

**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) File No. SM-2025-0067
 Company, Inc. to Acquire Certain Sewer Assets)
 of Missouri-American Water Company in)
 Callaway and Morgan Counties, Missouri.)

APPLICANTS' REPLY BRIEF

COME NOW Confluence Rivers Utility Operating Company, Inc. (“Confluence Rivers”) and Missouri-American Water Company (“MAWC”) (collectively, “Applicants”), and respectfully state as follows to the Missouri Public Service Commission (“Commission”) as their *Reply Brief*:

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INTRODUCTION

Initial briefs were filed in this case by the Applicants, the Staff of the Commission (“Staff”) and the Office of the Public Counsel (“OPC”).

Applicants’ Initial Brief showed that the proposed transaction is not detrimental to the public interest. As a part of that *Initial Brief*, Applicants also addressed five alleged detriments that were provided in the OPC’s Statement of Position and testimony.

The Staff’s *Initial Brief* also takes the position that the proposed sale is not detrimental to the public interest and recommends that the Commission: (1) approve the sale of the 19 wastewater systems at issue (subject to the 12 conditions initially proposed by Staff and the condition proposed by the OPC and agreed upon by all parties); (2) cancel the applicable MAWC certificates of convenience and necessity (CCN); (3) grant Confluence CCN’s for these systems; and (4) grant Applicants’ motion for waiver of the 60-day pre-filing notice requirement. (Staff Ini. Brf., p. 13). Applicants agree with Staff’s reasoning and its conclusions. Therefore, they will not directly reply to the Staff’s *Initial Brief*.

This *Reply Brief* will address the arguments found in OPC’s *Initial Brief* as to its alleged detriments, its alleged detriments. Additionally, while it is the Applicants’ position that Confluence Rivers’ acquisition of the MAWC wastewater systems at issue in this case will not be detrimental to the public interest, this *Reply Brief* will also identify and discuss some benefits related to Confluence Rivers’ ownership of the subject wastewater systems.

LIST Of ISSUES

I. What legal standard must the Commission apply in deciding this case?

The descriptions of the OPC, Staff and Applicants as to the standard to be applied by the Commission in deciding this case are largely consistent and cite similar cases.

However, OPC does specifically address the case law surrounding an acquisition premium in this section of its *Initial Brief*. OPC cites in a footnote (OPC Ini. Brf., p. 4, FN 3), *State ex rel. AG Processing, Inc. v. Pub. Serv. Comm'n*, 120 S.W.3d 732, 736 (Mo. banc 2003) for the proposition that “. . . although the Commission may consider the recovery of acquisition premium in a future rate case, it must consider the acquisition premium in the acquisition case.” In the *AG Processing* case, the Court stated:

While PSC may be unable to speculate about future merger-related rate increases, it can determine whether the acquisition premium was reasonable, and it should have considered it as part of the cost analysis when evaluating whether the proposed merger would be detrimental to the public.[]

Id.

Applicants will address below the acquisition premium subject as it relates to this case.

II. Would the sale of the subject Missouri-American Water Company wastewater systems to Confluence Rivers Utility Operating Company, Inc. be detrimental to the public interest?

The Proposed Sale is Not Detrimental to the Public Interest

As explained in the *Applicants' Initial Brief*, Confluence Rivers' acquisition of the MAWC wastewater systems at issue in this case will not be detrimental to the public interest, as "adequate service to the public" will be continued under Confluence Rivers.¹

When OPC witness Marke was asked by Commissioner Mitchell to "specifically" describe where he thinks quality of service would suffer from this transaction, his response filled over four transcript pages, but did not "specifically" describe any detriment, only his perceptions. (See Tr. 117-122 (Marke)).

OPC Alleged Detriments

OPC's alleged detriments are largely the same as those listed in its Rebuttal Testimony (Exh. 303, Marke Reb., pp. 4-5) and as addressed in the *Applicants' Initial Brief*. The issues have been titled somewhat differently in OPC's *Initial Brief* and in responding to that Brief, the Applicants will attempt to generally track those titles.

