

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

In the Matter of the Joint Application of Confluence)
Rivers Utility Operating Company, Inc., and)
Missouri-American Water Company for Authority)
for Confluence Rivers Utility Operating Company,) File No. SM-2025-_____
Inc. to Acquire Certain Sewer Assets of Missouri-)
American Water Company in Callaway and Morgan)
Counties, Missouri.)

JOINT APPLICATION AND MOTION FOR WAIVER

COME NOW Confluence Rivers Utility Operating Company, Inc. (“Confluence Rivers”) and Missouri-American Water Company (“MAWC”), pursuant to Section 393.190, 20 CSR 4240-2.060, 20 CSR 4240-4.017, and 20 CSR 4240-10.105, and for their *Joint Application and Motion for Waiver*, state as follows to the Missouri Public Service Commission (“Commission”):

SUMMARY

MAWC seeks to sell and Confluence Rivers desires to acquire nineteen (19) small wastewater systems described herein. MAWC and Confluence Rivers believe that this sale is in the public interest and will allow each company to focus on their core competencies and ensure their customers consistently have access to safe, reliable, and environmentally responsible resources, through improved efficiency, better resource allocation, and enhanced service for the customers of both the facilities managed by MAWC and the systems to be acquired by Confluence.

INTRODUCTION

1. Confluence Rivers is a Missouri corporation with its principal office and place of business at 1630 Des Peres Rd., Suite 140, St. Louis, MO 63131. Confluence Rivers is a Missouri corporation in good standing. A certified copy of Confluence Rivers’ certificate of good standing was filed in File No. WM-2018-0116 and is incorporated herein by reference.

2. Confluence Rivers provides water service to approximately 5,800 connections and sewer service to approximately 6,000 connections in the State of Missouri, pursuant to certificates of convenience and necessity previously granted by the Commission. Confluence Rivers is a “water corporation,” a “sewer corporation,” and a “public utility,” as those terms are defined in Section 386.020, RSMo, and is subject to the jurisdiction and supervision of the Commission as provided by law.

3. Confluence Rivers has no overdue Commission annual reports or assessment fees. There is no pending action or final unsatisfied judgment or decision against Confluence Rivers from any state or federal agency or court which involves customer service or rates, which action, judgment or decision has occurred within three (3) years of the date of this Application.

4. MAWC is a Missouri corporation with its principal office and place of business at 727 Craig Road, St. Louis, Missouri 63141. MAWC is a Missouri corporation in good standing. A certified copy of MAWC’s certificate of good standing was filed with the Commission in its File No. WO-2021-0343 and is incorporated herein by reference.

5. MAWC currently provides water service to approximately 483,000 customers and sewer service to approximately 24,000 customers in several counties throughout the state of Missouri. MAWC is a “water corporation,” a “sewer corporation,” and a “public utility” as those terms are defined in Section 386.020 and 393.1000(7), RSMo., and is subject to the jurisdiction and supervision of the Commission as provided by law.

6. Other than cases that have been docketed at the Commission, MAWC has no pending action or final unsatisfied judgments against it from any state or federal agency or court within the past three (3) years that involve customer service. MAWC has no annual report or assessment fees that are overdue.

7. Communications regarding this application should be addressed to the undersigned counsel and to:

Josiah Cox, President
Confluence Rivers Utility Operating Company, Inc.
1630 Des Peres Rd., Suite 140
St. Louis, MO 63131
Phone: (314) 380-8544
E-mail: jcox@cswrgroup.com

Stephen Kadyk, PE
Engineering Manager – Customer Development
Missouri-American Water Company
727 Craig Road
St. Louis, MO 63141
Phone: (314) 239-9515
E-mail steve.kadyk@amwater.com

THE PROPOSED SALE TRANSACTION

8. On October 19, 2023, Central States Water Resources, Inc. (“Central States”) entered into a *Purchase and Sale Agreement* (“Agreement”) with MAWC. A copy of the Agreement is attached as **Appendix A-C** and marked Confidential in accordance with Commission Rule 20 CSR 4240-2.135(2)(A)(3), (4) and (6), as it contains market specific information and information representing strategies employed in contract negotiations.

