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

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| In the Matter of the Petition of Confluence Rivers Utility Operating Company, Inc. Approval to Establish Water and Sewer Infrastructure Rate Adjustments (WSIRA) | ) ) ) ) | **File No. WR-2026-0331** Tariff Nos. JW-2027-0011 and JS-2027-0012 |

## STAFF'S RECOMMENDATION

**COMES NOW** the Staff of the Missouri Public Service Commission ("Staff"), by and through the undersigned counsel, and respectfully states as follows:

1. On July 28, 2026, Confluence Rivers Utility Operating Company, Inc. ("Company" or "Confluence") filed its Petition to Establish a Water and Sewer WSIRA ("Petition") with the Missouri Public Service Commission ("Commission"). Confluence also filed tariff sheets under tariff tracking numbers JW-2027-0011 and JS-2027-0012. Sections 393.1500-1509, RSMo, provide that eligible water and sewer corporations may recover certain infrastructure system replacement costs through a WSIRA

2. On July 29, 2026, the Commission entered an *Order Directing Notice, Setting an Intervention Deadline, Directing a Staff Recommendation, and Consolidating Files*. This *Order* directed Staff to file its recommendation no later than October 26, 2026, and ordered Confluence to respond to Staff's recommendation no later than November 2, 2026. No parties requested intervention.

1. Confluence submitted its Petition to reflect WSIRA investment that had been placed into service from February 1, 2023, through May 31, 2026. Confluence estimated in its Petition that it was entitled to WSIRA water revenues of $212,311.96 and sewer revenues of $457,770.90. This would equate to an increase of approximately 7.01% for water and

11.32% for sewer, based on the base revenue level approved by the Commission in the Company's most recently completed general rate case.

2. Confluence provided two additional updated workpapers, and both included revenues for water of $212,087.68 and sewer revenues of $457,246.55.

3. As detailed further within the attached *Staff Memorandum* and incorporated herein, based upon its investigation and calculations Staff concludes the Company's actual WSIRA rates should be designed to recover annual WSIRA revenues of $62,616.34 from District 1 water customers, $139,253.36 from District 2 water customers, $37,134.06 from District 1 sewer customers, and $375,061.84 from District 2 sewer customers. Therefore, Staff's recommendation is approval of $201,869.70 in water revenues and $412,195.90 in sewer revenues.

4. Confluence is current on its quarterly assessment payments and is not delinquent for the prior year's assessments. In addition, Confluence does not have any past due annual reports.

**WHEREFORE**, for the reasons stated above and in Staff's attached Memorandum, incorporated herein, Staff recommends that the Commission issue an order in this case that:

1. Rejects the following proposed tariff sheets filed in Tariff No. JW-2027-0011:
    a. P.S.C. MO NO. 30 Original Sheet No. 91.1, and
    b. P.S.C. MO NO. 30 Original Sheet No. 92.1;

2. Rejects the following proposed tariff sheets filed in Tariff No. JS-2027-0012:
    a. P.S.C. MO NO. 31 Original Sheet No. 122.1, and
    b. P.S.C. MO NO. 31 Original Sheet No. 123.1;

3. Approves Staff's recommended WSIRA surcharge revenues in this docket in the incremental pre-tax revenue amount of $62,616.34 from District 1 water customers, $139,253.36 from District 2 water customers, $37,134.06 from District 1 sewer customers, and $375,061.84 from District 2 sewer customers for a total of $201,869.70 in water revenues and $412,195.90 in sewer revenues in this filing; and

4. Authorizes Confluence to file revised tariff sheets for each utility, service area, and rate class, as reflected in Staff's Appendix A1 – A4, which generates $614,065.60 of combined and water sewer revenues.

Respectfully submitted,

**/s/ Eric Vandergriff**
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Staff Counsel for the
Missouri Public Service Commission

**CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed or hand-delivered, transmitted by facsimile or electronically mailed to all parties and/or counsel of record on this 26th day of October 2026.

