

MEMORANDUM

TO: Missouri Public Service Commission
Official Case File, Case No. SM-2025-0080

FROM: Kelli Malki, Financial Analyst – Financial Analysis Department
Lisa A. Stockman, Research/Data Analyst – Customer Experience Department
Jared Giacone, Lead Senior Utility Regulatory Auditor – Auditing Department
David A. Spratt, Senior Research/Data Analyst
Michael J. Abbott, Senior Project Manager
– Water, Sewer, Steam, & Gas Department

/s/ Michael J. Abbott 11/01/2024
Senior Project Manager Date

SUBJECT: Staff’s Recommendation to Approval of Application

DATE: November 1, 2024

Executive Summary and Case Background

On September 4, 2024, Confluence Rivers Utility Operating Company, Inc. (“Confluence Rivers”) and United Fiber, LLC d/b/a United Fiber MO, LLC (“United Fiber”) filed a *Joint Application and Motion for Waiver* (“Application”) with the Missouri Public Service Commission (“Commission”). Confluence Rivers seeks authority to acquire, and United Fiber seeks authority to sell, the systems and to transfer the Certificate of Convenience and Necessity (“CCN”) to operate the systems and provide service to the public. Confluence Rivers requests authority to acquire and transfer the CCN of United Fiber, or alternatively, permission, approval and a new CCN to construct, install, own, operate, maintain, control and manage sewer systems for the public areas of Nodaway and Andrew Counties currently being served by United Fiber for sewer services.

On September 5, 2024, the Commission issued its *Order Directing Notice, Setting an Intervention Deadline, and Directing Staff to File a Pleading* (“Order and Notice”). The Order and Notice established that any application to intervene shall be filed no later than October 4, 2024. Additionally, the Order and Notice established Commission Staff to file a pleading indicating when it can file a recommendation regarding the Confluence Rivers’ Application. On September 13, 2024, Commission Staff filed and the Commission accepted, *Staff’s Suggestions Concerning Recommendation Deadline* stating that Staff anticipate its recommendation regarding the Confluence Rivers’ Application would occur by November 1, 2024.

On September 23, 2024, the Commission issued its *Order Directing Staff to File a Recommendation and Setting a Time for Responses* setting a deadline for Staff to file its recommendation no later than November 1, 2024, and response to Staff’s recommendations or Confluence Rivers’ CCN request to be filed no later than November 7, 2024.

On December 27, 2023, Confluence Rivers entered into Agreement for Sale of Utility System with United Fiber, agreeing to purchase the above listed sewer systems at the purchase price of ** [REDACTED] **¹.

Confluence Rivers and United Fiber have 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 United Fiber MO, LLC

United Fiber, originally named Nodaway Worth Services, Inc. according to posted documents on the Missouri Secretary of State website, was organized as a corporation owned by United Electric Cooperative, Inc. (the Co-op). The Co-op formed United Services, Inc. originally for the purpose of providing fiber optic-based internet, television, and telephone services in locations within its electric cooperative service area. United Fiber expanded in approximately 2004 to providing sewer services.

Background of Confluence Rivers Utility Operating Company, Inc.

Confluence Rivers is a regulated water and sewer utility currently providing service in Missouri. Confluence Rivers is a subsidiary of Central States Water Resources, LLC (“CSWR”), which also owns and operates other water and sewer companies in several other states. In its Application, Confluence Rivers states it currently provides water service to approximately 5,800 customers and sewer service to approximately 6,000 customers in several Missouri counties.

Service Areas and Sewer Systems

United Fiber holds a CCN granted by the Commission and provides sewer services for nine (9) sewer systems consisting of approximately 356 customers², which are as follows:

Andrew County

- Dawn Valley Wastewater Treatment Plant (“WWTP”); 35 residential connections;
- Indian Ridge WWTP, 93 residential connections;
- Millstone WWTP, 23 residential connections;
- Spring Meadows WWTP, 25 residential connections; and
- Tuscany Lake Vista Ridge WWTP, 90 residential connections.

Nodaway County

- Countryside View WWTP, 19 residential connections;
- Highland Estates WWTP, 28 residential connections;
- Pleasant View WWTP, 12 residential connections; and
- Scout Ridge Estates WWTP, 31 residential connections.