9. Section 7.04 of the Agreement provides that Central States may assign its rights to the Agreement by providing written notice of such assignment to MAWC. **Appendix B** represents Central States’ assignment of such rights to Confluence Rivers and acknowledgement by MAWC that notice of such assignment has been given.

10. **Appendix C** verifies the authority of Josiah Cox, the President of Central States and Confluence Rivers, to enter into the *Purchase and Sale Agreement* and *Assignment of Contract Rights* and seek Commission approval of the transaction. **Appendix D** verifies the authority of Rich Svindland, the President of MAWC, to enter into the *Purchase and Sale Agreement* and

Assignment of Contract Rights and seek Commission approval of the transaction.

11. Confluence Rivers seeks to acquire nineteen (19) wastewater systems in Callaway and Morgan Counties and the transfer of the Certificates of Convenience and Necessity (“CCNs”) to operate the systems and provide service to the public. As of April 2024, these systems have total connections of approximately 606 and are detailed below:

No.	Facility Name	Permit #	Connections	Plant Type Detail	County
1	Big Sky Subdivision WWTP	MO0122106	30	Extended Aeration	Callaway
2	Calley Trail	MOGD00471	11	Recirculating Sand Filter	Callaway
3	Cedar Hills Subdivision WWTF	MO0121061	19	Recirculating Sand Filter	Callaway
4	Dogwood Lake	MOGD00487	18	Extended Aeration	Callaway
5	Evergreen Drive Acres WWTF	MO0138517	25	Extended Aeration	Callaway
6	Golden Ponds Lagoon WWTF	MO0118800	30	Facultative Lagoon	Callaway
7	Halifax Road WWTF	MO0116947	38	Extended Aeration	Callaway
8	Hidden Valley	MOGD00472	20	Recirculating Sand Filter	Callaway
9	Hillers Creek Lagoon WWTF	MO0119407	43	Facultative Lagoon	Callaway
10	Hunter's Creek	MOGD00488	67	Extended Aeration	Callaway
11	Lee Street	MOGD00116	34	Extended Aeration	Callaway
12	Maple Leaf WWTF	MO0120022	15	Facultative Lagoon	Callaway
13	Ozark Meadows	MOGD00251	26	Extended Aeration	Morgan
14	Ryan's Lake Subdivision WWTP	MO0121096	85	Recirculating Sand Filter	Callaway
15	Southwind Meadows	MOGD00064	29	Extended Aeration	Callaway
16	Sterling Ridge	MOGD00255	20	Extended Aeration	Callaway

17	Stoney Creek	MOGD00264	23	Recirculating Sand Filter	Callaway
18	Summit View	MOGD00240	44	Extended Aeration	Callaway
19	The Highlands WWTF	MO0039012	29	Facultative Lagoon	Callaway

12. The assets to be sold by MAWC were among the assets MAWC acquired from Aqua Missouri, Inc., Aqua Development, Inc., and Aqua/RU, Inc. d/b/a Aqua Missouri, Inc. pursuant to approval granted by the Commission in Case No. WO-2011-0168. At that time, MAWC acquired water and sewer systems located in Cole, Callaway, Pettis and Morgan Counties, as well as water systems located in Barry, Benton, Christiaan, Greene, Stone and Taney Counties. The transaction was associated with the decision by Aqua to largely exit the state of Missouri as a regulated utility. This included approximately 52 sewer systems in Cole and Callaway Counties, as well as Maplewood in Pettis County, and Ozark Meadows in Morgan County.

ADDITIONAL INFORMATION

13. A Confluence Rivers balance sheet and income statement with adjustments showing the results of the acquisition of the nineteen (19) wastewater systems is attached as **Appendix E-C**. **Appendix E-C** has been identified as “Confidential” in accordance with Commission Rule 20 CSR 4240-2.135(2)(A)(3), (4) and (6), as it contains market-specific information and information representing strategies employed in contract negotiations.

14. Confluence Rivers and MAWC are not aware of any franchises or permits from municipalities, counties, or other authorities that would be required in order for Confluence Rivers to provide service in the requested areas.

