

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 19th day of December, 2024.

In the Matter of the Application of)
Confluence Rivers Utility Operating)
Company, Inc., for Authority to Acquire)
Certain Water Assets in an Area of)
Gasconade County, Missouri (Gascony)
Water Company, Inc.))

File No. WM-2025-0065

**ORDER APPROVING ACQUISITION, CANCELING CERTIFICATE AND
GRANTING A CERTIFICATE OF CONVENIENCE AND NECESSITY**

Issue Date: December 19, 2024

Effective Date: January 18, 2025

On August 26, 2024, Confluence Rivers Utility Operating Company, Inc. (Confluence Rivers) filed an application requesting the Commission authorize it to acquire the water system assets of the currently regulated system of Gascony Water Company, Inc. (GWC) and grant Confluence Rivers a Certificate of Convenience and Necessity (CCN). The requested CCN would allow Confluence Rivers to acquire the water assets of GWC serving the Gascony Village subdivision in Gasconade County, Missouri. GWC currently provides service to three commercial customers, approximately 34 full-time customers and 176 part-time customers in Gascony Village, a fishing resort area outside of Hermann, in Gasconade County, Missouri. The Commission granted GWC a CCN to provide water services in Commission File No. WA-97-510. Gascony is a “water corporation,” and a “public utility” as defined by Section 386.020, RSMo, and is subject to the jurisdiction and supervision of the Commission.

Confluence Rivers also requests waiver of the 60-day notice provision of Commission Rule 20 CSR 4240-4.017(1).

The Commission issued notice and set a deadline for intervention requests, but received none. The Commission also directed its Staff (Staff) to file a recommendation about Confluence Rivers' application. On November 26, 2024, Staff recommended the Commission approve Confluence Rivers' request to acquire GWC and grant Confluence Rivers a CCN, with conditions described in the memorandum accompanying *Staff's Report and Recommendation*. Staff determined that the acquisition of GWC's water system by Confluence Rivers is not detrimental to the public interest.

On December 3, 2024, Confluence responded to Staff's recommendation stating that it had no objection to any of Staff's proposed conditions. No other responses to Staff's Report and Recommendation were filed.

Confluence Rivers provides water service to approximately 5,800 connections and sewer service to approximately 6,000 connections in the State of Missouri. Confluence Rivers is a "water corporation," a "sewer corporation," and "public utility" as those terms are defined in Section 386.020, RSMo, and is subject to the jurisdiction of the Commission. Confluence Rivers is current on its water and sewer PSC assessment payments, is current on its annual reports, and is in good standing with the Secretary of State's office.

GWC's Water System

Staff last inspected GWC's water infrastructure in September 2024. GWC's water system is comprised of a deep groundwater well drilled in 1980 to a depth of 630 feet with a steel casing that extends 400 feet deep. The well pump is a five-horsepower

submersible pump capable of producing 35 gallons per minute and was replaced in October 2022. The well house is in good condition.

Water pressure in the distribution system is maintained with a 2,500-gallon hydro pneumatic tank. Based on the historical master meter readings and peak day information, 30,000 gallons of usable storage would be required to meet the Missouri Department of Natural Resources (DNR) Design Guide. The current storage volume is a previously identified deficiency that was noted by the DNR during previous inspections. With almost no storage capacity, a system-wide water outage could occur in a matter of minutes after a power failure. GWC has a generator that is connected to the well house electrical system to provide power to the electric well pump in the event of a power outage.

Confluence Rivers proposes upgrading GWC's water system for monitoring, disinfection, and to replace the hydro pneumatic tank.

The current residential rates are \$101.57 per quarter for full-time residents and \$50.79 per quarter for part-time residents. Gascony has three Commercial customers that also pay Commission approved flat quarterly rates. Those commercial bills are paid by the Home Owners Association. The rates will remain the same for customers until such time as Confluence Rivers files for a rate increase. Staff updated Gascony's net rate base through September 30, 2024, to \$26,302.

Legal Standard for Approval

Section 393.170, RSMo, requires Confluence Rivers to have a CCN, which is granted by the Commission, prior to providing water service in GWC's 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.¹ 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.² 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;
- (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.³

These criteria are known as the Tartan Factors.⁴

There is a need for the service, as the customers of GWC are already receiving water service, and will continue to need that service. Additionally, there is a need for maintenance and updates to the systems. Confluence Rivers is qualified to provide the service, as it is an existing water and sewer utility, subject to the Commission's

¹ *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).

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

³ *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.).

