

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service Commission held at its office in Jefferson City on the 18th day of March, 2026.

In the Matter of the Application of)
Confluence Rivers Utility Operating)
Company, Inc. for a Certificate of)
Convenience and Necessity to Provide)
Sewer Service in an Area of Lafayette)
County, Missouri (Swan Lake Estates))

Case No. SA-2026-0125

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

Issue Date: March 18, 2026

Effective Date: March 28, 2026

Background

On November 11, 2025, Confluence Rivers Utility Operating Company, Inc. (Confluence Rivers) filed an application requesting that the Commission approve the acquisition of the sewer system assets of the currently unregulated system of Swan Lake Estates, LLC (Swan Lake). Confluence Rivers' application also seeks a Certificate of Convenience and Necessity (CCN) to operate the system. The application 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 January 29, 2026, Confluence Rivers filed a *Motion for Leave to Supplement Application* (Motion), which was granted. The Motion explained that Confluence Rivers' application only contemplated the purchase of Swan Lake's sewer system and did not

include the purchase of any portion of the Bates City Mobile Home Park's wastewater collection system. The Motion stated that the Missouri Department of Natural Resources (DNR) indicated that Bates City Mobile Home Park's wastewater collection system is considered connected (by lift station) to the Swan Lake sewer system. As such, the Bates City Mobile Home Park's collection lines and related infrastructure needed to be included in the sale of Swan Lakes Estates sewer system assets. Subsequently, Confluence Rivers reached an agreement to purchase the Bates City Mobile Home Park's lift station and downstream collection lines at issue. Adding the purchase to the underlying application is the purpose of the Motion. This order will therefore refer to the subject sewer system to be acquired, including the Bates City Mobile Home Park's lift station and downstream collection lines, as the Swan Lake service area.

On March 6, 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 or 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 its recommended conditions.

On March 12, 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

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

the opportunity for a hearing has been provided.² Thus, the Commission will rule on the application as supplemented on January 29, 2026.

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 6,400 customers and sewer service to approximately 6,500 customers across several counties in Missouri.

The Swan Lake system serves two mobile home parks in Lafayette County, Missouri – Swan Lake Estates and Bates City Mobile Home Park. Swan Lake Estates has approximately 70 connections and Bates City Mobile Home Park has approximately 88 equivalent connections.

Staff's Memorandum stated that a review of effluent monitoring data shows Swan Lake violated permit limits 51 times in the last three years for ammonia, pH, suspended solids, and biochemical oxygen demand. It is not known if the violations are due to under-loading the system, or due to age and disrepair of the system. Staff specified that mechanical plants like the one at Swan Lake are susceptible to under-loading, as there needs to be a minimum amount of influent³ material for the biological treatment process of the plant to take place. Overall, Staff found that the system's primary structure and associated equipment, including the lift station at Bates City Mobile Home Park, are in poor condition.

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

³ Influent refers to the raw, untreated wastewater that enters a treatment plant for processing.

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 the Swan Lake 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.⁴ 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.⁵ 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.⁶

⁴ *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).

⁵ *State ex rel. Ozark Electric Coop. v. Public Service Commission*, 527 S.W.2d 390, 392 (Mo. App. 1975).

⁶ *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.).

These criteria are known as the Tartan Factors.⁷

There is a need for the service as the customers of Swan Lake currently receive sewer service and will continue to need that service. Confluence Rivers is qualified to provide the service as it is an existing sewer utility providing sewer service to approximately 6,500 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.

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 Swan Lake customers or existing Confluence Rivers customers. Staff's Memorandum notes that Confluence Rivers has pursued an elevated level of acquisition-driven growth. Nationwide, Staff noted, most water and sewer utility acquisitions are expected to continue to be acquisitions of financially challenged, small private and municipal systems by larger investor-owned utilities.

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 estimated project cost of the Swan Lake 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.

⁷ *In re Tartan Energy Company*, 3 Mo.P.S.C. 173, 177 (1994).

The proposal promotes the public interest based on public health – specifically, Staff stated that Swan Lake is not currently being properly operated or maintained, resulting in violations of environmental regulations, with the potential for more serious issues if repairs and upgrades are not undertaken. Staff further stated that there is clearly a need to repair the wastewater treatment facility and bring it into compliance, not only to the two mobile home park owners and the residents, but also to any members of the public who encounter the treated wastewater downstream.

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 Swan Lake 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 Swan Lake as described in the application and as supplemented on January 29, 2026.

3. Upon closing on the sewer utility assets of Swan Lake, Confluence Rivers is granted a CCN for the Swan Lake service area, as supplemented on January 29, 2026, to install, acquire, build, construct, own, operate, control, manage, and maintain a sewer system in the areas currently served by the Swan Lake service area, subject to Staff's recommended conditions, as follows:

- a) Confluence Rivers' proposed monthly charge for sewer service, and its application of its rules governing sewer service currently found in Confluence Rivers' sewer tariff P.S.C. MO No. 31 is approved;
- b) Confluence Rivers shall submit tariff sheets applicable to Swan Lake and Bates City Mobile Home Park, to become effective before closing on the assets, to include a service area map, service area written description, rates, and charges;
- c) Confluence Rivers shall notify the Commission of closing on the assets within five days after such closing;
- d) If closing on the assets does not take place within 30 days following the effective date of the Commission's order approving such, 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;

- e) 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 sewer tariff, and rate and charges sheets applicable to customers in the service areas in the sewer tariff;
- f) 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;
- g) Confluence Rivers shall provide training to its call center personnel regarding rates and rules applicable to the system's customers;
- h) Confluence Rivers shall distribute to the system's customers 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;
- i) Confluence Rivers shall provide to the Customer Experience Department (CXD) Staff an example of its actual communication with the system's customers regarding its acquisition and operations of the sewer system, and how customers may reach Confluence Rivers, within ten days after closing on the assets;
- j) Confluence Rivers shall include the system's 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;
- k) Confluence Rivers shall provide the CXD Staff a sample of five billing statements from the first three months' billing for the system within ten days of the billings;
- l) Confluence Rivers shall file notice in this case outlining completion of the above-recommended training, customer communications, notifications and billing within ten days after such communications and notifications;
- m) Confluence Rivers shall upgrade the treatment system as necessary to achieve compliance with wastewater treatment facility permit discharge limits within 24 months of ownership; and,
- n) Confluence Rivers shall file notice in this case once the conditions above have been completed.

4. Upon closing of the asset purchase, Confluence Rivers is authorized to begin providing service in the Swan Lake 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 March 28, 2026.



BY THE COMMISSION

A handwritten signature in black ink that reads "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 18th day of March 2026.



Nancy Dippell

Nancy Dippell
Secretary

MISSOURI PUBLIC SERVICE COMMISSION

March 18, 2026

File/Case No. SA-2026-0125

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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.