

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 2nd day of January, 2025.

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

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

Issue Date: January 2, 2025

Effective Date: February 1, 2025

On September 4, 2024, Confluence Rivers Utility Operating Company, Inc. (Confluence Rivers) filed an application with the Commission requesting a Certificate of Convenience and Necessity (CCN) to acquire, own, install, construct, operate, control, manage and maintain sewer systems in Nodaway and Andrew Counties, Missouri. The requested CCN would allow Confluence Rivers to acquire the sewer system assets of United Fiber’s currently regulated sewer systems. Confluence Rivers also requests waiver of the 60-day notice provision of Commission Rule 20 CSR 4240-4.017(1).

United Fiber operates nine separate sewer systems and provides sewer service to approximately 360 customers in Nodaway, and Andrew Counties, Missouri. The Commission granted United Fiber’s predecessor a CCN to provide sewer services in Commission File No. SA-2019-0161. United Fiber is a “sewer corporation,” and a “public

utility” as defined by Section 386.020, RSMo, and is subject to the jurisdiction and supervision of the Commission.

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 November 1, 2024, the Staff of the Commission (Staff) filed its Recommendation with an attached Memorandum. Staff’s Recommendation and Memorandum state 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 conditions. Staff filed a motion for leave to file an amended memorandum on December 23, 2024. The only change to Staff’s recommendation and memorandum was to recommend that Confluence Rivers adopt United Fiber’s existing monthly sewer rate.

Confluence Rivers and United Fiber filed a response to Staff’s recommendation. Confluence Rivers and United Fiber had no objection to any of Staff’s recommended conditions.

No other responses or objections to the application or to Staff’s amended recommendation and memorandum were received.¹ No party requested a hearing. The requirement for a hearing is met when the opportunity for a hearing has been provided.² Thus, the Commission will rule on the application.

¹ Commission Rule 20 CSR 4240-2.080(13).

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

Confluence Rivers is a certificated and regulated water and sewer utility providing service to customers in Missouri. Confluence Rivers provides water service to approximately 5,800 connections and sewer service to approximately 6,000 connections in Missouri. 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.

Two applications are involved here: United Fiber’s application to transfer ownership of the assets and for Confluence Rivers to acquire them; and Confluence Rivers’ application for a CCN. Section 393.190, RSMo governs the former, and Section 393.170.3, RSMo, governs the latter.

United Fiber’s Sewer Systems

United Fiber holds a CCN for nine sewer systems:

Andrew County, Missouri

Dawn Valley Wastewater Treatment Plant - 35 residential connections
Indian Ridge Wastewater Treatment Plant - 93 residential connections
Millstone Wastewater Treatment Plant - 23 residential connections
Spring Meadows Wastewater Treatment Plant - 25 residential connections
Tuscany Lake Vista Ridge Treatment Plant - 90 residential connections

Nodaway County, Missouri

Countryside View Wastewater Treatment Plant - 19 residential connections
Highland Estates Wastewater Treatment Plant - 28 residential connections
Pleasant View Wastewater Treatment Plant - 12 residential connections
Scout Ridge Estates Wastewater Treatment Plant - 31 residential connections.

United Fiber wastewater treatment facilities are fenced, have locking gates, and signs are posted stating the area is a wastewater treatment facility. 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. However, Capital investments are needed at all nine systems.

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. United Fiber's collection system for all nine systems consists of pressurized collecting sewers, along with each customer utilizing a Septic Tank Effluent Pump unit at their residence. 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.

Legal Standard for Approval

Section 393.170, RSMo, requires Confluence Rivers to have a CCN, which is granted by the Commission prior to providing sewer service in United Fiber's service area. Subsection 393.170.3, RSMo, requires that the Commission determine that the services are "necessary or convenient for the public service" to be granted a CCN. 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.³ 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.⁴ 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:

³ *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).

⁴ *State ex rel. Ozark Electric Coop. v. Public Service Commission*, 527 S.W.2d 390, 392 (Mo. App. 1975).