**/s/ Eric Vandergriff**

# MEMORANDUM

**TO:** Missouri Public Service Commission Official Case File
Case No. WR-2026-0331, Tariff No. JW-2027-0011 and JS-2027-0012

**FROM:** */s/ Jadon Stafford* 10/26/2026
Economics Analyst Date
Water, Sewer, Gas, & Steam Department

*/s/ Chad Stephenson* *10/26/2026*
Senior Professional Engineer
Water, Sewer, Gas, & Steam Department

*/s/ Sarah Beam* *10/26/2026*
Economics Analyst
Water, Sewer, Gas, & Steam Department

**SUBJECT:** Staff Report and Recommendation Regarding the Petition of Confluence Rivers Utility Operating Company, Inc. for Approval to Establish a Water and Sewer Infrastructure Adjustment ("WSIRA")

**DATE:** October 26, 2026

## BACKGROUND

On July 28, 2026, Confluence Rivers Utility Operating Company, Inc. ("Company" or "Confluence") filed its *Petition to Establish a Water and Sewer WSIRA* ("Petition") with the Missouri Public Service Commission ("Commission"). The Company submitted its Petition pursuant to the provisions of the Missouri Water and Sewer Infrastructure Act, Sections 393.1500 and 393.1509, RSMo, and Commission Rule 20 CSR 4240-2.060(1). These sections provide eligible water and sewer corporations with the ability to recover certain infrastructure system replacement costs without the need to file a formal rate case. Instead, these investments in infrastructure are recovered through a Water and Sewer Infrastructure Rate Adjustment ("WSIRA"). This is the first WSIRA filing since the Company's most recent general rate case, Case No. WR-2023-0006, as well as being the Company's first WSIRA filing under the enabling statutes cited above.

In this case (WR-2026-0331), Confluence submitted its Petition to reflect WSIRA investment that had been placed into service for February 1, 2023, to May 31, 2026. Confluence estimated in its Petition that it was entitled to WSIRA water revenues of $212,311.96 and sewer revenues of $457,770.90. This would equate to an increase of approximately 7.01% for water and 11.32% for sewer, based on the base revenue level approved by the Commission in the Company's most recently completed general rate case.

On July 29, 2026, the Commission issued its *Order Directing Notice, Setting Deadlines, Directing Filings, Consolidating Cases and Suspending Tariffs,* establishing August 18, 2026, as the deadline to intervene in the instant case. As of the date of Staff's Recommendation, no parties have requested to intervene in this case. The Commission directed Staff to file a report regarding its recommendation of the WSIRA filing no later than October 26, 2026. The Commission ordered Confluence to respond to Staff's recommendation no later than November 2, 2026.

**STAFF INVESTIGATION**

As noted in its Petition, Confluence serves approximately 6,800 water customers and 7,700 sewer customers, thereby meeting the WSIRA filing criteria of a corporation providing water or sewer service, or a combination of the two, to more than 8,000 customer connections. In addition, the cumulative amount of WSIRA revenues that will result from this Petition does not exceed 15%, or $1,061,017.65, of the base revenue levels of $7,073,451 approved by the Commission in the most recently completed Confluence general rate case, Case No. WR-2023-0006.

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| Revenue Requirement in WR-2023-0006 | $7,073,451 |
| WSIRA Cap per Legislation | 15% |
| WSIRA $ Cap | $1,061,017.65[1] |
| Current Case – WSIRA WR-2026-0331 | $614,065.60 |

As part of its analysis of Confluence's Petition, Staff reviewed supporting workpapers, descriptions of WSIRA projects, Confluence's accounting entries, and invoices representing WSIRA investment costs, as well as other applicable documentation, such as work order authorizations. Staff communicated with Confluence personnel to clarify Confluence's Petition when necessary. Staff also visited and inspected many sites which had WSIRA-eligible infrastructure system projects placed into service during the audited period.

In its petition, the Company requested $670,082.86 in WSIRA revenues, $212,311.96 from water, and $457,770.90 from sewer. However, as part of the Company's initial application they provided a supporting appendix, Appendix C, that listed $669,334.23 in WSIRA revenues, $212,087.68 and $457,246.55 for water and sewer, respectively. Staff requested additional workpapers in excel format to verify the amounts reported in Appendix C. Staff received three versions of the Appendix C in excel format, each with

[1] According to Section 393.1506.1, RSMo, replacement of customer-owned lead service lines does not count toward the program cap. Confluence did not include in this WSIRA filing costs related to the replacement of customer-owned lead service lines.

additional sheets and formulas per the request of Staff, and each of the three excel workbooks reported $669,334.23 in WSIRA revenues, $212,087.68 and $457,246.55 for water and sewer, respectively. Staff emailed the Company about the discrepancy between revenues listed in the petition and the workpaper revenues. The Company clarified that the difference was likely due to a transcribing error and that the revenues from the workpaper were correct. Staff utilized the workpaper revenue requirement, which is based on a WSIRA rate base of $1,252,573 and $2,246,239 for water and sewer, respectively. To support this rate base, Confluence provided 815 invoices, reflecting 1,105 assets. The invoices were provided in a zip file and broken down by asset in a workbook, including asset description, service location, work order number, vendor, invoice number, and gross balance.

