

Exhibit No. 1

Exhibit No.:
Issue: Acquisition of Sewer Systems
Witness: Aaron Silas
Exhibit Type: Direct
Sponsoring Party: Confluence Rivers Utility Operating
Company, Inc.
Case No.: SM-2025-0067
Date: March 19, 2025

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. SM-2025-0067

DIRECT TESTIMONY

OF

AARON SILAS

ON BEHALF OF

CONFLUENCE RIVERS UTILITY OPERATING COMPANY, INC.

**DIRECT TESTIMONY
AARON SILAS
CONFLUENCE RIVERS UTILITY OPERATING COMPANY, INC.
CASE NO.: SM-2025-0067**

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DIRECT TESTIMONY

AARON SILAS

I. INTRODUCTION

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Q. Please state your name and business address.

A. My name is Aaron Silas. My business address is 1630 Des Peres Road, Suite 140, St. Louis, Missouri, 63131.

Q. By whom are you employed and in what capacity?

A. I am employed by CSWR, LLC as the Assistant Vice President overseeing Customer Experience and Regulatory Operations. I am appearing on behalf of Confluence Rivers Utility Operating Company, Inc. (“Confluence Rivers”).

Q. Please summarize your educational background and business experience.

A. I received a Bachelor of Science degree with honors from Southern Illinois University in Edwardsville (“SIUE”) with a major in Business Administration specializing in Human Resources and Finance. The first few years of my career were spent in the finance industry, including various roles within U.S. Bank and Stifel Financial. During my employment at Stifel Financial, I received a Master of Business Administration degree from SIUE as well.

Q. What are your current employment responsibilities?

A. My current responsibilities include the oversight of all regulatory filings for all utility operating companies, including, but not limited to, acquisition cases, rate cases, CCN expansions, as well as the coordination of all data request responses and any regulatory compliance filings. Additionally, I oversee the customer experience department and the external communications team enabling the Company to provide an excellent customer

1 experience and communicate with stakeholders regarding operational activities. At the
2 present time, I oversee such activities for affiliated operating companies providing water
3 or wastewater utility services to approximately 175,000 connections in Kentucky,
4 Missouri, Arkansas, Tennessee, Louisiana, Texas, Mississippi, North Carolina, South
5 Carolina, Arizona, and Florida.

6 **Q. What is the purpose of your Direct Testimony in this proceeding?**

7 A. The purpose of my direct testimony is to support Confluence River’s proposed acquisition
8 from Missouri-American Water Company (“MAWC”) of nineteen (19) small wastewater
9 systems, all of one of which is located in Callaway County, Missouri,

10 **Q. Is there a Purchase Agreement associated with this proposed acquisition?**

11 A. Yes. On October 19, 2023, Central States Water Resources, Inc. (“Central States”) entered
12 into a *Purchase and Sale Agreement* (“Agreement”) with MAWC. A copy of the
13 Agreement is attached as **Schedule AS-1-C** and marked Confidential in accordance with
14 Commission Rule 20 CSR 4240-2.135(2)(A)(3), (4) and (6), as it contains market specific
15 information and information representing strategies employed in contract negotiations.

16 **Q. Will Confluence Rivers be the ultimate purchaser of these systems from MAWC?**

17 A. Yes. Section 7.04 of the Agreement provides that Central States may assign its rights to
18 the Agreement by providing written notice of such assignment to MAWC. Central States’
19 has assigned such rights to Confluence Rivers and MAWC has acknowledged that notice
20 of such assignment has been given.

21 **II. CONFLUENCE RIVERS AND CSWR**

22 **Q. Please describe Confluence Rivers.**

1 A. Confluence Rivers is a Missouri corporation with its principal office and place of business
2 at 1630 Des Peres Rd., Suite 140, St. Louis, MO 63131. It provides water service to
3 approximately 6,400 connections and sewer service to approximately 6,500 connections in
4 the State of Missouri, pursuant to certificates of convenience and necessity previously
5 granted by the Commission. Confluence Rivers is a “water corporation,” a “sewer
6 corporation,” and a “public utility,” as those terms are defined in Section 386.020, RSMo,
7 and is subject to the jurisdiction and supervision of the Commission as provided by law.

8 **Q. What is Confluence Rivers’ association with CSWR, LLC (“CSWR”)?**

9 A. Confluence Rivers is a subsidiary of CSWR.

10 **Q. What is CSWR?**

11 A. CSWR is a Missouri limited liability company formed to provide managerial, technical,
12 and financial support to its utility operating affiliates. To date, CSWR-affiliated utility
13 operating companies have acquired and are operating water and/or wastewater systems in
14 Missouri, Kentucky, Louisiana, Texas, Tennessee, Mississippi, Arizona, North Carolina,
15 Florida, South Carolina, and Arkansas. These systems provide wastewater service to
16 approximately 255,000 persons and drinking water systems services to approximately
17 187,000 persons in a manner that fully complies with applicable health, safety,
18 environmental protection, and regulatory laws and regulations, and to provide reliable,
19 safe, and adequate service to customers.

20 Regulators in the referenced states, in more than 100 separate orders, have determined the
21 CSWR affiliate group has the technical, managerial, and financial qualifications necessary
22 to acquire, own, and operate water and/or wastewater systems.