15. The sale and purchase of the referenced assets should not increase, nor decrease, the tax revenues of relevant political subdivisions, as both MAWC and Confluence Rivers are

private entities.

TARIFF/RATES

16. Confluence Rivers proposes to utilize the existing customer rates for the nineteen (19) wastewater systems (\$65.36/month). Confluence Rivers would further plan to submit tariff sheets, to be effective before closing on the assets, to include a service area map, service area written description, and rates to be included in its EFIS tariff P.S.C. MO No. 31, applicable to sewer service.

PUBLIC INTEREST

17. The grant of the requested CCN (and approval of the underlying transaction) and the proposed transfer is in the public interest and will result in the continuation of regulated sewer services provided to the current and future residents of the subject service areas. The systems would be acquired by Confluence Rivers, a Missouri public utility, and be subject to the jurisdiction of the Commission to own and operate the sewer systems for which approval is sought. Confluence Rivers, with the support and assistance of its affiliates, is fully qualified, in all respects, to own and operate the sewer systems for which the certificates are sought.

18. Moreover, MAWC and Confluence Rivers believe that the sale of these systems allows the companies to focus on their core competencies and align their resources appropriately. By divesting these smaller wastewater facilities, that do not overlap with its water service areas, MAWC can concentrate more effectively on its main operational strengths and large-scale facilities. Confluence Rivers, on the other hand, specializes in running and rehabilitating small systems. Its focus on small, geographically dispersed systems gives Confluence Rivers an advantage in managing the unique challenges that come with these types of operations. Moreover, Confluence Rivers already has several small wastewater systems in the vicinity of these systems.

As such, this acquisition should drive further economies in operational costs.

MOTION FOR WAIVER

19. Commission Rule 20 CSR 4240-4.017(1) requires “[a]ny person that intends to file a case shall file a notice with the secretary of the commission a minimum of sixty (60) days prior to filing such case.” Because they did not file such a notice within the time period prescribed by that rule, Confluence Rivers and MAWC seek a waiver of the 60-day pre-filing notice requirement.

20. Under Rule 20 CSR 4240-4.017(1)(D), a waiver of the pre-filing notice requirement may be granted for good cause. In this regard, Confluence Rivers and MAWC declare, as verified below, that they have had no communication with the Office of the Commission (as defined in 20 CSR 4240-4.015(10)) within the prior 150 days regarding any substantive issue likely to be in this case. Good cause for the requested waiver exists in accordance with Commission Rule 20 CSR 4240-4.017(1)(D) (“Good cause for waiver may include, among other things, a verified declaration from the filing party that it has had no communication with the office of the commission within the prior one hundred fifty (150) days regarding any substantive issue likely to be in the case....”).

21. Therefore, as authorized by Rule 20 CSR 4240-4.017(1)(D), Confluence Rivers and MAWC move for a waiver of the 60-day notice requirement and acceptance of this application at this time.

WHEREFORE, for the reasons previously stated, Confluence Rivers and MAWC respectfully request the Commission issue an order:

(A) Waiving the 60-day notice requirement of Rule 20 CSR 4240-4.017(1) for good cause shown;

(B) Authorizing Confluence Rivers and MAWC to enter into, execute, and perform, in accordance with the terms described in the Agreement attached to this Joint Application, and take any and all other actions that may be deemed necessary and appropriate to accomplish the purposes

of the Agreement and the Joint Application, and to consummate related transactions in accordance with the Agreement;

(C) Authorizing MAWC to sell and Confluence Rivers to acquire the assets identified herein; to include the CCNs held by MAWC applicable to the sewer system assets described in the Joint Application or, in the alternative, grant Confluence Rivers new CCNs authorizing it to install, acquire, build, construct, own, operate, control, manage, and maintain a sewer system for the public within the specified area currently served by the sewer system assets described in the Joint Application; and,

(D) Granting such other relief as may be deemed necessary and appropriate to accomplish the purposes of the agreements and the Joint Application and to consummate related

[Application continued on the following page]

transactions in accordance with the agreements.