In reviewing each invoice, a pattern of issues emerged. While not all of these errors resulted in a reduction in WSIRA revenues, they reflect a need for consistent and accurate booking of assets and improved invoice tracking. Staff exchanged 20 emails with the company and met with the Company to discuss and rectify the errors. Staff's communication with Confluence provided the necessary insight to make the correct decisions on the assets to disallow as is described below.

**WSIRA Revenue Reduction Errors**

| Error Type | Number of Assets | Rate Base Reduction | WSIRA Revenue Requirement Reduction |
|---|---|---|---|
| Disallowed Service Date | 85 | $168,717.97 | $16,534.36 |
| Inaccurate Dollar Amounts | 32 | $15,251.39 | $1,494.64 |
| Ineligible Assets | 6 | $9,434.37 | $ 924.57 |
| Missing Invoices | 2 | $1,479.42 | $ 144.98 |
| Duplicative Assets | 15 | $50,968.94 | $4,994.96 |
| Mismatched Service Areas | 41 | $12,107.43 | $1,186.53 |
| **Total** | 204 | $257,959.52 | $25,280.04 |

**Disallowed Service Dates**

Plant assets recoverable through the WSIRA are those that occurred since the last rate case. Confluence's most recent rate case, WR-2023-0006, had a test year ending June 30, 2022, and an updated/known and measurable period through January 31, 2023. Confluence included 208 assets with invoices showing dates equal to or earlier than January 31, 2023,

with 163 of those assets having invoices showing dates equal to or earlier than December 31, 2022. Staff recognizes that invoice dates do not automatically mean that the project has gone in-service and that time has to be allowed for Confluence to inspect the asset as well as incorporate the investment into their accounts. Staff disallowed assets with invoice dates prior to October 1, 2022, as those assets should have been included in the prior rate case. 85 assets are disallowed due to invoice and/or service dates occurring before October 1, 2022.[2] Disallowed assets total $168,717.97 in gross plant, resulting in a **$16,534.36** reduction to WSIRA revenues.

Staff identified a set of water meter assets that had multiple invoices attached to each asset. Each asset had the same supporting invoice showing the purchase of the water meters that were needed for installation and this supporting invoice had a date of December 9, 2022. Each asset also had a supporting invoice dating when the installation of the meters occurred, and the dates on these supporting invoices ranged from June 30, 2022, to September 30, 2022, all at least two months prior to the meter purchase invoice. Staff elected to disallow the meter installation costs that occurred prior to the purchase of the meters as they did not seem to be related to the purchased meters.

**Inaccurate Dollar Amounts**

The dollar amounts listed for 32 of the included assets do not match the dollar amounts listed in the supporting invoices. These inaccuracies were deduced by referencing work order numbers, when available, and asset descriptions. Assets with inaccurate dollar amounts total $15,251.54 in gross plant value, resulting in a **$1,494.64** reduction to WSIRA revenues.

**Ineligible Assets**

There were 6 listed assets that included expenses ineligible for inclusion in the WSIRA, such as legal fees, late fees, tree trimming, customer communication, research, paperwork, a hotel stay, and bottled water. These assets may be recoverable during a general rate case but are not allowed for recovery during a WSIRA. The disallowed expenses total $9,434.37 in gross plant value, resulting in a **$924.57** reduction to WSIRA revenues.

[2] October 1, 2022, was chosen as the cutoff date for assets to be included in the WSIRA as it is three months before the final update period for the final rate case, which would allow time for asset verification and inclusion in workbooks, and the three-month time period is used in revenue calculations discussed below.

**Missing Invoices**

There were several assets that initially could not be accurately matched with a supporting invoice, or the supporting invoices did not include all the costs to make up the total asset cost. Upon Staff's request, the company provided additional invoices, allowing Staff to verify assets until only two assets remained without proper support from the invoices. The assets lacking supporting invoices total $1,479.42 in gross plant value, resulting in a **$144.98** reduction to WSIRA revenues.

**Duplicative Assets**

There were 15 included assets that were duplicates of other assets. Staff identified the duplicates through the supporting invoices as the duplicate assets shared the same supporting invoices and, in many instances, the shared invoices only included costs for a single project. The duplicate assets total $50,968.94 in gross plant value, resulting in a **$4,994.96** reduction to WSIRA revenues.