¹ Appendix E-C – CONFIDENTIAL Executed PA – United Services.

² Customer counts provided by Confluence Rivers in response to Staff’s Data Request No. 0006.

Each sewer system utilizes recirculating sand filter wastewater treatment (“RSF”) along with chlorination and dichlorination except Pleasant View WWTP. The Pleasant View WWTP is not equipped with any form of disinfection prior to effluent discharge; however, improvements for this facility include a chlorine tablet feeder and dedicated chlorine contact tank designed to provide adequate disinfection contact time. All WWTP have a Missouri State Operating Permit (“MSOP”) but are also currently under Missouri Department of Natural Resources (“DNR”), Water Pollution Control Branch Compliance and Enforcement actions.

Description of Wastewater Systems

The United Fiber wastewater treatment facilities are fenced, have locking gates, and signs were posted stating the area is a wastewater treatment facility. Additionally, outfall locations were clearly marked and easy to access. Materials and equipment used are appropriate and the systems appeared to be operating well and performing as required. Review of the discharge monitoring reports located on DNR’s website indicates the treatment plants are in violation of the Missouri Clean Water Law and all are currently under DNR Compliance and Enforcement actions.

Each sewer system utilizes a Recirculating Sand Filter (RSF) treatment facility. The RSFs are of adequate capacity, based on Staff’s review of the treatment facilities’ Missouri State Operating Permits. The sizing of the recirculation tank, the filter bed dimensions, and pumping volume (plant capacity) is determined by the number of homes expected to be served in the particular service area. First, a recirculation tank receives effluent from the septic tanks. Second, pumps in the recirculation tank send partially treated wastewater to the filter bed units which utilizes rock sand media to provide additional treatment. After passing through the filter system, some of the filtered wastewater is discharged to the receiving stream and some is returned to the recirculation tank to be sent again (recirculated) through the sand media. This is true of all RSF treatment facilities except Dawn Valley, which includes an additional activated sludge module for ammonia removal.

United Fiber’s collection system for all nine systems consists of pressurized collecting sewers, along with each customer utilizing a Septic Tank Effluent Pump (STEP) unit at their residence. The STEP unit is a self-contained pump unit, installed at the customer’s expense but owned and maintained by United Fiber. The septic tank partially treats the sewage and retains solids. A pump within the tank then pumps the partially treated wastewater to the RSF treatment facilities under pressure. United Fiber is obligated by the terms of its tariffs to provide routine maintenance and checks of the customers’ STEP units, which are located at each customer’s premises. Routine maintenance includes site visits several times per week for checks of the pumps for proper operation, and the condition and operability of piping and miscellaneous components at each system, with electrical, mechanical or structural repairs accomplished as necessary. Grounds maintenance consists primarily of grass mowing during the growing season but also includes fence and driveway maintenance.

Proposed Capital Investments

As stated in Confluence Rivers’ response to Staff’s Data Request No. 0006, 21 Design, the engineering consultant for Confluence Rivers, has identified initial and secondary improvement capital investments for the nine (9) sewer services areas as follows:

Andrew County

- Dawn Valley WWTP ** [REDACTED] **
- Indian Ridge WWTP ** [REDACTED] **
- Millstone WWTP ** [REDACTED] **
- Spring Meadows WWTP ** [REDACTED] **
- Tuscany Lake Vista Ridge WWTP ** [REDACTED] **

Nodaway County

- Countryside View WWTP ** [REDACTED] **
- Highland Estates WWTP ** [REDACTED] **
- Pleasant View WWTP ** [REDACTED] **
- Scout Ridge Estates WWTP ** [REDACTED] **

The total estimated capital investment specifically based on improvements is ** [REDACTED] **. This is a preliminary estimate and will vary depending on changes in requirements by DNR, construction conditions on site, inflation, etc. A list of initial and secondary improvements is included as Attachment A – Capital Investment Cost.

Service Area

The service area for United Fiber’s sewer systems is located in United Fiber’s tariff JS-2024-0175, P.S.C. MO No. 3. Confluence Rivers will submit tariff sheets, to be effective before closing on the assets including service area maps, service area written descriptions, and rates.