Economies of Scale

OPC alleges that "customers will lose the benefits associated with larger economies of scale as a result of the proposed transaction." (OPC Ini. Brf., p. 5).

As the Applicants described in detail in their *Initial Brief*, Confluence Rivers is a subsidiary of CSWR, LLC ("CSWR"). CSWR. To date, CSWR-affiliated utility operating companies have acquired and are operating water and/or wastewater systems in

¹ *Osage Util.*, 637 S.W.3d at 92 ("The obvious purpose of this provision is to ensure the continuation of adequate service to the public served by the utility.").

Missouri, Kentucky, Louisiana, Texas, Tennessee, Mississippi, Arizona, North Carolina, Florida, South Carolina, and Arkansas. These systems provide services through approximately 175,000 water and wastewater connections and 940 water and wastewater plants. On a daily basis CSWR's utility affiliates treat about 36.5 million gallons of wastewater. CSWR employs a substantial number of full-time employees (more than 100 full-time employees). (Exh. 1, Silas Dir., p. 5; Exh. 3P, Silas Sur., p. 7, 9).

While Confluence Rivers' parent, CSWR, is smaller than American Water Works Company, it is still a significant entity. Over its decade-long existence, CSWR has grown to become one of the largest investor-owned water and wastewater utilities in the United States. The purchaser is not devoid of economies of scale.

Lastly, it should be noted that OPC witness Marke's example of an economy of scale detriment was that "given MAWC's size it would be 'in a better position to provide a cost-effective solution to' problems such as a large boil order 'because of economies of scale.'" (OPC Ini. Brf., pp. 5-6, quoting Tr. 123). This transaction, of course, concerns only wastewater systems. Neither MAWC, nor Confluence Rivers, will be responsible for "boil orders" related to these systems.

Operational Models

OPC identifies the contrast between the "operational models" of MAWC and Confluence Rivers as a detriment associated with the proposed transaction. (OPC Ini. Brf., pp. 6-8). In doing so, OPC specifically criticizes Confluence Rivers' use of third-party contractors and its "traditional focus" "on the acquisition of small, distressed systems." (OPC Ini. Brf., pp. 6, 7).

Confluence Rivers would argue that these items are actually benefits as they relate to the wastewater systems at issue in this case. While MAWC provides similar services as Confluence Rivers, Confluence Rivers specializes in running and rehabilitating small systems. This specialization will allow Confluence Rivers to both continue the high-quality service provided by MAWC and address the unique challenges some of these facilities face based on its experience with other small systems. (Exh. 303, Marke, Sur., Sched GM-3, p. 10 (DR 34)).

Confluence Rivers finds it more cost effective and efficient to use independent contractors to perform many of the operation and maintenance tasks. (Exh. 3P, Silas Sur., p. 8). Confluence Rivers performed a cost-benefit analysis comparing the use of third-party operators v. operators directly employed by Confluence. The analysis included the location of Confluence's systems and the distance between systems; the age and condition of its systems; the type of technology employed at these systems; the services needed at these systems including the need for meter reading; the number of necessary operators given OSHA regulations; and the availability and necessary compensation for operators. The analysis estimated the cost of internalized operations for the systems owned as of September 30, 2023, would be much greater than the run rate of third-party operations costs for Q4 2023. (Exh. 3P, Silas Sur., p. 9 and Sched. AJS-3).