1 **Q. What experience of the combined entities specifically in regard to wastewater**
2 **systems?**

3 A. On the wastewater side of the business, the CSWR affiliate group has purchased
4 wastewater treatment plants with associated pressure systems and sewer pumping stations,
5 gravity force mains, and gravity conveyance lines. Since March 2015, with the approval of
6 state wastewater regulatory authorities, CSWR-affiliated companies have designed,
7 permitted, and completed construction of numerous sanitary sewer system improvements.
8 These improvements include wastewater line repairs to eliminate infiltration and inflow,
9 building numerous sewer main extensions, building and/or repairing hundreds of lift
10 stations, the closure of a number of existing regulatory impaired wastewater systems,
11 building new or refurbishing over 150 activated sludge plants, constructing dozens of
12 moving bed bio-reactor plants, converting multiple failing wastewater systems into sludge
13 storage/flow equalization and treatment basins, converting failed mechanical systems to I-
14 Fast systems, and constructing various other wastewater treatment supporting
15 improvements.

16 **III. SYSTEMS TO BE ACQUIRED**

17 **Q. Please generally describe the systems that Confluence Rivers seeks to acquire.**

18 A. MAWC seeks to sell nineteen (19) wastewater systems in Callaway and Morgan Counties. As of
19 April 2024, these systems have total connections of approximately 606. These systems are further
20 detailed in the Direct Testimony of MAWC witness Stefe Kadyk.

21 **Q. What rates are currently paid by the customers of the subject systems?**

22 A. MAWC's current rate for these customers is \$65.36 (\$68.56, when WSIRA is included).

23 **Q. What does Confluence Rivers propose in regard to rates and rules and regulations**

1 **for these customers?**

2 A. Confluence Rivers proposes to utilize the existing customer base rate for the nineteen (19)
3 wastewater systems (\$65.36/month). Confluence Rivers would further plan to submit tariff
4 sheets, to be effective before closing on the assets, to include service area maps, service
5 area written descriptions, and rates to be included in its EFIS tariff P.S.C. MO No. 31,
6 applicable to sewer service.

7 **Q. What rates were established for Confluence Rivers' wastewater customers in its last**
8 **general rate case?**

9 A. Confluence Rivers' current District 1 rate is \$60.21, and its District 2 rate is \$70.83, as
10 were established in Commission Case No. WR-2023-0006.

11 **Q. Has Confluence Rivers prepared the service area maps and descriptions it would**
12 **propose to use in its tariff for the subject systems?**

13 A. Yes. Those maps and descriptions are attached as Schedule AS-2 and Schedule AS-3,
14 respectively.

15 **Q. Are these the areas for which Confluence Rivers seeks a certificate of convenience**
16 **and necessity?**

17 A. Yes.

18 **Q. Has Confluence Rivers had Engineering Reports prepared for each of the 19**
19 **wastewater systems?**

20 A. Yes.

21 **Q. Generally, what do they find?**

1 A. They find that while in generally good condition, there are improvements and rehabilitation
2 that will be necessary going forward. This is especially true in the Hiller's Creek, Stoney
3 Creek and The Highlands systems, which have recently had violations. Further, several of
4 the systems have experienced ammonia exceedances, which will eventually have to be
5 addressed.

6 **Q. Does Confluence Rivers have a schedule for the improvements and rehabilitation**
7 **projects it plans to pursue as to the systems that are the subject of this case?**

8 A. Yes, Confluence Rivers works to complete all necessary improvements and rehabilitation
9 projects necessary for any given system within the first two years of ownership. While
10 there are some delays due to permitting, long lead times, or other factors outside of the
11 Company's control, Confluence Rivers works very closely with the Missouri Department
12 of Natural Resources (DNR) to bring systems back into compliance as timely as possible.

13 **IV. PUBLIC INTEREST**

14 **Q. Do you believe that the purchase of the subject wastewater systems by Confluence**
15 **Rivers is detrimental to the public interest?**

16 A. No. The systems would be acquired by Confluence Rivers, a Missouri public utility, and
17 be subject to the jurisdiction of the Commission to own and operate the sewer systems for
18 which approval is sought. Confluence Rivers is an existing and experienced owner and
19 operator of wastewater systems in the State of Missouri.

20 **Q. Are there benefits associated with Confluence Rivers' purchase of these systems?**

21 A. Yes. Confluence Rivers specializes in running and rehabilitating small systems. We
22 believe its focus on small, geographically dispersed systems gives Confluence Rivers an
23 advantage in managing the unique challenges that come with these types of operations.

1 Moreover, Confluence Rivers already has several small wastewater systems in the vicinity
2 of these systems.

3 The CSWR group of companies is highly qualified to service small water and wastewater
4 systems based on the number of systems the group has brought into (and kept in)
5 environmental compliance and the experience of our personnel. The affiliate group
6 currently owns and operates more than 940 water and wastewater plants in eleven states.
7 On a daily basis CSWR’s utility affiliates treat about 36.5 million gallons of wastewater
8 from almost 100,000 wastewater connections. Our Louisiana affiliate has removed 240
9 systems from compliance agreements with the Louisiana Department of Environmental
10 Quality – the fastest timeframe ever for a large group of systems – and we are 100%
11 compliant with environmental compliance agreements entered into with state regulators.

12 **Q. What do you ask the Missouri Public Service Commission to do in this case?**

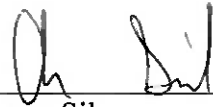
13 A. Approve the Application.

14 **Q. Does this conclude your direct testimony?**

15 A. Yes.

AFFIDAVIT

I, Aaron Silas, under penalty of perjury, and pursuant to Section 509.030, RSMo, state that I am the Assistant Vice President overseeing Customer Experience and Regulatory Operations for CSWR, LLC and am appearing on behalf of Confluence Rivers Utility Operating Company, Inc., that the accompanying testimony has been prepared by me or under my direction and supervision; that if inquiries were made as to the facts in said testimony, I would respond as therein set forth; and that the aforesaid testimony is true and correct to the best of my knowledge and belief.



Aaron Silas

3-19-25
Dated