⁴ *In re Tartan Energy Company*, 3 Mo.P.S.C. 173, 177 (1994).

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 the utility systems it owns. The proposed transaction is economically feasible due to its being financially feasible, as well as Confluence Rivers' ability to draw resources from its parent company. The proposal promotes the public interest, as GWC's systems are in need of maintenance 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.

Based on the application and Staff's recommendations and memorandum, the Commission concludes that the factors for granting a CCN to Confluence Rivers have been satisfied and that it is in the public's interest for Confluence Rivers to provide water service to the customers currently served by GWC. Further, the Commission finds that Confluence Rivers possesses adequate technical, managerial, and financial capacity to operate the water system. Thus, the Commission will authorize the transfer of assets and grant Confluence Rivers the certificate of convenience and necessity to provide water service within the proposed service area, subject to the unopposed conditions described by Staff.

Decision

Based on the application and Staff's recommendation, the Commission finds that Confluence Rivers has complied with the requirements of Section 393.190, RSMo., and concludes that the factors for transferring GWC's water assets to Confluence Rivers have been satisfied and that it is not detrimental to the public interest for Confluence Rivers to provide water services to Gascony Village. Therefore, the Commission will grant

Confluence Rivers' requested transfer of assets and CCN, and also order the conditions described in Staff's recommendation and memorandum. The Commission will also grant a waiver of the 60-day notice requirement of Commission Rule 20 CSR 4240-4.017(1).

THE COMMISSION ORDERS THAT:

1. Confluence Rivers is granted a waiver of the 60-day notice requirement contained in Commission Rule 20 CSR 4240-4.017(1).

2. Confluence Rivers is authorized to acquire and GWC is authorized to transfer the water assets of GWC to Confluence Rivers.

3. Confluence Rivers is granted a CCN to own, install, construct, operate, control, manage, and maintain the water assets of GWC and Gascony Village.

4. Upon closing of the asset transfer, GWC is to cease providing water service, and Confluence Rivers shall begin providing water service.

5. Upon closing of the asset transfer, GWC's CCN to provide water service to Gascony Village is canceled.

6. If closing on GWC's assets does not take place within thirty (30) days following the effective date of the Commission's order, Confluence Rivers and GWC shall 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 GWC determines that the transfer of the assets will not occur.

7. Confluence Rivers shall submit an adoption notice prior to closing on the assets, to adopt the existing GWC tariffs.

8. If GWC determines that a transfer of the assets will not occur it shall notify the Commission as such.

9. Confluence Rivers shall create and keep financial books and records for plant-in-service, revenues, and operating expenses (including invoices) in accordance with the NARUC Uniform System of Accounts.

10. Confluence Rivers shall provide training to its call center personnel regarding rates and rules applicable to the water customers in the acquired area.

11. Confluence Rivers shall distribute to the customers in the acquired service area an informational brochure detailing the rights and responsibilities of Confluence and its customers consistent with the requirements of Commission Rule 20 CSR 4240-13 within thirty (30) days of closing on the assets.

12. Confluence Rivers shall provide to the Customer Experience Department Staff an example of its actual communication with the system's customers regarding its acquisition and operation of the water system and how customers may reach Confluence, within ten (10) days after closing on the assets.

13. Confluence shall provide to the Customer Experience Department Staff a sample of five (5) billing statements from the first three month's billing for the water system within ten (10) days of the billing disbursement.

14. Confluence Rivers shall file notice in this case outlining completion of the above-recommended training, customer communications, notifications and billing for the acquired water system within ten (10) days after such communications and notifications.

15. The Commission makes no finding that would preclude it from considering the ratemaking treatment to be afforded any matters in a future proceeding.

16. This order shall become effective on January 18, 2025.



BY THE COMMISSION

Nancy Dippell

Nancy Dippell
Secretary

Hahn, Ch., Coleman, Holsman
Kolkmeier, and Mitchell CC., concur.

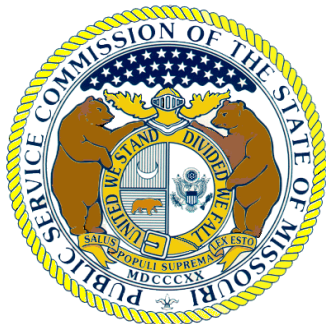
Clark, Senior Regulatory Law Judge

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 19th day of December 2024.



Nancy Dippell

Nancy Dippell
Secretary

MISSOURI PUBLIC SERVICE COMMISSION

December 19, 2024

File/Case No. WM-2025-0065

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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.