However, at the end of the day, Confluence Rivers is the permit-holder for those plants it owns and operates and has ultimate responsibility for the compliance of each of the plants (Tr. 61 (Silas)) through full-time employees (Exh. 3P, Silas Sur., p. 8). Since November 1, 2023, Confluence Rivers' internal operations have included a Regional Manager for wastewater and water services that is responsible for the oversight and

performance of all of Confluence Rivers' water and wastewater operations within Missouri (and only Missouri). This includes managing relationships with operations and maintenance partners, subcontractors, consultants, and vendors to ensure systems are operated safely, efficiently, and in full compliance with regulatory and contractual obligations. The Regional Manager also supports customer service functions, attends public meetings, and serves as a key representative in community and regulatory engagements. Additionally, the employee's responsibilities include indirect supervision of cross functional support teams and coordination of capital and operating budgets. Finally, the Regional Manager is responsible for integrating new or modified facilities into operations and ensuring clear, timely communication with internal teams, external stakeholders, and regulatory bodies. (Exh. 3P, Silas Sur., p. 8; Tr. 63 (Silas)).

The result of these efforts have been positive as to customer service.² Confluence Rivers surveys its customers by offering a brief, three-question phone survey at the conclusion of every customer service call that involves an agent interaction. The purpose of the survey is to gauge the customer's experience specifically during situations that require live assistance. The questions ask whether the customer was satisfied with their interaction, whether they received the help they needed, and whether they found the agent to be knowledgeable. A "perfect" survey result is defined as a "Yes" response to all three questions. (Exh. 3P, Silas Sur., p. 10).

In Q1 2025, Confluence Rivers handled 2,082 agent calls. Out of 2,082 survey opportunities, 441 responses were received, resulting in a 21.18% survey response rate.

² OPC had previously attempted to compare public comments from MAWC and Confluence Rivers' last rate cases. Staff witness Adam Stamp provided valuable context for those comments in his Surrebuttal Testimony (Exh. 203) and Staff provided a summary of those comments in its Initial Brief. (Staff Ini. Brf., pp. 6-7).

Of those responses, 81.86% were “perfect surveys,” meaning customers answered “Yes” to all three survey questions. Individual question satisfaction percentages were as follows:

- Question 1 (Agent Satisfaction): 87.98%
- Question 2 (Issue Resolution): 91.16%
- Question 3 (Agent Knowledge): 89.46%

(Exh. 3P, Silas Sur., pp. 10-11).

During the most recent week of data available prior to the hearing (June 13, 2025 – June 19, 2025), 39 to 40 percent of Confluence Rivers’ customers chose to take a survey. Of those willing to take the survey, 94.83 percent of them rated Confluence Rivers’ service perfectly, which means they answered yes to all the questions. (Tr. 59 (Silas)).

These results reflect strong customer service performance and overall satisfaction across the region.

Lastly, since the last rate case, Confluence Rivers has launched an internalized work-order resource team in the customer experience department, which provides more direct insight into the service situations whenever a technician is dispatched. This further allows Confluence Rivers personnel to directly interact with customers on service matters to ensure that the task is dispatched immediately (within 15 minutes) and to follow up with the customer at the end of the service to ensure that the situation was resolved appropriately. (Tr. 59-60 (Silas); see also Exh. 303, Marke Sur., Sched. GM-3, DR 19).

In summary Confluence Rivers has shown it is able to successfully operate small wastewater systems. Its ability to do so is not a detriment and could, in fact, be a benefit to these particular systems.

American Water Resources/Laboratory

OPC suggests that a detriment will result because of the purchaser's lack of access to American Water's laboratory. (OPC Ini. Brf., p. 8).

OPC references a MAWC data request response that states that "American Water has one of the premiere water laboratories in the country that is available to MAWC to deal with constantly changing emerging contaminants and other water quality issues." (OPC Ini. Brf., p. 8). Similar to the OPC statement above concerning "boil orders," it should be noted that this transaction only involves wastewater systems and the applicability of the water laboratory as to testing performed in conjunction with wastewater systems is unexplained.

Confluence Rivers' approach to serving small systems is particularly appropriate for the systems at issue in this case and these small systems will be well served by participation in research and testing associated with Confluence Rivers' ownership.