**Inaccurate Service Areas**

There were 41 assets that had supporting invoices with mismatched service areas. A given asset could have multiple supporting assets as projects can take place over a series of months, through multiple contractors, or have parts purchased from multiple vendors. The assets included in Appendix D were listed with a single service area with a corresponding water or sewer district, which allowed the eligible costs to be assigned accordingly. The mismatched invoice service areas meant that costs were potentially not getting assigned to the correct water or sewer district, incorrect depreciation rates were applied, and that projects that should have been separate were instead consolidated. Staff identified 35 assets that had a total mismatch between asset service areas and invoice service area designations and 6 assets that had at least one invoice with a matching service area. Additionally, one of the thirty-five assets with a total service area mismatch had an invoice for an asset in Florida. In total, $12,107.43 of gross plant was disallowed and $45,170.85 of gross plant was reassigned to the correct service areas and districts.

| Service Area (Asset List) | Service Area (Invoice) | Number of Assets Misallocated | Dollar Amount Misallocated |
|---|---|---|---|
| Auburn Lakes WW | Glen Meadows WW | 1 | $85.42 |
| Cimarron Bay W | Indian Hills W | 2 | $4,500 |
| | Majestic Lakes W | 1 | $2,341.93 |
| Countryside Meadows WW | Villa Ridge WW | 1 | $1480 |
| Eugene W | Evergreen Lakes W | 1 | $5,738.85 |
| Glen Meadows WW | Deer Run WW | 1 | $1,600 |
| Hillcrest WW | Terre Du Lac WW | 1 | $8,137 |
| Indian Hills W | Auburn Lakes W | 1 | $1,689.19 |
| Indian Hills W | Willows WW | 1 | $720 |
| Majestic Lakes W | Port Perry W | 1 | $41.22 |
| Majestic Lakes WW | Rolling Oaks-Beverly Hills WW | 1 | $5,858.17 |
| Roy L WW | Roy L W | 1 | $1,821.46 |
| Smithview W | Glen Meadows W | 1 | $750 |
| | Glen Meadows WW | 1 | $2,197.17 |
| Terre Du Lac W | Terre Du Lac WW | 1 | $6,145.25 |
| | Terre Du Lac WW | 1 | $5,282.62 |
| Terre Du Lac WW | Smithview W | 1 | $400 |
| | Terre Du Lac W | 1 | $90 |
| Villa Ridge WW | Terre Du Lac WW | 22 | $8,400 |
| | **Total:** | 41 | $57,278.28 |

**Depreciation Rates and Plant Accounts**

For the purposes of Staff's revenue requirement calculations in this case, Staff corrected several errors related to depreciation rates and plant accounts as detailed in this section. Staff will work with the Company during its next general rate case to correct these issues going forward.

Staff identified 93 assets with either incorrect depreciation rates or incorrect plant assignment. The gross plant value of the identified assets was $235,662.06. A majority of the assets were associated with meters or meter pits. There were 34 assets identified as well meters that were originally listed in plant accounts corresponding with customer meters, which have a 30-year depreciation period. Staff viewed this as an incorrect plant account

assignment and corrected the plant account to match the wells and springs NARUC account established in the prior rate case, which has a 50-year depreciation period. There were 19 assets that were identified as meter pit installations or replacements that were assigned to various plant accounts, all of which were updated to the meter pits and installations plant account, which has a 40-year depreciation period. There were 21 assets that Staff not only identified as belonging to the incorrect service area, but were also incorrectly allocated to a sewer plant account rather than a water plant account. The sewer plant account and the correct water plant account had the same depreciation rates so minimal impact between Staff's calculation and the Company's.

Additionally, Staff identified 109 distinct water meter assets that had plant in-service dates that would not allow the accumulated depreciation amount listed to occur. Staff set up a meeting with the Company and brought up the issue for clarification. The 109 water meter assets had a plant in-service date of August 1, 2025 in the workbook the Company provided to Staff. During the meeting the Company explained that the 109 water meter assets were originally classified as one large asset and that one large asset was put into service prior to August 1, 2025 in a different plant account with a different depreciation rate. The Company then explained that when the one large asset was broken down into the 109 individual assets with the new plant account and depreciation rate that the system in place updated the plant in-service date and corrected the depreciation amount from the original in-service date up May 31, 2026. Staff is concerned that more assets could have updated plant in-service dates, making it difficult to know the true in-service date and the true accumulated depreciation amounts that affect the net plant value.