Rate Base

Auditing Department Staff reviewed information provided by Confluence Rivers in response to Staff’s Data Requests, the information in Confluence Rivers’ Application and the information from United Services rate case, Docket No. SR-2024-0206. United Services, Inc. changed their name to United Fiber, LLC in Docket No. SN-2024-0378. Typically, Staff recommends the value of plant investment, or rate base, by evaluating supporting documentation of the original cost of the utility plant, annual depreciation expense, and whether or not interactions with non-utility parties resulted in contributed plant-in-service.

In the present case, Auditing Department Staff used United Fiber’s SR-2024-0206 rate case rate base value of \$645,051 as of December 31, 2023, and updated it through April 2024, based on information supplied by Confluence Rivers in response to DRs in the present case. There were five (5) STEP additions in April 2024 for \$51,900, all of which was paid for or contributed by

customers. Customer contributions for utility plant additions are known as Contributions In Aid of Construction (“CIAC”) and are an offset to utility rate base. Auditing Department Staff recommends adding the April 2024 additions and the April 2024 CIAC offset as well as the additional 2024 plant depreciation offset to the rate base value as of December 31, 2023, which was the true-up cutoff in United Fiber’s most recent rate case. The rate base for United Fiber should be updated through the date when Confluence Rivers closes on the sale to reflect any additional CIAC, plant additions, retirements and depreciation expense.

Depreciation

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

Acquisition Accounting

Plant Instruction No. 5 of the Commission-approved USOA provides guidance on how to record the acquisition of utility systems. This instruction describes how the cost of the acquisition should be charged to various rate base accounts as well as accounts that generally do not affect ratemaking revenue requirement; including Account 114 – Utility Plant Acquisition Adjustments. Conceptually, this account holds the difference between the net book value of assets acquired and the purchase price of those assets. The accounting industry also commonly refers to the amount of book value or net rate base that exceeds the purchase price as an acquisition discount. That is the situation in the present case since Auditing Department Staff determined the book value or net rate base exceeds Confluence Rivers’ ** [REDACTED] ** purchase price for the system.

Customer Experience

Publicity and Customer Notice

According to information provided to Staff, Confluence Rivers stated that they have not notified customers of United Fiber of their intentions to purchase the system. Confluence Rivers does plan to send a Welcome Letter including various pieces of information about Confluence Rivers and the facilities being purchased after the acquisition has closed.

Customer Service and Billing

The business office for Confluence Rivers will not change as a result of the proposed acquisition. The main office for Confluence Rivers is located at 1630 Des Peres Road, Suite 140, St. Louis, MO 63131. Customers will be able to contact Confluence Rivers’ customer service department by calling the toll-free phone number (866) 945-3920, the emergency toll-free number (866) 945-3920 option 2 or by sending an email to customer service at support@confluenceriversuoc.com. The emergency number, website and email are available 24/7. According to Confluence Rivers, this information will be provided in the customer brochure, the website, and in all written materials that will be sent to customers. The main office is open from 8:00 am to 5:00 pm M-F to respond to customer concerns forwarded by operations or customer

service personnel. Additionally, main office customer service personnel are available to be contacted after hours for emergency calls.

Once Confluence Rivers acquires the system, the payments options will include check, money order, cashier's check, e-check, credit/debit cards, Apple Pay, Google Pay, PayPal Cash and Check Free Pay. Online payments can be made using any of the methods listed.

In order to incorporate United Fiber customers' information into its billing and customer service system, Confluence Rivers will obtain a customer list from the current owners/operators. That data will then be entered into Confluence Rivers' billing system via data import or by manual data entry.

Confluence Rivers will utilize its standard billing process. Bills will be calculated near the first week of each month utilizing the Company's billing software, Muni-Link. Bills are mailed by a mailing service. Bills will have a due date of the last business day of the month, at least 21 days after each bill's rendition. Late fees are posted the day after the due date or within the first few days following the due date by CSWR Billing Specialists. Payments are posted automatically if paid by debit/credit card or e-check using Muni-Link Software and Invoice Cloud (third party provider of electronic bill pay). Auto-pay occurs three (3) days prior to due date. Posting occurs prior to bill rendition and payments are manually posted daily by CSWR Billing Specialists. Customers are contacted twice prior to disconnection via a written delinquent notice and a door hanger.

