

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 21<sup>st</sup> day of December, 2023.

In the Matter of the Application of )  
Confluence Rivers Utility Operating )  
Company, Inc., for a Certificate of )  
Convenience and Necessity to Provide )  
Sewer Service in an Area of Jefferson )  
County, Missouri (Country Life Acres) )

**File No. SA-2024-0129**

**ORDER APPROVING ACQUISITION OF ASSETS AND GRANTING A  
CERTIFICATE OF CONVENIENCE AND NECESSITY**

Issue Date: December 21, 2023

Effective Date: December 31, 2023

**Background**

On September 29, 2023,<sup>1</sup> Confluence Rivers Utility Operating Company, Inc. (Confluence Rivers) filed an application requesting that the Commission approve the acquisition of the Country Life Acres<sup>2</sup> sewer system, and also grant Confluence Rivers a Certificate of Convenience and Necessity (CCN) regarding the Country Life Acres sewer system in Jefferson County, Missouri. The Commission does not currently regulate the Country Life Acres sewer system.

Country Life Acres currently charges \$144 per year (or \$12 per month) for sewer service. Confluence Rivers proposed to adopt the existing rates of Country Life Acres until such time as the rates are modified according to law.

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<sup>1</sup> All dates refer to 2023 unless otherwise indicated.

<sup>2</sup> Kathy Kriska d/b/a Country Life Acres #2 Trustees has an active fictitious name registration with the Missouri Secretary of State.

The Commission issued notice of the application and set a deadline for the filing of applications to intervene, but no applications to intervene were received. On October 5, Confluence Rivers amended its application. The originally filed Appendix C and Appendix D lacked certainty as to the number of homes in the service area. Confluence Rivers worked with Staff and filed a revised legal description of the service area and a revised service area map - respectively Amended Appendix C and Amended Appendix D.

On December 5, the Staff of the Commission (Staff) filed its Recommendation with an attached Memorandum. Staff stated that Confluence Rivers' application for the issuance of a CCN meets the necessary and convenient for the public service standard, and the transfer of assets would not be detrimental to the public interest. Staff recommended approval of the application subject to 17<sup>3</sup> recommended conditions.

On December 14, Confluence Rivers filed its response to Staff's recommendation. Confluence Rivers stated that it accepted all of Staff's recommended conditions, but proposed an extension of time with respect to proposed conditions 16 and 17, which state, in pertinent part, that Confluence "repair the connection between the first and second lagoon cells and remove sludge from the septic tank within the first month of ownership" and "upgrade the treatment system as necessary to achieve compliance with wastewater treatment facility permit discharge limits within 24 months of ownership[.]" Confluence Rivers proposed extending the above timelines to three months and 30 months, respectively. Confluence Rivers' response stated that Staff did not oppose the additional time.

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<sup>3</sup> Lettered a-q in ordered paragraph 3 below.

No other responses or objections to the application or to Staff's Recommendation were received.<sup>4</sup> No party requested a hearing. The requirement for a hearing is met when the opportunity for a hearing has been provided.<sup>5</sup> Thus, the Commission will rule on the application as amended.

## **Discussion**

Confluence Rivers is a certificated and regulated water and sewer utility providing service to customers in Missouri. Central States Water Resources, LLC is the parent company of Confluence Rivers. Confluence Rivers provides water service to approximately 5,200 customers and sewer service to approximately 5,200 customers across several counties.

Country Life Acres provides sewer services to approximately 15 residential connections (single family homes) in Jefferson County, Missouri. There is no other same or similar sewer service available in the area. The wastewater system is a lagoon treatment facility consisting of gravity collection flowing to a septic tank, which is pumped to a two-cell facultative lagoon with chlorine disinfection. Sludge is retained in the lagoon. The facility is regulated by the Missouri Department of Natural Resources. The application stated that the facility will likely require significant process improvements to achieve consistent compliance with permitted limits.

Staff's Memorandum stated that the Country Life Acres sewer system is under enforcement action from the Missouri Department of Natural Resources due to repeated exceedances of effluent limits for ammonia. The existing treatment technology at Country

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<sup>4</sup> Commission Rule 20 CSR 4240-2.080(13).

<sup>5</sup> *State ex rel. Rex Deffenderfer Ent., Inc. v. Public Serv. Comm'n*, 776 S.W.2d 494, 496 (Mo. App., W.D. 1989).

Life Acres was not designed to comply with modern permit limits, and the current owners have failed to upgrade the system. Staff further stated it 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).

