

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 5th day of February, 2026.

In the Matter of the Application of
Confluence Rivers Utility Operating
Company, Inc. to Acquire Certain Sewer
Assets and for a Certificate of
Convenience and Necessity
(Timber Ridge)

Case No. SA-2024-0307

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

Issue Date: February 5, 2026

Effective Date: February 15, 2026

Background

On April 18, 2024, Confluence Rivers Utility Operating Company, Inc. (Confluence Rivers) filed an application requesting that the Commission approve the acquisition of the sewer assets of Barbara E. Rampone located in and around the Timber Ridge subdivision in Johnson County, Missouri (Timber Ridge System). Confluence Rivers' application also seeks a Certificate of Convenience and Necessity (CCN) to operate the system. The Timber Ridge System provides sewer services to five residential connections near the town of Knob Noster. The Timber Ridge System is currently an unregulated system. The application also seeks a waiver of the Commission's 60-day notice of case filing requirement.

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 May 1, 2024, Confluence Rivers supplemented its application with the Engineering Memorandum applicable to Timber Ridge. On June 7, 2024, Confluence Rivers filed a second supplement to its application which consisted of two letters advocating in favor of the application and explaining the circumstances particular to this acquisition. The case was subsequently suspended pending the expected filing of an amended application.

On November 7, 2025, Confluence Rivers amended its application in order to address issues raised by the Missouri Department of Natural Resources (DNR) regarding the proposed rates in the application. Confluence Rivers explains that Timber Ridge customers are not currently charged for sewer service. Confluence Rivers' amended application proposes to charge a rate equal to its approved District 1 rate of \$60.21 per month, which is Confluence Rivers' rate for systems with limited treatment technology. This rate proposal is different than the rate proposed in Confluence Rivers' initial application. The 2025 revised application included an amended Appendix F-C, the feasibility study associated with the project.

On January 22, 2026, the Staff of the Commission (Staff) filed its Recommendation with an attached Memorandum. Staff stated that Confluence Rivers' application for the issuance of a CCN meets the necessary and convenient for the public service standard, and that the transfer of assets would not be detrimental to the public interest. Staff recommended approval of the application subject to 16 recommended conditions.

On February 2, 2026, Confluence Rivers filed its response to Staff's recommendation. Confluence Rivers stated that it had no objection to any of Staff's recommended conditions.

No other responses or objections to the application or to Staff's Recommendation 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 as amended on November 7, 2025.

Discussion

Confluence Rivers is a certificated and regulated water and sewer utility providing service to customers in Missouri. Central States Water Resources, LLC is the parent company of Confluence Rivers. Confluence Rivers provides water service to approximately 6,500 customers and sewer service to approximately 6,400 customers across several counties in Missouri.

Timber Ridge is an unregulated sewer utility in Johnson County, Missouri. Timber Ridge currently provides sewer services to five residential connections. Regarding the potential size of this service area, Staff noted that there is additional land owned by the developer that could result in an expansion to the current Timber Ridge subdivision or construction of new subdivisions.

Since at least 1996, the Timber Ridge sewer system consisted of a sewer collection system and two lagoons; however, the system was not constructed in accordance with DNR's regulations. Subsequently, the lagoons were found by DNR to be

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).

discharging partially treated sewage into the waters of the state. After court action, Timber Ridge was ordered in 2010 to cease any and all discharges from the lagoons. The same court order directed Timber Ridge to upgrade or replace the lagoons, and to submit related engineering reports, plans, and specifications.

In response Timber Ridge severed its customers' connections to the sewer collection system and demolished the lagoons. These actions were taken without a required DNR closure plan. This resulted in untreated sewage discharges.

Certificate of Convenience and Necessity

Section 393.170, RSMo (Supp. 2025), in subsection 2, requires Confluence Rivers to have a CCN, which is granted by the Commission prior to providing sewer service in Timber Ridge 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 Timber Ridge previously received sewer service and presently need that service lest the system continue to discharge untreated sewage. Confluence Rivers is qualified to provide the service as it is an existing sewer utility providing sewer service to approximately 6,400 customers and is 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 Tartan Factor of economic feasibility is designed to protect prospective customers from the consequences of inadequate or misleading economic planning by the potential CCN holder. Staff stated that it could not confirm that the proposal is economically feasible as Staff could not put a definitive value on the benefits or disadvantages to the Timber Ridge customers or existing Confluence Rivers customers. Staff's Memorandum notes that Confluence Rivers has pursued a relatively aggressive growth strategy through its recent acquisition activity. Staff's Memorandum also

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).

discusses the trend of larger, financially stronger companies acquiring smaller, financially challenged water and sewer systems as being consistent with industry patterns observed nationwide. Confluence Rivers has a demonstrated ability to successfully operate other similarly situated small sewer systems in the state of Missouri. Additionally, Confluence Rivers has the ability to draw resources from its parent company – which the total cost of the Timber Ridge proposal would represent less than 1% of the parent company's projected average annual capital expenditures. Based on the above, the Commission finds that the Tartan Factor of economic feasibility has been satisfied.