In the same meeting Staff discussed with the Company about the classification of original meter installations as opposed to meter replacements, as the Company's workpapers showed many meter installations with the descriptor "new" being assigned to a plant account with a 30-year depreciation period rather than a plant account with a 40-year depreciation period. It is Staff's understanding that original meter installations are classified into NARUC account 347, meter pits and installations, with a 40-year depreciation period, while meter replacements are classified into NARUC account 346, with a 30-year depreciation period. The descriptor "new" creates confusion as to whether an old meter is being replaced with a "new" meter or if a customer is receiving a water meter for the first time and shifting from unmetered to metered. Staff requested if the Company could check which installations were original meters rather than meter replacements, and the company

needed to verify if they had the ability to do so. As of the filing of this memorandum, Staff has not received a response to this request.

**Pre-Tax Rate of Return**

The Company included in its workbooks a pre-tax rate of return of 9.83%. In the Company's application an after-tax weighted average cost of capital of 8.25% based on an ROE of 9.90%, a 6.60% cost of debt, and a capital structure of 50% equity and 50% debt, per the Commission's *Report and Order* in Case No. WR-2023-0006. Staff's calculations resulted in the same after-tax weighted average cost of capital of 8.25%, but a different pre-tax rate of return of 9.80%.

**Inaccurate Invoice Numbers**

Six listed assets reference inaccurate invoice numbers. The assets refer to invoice numbers 1695077 and 1695984. These invoice numbers do not exist. Rather, the assets should reference Quotation No. 3645493, which contains the correct asset lines. This inaccuracy was deduced as the file name contains the incorrect invoice number.

**Inaccurate Vendor**

One asset (Asset ID FA33342) referenced Midwest Meter Inc as the vendor. All details of the asset, including invoice number, dollar amount, and service area, were matched to an invoice from Core & Main.

**Inaccurate Work Orders**

Five listed assets reference an incorrect work order. The inaccuracy was deduced by reviewing the referenced invoice and matching asset descriptions and dollar amounts.

**Evaluation of WSIRA-Eligible Projects and Field Inspections**

Confluence submitted a listing of completed projects in *Appendix D – Eligible Work Completed*. Appendix D included 1,105 individual project entries across the Company's water and wastewater systems. To evaluate the necessity and prudence of these projects, Staff issued several data requests. Staff asked the company to describe the condition of the existing infrastructure immediately before replacement and identify the engineering reason for several project types.[3] The company's response indicated that nearly all projects were

[3] DR 0004.0

the result of operational issues such as equipment failures, deterioration, corrosion, regulatory requirements, or other conditions impairing the safe and reliable operation of the systems. Reported examples included leaking hydrants, inoperable blowers and pumps, fouled filtration equipment, failed lift station floats, corroded well piping, worn pumping equipment, and other assets that had reached the end of their useful life. A number of entries, primarily meter installations, were identified as new-construction items rather than replacements. Overall, these responses demonstrated that most projects addressed documented failures, deterioration, or system deficiencies requiring action.

Staff requested information regarding whether any of the Appendix D projects increased system capacity or modified system functionality.[4] The Company stated that none of the projects constituted expansions of treatment, production, collection, or distribution capacity. Instead, all projects were characterized as repairs, replacements, or reinvestment necessary to maintain existing service levels and system reliability for current customers. According to the Company, any incidental changes in equipment specifications resulting from modern replacement equipment did not result in expanded system capacity, as other system components were not replaced or modified in a way that would permit higher output.

Staff asked about a large number of project entries at the Terre Du Lac wastewater system.[5] Staff noted that more than 200 of the 1,105 total Appendix D entries involved the installation or replacement of Orenco pump systems in Terre Du Lac—representing nearly one-fifth of all projects reported. Due to the volume of these installations, their customer-site nature, and the unique configuration of the low-pressure collection system in Terre Du Lac, Staff requested additional detail regarding what an Orenco system consists of, the work being performed, and the purpose of these installations. The Company explained that many existing customer pump systems and septic tanks were in poor condition at acquisition, contributing solids to the treatment plant, creating operational issues, and leading to customer backups. Orenco systems are designed to convey only the liquid phase of wastewater to the collection system, thereby reducing solids loading at the plant, improving treatment performance, and restoring customer-side pump stations to a maintainable and reliable condition. The Company outlined several installation scenarios depending on the condition of the existing tanks and equipment at each property.