Confluence Rivers has participated in pilot programs specifically for wastewater treatment systems that have resulted in millions of dollars of savings associated with lagoon system rehabilitation. (Tr. 55-56 (Silas)). It should be noted that 4 of the subject systems are currently using lagoon treatment. (Exh, 100, Kadyk Dir., pp. 4-5).

Confluence Rivers witness Silas provide two examples of pilot programs in which the Company has participated that would provide benefits to small system wastewater customers. The first example of such a pilot concerns side stream MBRs. The second

example is an ongoing pilot of the first membrane aerated biofilm reactor (MABR) in Missouri history -- which helps to treat ammonia and total nitrogen. (Tr. 55-56 (Silas)).

In terms of testing, samples are taken by operational contractors and submitted for testing to laboratories certified by Missouri Department of Natural Resources. (Tr. 56 (Silas)). Mr. Silas is not aware of any example where this testing has not been performed. (Tr. 57, 60 (Silas)).

Ultimately, Confluence Rivers is responsible for the testing performed. The Regional Manager, who is responsible for the oversight and performance of all of Confluence Rivers' water and wastewater operations within Missouri (and only Missouri), oversees this testing along with the Company's internal compliance department. (Tr. 60 (Silas; Exh. 3P, Silas Sur., p. 8; Tr. 63 (Silas))).

The change in ownership and use of the American Water laboratory will not result in a detriment. Further, Confluence Rivers involvement in research/testing associated with small system wastewater treatment, some of which is specific to Missouri, is a potential benefit.

Acquisition Premium

OPC alleges that "where a regulated utility whose rates were recently calculated assuming continued ownership of these systems could continue to provide service to these customers without incurring an acquisition premium, this acquisition premium is unreasonable and constitutes a detriment." (OPC Ini. Brf., p. 9). In other words, OPC suggests that it would be a detriment to the public interest for a regulated utility to ever sell assets for a price that includes an acquisition premium. No such principle exists in statute or case law.

The *AG Processing* case cited by OPC, suggests only that the Commission can “determine whether the acquisition premium was reasonable . . . and . . . consider[] it as part of the cost analysis when evaluating whether the proposed merger would be detrimental to the public.”³

All evidence in this case indicates that the agreement between MAWC and Confluence Rivers was an arms-length transaction between a competent and informed buyer and seller. There is no evidence in the record suggesting that the price is not reasonable.

Further, Confluence Rivers is not requesting and does not expect to recover any acquisition premium in rates. (Tr. 40 (Cooper), 62 (Silas)). Moreover, Confluence Rivers does not receive recovery of any acquisition premium that may exist at closing, the Company will still be economically viable and have the ability to provide safe and adequate service. (Exh. 3P, Silas Sur., p. 25).

Without recovery in rates or evidence that non-recovery of the premium would impact the purchaser’s ability provide safe and adequate service, there is no detriment associated with an acquisition premium.

Cost of Service Inputs

OPC alleges that under Confluence Rivers’ ownership, there will be higher cost of service inputs that “will likely result in higher rates.” (OPC Ini. Brf., p. 9). In support of this statement, OPC erroneously argues that 1) MAWC’s projected investment for these systems is lower than Confluence Rivers’ projected investment; 2) the rate of return “requested” by Confluence Rivers and awarded to it in its last rate case was higher than

³ *State ex rel. AG Processing, Inc. v. Pub. Serv. Comm’n*, 120 S.W.3d 732, 736 (Mo. banc 2003) (emphasis added).

that “requested” by MAWC and reflected for WSIRA purposes in a stipulation in its last rate case; 3) that OPC witness Murray performed analysis showing customers would pay more; and 4) that used a higher rate in a pro forma document produced by Confluence Rivers in response to a Staff data request. (OPC Ini. Brf., pp. 9-11).

Each of these arguments is unsupported by the evidence before the Commission.