Respectfully submitted,



Dean L. Cooper MBE #36592
BRYDON, SWEARENGEN & ENGLAND P.C.
312 E. Capitol Avenue
P.O. Box 456
Jefferson City, MO 65012
(573) 635-7166 telephone
dcooper@brydonlaw.com

**ATTORNEYS FOR CONFLUENCE RIVERS UTILITY OPERATING COMPANY, INC.
AND MISSOURI-AMERICAN WATER COMPANY**

Timothy W. Luft, MBE #40506
Rachel Niemeier, MBE #56073
Corporate Counsel
MISSOURI-AMERICAN WATER
COMPANY
727 Craig Road
St. Louis, MO 63141
(314) 996-2279 (Tim)
(314) 996-2390 (Rachel)
timothy.luft@amwater.com
rachel.neimeier@amwater.com

David L. Woodsmall MBE #40747
CSWR, LLC
1630 Des Peres Rd., Suite 140
Des Peres, MO 63131
dwoodsmall@cswrgroup.com

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

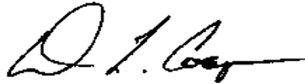
**ATTORNEYS FOR MISSOURI-
AMERICAN WATER COMPANY**

CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing document was sent by electronic mail, on August 27, 2024, to the following:

Office of the General Counsel
Governor Office Building
Jefferson City, MO 65101
staffcounsel@psc.mo.gov

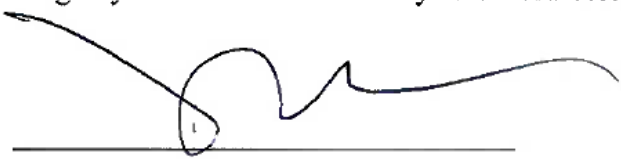
Office of the Public Counsel
Governor Office Building
Jefferson City, MO 65101
opc@opc.mo.gov



AFFIDAVIT

State of Missouri)
)
County of St. Louis) ss

I, Josiah Cox, having been duly sworn upon my oath, state that I am the President of Confluence Rivers Utility Operating Company, Inc. ("Confluence Rivers"), that I am duly authorized to make this affidavit on behalf of Confluence Rivers, that I have knowledge of the matters stated herein, and that said matters are true and correct to the best of my information, knowledge, and belief. Additionally, no representative of Confluence Rivers has had any communication with the office of the Missouri Public Service Commission as defined in Commission Rule 20 CSR 4240-4.015(10) within the one hundred fifty (150) days immediately preceding the filing of the Application regarding any substantive issue likely to be addressed in this case.

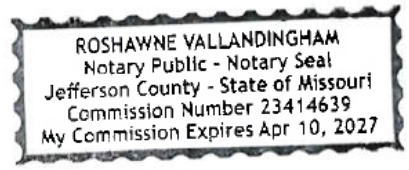


Subscribed and sworn before me this 28th day of March, 2024.



Notary Public

My Commission Expires 04-10-2027



AFFIDAVIT

State of Missouri)
) ss
County of St. Louis)

I, Rich Svindland, having been duly sworn upon my oath, state that I am the President of Missouri-American Water Company (“MAWC”), that I am duly authorized to make this affidavit on behalf of MAWC, that I have knowledge of the matters stated herein, and that said matters are true and correct to the best of my information, knowledge, and belief. Additionally, no representative of MAWC has had any communication with the office of the Missouri Public Service Commission as defined in Commission Rule 20 CSR 4240-4.015(10) within the one hundred fifty (150) days immediately preceding the filing of the Application regarding any substantive issue likely to be addressed in this case.



Subscribed and sworn before me this 27th day of August, 2024.



Notary Public

My Commission Expires April 26, 2028



APPENDICES

Appendix A-C	Purchase and Sale Agreement (Confidential)
Appendix B	Assignment of Contract Rights
Appendix C	Central States/Confluence Rivers' Verification of Authority
Appendix D	MAWC Verification of Authority
Appendix E-C	Pro Forma Balance Sheet and Income Statement for MAWC

APPENDIX A-C

**HAS BEEN
IDENTIFIED AS**

CONFIDENTIAL

**IN ITS ENTIRETY PURSUANT TO
20 CSR 4240-2.135(2)(A)3,4. and 6.**

APPENDIX B

ASSIGNMENT OF CONTRACT RIGHTS

This ASSIGNMENT OF CONTRACT RIGHTS is executed by CENTRAL STATES WATER RESOURCES, INC., a Missouri corporation ("Central States"), in favor of CONFLUENCE RIVERS UTILITY OPERATING COMPANY, INC., a Missouri corporation ("Confluence Rivers").