The proposal promotes the public interest base on public health – specifically, the Timber Ridge sewer system is currently discharging untreated sewage which creates public health risks. Confluence Rivers has the resources and expertise necessary to address non-compliance issues in subdivisions like Timber Ridge.

Based on the application as amended, Staff's Recommendation and Memorandum and proposed conditions, and Confluence Rivers' response, the Commission concludes that 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 the Timber Ridge sewer system. 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. Thus, the Commission will authorize the acquisition of assets and grant Confluence Rivers the CCN to provide sewer service within the proposed service area, subject to the conditions described by Staff.

Waiver of 60-day notice rule

Confluence Rivers also sought a waiver of the 60-day notice requirement of Commission Rule 20 CSR 4240-4.017(1)(D). Confluence Rivers verified that it had no communication with the office of the Commission regarding any substantive issue likely to be in this case during the preceding 150 days. The Commission finds good cause to waive the notice requirement.

So that Confluence Rivers may begin providing sewer service as soon as possible, the Commission finds it is reasonable to make this order effective in less than 30 days.

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 granted authority to acquire all or substantially all of the sewer utility assets of Timber Ridge as described in the application as updated on November 7, 2025.

3. Upon closing on the sewer utility assets of Timber Ridge, Confluence Rivers is granted a CCN to install, acquire, build, construct, own, operate, control, manage, and maintain a sewer system in the areas currently served by Timber Ridge, subject to Staff's recommended conditions, as follows:

1. Confluence Rivers shall provide training to its call center personnel regarding rates and rules applicable to the sewer customers in the acquired area;
2. 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 Commission Rule 20 CSR 4240-13, within 30 days of closing on the assets;
3. Confluence Rivers shall provide to the Commission's Customer Experience Department (CXD) Staff an example of its actual communication with Timber Ridge residents

regarding its acquisition and operation of the sewer system, and how customers may reach Confluence Rivers, within ten days after closing on the assets;

4. Confluence Rivers shall provide to the CXD Staff a sample of five billing statements from the first three month's billing for the sewer system within ten days of the billings;
5. 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 days after such communications and notifications;
6. Confluence Rivers shall include the Timber Ridge 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. Confluence Rivers' is authorized to charge a flat monthly charge of \$60.21 for sewer services at Timber Ridge and to apply the rules governing sewer service currently located in Confluence Rivers' sewer tariff P.S.C. Mo No. 31;
8. Confluence Rivers shall submit tariff sheets, to become effective before closing on Timber Ridge to include the amended service area map and amended services area written description;
9. Confluence Rivers shall notify the Commission of closing on Timber Ridge within five working days after closing;
10. If the closing on Timber Ridge does not occur within 30 days following the effective date of this Order, Confluence Rivers shall submit a status report within five days after this 30 day period regarding the status of closing, and additional status reports within five days after each additional 30 day period, until closing takes place, or until Confluence Rivers determines that the transfer of the assets will not occur;
11. 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 Confluence Rivers shall 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;

12. Confluence Rivers shall adhere to the existing Abatement 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;
13. Confluence Rivers shall complete installation of the subsurface irrigation system within two years of closing;
14. Confluence Rivers shall submit a tariff filing within 30 days of completion of construction of the wastewater treatment system;
15. Confluence Rivers shall track specific Timber Ridge construction costs of temporary storage and pumping and hauling of wastewater. These costs will be recorded in a regulatory asset with potential recovery in a future general rate case; and
16. Confluence Rivers shall file notice in this case when the above conditions have been completed.

4. Upon closing of the asset purchase, Confluence Rivers is authorized to begin providing service in the Timber Ridge service area.

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

6. This order shall become effective on February 15, 2026.



BY THE COMMISSION

Nancy Dippell

Nancy Dippell
Secretary

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

Hatcher, 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 5th day of February 2026.



Nancy Dippell

Nancy Dippell
Secretary

MISSOURI PUBLIC SERVICE COMMISSION

February 5, 2026

File/Case No. SA-2024-0307

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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.