[4] DR 0005.0
[5] DR 0006.0

In addition to reviewing written responses, Staff visited and inspected many of the project locations listed in *Appendix D – Eligible Work Completed*. The WSIRA-eligible work was geographically widespread, covering 25 separate water systems and 38 wastewater systems. During these inspections, Staff verified that the reported work had been completed, observed the installed infrastructure, evaluated its condition, and discussed operational considerations and future plans with Company personnel. Staff's field observations were consistent with the Company's descriptions of equipment failures, deterioration, operational deficiencies, and regulatory drivers. These inspections provided additional confirmation that the projects were necessary.

**STAFF'S REVENUE CALCULATION**

Due to the disconnect between the plant in-service dates initially listed in the work papers provided by the Company and the dates in the supporting invoices Staff needed a fair way to determine whether to use the initial in-service date or an alternative date. The necessity of this decision comes down to the length of time depreciation is going to accumulate.

Staff started with the most recent date from the supporting invoices tied to each asset to account for assets that had multiple parts. Since the invoice dates rarely landed on exactly on the first day of a given month, Staff adjusted the dates to do that, so if an invoice had a date that landed before the midpoint of a month the date was shifted to the first and if a date landed on the midpoint or after the date was moved to the first of the following month. Staff then allowed for a three-month window after the adjusted invoice date to capture all the plant in-service dates that were reasonably close. All the plant in-service dates that fell outside of the three-month window were then changed to the dates calculated by Staff. This method was used for all plant in-service dates with dates that occurred after the supporting invoice dates. Staff identified 36 assets that had plant in-service dates that occurred before the supporting invoice date. For these assets Staff wholly used the invoice date, adjusted to the first of the listed month or the following month as previously described. Staff had 209 assets that used the plant in-service date provided in the Company's workpaper and 825 assets that used Staff's calculated dates.[6]

Staff changed the allocation of the property tax amount for the service areas of Missouri Utilities water and wastewater. Initially, the tax amounts for water and wastewater

[6] Of the 825 updated dates, 72 were from assets that were disallowed due to dates being during the prior rate case update period or duplicates that were removed.

were allocated at an even split. However, Staff reviewed the tax bill provided by the Company and noted that the majority of the property assessed was for water meters only. Staff allocated the property tax based on the value of the plant that was assessed in the bill. The amount that was deemed water only was given to the water service area, and the shared amount was split equally between water and sewer.

Staff created a new asset as a result of one of the mismatched service areas. Asset FA18257 had four supporting invoices, three of which were for a Roy-L wastewater blower project and one that was for a Roy-L water UV bulb replacement. Staff pulled out the water project and created a new asset id, with a new depreciation rate and the correct district assignment. Staff chose to create a new asset for the water project as asset FA18257 was set up correctly for wastewater project.

## THE WSIRA RATE SCHEDULES

### Water

The proposed WSIRA water rate schedules include designs for unmetered customers and for metered customers. The metered customer design consists of a meter charge component and a volumetric rate component, while the unmetered customer charge is a fixed charge. The meter charge component is set for each size based on an equivalent meter factor methodology. Staff calculated the factors based on the meter charges for each meter size as stated in the current tariff. The volumetric rate is set such that the unmetered customer charge is equivalent to a 5/8 inch meter charge plus volumetric revenue generated from average monthly water usage.

### Sewer

The proposed WSIRA sewer rate schedules are separated by sewer district. Each sewer district has a distinct fixed charge calculated to cover the costs of projects in each district.

For this case, Staff finds it reasonable to utilize the Company's methodology for calculating the WSIRA water and sewer rates based on Staff's calculation of the WSIRA water and sewer revenue requirements. Staff adjusted its rates to make the cost per customer equivalent between unmetered customers and metered customers for the water districts. The WSIRA rates are reflected in Appendix A1 through Appendix A4 attached to this Memorandum.

**ASSESSMENTS AND ANNUAL REPORTS**

Confluence is current on its quarterly assessment payments and is not delinquent for the prior year's assessments. In addition, Confluence does not have any past due annual reports.

**STAFF RECONCILIATION**

Statute Section 393.1509(2), RSMo, requires a utility to reconcile any previously unreconciled WSIRA revenues as necessary to ensure that revenues resulting from the WSIRA math as closely as possible to the appropriate pretax revenues as found by the Commission for that period. This is Confluence's first WSIRA filing as such their WSIRA has not been in effect for a twelve-month period so a reconciliation of WSIRA revenues is not required in this case.