- (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.⁵

These criteria are known as the Tartan Factors.⁶

There is a need for the service as the customers of United Fiber are already receiving sewer service and will continue to need that service. Additionally, there is a need for capital investments in the sewer system, and Confluence Rivers is qualified to provide those investments 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. The proposal promotes the public interest as United Fiber's sewer systems are in need of capital investments. 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, Staff's Recommendation and Memorandum, and Confluence Rivers' and United Fiber's response, the Commission concludes that, with

⁵ *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.).

⁶ *In re Tartan Energy Company*, 3 Mo.P.S.C. 173, 177 (1994).

Staff's conditions, 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 United Fiber's sewer systems. 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 under Section 393.190, RSMo, the transfer of assets via Confluence Rivers' acquisition 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.

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 United Fiber's sewer assets to Confluence Rivers have been satisfied and that with Staff's conditions it is not detrimental to the public interest for Confluence Rivers to provide sewer services in United Fiber's service area. 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' 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 authorized to acquire, and is granted a CCN to own, install, construct, operate, control, manage, and maintain the sewer assets of United Fiber.

3. Staff's motion for leave for file an amended recommendation and memorandum is granted.

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

5. Confluence Rivers shall 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 Chapter 13 of the Commission's Rules (20 CSR 4240-13), within thirty (30) days of closing on the assets.

6. 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 sewer system, and how customers may reach Confluence Rivers, within ten (10) days after closing on the assets.

7. Confluence Rivers shall provide to the Customer Experience Department Staff a sample of five (5) billing statements from the first three months billing for the sewer system within ten (10) days of the billings.

8. Confluence Rivers shall 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.

9. Confluence Rivers shall include the sewer customers in its established monthly reporting to the Customer Experience Department Staff on customer service and billing issues, on an ongoing basis, after closing on the assets.

10. Confluence Rivers shall keep its financial books and records for plant-in-service and operating expenses in accordance with the NARUC Uniform System of Accounts (USOA).

11. 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.

12. Confluence Rivers shall update United Fiber's rate base value through the closing date of the transaction to reflect any additions, retirements, depreciation and changes in Contributions in Aid of Construction (CIAC) and maintain the documentation for review in Confluence Rivers' next rate case.

13. Confluence Rivers shall include the sewer customers in its established monthly reporting to the Customer Experience Department Staff on customer service and billing issues, on an ongoing basis, after closing on the assets.

14. Confluence Rivers' proposal to adopt United Fiber's monthly charge of \$44.92 for sewer services, and the rules governing sewer service currently located in Confluence Rivers' sewer tariff P.S.C. Mo No. 31, are approved for the acquired service area.

15. Confluence Rivers shall 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.

16. Confluence Rivers shall notify the Commission of closing on United Fiber within five (5) working days after closing.

17. If the closing on United Fiber does not occur within thirty (30) days following the effective date of the Commission's order approving such, Confluence Rivers 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 Confluence Rivers determines that the transfer of the assets will not occur.

18. 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 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.

19. Upon closing of the asset transfer, United Fiber's CCN to provide water service to the service areas in Andrew and Nodaway County, Missouri, as discussed in this order, is canceled.

20. Confluence Rivers shall adopt its current depreciation rates for the nine (9) United Fiber sewer systems.

21. Confluence Rivers shall adhere to the existing Administrative Order on Consent (AOC) or new AOC with DNR ensuring safe and adequate services and ensuring compliance with the Missouri Clean Water Law and its implementing regulations.

22. United Fiber is authorized to sell and transfer utility assets to Confluence Rivers and cease providing sewer service.

23. Confluence Rivers shall perform solids removal and maintenance of Septic Tank Effluent Pump (STEP) units for individual customers.

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

25. This order shall become effective on February 1, 2025.



BY THE COMMISSION

A handwritten signature in black ink that reads "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 2nd day of January 2025.



Nancy Dippell

Nancy Dippell
Secretary

MISSOURI PUBLIC SERVICE COMMISSION

January 2, 2025

File/Case No. SM-2025-0080

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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.