MAWC Projected Investment is Higher than that of Confluence Rivers

OPC witness Murray assumed, based on his erroneous interpretation of a data request response provided by MAWC (OPC 31), that Confluence Rivers’ projected capital spend on those systems was greater than MAWC’s projected spend. (See OPC Ini. Brf., pp. 9-10). However, MAWC witness Kadyk explained that the total projected capital spend for MAWC includes both tables provided in response to OPC DR 31.⁴ This leads to a higher projected capital spend for MAWC over both three and five years, than that derived from Confluence Rivers’ engineering reports. (Exh. 101P/C, Kadyk Sur., pp. 5-7; Exh. 3P/C, Silas Sur., p. 21).

Requested Returns of Equity Have No Impact on the Ultimate Rate Charged

In its analysis, OPC starts with the “requested” rate of return from the Applicants’ last rate cases – something that has no import. In Confluence Rivers’ last general rate case (Case No. WR-2023-0006), the Commission described its duty as follows in regard to the setting of a return on equity (ROE):

The Commission must ensure the utility has sufficient opportunity to earn enough revenue to pay its debts and should be sufficient to assure confidence in the financial integrity of the utility, so as to maintain its credit and to attract capital.⁵

⁴ The OPC *Initial Brief* acknowledges in FN 9, pp. 9-10, that because MAWC did not disaggregate information about the remaining 16 systems, he just did not factor any additional amount into his analysis.

⁵ *In the Matter of Confluence Rivers Utility Operating Company, Inc.’s Request*, Case No. WR-2023-0006, p. 58 (Issued October 25, 2023).

A requested ROE and capital structure is never used to set rates. It is the authorized/ordered ROE and capital structure that is used to set rates. For example, in that last Confluence Rivers' general rate case, neither the ROE nor the hypothetical capital structure adopted by the Commission were equal to Confluence Rivers' requests. Further, comparing previously authorized rates of return is of little use as in each rate case the Commission must examine the specific costs and market at that point in time. (Exh. 3P, Silas Sur., pp. 19-20).

OPC Analysis is Based on Erroneous Assumptions

As recognized by the Missouri Supreme Court in *State ex rel. AG Processing, Inc. v. Pub. Serv. Comm'n*, 120 S.W.3d 732, 736 (Mo. banc 2003), within an acquisition case the "PSC may be unable to speculate about future merger-related rate increases. . . ." This is true because the future values of elements critical to the calculation of the future revenue requirements of both Confluence Rivers and MAWC -- such as operating costs, capital structure, and return on equity -- are both unknown and unknowable at the present time. And because rates are determined based on a utility's revenue requirement, future rates are unknown and unknowable at the present time as well. Again, that is true not only for Confluence Rivers but also for MAWC. (Exh. 3P, Silas Sur., p. 14).

However, even assuming such analysis could be performed, the OPC "calculations" are based on faulty assumptions.

First, Mr. Murray assumes a higher initial plant balance for Confluence Rivers. Confluence Rivers would expect that an updated rate base level representing net original cost will be established when it files its next rate case for these systems whether owned by Confluence Rivers or MAWC. (Exh. 3P, Silas Sur., pp. 16-17).

Second, as discussed above, Mr. Murray uses erroneous capital budgets to assess investment over three year and five year periods. For sixteen of the subject systems, Mr. Murray included zero future investment in his MAWC rate base calculation. At a minimum, it is clear the failure to include any additional future investment in his rate base calculation for these systems under MAWC's ownership means his future rate estimates are considerably off the mark and unreliable. (Exh. 3P, Silas Sur., pp. 17-18).

Third, as described above, starting with the "requested" rate of return from the Applicants' last rate cases, has no import. Moreover, comparing previously authorized rates of return is of little use as in each rate case the Commission must examine the specific costs and market at that point in time. (Exh. 3P, Silas Sur., pp. 19-20).