**STAFF'S CONCLUSIONS**

In its Petition, Confluence filed to recover WSIRA-eligible infrastructure system project costs incurred during the period of February 1, 2023, through May 31, 2026. At the time Confluence filed its Petition, Confluence proposed WSIRA revenues for water of $212,311.96 and sewer revenues of $457,770.90. In Appendix C, page 1, Confluence provided the revenue requirement for each sewer and water district, the subsequent revenues for water were $212,087.68 and sewer revenues of $457,246.97. At the request of Staff, Confluence provided the original excel work paper used to come up with the values used in Appendix C. Staff also requested updated workpapers that included more in-depth calculations for Staff to better understand Confluence's math. Confluence provided two additional work papers, and both included revenues for water of $212,087.68 and sewer revenues of $457,246.97.

Based upon its investigation and calculations, Staff concludes the Company's actual WSIRA rates should be designed to recover annual WSIRA revenues of $62,616.34 from District 1 water customers, $139,253.36 from District 2 water customers, $37,134.06 from District 1 sewer customers, and $375,061.84 from District 2 sewer customers. Therefore, Staff's recommendation is approval of $201,869.70 in water revenues and $412,195.90 in sewer revenues.

Staff's calculations reflect the overall weighted average cost of capital of 9.80% (tax grossed up rate of return) and Confluence's current depreciation rates, as reflected in

the Unanimous Partial Stipulation and Agreement the Commission approved and ordered on September 27, 2023, in Case No. WR-2023-0006.

Staff's calculations reflect the actual WSIRA eligible investment placed in service from February 1, 2023, through May 31, 2026. In addition, property taxes have been included in Staff's calculation, as there will be property tax liability from Confluence due within the next 12 months related to these WSIRA investments.

Staff based its conclusions on an examination of workpapers and supporting documentation for the projects included for recovery in Confluence's proposed WSIRA filing, as well as from a review of the Unanimous Partial Stipulation and Agreement in Case No. WR-2023-0006. As a result, it is Staff's conclusion that the project costs incorporated within this WSIRA filing meet the requirements of the governing statutes as summarized previously in this Memorandum in the discussion of the Company's Petition. As per the enabling statute neither Staff nor the Commission is making a determination of the ultimate prudency of any of the projects included in this WSIRA filing.

**STAFF'S RECOMMENDATION**

Based on the above, Staff recommends that the Commission issue an order that:

1. Rejects the following proposed tariff sheets filed in Tariff No. JW-2027-0011:
    a. P.S.C. MO NO. 30 Original Sheet No. 91.1, and
    b. P.S.C. MO NO. 30 Original Sheet No. 92.1
2. Rejects the following proposed tariff sheets filed in in Tariff No. JS-2027-0012:
    a. P.S.C. MO NO. 31 Original Sheet No. 122.1, and
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3. Approves Staff's recommended WSIRA surcharge revenues in this docket in the incremental pre-tax revenue amount of $62,616.34 from District 1 water customers, $139,253.36 from District 2 water customers, $37,134.06 from District 1 sewer customers, and $375,061.84 from District 2 sewer customers for a total of $201,869.70 in water revenues and $412,195.90 in sewer revenues in this filing; and
4. Authorizes Confluence to file revised tariff sheets for each utility, service area, and rate class, as reflected in Staff's Appendix A1 – A4, which generates $614,065.60 of combined and water sewer revenues.

**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

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| In the Matter of the Petition of Confluence Rivers Utility Operating Company, Inc. for Approval to Establish a Water and Sewer Infrastructure Rate Adjustment (WSIRA) | ) ) ) ) | File No. WR-2026-0331 Tariff Nos. JW-2027-0011 and JS-2027-0012 |

**AFFIDAVIT OF SARAH BEAHM**

STATE OF MISSOURI )
) ss.
COUNTY OF COLE )

**COMES NOW SARAH BEAHM** and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing *Staff's Recommendation to Approve Tariff*; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.