WHEREAS, Missouri-American Water Company ("Seller") and Central States (also known as "Buyer") entered into a *Purchase and Sale Agreement* ("Agreement") dated October 19, 2023; and

WHEREAS, under terms of the Agreement, Buyer will acquire all Sellers' assets pertaining to nineteen (19) wastewater systems in Callaway and Morgan Counties; and

WHEREAS, Section 7.04 of the Agreement gives Buyer the right to assign the Agreement to another entity or affiliate by providing written notice of assignment to Seller; and

WHEREAS, Confluence Rivers is an affiliate of Buyer formed for the purpose of owning and operating water and sewer systems in the state of Missouri.

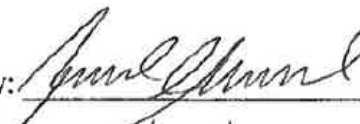
NOW, THEREFORE, Buyer hereby assigns to Confluence Rivers, all Buyer's rights, title, and interest in and to the Agreement and any amendments or addendums thereto.

CENTRAL STATES WATER RESOURCES, INC. By:  President Dated: <u>3/28/24</u>	CONFLUENCE RIVERS UTILITY OPERATING COMPANY, INC. By:  President Dated: <u>3/28/24</u>
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ACKNOWLEDGED

In accordance with Section 7.04 of the Agreement, Missouri-American Water Company hereby acknowledges receipt of written notice of this ASSIGNMENT OF CONTRACT RIGHTS.

MISSOURI-AMERICAN WATER COMPANY

By: 
Dated: 8/26/24

APPENDIX C

VERIFICATION OF AUTHORITY

COMES NOW the undersigned, the President of Confluence Rivers Utility Operating Company, Inc. ("Confluence Rivers") and Central States Water Resources, Inc. ("CSWR"), and does hereby verify that CSWR and Confluence Rivers had and have the requisite authority to enter into the *Purchase and Sale Agreement* and *Assignment of Contract Rights* described in the Joint Application and to carry out all the obligations contained in the *Purchase and Sale Agreement* and *Assignment of Contract Rights*, to include actions to seek approval of the Missouri Public Service Commission.

IN WITNESS WHEREOF, the undersigned has hereto set his hand the 28th day of March, 2024.



Josiah Cox, President
CONFLUENCE RIVERS UTILITY OPERATING
COMPANY, INC. and CENTRAL STATES
WATER RESOURCES, INC.

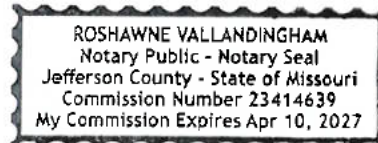
State of Missouri)
) ss
County of St. Louis)

Subscribed and sworn before me this 28th day of March, 2024.



Notary Public

My Commission Expires 04-10-2027



APPENDIX D

VERIFICATION OF AUTHORITY

COMES NOW the undersigned, the President of Missouri-American Water Company (“MAWC”), and does hereby verify that MAWC had and has the requisite authority to enter into the *Purchase and Sale Agreement* described in the Joint Application and to carry out all the obligations contained in the *Purchase and Sale Agreement*, to include actions to seek approval of the Missouri Public Service Commission.

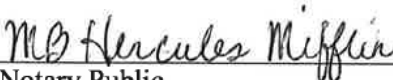
IN WITNESS WHEREOF, the undersigned has hereto set his hand the 27th day of August, 2024.



Rich Svindland, President
MISSOURI-AMERICAN WATER COMPANY

State of Missouri)
) ss
County of St. Louis)

Subscribed and sworn before me this 27th day of August, 2024.



Notary Public

My Commission Expires April 26, 2028



APPENDIX E-C

HAS BEEN
IDENTIFIED AS

CONFIDENTIAL

IN ITS ENTIRETY PURSUANT TO
20 CSR 4240-2.135(2)(A)3,4. and 6.