Technical, Managerial, and Financial Capacity and Tartan Energy 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 Confluence Rivers' and its affiliates in previous CCN and transfer of assets cases before the Commission. Staff's position on Confluence Rivers' ability to meet TMF criteria remains positive regarding those affiliates, and it similarly takes the position that Confluence Rivers has adequate TMF capacity in this case. It is Staff's position that Confluence Rivers has the ability to secure funding, to oversee construction of any necessary upgrades or repairs, and the ability to successfully manage operations of the United Fiber sewer utility system.

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 applied 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. Sewer service is currently provided to the nine (9) sewer systems and currently holds DNR issued Missouri State Operating Permits.

(2) Applicant's Qualifications

Confluence Rivers is qualified to own and operate the nine (9) sewer systems currently owned and operated by United Fiber. Confluence Rivers is an existing water and sewer corporation and public utility subject to the jurisdiction of the Commission. Confluence Rivers is currently providing water service to approximately 5,800 customers and sewer service to approximately 6,000 customers in several service areas throughout Missouri. Additionally, Confluence Rivers has affiliates that provide water and sewer service in several other states.

(3) Applicant's Financial Ability

Staff investigated whether Confluence Rivers has the financial ability to acquire all or substantially all of the sewer system assets of the currently regulated systems of United Fiber and upgrade, own, operate, maintain, or otherwise control and manage said system. The purchase cost of the acquisition is ** [REDACTED] **³ with a preliminary estimated total project cost of ** [REDACTED] **. Confluence Rivers states that it has, “the financial strength and resources necessary to make expenditures and investments required to maintain the systems.”⁴

A review of Confluence Rivers' pro forma financial statements indicates that the total anticipated cost of the project will be funded through equity infusions by its parent company, CSWR, as well as money borrowed from CSWR.⁵ Given the fact that the funding for this acquisition and improvement is coming from Confluence Rivers' 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 Rivers nor CSWR is publicly traded, a review of Confluence Rivers' and CSWR's financial ratios shows the following⁶:

³ Appendix E-C, The Application.

⁴ Paragraph 19, The Application.

⁵ Money borrowed is classified by Confluence Rivers as “Payable to Associated Companies” on its balance sheet. Though it is recorded in the Long-Term Liabilities section of Confluence Rivers' balance sheet, this amount has no “repayment, interest or other financing terms” as discussed in response to Data Request No. 0007.3 in case WF-2023-0023. Confluence Rivers additionally considers this amount as equity in its debt to capital ratios.

⁶ Confluence Rivers' response to Data Requests No. 0010, No. 0011, and Malki's Workpaper.

Confluence Rivers

	<u>As of June 30, 2024</u>				<u>Pro Forma</u>			
			<u>Financial Risk</u>				<u>Financial Risk</u>	
Debt/EBITDA (x)	**	██████	**	Highly Leveraged	**	██████	**	Highly Leveraged
Debt/Capital (%)	**	██████	**	Highly Leveraged	**	██████	**	Aggressive

CSWR

	<u>As of June 30, 2024</u>				<u>Pro Forma</u>			
			<u>Financial Risk</u>				<u>Financial Risk</u>	
Debt/EBITDA (x)	**	██████	**	Highly Leveraged	**	██████	**	Highly Leveraged
Debt/Capital (%)	**	██████	**	Minimal	**	██████	**	Minimal

A review of Confluence Rivers’ and CSWR’s financial ratios shows that both companies’ Debt to Earnings before Interest, Taxes, Depreciation, and Amortization (“EBITDA”) increase in the pro forma. These ratios for both companies are considered “Highly Leveraged”, which typically means a higher amount of debt with less coverage. In contrast, the financial statements show a significant decrease in Confluence Rivers’ Debt to Capital Ratio and a minor decrease in CSWR’s Debt to Capital Ratio. Due to negative Funds from Operations (“FFO”), Confluence Rivers and CSWR both show negative FFO to Debt Ratios⁷ which are nonsensical in nature as this ratio is typically positive.⁸ For this reason, Confluence Rivers’ and CSWR’s FFO to Debt ratios are unable to truly reflect the financial position of the companies.