Fourth, Mr. Murray's rate comparison assumes future rates for these nineteen systems would be calculated on a stand-alone basis – that is, they would not be part of any consolidated rate design. That assumption is unreasonable because Confluence Rivers currently has its rates consolidated into two districts and the Company has been clear it intends to continue to pursue statewide rate consolidation in the future. (Exh. 3P, Silas Sur., p. 20).

Lastly, the OPC analysis does not take into account timing of investments, timing of rate cases, use of the Missouri Water and Sewer Infrastructure Act ("WSIRA")⁶, possible implementation of a future test year and, most importantly, the Commission's future decisions, all of which will have an impact on future rates. (See Tr. 130-131 (Marke)).

OPC's "analysis" is merely provided flawed speculation.

⁶ See, for example, Files No. WR-2025-0345 and SR-2025-0346 (MAWC Notice of Intended Filing).

The best evidence available for this discussion is the current Commission-approved rates of MAWC and Confluence Rivers. These rates contain impacts of past investments, operating costs, and rates of return utilized by the Commission in setting rates for the Applicants. This comparison shows no significant difference in rates between the companies. MAWC's base rate for these customers at the time the application was filed was \$65.36 and these customers were actually paying \$68.56 monthly by the time Direct Testimony was filed, with WSIRA included. As of May 28, 2025, MAWC's base rate is \$74.11, which resulted from Commission Case No. WR-2024-0320. Confluence Rivers' current District 1 rate is \$60.21, and its District 2 rate is \$70.83. (Exh. 3P, Silas Sur., pp. 11-12; Exh. 101P, Kadyk Sur., pp. 7-8). As OPC witness Murray agreed, MAWC's rate being paid by the subject customers (\$74.11) is higher than Confluence Rivers' district rates. (Tr. 101 (Murray)).

Pro Forma Rate

OPC alleges that its allegation that customers will paying higher rates under Confluence Rivers' ownership is "supported by Confluence's own analysis." (OPC Ini. Brf., p. 11). OPC references certain pro forma financial statements that Confluence Rivers provided in response to discovery that utilized a monthly charge that is higher than MAWC's current rate for these customers.

The basis for the pro-forma rate comes from various high-level assumptions conducted by CSWR's finance department. It is hypothetical based on preliminary estimated expenses and assumes estimated capital investments, both near and far term, are all in service. It further ignores timing of future rate cases and test years and their impact on future rates. (Exh. 3C, Silas Sur., pp. 12-13).

The rate used in the pro forma makes no attempt to estimate the result of Confluence Rivers' next rate case proceeding as yet to be filed. This rate will ultimately be whatever rate is set by the Commission in that future rate filing based on circumstances and investments as of that point in time. (Exh. 3C, Silas Sur., p. 13).

Confluence Rivers witness Silas noted that even as the person responsible for leading the team that will make Confluence Rivers' next rate case filing, he doesn't know what level of expenses the Company will ask the Commission to approve, what capital structure it will propose, or what return on equity may be recommended. He also has no way of knowing what values for each of those items the Commission will ultimately approve. Accordingly, he can't predict what rates would be in effect for Confluence Rivers at the conclusion of that rate case and certainly not what rates may result from cases filed even further into the future. (Exh. 3P, Silas Sur., pp. 15-16).

Benefits

Confluence Rivers' acquisition of the subject MAWC wastewater systems will not be detrimental to the public interest, will result in the continuation of adequate service to the subject customers, and should be approved by the Commission.

However, should the Commission find any of OPC's allegations to represent a potential detriment, there are benefits to be weighed against any such detriment.

Lower Rates

OPC acknowledges that the monthly rate to be charged by Confluence Rivers upon closing (\$65.36) would represent a \$8.75 reduction from the MAWC's current base rate of \$74.11. (OPC Ini. Brf., p. 11). Confluence Rivers initial rate is also \$3.20 less than

the \$68.56 these customers were actually paying monthly prior to the conclusion of its rate case when WSIRA was included.