### **Certificate of Convenience and Necessity**

Section 393.170, RSMo (Supp. 2022), in subsection 2, requires Confluence Rivers to have a CCN, which is granted by the Commission prior to providing sewer service in Country Life Acres service area. Subsection 393.170.3, RSMo, requires that the Commission determine that the services are "necessary or convenient for the public service." The term "necessity" does not mean "essential" or "absolutely indispensable," but rather that the proposed project "would be an improvement justifying its cost," and that the inconvenience to the public occasioned by lack of the proposed service is great enough to amount to a necessity.<sup>6</sup> It is within the Commission's discretion to determine when the evidence indicates the public interest would be served by the award of the certificate.<sup>7</sup> Subsection 393.170.3 permits the Commission to impose the conditions it deems reasonable and necessary for the grant of a CCN.

The Commission has articulated specific criteria when evaluating applications for utility CCNs as follows:

- (1) there must be a need for the service;
- (2) the applicant must be qualified to provide the proposed service;

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<sup>6</sup> *State ex rel. Intercon Gas, Inc., v. Pub. Serv. Commission of Missouri*, 848 S.W.2d 593, 597 (Mo. App. 1993), citing *State ex rel. Beaufort Transfer Co. v. Clark*, 504 S.W.2d 216, 219 (Mo. App. 1973), citing *State ex rel. Transport Delivery Service v. Burton*, 317 S.W.2d 661 (Mo. App. 1958).

<sup>7</sup> *State ex rel. Ozark Electric Coop. v. Public Service Commission*, 527 S.W.2d 390, 392 (Mo. App. 1975).

- (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.<sup>8</sup>

These criteria are known as the Tartan Factors.<sup>9</sup>

There is a need for the service as the customers of Country Life Acres are already receiving sewer service and will continue to need that service. Additionally, there is a need to repair and upgrade the system, and Confluence Rivers is qualified to provide the service as it is an existing sewer utility subject to the Commission's jurisdiction. Confluence Rivers has the financial ability to acquire the system, as no external financing is needed and Confluence Rivers has demonstrated historically that it has adequate resources to operate utility systems it owns via access to capital from its parent company. The proposed transaction is economically feasible due to its being financially feasible, as well as Confluence Rivers' demonstrated ability to successfully operate other similarly situated small sewer systems in the state of Missouri, its feasibility study provided in its application and other information provided to Staff regarding feasibility, the purchase price for the assets, and Confluence Rivers' ability to draw resources from its parent company. The proposal promotes the public interest as the Country Life Acres sewer system is under enforcement action from the Missouri Department of Natural Resources and is in need of repairs and upgrades. Confluence Rivers has demonstrated the ability to provide safe and adequate service, which also supports a finding of promotion of the public interest.

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<sup>8</sup> *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), 1994 WL 762882, \*3 (Mo. P.S.C.).

<sup>9</sup> *In re Tartan Energy Company*, 3 Mo.P.S.C. 173, 177 (1994).

Based on the application as amended, Staff's Recommendation and Memorandum and proposed conditions, and Confluence Rivers' response, the Commission concludes that the factors for granting a CCN to Confluence Rivers have been satisfied and that it is in the public interest for Confluence Rivers to provide sewer service to the customers currently served by the Country Life Acres sewer system. Further, the Commission finds that Confluence Rivers possesses, with the assistance of its parent company, adequate technical, managerial, and financial capacity to operate the sewer system. The Commission further finds that the transfer of assets via purchase would not be detrimental to the public interest. Thus, the Commission will authorize the transfer of assets and grant Confluence Rivers the CCN to provide sewer service within the proposed service area, subject to the conditions described by Staff as amended by the timeline modifications proposed by Confluence Rivers.

### **Rates**

Confluence Rivers proposes to charge a flat rate of \$12.00 per month for sewer service, which is the current rate being charged by Country Life Acres. The Commission finds that the proposed rates and rules of operation are just and reasonable. The Commission will direct Confluence Rivers to file new or amend its current tariffs, setting out the rates and rules for the Country Life Acres customers.

### **Waiver of 60-day notice rule**

Confluence Rivers also sought a waiver of the 60-day notice requirement of Commission Rule 20 CSR 4240-4.017(1)(D). Confluence Rivers verified that it had no communication with the office of the Commission regarding any substantive issue likely

to be in this case during the preceding 150 days. The Commission finds good cause to waive the notice requirement.

