

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of the Application of Confluence)
Rivers Utility Operating Company, Inc., for)
Certificates of Convenience and Necessity to) **File No. WA-2025-0012**¹
Provide Water and Sewer Service in Lincoln)
County, Missouri, as an Expansion of its Existing)
Service Area (Creekside Development).)

STAFF’S REPORT AND RECOMMENDATION

COMES NOW the Staff of the Missouri Public Service Commission (“Staff”) and for its Staff Report and Recommendation states:

1. On July 5, 2024,² Confluence Rivers Utility Operating Company, Inc. (Confluence Rivers) filed an application with the Missouri Public Service Commission requesting that the Commission grant it a Certificate of Convenience and Necessity (CCN) to construct, install, own, operate, maintain and otherwise control and manage a water system and a sewer system for the public in an area of Lincoln County, Missouri. Confluence Rivers also requested a waiver of the Rule 20 CSR 4240-4.017(1)(D) 60-day notice requirement. The Commission has ordered Staff to file a report no later than September 30.

2. Confluence Rivers seeks authority for a water system within the area identified as Creekside, adjacent to a water and sewer system, Glenmeadows, which Confluence Rivers currently operates. The Creekside area is in development with an addition of approximately 85 lots, and this area is adjacent to the neighboring Glenmeadows system. Confluence proposes to combine the Glenmeadows service area

¹ Consolidated per Commission Order of July 31 with File SA-2025-0013.

² Unless otherwise indicated, all date references are to 2024.

with the new Creekside development area. The application seeks authority to operate both a water and a sewer system as a single new service area. Confluence Rivers has provided Staff with a map and legal description of the areas as combined. It is attached to Staff's Memorandum as Attachments A and B.

3. The water system consists of a single well and three 11,500 gallon hydropneumatic pressure tanks, located at the northwest corner of the subdivision. The sewer system consists of a mechanical plant that has the following components: flow equalization, extended aeration, aerated sludge holding tank, chlorination, dechlorination and sludge disposal by contract hauler. Prior to Confluence taking ownership of Glenmeadows, the water system needed repair. During that time, the hydropneumatic pressure tanks had chipped, peeling paint with rust on the underside, and a lot of the piping inside the tank building was severely rusted.

4. Since Confluence has taken ownership of Glenmeadows, it has removed the rust from the hydropneumatic pressure tanks and repainted them, and has replaced most of the rusted piping inside the building that houses the storage tanks. There was some rust on the piping near the master meter, but the Confluence representative stated they would be replacing the piping and meter soon. In addition, Confluence has completed the following projects to the water system:

- Installed high tide remote monitoring
- Cleaned up old signs and trash inside and outside the well house
- Placed covers over holes in exterior siding to prevent vermin intrusion on wellhouse

- Installed a 6-inch saddle, corporation stop, and a pressure transducer for high tide monitoring

5. Prior to Confluence taking ownership of Glenmeadows, the sewer treatment system was poorly maintained and was in extremely poor condition. Since taking ownership of this sewer system, Confluence has addressed many of the issues, such as: replacing the grates, removing leaves, debris, sludge and plants from the clarifiers, removing sludge from the chlorine contact chamber and cleaning the bar screen and keeping it clear of debris. The discharge from the plant is no longer dark and murky and is now clear. Sludge is no longer visible in the stream and Confluence has installed a permanent outfall sign.

6. Staff has fully investigated the water and sewage systems and the application. Its investigation, findings and conclusion are set out fully and in detail in the Staff Memorandum filed contemporaneously with this cover pleading. As detailed in the Memorandum, Confluence Rivers proposes to construct, install, own, operate, maintain and otherwise control and manage a water system and a sewer system and to utilize its water and sewer rates, rules, and terms of service currently applicable to the Glenmeadows service area (water and sewer – District 2). Confluence further proposes to submit tariff sheets, to be effective before closing on the assets, to include a service area map and service area legal description to include the addition of the Creekside development, to be included in its Electronic Filing and Information System (“EFIS”) tariff P.S.C. MO No. 30 (applicable to water service) and EFIS tariff P.S.C MO No. 31 (applicable to sewer). Those rates are as follows:

- Water (metered service);
 1. Monthly Minimum;
 - For service through a 5/8" meter \$35.04;
 - For service through a 3/4" meter \$35.04;
 - For service through a 1" meter \$61.33;
 - For service through a 1 1/2" meter \$105.13;
 - For service through a 2" meter \$140.18;
 - For service through a 3" meter \$350.44;
 - For service through a 4" meter \$525.67.
 2. Commodity Charge: \$5.25/1,000 gallons
- Water (Unmetered Service);
 1. Monthly Minimum: \$55.26
- Sewer Service (Monthly Flat Rate): \$70.83

7. The Commission may grant a water corporation or sewer corporation a certificate of convenience and necessity after determining that such construction and operation are either "necessary or convenient for the public service."³ The Commission has stated five criteria that it uses to determine necessity or convenience:

- 1) There must be a need for the service;
- 2) The applicant must be qualified to provide the service;
- 3) The applicant must have the financial ability to the provide the service;
- 4) The applicant's proposal must be economically feasible; and
- 5) The service must promote the public interest.⁴

³ Section 393.170.3, RSMo

⁴ *In re Tartan Energy Co.*, 3 Mo. P.S.C. 173, 177 (1994).

8. As detailed in its Staff Memorandum, Staff concludes that the application satisfies the Tartan factors. There is a need for service as the developer intends to construct an additional 85 lots which will require water and sewer service. Confluence Rivers is qualified in that, as a regulated utility, it is currently providing water service to approximately 5,800 customers and sewer service to approximately 5,900 customers throughout Missouri. Confluence has the financial capacity to continue to operate this system through access to capital from its parent company Central States Water Resources, Inc. Confluence has also demonstrated over numerous years that it has adequate resources to operate utility systems it owns. The acquisition of the system is economically feasible in that the property developer will construct the distribution and collection systems and contribute them to Confluence. Further, the Developer will make a per lot contribution related to the facilities to be used to provide water and sewer service to this area. Such contributions will ensure that the new development will contribute to the cost of bringing the existing plants (Glenmeadows) into compliance and ensuring that there is sufficient capacity to serve the new development. Based upon Staff's full investigation and findings, Staff concludes that granting the CCNs will promote the public interest.

9. Confluence's application includes a sworn statement that it has had no communication with the Office of the Commission (as defined in 20 CSR 4240- 4.015(10)) within the prior 150 days regarding any substantive issue likely to be in this case. Good cause for the requested waiver exists in accordance with Commission Rule 20 CSR 4240- 4.017(1)(D) ("Good cause for waiver may include, among other things, a verified declaration from the filing party that it has had no communication with the office of the

commission within the prior one hundred fifty (150) days regarding any substantive issue likely to be in the case...”).

Staff recommends that the Commission:

1. Waive the Rule 20 CSR 4240-4.017(1) 60-day notice requirement and grant Confluence a CCN to provide water and sewer service consistent with the current Glenmeadows service area, with the addition of the Creekside development;

2. Approve existing Glenmeadows rates for the addition of the Creekside development;

3. Require Confluence to submit tariff sheets, to become effective before closing on the assets, to include a service area map and service area written description, to be included in its EFIS tariffs P.S.C. MO No. 30 and 31, applicable to water and sewer service, respectively;

4. Require Confluence to distribute to any new Creekside customers an informational brochure detailing the rights and responsibilities of the utility and its customers regarding its sewer service, consistent with the requirements of Commission Rule 20 CSR 4240-13, as customers initiate service with Creekside;

5. Require Confluence to provide training to its call center personnel regarding rates and rules applicable to the water and sewer customers in the acquired areas;

6. Require Confluence to provide to the CXD Staff a copy of the first bill they render to a customer in the extended area;

7. Require Confluence to email Staff in CXD outlining completion of the above recommendations regarding the customer brochure, training and billing within the specified time periods; and

8. Make no finding that would preclude the Commission from considering the ratemaking treatment to be afforded any matters pertaining utility plant constructed within the new service area, or providing service in the new service area, in any later proceeding. Staff will submit a further recommendation regarding tariff sheets to be filed by Confluence in this matter.

WHEREFORE, Staff prays that the Commission will accept this Report and Recommendation as compliant with the Commission's Orders.

Respectively Submitted,

/s/ Paul T. Graham

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CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to counsel of record as reflected on the certified service list maintained by the Commission in its Electronic Filing Information System this 30th day of September, 2024.

/s/ Paul T. Graham