OPC alleges that this benefit “is likely temporary” by pointing to Confluence River’s projection that it will file a rate case in the third or fourth quarter of this year. However, Confluence Rivers currently has no rate case on file (and new rates would likely not become effective until 11 months from its next general rate case filing). New rates for Confluence Rivers would not be expected until late 2026, at the earliest. (Exh. 3P, Silas Sur., pp. 13-14).

OPC estimates that customers will pay Confluence Rivers “decreased rate for, at most, about eighteen months.” (OPC Ini. Brf., p. 12). Of course, if this case had not been litigated, those customers would likely be paying lower rates today.

It is unknown what the result of Confluence Rivers’ next rate case will be and also unclear what will happen to the existing MAWC rates in the short term as well as in its next general rate case. On June 27, 2025, MAWC filed a Notice of Intended Filing indicating that it plans to file WSIRA applications for both water and sewer. (See Commission Files No. WR-2025-0345 and SR-2025-0346). Thus, MAWC’s current rate of \$74.11 for these customers could also be something different well before the conclusion of the next Confluence Rivers rate case.

The reduced rate proposed by Confluence Rivers is something that would be seen by the subject customers immediately upon closing and can only be described as a benefit.

Other Benefits

Confluence Rivers is an experienced owner and operator of wastewater systems in the state of Missouri and specializes in running and rehabilitating small systems. (Exh. 1, Silas Dir., p. 8; Exh. 100, Kadyk Dir., p. 7). This is especially important in this situation as the subject systems range in size from 13 active connections at the smallest and to 83 active connections at the largest. (Exh. 102, Kadyk Direct Testimony Errata Sheet).

The systems at issue are in generally good condition. However, there are improvements and rehabilitation that will be necessary going forward. This is especially true in the Hiller's Creek, Stoney Creek and The Highlands systems, which have recently had violations. Further, several of the systems have experienced ammonia exceedances, which will eventually have to be addressed. (Exh. 1, Silas Dir., p. 8).

As noted above, 4 of the subject systems are currently using lagoon treatment. (Exh. 100, Kadyk Dir., pp. 4-5). Confluence Rivers has participated in pilot programs specifically for wastewater treatment systems that have resulted in millions of dollars of savings associated with lagoon system rehabilitation. (Tr. 55-56 (Silas)).

Confluence Rivers has demonstrated it has the technical managerial experience and expertise and financial resources necessary to successfully own and operate small water and wastewater systems in Missouri. (Exh. 3P, Silas Sur., p. 3).

MAWC believes these very small systems (which have from 13 to 83 customers per system) will be more efficiently serviced by Confluence Rivers' service model than the full-time employees utilized by MAWC. MAWC further believes that Confluence Rivers' focus on small, geographically dispersed systems gives Confluence Rivers an

advantage in managing the unique challenges that come with these types of operations.
(Exh. 100, Kadyk Dir., p. 7).

By divesting these smaller wastewater facilities that do not overlap with its water service areas, MAWC states it can concentrate more effectively on its main operational strengths and large-scale facilities. This should benefit MAWC's remaining customers.
(Exh. 100, Kadyk Dir., p. 7).

The contrast between MAWC and Confluence Rivers is a benefit as to the small wastewater systems that are the subject of this case.

Conclusion

Confluence Rivers' acquisition of the subject MAWC wastewater systems will not be detrimental to the public interest and should be approved by the Commission subject to the conditions and actions proposed by the Staff of the Commission, with the adjustment described in the *Applicants' Initial Brief*.

WHEREFORE, Applicants respectfully submit this *Reply Brief* for the

(Nothing further on this page)

Commission's consideration.

Respectfully submitted,



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CERTIFICATE OF SERVICE

I certify that a true and correct copy of the foregoing was served electronically on all parties of record herein on this 28th day of July 2025.

