Mapaville currently use the existing water and sewer systems. Confluence is qualified to provide the service, as it already provides water service to approximately 4,830 Missouri customers, and sewer service to approximately 5,053 Missouri customers. Confluence has the financial ability to provide the service because no external financing is anticipated. The proposal is economically feasible, as the upgrades and repairs Confluence proposes appear reasonable, and are likely to enable these systems to begin providing safe and adequate service. The proposal promotes the public interest, as the current owners of the Brussels and Mapaville systems, according to Staff's observations, have failed to properly operate and maintain the sewer systems, and Johnson Bay's owners have decided to exit the utility business. Thus, those customers will be better served by Confluence.

Based on the application and Staff's recommendations, the Commission concludes that the factors for granting a certificate of convenience and necessity to Confluence have been satisfied and that, with the conditions set out by Staff, it is in the public interest for Confluence to provide water and sewer service to the customers served

⁴ See Report and Order, *In re Application of Tartan Energy Company, L.C., d/b/a Southern Missouri Gas Company, for a Certificate of Convenience and Necessity*, Case No. GA-94-127, 3 Mo. P.S.C. 3d 173 (September 16, 1994).

by Johnson Bay, Brussels, and Mapaville. Further, the Commission finds that Confluence possesses adequate technical, managerial, and financial capacity to operate the water and sewer system it wishes to purchase. Thus, the Commission will authorize the purchase of assets and grant Confluence the certificate of convenience and necessity to provide water and sewer service within the proposed service area, subject to the conditions described by Staff.

Waiver of 60-day notice rule

Confluence's application also asks the Commission to waive the 60-day notice requirement in 20 CSR 4240-4.017(1). Confluence has filed a verified declaration that it has had no communication with the Office of the Commission within the prior 150 days regarding any substantive issue likely to be in this case. The Commission finds good cause exists to waive the notice requirement, and a waiver of 20 CSR 4240-4.017(1) will be granted.

THE COMMISSION ORDERS THAT:

1. Confluence is granted permission to acquire sewer system assets of Brussels and Mapaville, and the water and sewer system assets of Johnson Bay.
2. Confluence is granted certificates of convenience and necessity to provide sewer service in the Brussels service area, as described in Appendices C and D of the application, the Mapaville service area, as described in Appendices L and M of the application, and water and sewer service in the Johnson Bay areas, as described Appendices H and I of the application, subject to the conditions and requirements contained in Staff's Recommendation, including the filing of tariffs, as set out below:
 - a. The Commission approves Confluence's proposed monthly charge for water service, as outlined in Staff's Memorandum, as follows:

Johnson Bay Water - \$27.00 per month (includes 3,000 gallons), \$0.90 per additional 100 gallons used.

- b. The Commission approves Confluence's proposed monthly charges for sewer service, as outlined in Staff's Memorandum, as follows: Johnson Bay Sewer – Flat Rate of \$47.50; Brussels – Flat Rate of \$32.00, Mapaville Sewer – Flat Rate of \$50.00;
- c. Confluence shall submit tariff sheets for each service area, to become effective before closing on the assets, to include a service area map, service area written description, rates and charges;
- d. Confluence shall notify the Commission of closing on the assets within five (5) days after such closing;
- e. If closing on the system assets does not take place within 30 days following the effective date of the Commission's order approving such, Confluence shall submit a status report within 5 days after this 30-day period regarding the status of closing and additional status reports within 5 days after each additional 30-day period until closing takes place, or until Confluence determines that the transfer of the assets will not occur;
- f. If Confluence determines that a transfer of the assets will not occur, Confluence shall notify the Commission of such no later than the date of the next status report, as addressed above, after such determination is made, and Confluence shall submit tariff sheets as appropriate that would cancel service area maps and descriptions applicable to the service area in its water and sewer tariffs, and rate and charges sheets applicable to customers in the service area in the water and sewer tariffs;
- g. Confluence shall keep its financial books and records for plant-in-service and operating expenses in accordance with the NARUC Uniform System of Accounts (USOA);
- h. Confluence shall 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;
- i. Confluence shall utilize the water and 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;

- j. Confluence shall provide training to its call center personnel regarding rates and rules applicable to the water and sewer customers in the acquired areas;
- k. Confluence shall distribute to the customers in the acquired areas 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 30 days of closing on the assets;
- l. Confluence shall provide to the Customer Experience Department (“CXD”) Staff an example of its actual communication with each system’s customers regarding its acquisition and operations of the water and sewer systems, and how customers may reach Confluence, within 10 days after closing on the assets;
- m. Confluence shall provide to the CXD Staff a sample of 5 billing statements from the first three month’s billing for each of the acquired systems within 10 days of the billings;
- n. Confluence shall file notice in this case outlining completion of the above-recommended training, customer communications, notifications and billing for each acquired system within 10 days after such communications and notifications;
- o. Confluence shall include each system’s water and sewer 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;
- p. Confluence shall complete repairs and upgrades to the wastewater plant at Brussels, and bring effluent sample readings into DNR compliance within 30 months of closing. Confluence shall notify the manager of the Water, Sewer, and Steam Department upon completion of these repairs and upgrades;
- q. Confluence shall complete repairs to the wastewater plant at Mapaville, and bring effluent sample readings into DNR compliance within 30 months of closing. Confluence shall notify the manager of the Water, Sewer, and Steam Department upon completion of these repairs and upgrades;

3. Confluence is authorized to take other actions as may be deemed necessary and appropriate to consummate the transactions proposed in the application.

4. The 60-day notice requirement of Commission Rule 20 CSR 4240-4.017(1) is waived.

5. This order shall become effective on January 12, 2024.



BY THE COMMISSION

A handwritten signature in black ink that reads "Nancy Dippell".

Nancy Dippell
Secretary

Rupp, Chm., Coleman, Holsman, Kolkmeier
and Hahn CC., concur.

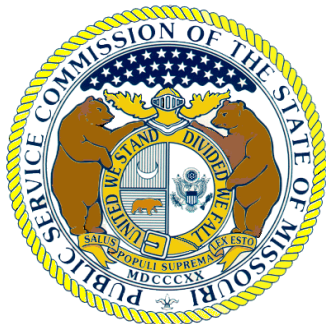
Pridgin, Deputy Chief Regulatory Law Judge

STATE OF MISSOURI

OFFICE OF THE PUBLIC SERVICE COMMISSION

I have compared the preceding copy with the original on file in this office and I do hereby certify the same to be a true copy therefrom and the whole thereof.

WITNESS my hand and seal of the Public Service Commission, at Jefferson City, Missouri, this 13th day of December 2023.



Nancy Dippell

Nancy Dippell
Secretary

MISSOURI PUBLIC SERVICE COMMISSION

December 13, 2023

File/Case No. WA-2023-0450

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Enclosed find a certified copy of an Order or Notice issued in the above-referenced matter(s).

Sincerely,



**Nancy Dippell
Secretary**

Recipients listed above with a valid e-mail address will receive electronic service. Recipients without a valid e-mail address will receive paper service.