Confluence Rivers has a projected average annual capital expenditure of ** ████████ **⁹ for the next five years, while CSWR shows a projected average annual capital expenditure of ** ████████ **¹⁰ for the next five years. The total purchase cost of this merger appears to be around 33% of Confluence Rivers’ average annual anticipated capital expenditure, while it is less than 1% of CSWR’s average annual projected capital expenditures.¹¹ Additionally, the total project cost is less than 4% of CSWR’s average annual projected capital expenditures.

⁷ Ibid.

⁸ FFO/Debt ratios typically range from less than 12 for “Highly Leveraged” risk companies to greater than 60 for “Minimal” risk companies.

⁹ Confluence Rivers’ response to Data Request No. 0005 as a part of Case No. WA-2023-0398.

¹⁰ Confluence Rivers’ response to Data Request No. 0183 as a part of Case No. WR-2023-0006.

¹¹ The percentage of the purchase cost (** ████████ **) from the average five year capital expenditure provided by Confluence Rivers in case WR-2023-0006 (** ████████ **).

Additional review of both Confluence Rivers' and CSWR's financials show that, historically, both companies have had the funds available as needed to support their acquisition and merger purchases.¹² Despite this, Confluence Rivers and CSWR both consistently report negative "Net Income" from 2020 to current as well as in the pro forma.¹³

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."¹⁴ A review of the merger and acquisition cases filed by Confluence Rivers during fiscal years 2023-2024¹⁵ shows in those fiscal years alone, Confluence Rivers filed thirteen acquisition and merger cases, with six of them being joint sewer and water cases.¹⁶ Furthermore, from July 1, 2024 to date, Confluence Rivers has filed four additional acquisition and merger cases, including this one.¹⁷ The total purchase cost for all seventeen of Confluence Rivers' most recent CCN's and Merger's is ** [REDACTED] **¹⁸ which is roughly nine times more than Confluence Rivers' average annual projected capital expenditures, but less than 10% of CSWR's average annual projected capital expenditures. The total estimated project cost of Confluence Rivers' thirteen CCNs and Mergers from Fiscal Years 2023-2025 including this current case is ** [REDACTED] **¹⁹ which is more than 19 times Confluence Rivers' average annual projected capital expenditures but roughly 21% of CSWR's average annual projected capital expenditures. This indicates that Confluence Rivers has fairly aggressive business practices, but with the financial support of its parent company²⁰, 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.

¹² Confluence Rivers' response to Data Request No. 0001, No. 0002, & No. 0002.1 as a part of Case No. WA-2023-0398 and Confluence Rivers' response to Data Request No. 0010.

¹³ Ibid.

¹⁴ S&P Capital IQ Pro, Financial Focus, "Water utility transactions trickle in while long-term demand remains elevated", published July, 14, 2023.

¹⁵ Fiscal year 2023 went from July 1, 2022 to June 30, 2023.

¹⁶ 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, WA-2024-0048/SA-2024-0049, SA-2024-0129, SM-2024-0130, and SA-2024-0307.

¹⁷ These cases include: WA-2025-0012/SA-2025-0013, WM-2025-0065, SM-2025-0067, & SM-2025-0080.

¹⁸ Review of applications and corresponding data requests of all FY 2023-2025 Confluence Rivers merger and acquisition cases. Purchase costs were taken from purchase agreements provided in the application and totaled.

¹⁹ Review of applications and corresponding Data Requests of all FY 2023-2025 Confluence Rivers merger and acquisition cases. Estimated Total Project Costs were taken from the feasibility study included with the application or requested as a part of a Data Request.

²⁰ Confluence Rivers' response to Data Request No. 0010 shows all costs associated with this case coming from their parent company, CSWR.