So that Confluence Rivers may address the repairs and improvements as soon as possible, the Commission finds it is reasonable to make this order effective in less than 30 days.

**THE COMMISSION ORDERS THAT:**

1. Confluence Rivers' request for waiver from the 60-day notice requirement of Commission Rule 20 CSR 4240-4.017(1)(D) is granted.

2. Confluence Rivers is granted authority to acquire all or substantially all of the sewer utility assets of Country Life Acres as described in the application as amended.

3. Upon closing, Confluence Rivers is granted a CCN to install, acquire, build, construct, own, operate, control, manage, and maintain a sewer system in the areas currently served by the Country Life Acres, subject to Staff's recommended conditions with Confluence Rivers' modified repair timelines, as follows:

- a) For the approved service area, Confluence Rivers' shall apply a monthly charge of \$12.00 for sewer service, and shall adopt the rules governing sewer service currently found in Confluence Rivers' sewer tariff P.S.C. MO No. 13, until such time the new tariff book is approved by the Commission in Confluence Rivers' recent rate case, File No. WR-2023-0006;
- b) Confluence Rivers shall submit tariff sheets, to become effective before closing on the assets, to include a service area map, service area written description, rates and charges;
- c) Confluence Rivers shall notify the Commission of closing on the assets within five days after such closing;
- d) If closing on the sewer system assets does not take place within 30 days following the effective date of the Commission's order approving such, Confluence Rivers shall submit a status report within five days after this 30-day period regarding the status of closing, and

additional status reports within five days after each additional 30-day period, until closing takes place, or until Confluence Rivers determines that the transfer of the assets will not occur;

- e) If Confluence Rivers determines that a transfer of the assets will not occur, Confluence Rivers 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 Rivers shall submit tariff sheets as appropriate that would cancel service area maps and descriptions applicable to the service area in its sewer tariff, and rate and charges sheets applicable to customers in the service area in the sewer tariff;
- f) Confluence Rivers shall keep its financial books and records for plant-in-service and operating expenses in accordance with the National Association of Regulatory Utility Commissioners (NARUC) Uniform System of Accounts (USOA);
- g) Confluence Rivers shall adhere to the acquisition accounting guidance provided in the USOA so that a request for rate recovery can be properly audited in Confluence Rivers' next rate case;
- h) Confluence Rivers shall utilize the sewer depreciation rates in Exhibit A of the *Unanimous Partial Stipulation and Agreement* filed in Confluence Rivers' rate case, File No. WR-2023-0006, which was approved by the Commission on September 27, 2023;
- i) Confluence Rivers shall provide training to its call center personnel regarding rates and rules applicable to the sewer customers in the acquired area;
- j) Confluence Rivers shall distribute to the customers in the acquired area 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;
- k) Confluence Rivers shall provide to the Commission's Customer Experience Department (CXD) Staff an example of its actual communication with the Country Life Acres customers regarding its acquisition and operations of the sewer, and how customers may reach Confluence Rivers by phone, within ten days after closing on the assets;



- l) Confluence Rivers shall 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;
- m) Confluence Rivers shall provide to the CXD Staff a sample of five billing statements from the first three month's billing for the acquired company within ten days of the billings;
- n) Confluence Rivers shall file notice in this case outlining completion of the above-recommended training, customer communications, notifications and billing for the acquired company within ten days after such communications and notifications;
- o) Confluence Rivers shall repair the connection between the first and second lagoon cells and remove sludge from the septic tank within the first three months of ownership;
- p) Confluence Rivers shall upgrade the treatment system as necessary to achieve compliance with wastewater treatment facility permit discharge limits within 30 months of ownership; and,
- q) Confluence Rivers shall file notice in this file, File No. SA-2024-0129, once conditions a-p above have been completed.

4. Upon closing of the asset transfer, Confluence Rivers is authorized to begin providing service in the Country Life Acres service area.

5. The Commission makes no finding that would preclude the Commission from considering the ratemaking treatment to be afforded any matters in any later proceeding.

6. This order shall become effective on December 31, 2023.



**BY THE COMMISSION**

*Nancy Dippell*

Nancy Dippell  
Secretary

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

Hatcher, Senior 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 21<sup>st</sup> day of December 2023.**



*Nancy Dippell*  
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**Nancy Dippell**  
**Secretary**

**MISSOURI PUBLIC SERVICE COMMISSION**

**December 21, 2023**

**File/Case No. SA-2024-0129**

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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**

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