While Staff has concerns regarding Confluence Rivers' "Highly Leveraged" financial risk profile, their debt to capital ratio shows improvement in the pro-forma. Additionally, the projected total cost of this merger and improvement will be provided by CSWR in the form of debt and equity and is less than 4% of CSWR's projected average annual capital expenditures. Furthermore, CSWR has a Minimal financial risk profile that is mostly unchanged by this transaction. Given this information, Staff does not have any evidence that CSWR cannot provide the necessary support for Confluence Rivers to purchase, upgrade, own, operate, maintain, and otherwise control and manage the United Fiber systems. Staff concludes that Confluence Rivers, with the assistance of its parent company, CSWR, is financially capable of the merger and improvement requested in the application.

(4) Economic Feasibility of the Proposal

Based on the review of Confluence Rivers' financial records and impact to existing customers of United Fiber's nine (9) sewer systems, Staff concludes that the merger from United Fiber to Confluence Rivers is economically feasible. Future rate cases will address subsequent capital expenditures.

(5) Promotion of the Public Interest

As previously noted, these nine (9) sewer systems are currently under DNR compliance and enforcement actions. It is in the public interest of the customers of these facilities to be a part of Confluence Rivers 6,000 customers as it will reduce the monthly cost for needed upgrades. The addition of 359 customers to Confluence Rivers is also in public interest as the cost of upgrades and operations of existing system will be shared with the additional 359 customers.

Other Issues

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

Confluence Rivers 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 Rivers is current on its annual assessment payments.

Confluence Rivers has no pending cases which would have an impact on this case.

Staff Recommendation

Based upon the above, Staff recommends that the Commission approve the application for a CCN and finds the sale of assets from United Fiber to Confluence Rivers not detrimental to public interest. Should the Commission choose to grant the application, then Staff recommends the following items:

1. Require Confluence Rivers to provide training to its call center personnel regarding rates and rules applicable to the sewer customers in the acquired area;
2. Require Confluence Rivers to distribute to the customers in the acquired service 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 thirty (30) days of closing on the assets;
3. Require Confluence Rivers to provide to the Customer Experience Department (“CXD”) Staff an example of its actual communication with the system’s customers regarding its acquisition and operation of the sewer system, and how customers may reach Confluence Rivers, within ten (10) days after closing on the assets;
4. Require Confluence Rivers to provide to the CXD Staff a sample of five (5) billing statements from the first three month’s billing for the sewer system within ten (10) days of the billings;
5. Require Confluence Rivers to file notice in this case outlining completion of the above-recommended training, customer communications, notifications and billing for the acquired sewer system within ten (10) days after such communications and notifications;
6. Require Confluence Rivers to include the 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;
7. Require Confluence Rivers to keep its financial books and records for plant-in-service and operating expenses in accordance with the NARUC²¹ Uniform System Of Accounts (“USOA”);
8. Require Confluence Rivers to adhere to the acquisition accounting guidance provided in the USOA so that a request for rate recovery can be properly audited in Confluence Rivers’s next rate case;
9. Require Confluence Rivers to update United Fiber’s rate base value through the closing date of the transaction to reflect any additions, retirements, depreciation and changes in CIAC and maintain the documentation for review in Confluence Rivers’s next rate case;
10. Require Confluence Rivers to include the 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;
11. Grant Confluence Rivers’ request for waiver from 20 CSR 4240-4.017(1);
12. Grant Confluence Rivers a CCN to provide sewer service in the proposed nine (9) sewer systems currently owned and operated by United Fiber;
13. Approve Confluence Rivers’ proposed monthly charge of \$21.00 for sewer services, and the rules governing sewer service currently located in Confluence Rivers’ sewer tariff P.S.C. Mo No. 31;

²¹ National Association of Regulated Utility Commission (“NARUC”).

14. Require Confluence Rivers to submit tariff sheets, to become effective before closing on United Fiber to include the amended service area map, amended services area written description, rates and charges;
15. Require Confluence Rivers to notify the Commission of closing on United Fiber within five (5) working days after closing;
16. If the closing on United Fiber does not occur within thirty (30) days following the effective date of the Commission's order approving such, require Confluence Rivers 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 Rivers determines that the transfer of the assets will not occur;
17. If Confluence Rivers determines that a transfer of the assets will not occur, require Confluence Rivers 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 Rivers to 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;
18. Require Confluence Rivers to adopt its current depreciation rates for the nine (9) United Fiber sewer systems;
19. Require Confluence Rivers adhere to the existing AOC or new AOC with DNR ensuring safe and adequate services and ensuring compliance with the Missouri Clean Water Law and its implementing regulations;
20. Authorize United Fiber to sell and transfer sewer utility assets to Confluence Rivers, and transfer the CCN currently held by United Fiber to Confluence Rivers upon closing on the respective systems;
21. Required Confluence Rivers to perform solids removal and maintenance of STEP units for individual customers; and
22. Upon closing of the asset transfer, authorize United Fiber to cease providing sewer service, authorize Confluence Rivers to being providing service, and close United Fiber's current tariff.

BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MISSOURI


In the Matter of the Application of Confluence)
Rivers Utility Operating Company, Inc. and) File No. SM-2025-0080
United Fiber, LLC d/b/a United Fiber MO,)
LLC, for Authority to Acquire and Sell)
Certain Sewer Assets in an Area of Nodaway)
and Andrew Counties, Missouri)

AFFIDAVIT OF MICHAEL J. ABBOTT

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW MICHAEL J. ABBOTT 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.



MICHAEL J. ABBOTT

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 29 day of October 2024.

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)
Company, Inc., and United Fiber, LLC) File No. SM-2025-0080
d/b/a United Fiber MO, LLC, for)
Authority to Acquire and Sell Certain)
Sewer Assets in an Area of Nodaway)
and Andrew Counties, Missouri)

AFFIDAVIT OF JARED GIACONE

STATE OF MISSOURI)
) ss.
COUNTY OF JACKSON)

COMES NOW JARED GIACONE 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.



JARED GIACONE

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 29th day of October 2024.

B. L. STIGGER
NOTARY PUBLIC - NOTARY SEAL
STATE OF MISSOURI
MY COMMISSION EXPIRES JANUARY 2, 2028
JACKSON COUNTY
COMMISSION #24332661



Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of Confluence)
Rivers Utility Operating Company, Inc. and)
United Fiber, LLC d/b/a United Fiber MO,)
LLC, for Authority to Acquire and Sell)
Certain Sewer Assets in an Area of Nodaway)
and Andrew Counties, Missouri)

File No. SM-2025-0080

AFFIDAVIT OF KELLI MALKI

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW KELLI MALKI 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 MALKI

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 30 day of October 2024.

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 Company, Inc. and)
United Fiber, LLC d/b/a United Fiber MO,)
LLC, for Authority to Acquire and Sell)
Certain Sewer Assets in an Area of Nodaway)
and Andrew Counties, Missouri)

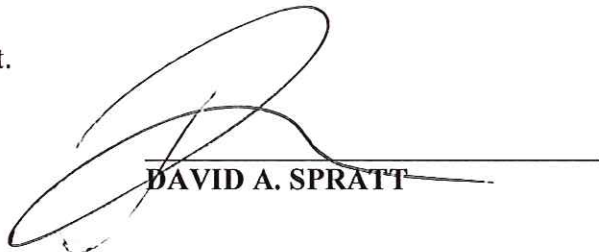
File No. SM-2025-0080

AFFIDAVIT OF DAVID A. SPRATT

STATE OF MISSOURI)
)
COUNTY OF COLE) ss.

COMES NOW DAVID A. SPRATT 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.



DAVID A. SPRATT

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 30th day of October 2024.

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 Company, Inc. and) File No. SM-2025-0080
United Fiber, LLC d/b/a United Fiber MO,)
LLC, for Authority to Acquire and Sell)
Certain Sewer Assets in an Area of Nodaway)
and Andrew Counties, Missouri)

AFFIDAVIT OF LISA A. STOCKMAN

STATE OF MISSOURI)
) ss.
COUNTY OF COLE)

COMES NOW LISA A. STOCKMAN 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.

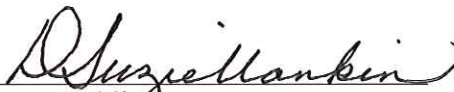
Further the Affiant sayeth not.


LISA A. STOCKMAN

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 30th day of October 2024.

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

Case No. SM-2025-0080

ATTACHMENT A

HAS BEEN DEEMED

CONFIDENTIAL

IN ITS ENTIRETY