Sarah Beahm

**SARAH BEAHM**

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 26th day of October 2026.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: April 04, 2029
Commission Number: 12412070

D Suzie Mankin

Notary Public

**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

| | | |
|---|---|---|
| In the Matter of the Petition of Confluence Rivers Utility Operating Company, Inc. for Approval to Establish a Water and Sewer Infrastructure Rate Adjustment (WSIRA) | ) ) ) ) | File No. WR-2026-0331 Tariff Nos. JW-2027-0011 and JS-2027-0012 |

**AFFIDAVIT OF JADON STAFFORD**

| | | |
|---|---|---|
| STATE OF MISSOURI | ) | |
| | ) | ss. |
| COUNTY OF COLE | ) | |

**COMES NOW JADON STAFFORD** and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff's Recommendation to Approve Tariff*; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

**JADON STAFFORD**

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 26th day of October 2026.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: April 04, 2029
Commission Number: 12412070

Notary Public

**BEFORE THE PUBLIC SERVICE COMMISSION**

**OF THE STATE OF MISSOURI**

| | | |
|---|---|---|
| In the Matter of the Petition of Confluence Rivers Utility Operating Company, Inc. for Approval to Establish a Water and Sewer Infrastructure Rate Adjustment (WSIRA) | ) ) ) ) | File No. WR-2026-0331 Tariff Nos. JW-2027-0011 and JS-2027-0012 |

**AFFIDAVIT OF CHAD STEPHENSON, PE**

STATE OF MISSOURI )
) ss.
COUNTY OF COLE )

**COMES NOW CHAD STEPHENSON, PE,** and on his oath declares that he is of sound mind and lawful age; that he contributed to the foregoing *Staff's Recommendation to Approve Tariff*; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.

**CHAD STEPHENSON, PE**

**JURAT**

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Cole, State of Missouri, at my office in Jefferson City, on this 26th day of October 2026.

D. SUZIE MANKIN
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: April 04, 2029
Commission Number: 12412070

Notary Public

Confluence Rivers Utility Operating Company
Case No. WR-2026-0331
Staff's WSIRA Water Rate Design Calculation
MO-District 1 Water

**WSIRA Recovery Staff Revenue Requirement**

| | |
|---|---|
| | $ 62,616.34 |

| | |
|---|---|
| Commodity Percentage | 24.05% |
| Fixed Charge Percentage | 75.95% |
| Total | 100.00% |

| | | |
|---|---|---|
| Commodity Revenues | $ | 15,056.96 |
| Fixed Charge Revenues | $ | 47,559.38 |
| Total | $ | 62,616.34 |

| Meter Size | Proposed Fix Charge | Proposed Volumetric Rate |
|---|---|---|
| 5/8" | $ 3.58 | $ 0.8272 |
| 3/4" | $ 3.58 | $ 0.8272 |
| 1" | $ 6.27 | $ 0.8272 |
| 1 1/2" | $ 10.75 | $ 0.8272 |
| 2" | $ 14.33 | $ 0.8272 |
| 3" | $ 35.83 | $ 0.8272 |
| 4" | $ 53.75 | $ 0.8272 |
| Unmetered | $ 6.77 | |

| Meter Size | Equivalent Meter Facto | No. of Customers | Equiv. No. of Custs | Rev Fixed Charge | Rev Commodity | Proposed Fix Charge | Proposed Commodity Rate |
|---|---|---|---|---|---|---|---|
| 5/8" | 1.00 | 365 | 365 | $ 15,694.36 | $ 13,948.71 | $ 3.58 | $ 0.8272 |
| 3/4" | 1.00 | 29 | 29 | $ 1,246.95 | $ 1,108.25 | $ 3.58 | $ 0.8272 |
| 1" | 1.75 | | 0 | $ - | $ - | $ - | $ 0.8272 |
| 1 1/2" | 3.00 | | 0 | $ - | $ - | $ - | $ 0.8272 |
| 2" | 4.00 | | 0 | $ - | $ - | $ - | $ 0.8272 |
| 3" | 10.00 | | 0 | $ - | $ - | $ - | $ 0.8272 |
| 4" | 15.00 | | 0 | $ - | $ - | $ - | $ 0.8272 |
| Unmetered | 1.89 | 377 | 712 | $ 30,618.07 | $ - | $ 6.77 | |
| Total | | 771 | 1106 | $ 47,559.38 | $ 15,056.96 | | |

| | |
|---|---|
| Usage Per WR-2023-0006 | 18,203,000.00 |
| Average Monthly Customer Usage: | 3,850.04 |

Confluence Rivers Utility Operating Company
Case No. WR-2026-0331
Staff's WSIRA Water Rate Design Calculation
MO-District 2 Water

**WSIRA Recovery Staff Revenue Requirement**

| | |
|---|---|
| | $ 139,253.36 |

| | |
|---|---|
| Commodity Percentage | 28.17% |
| Fixed Charge Percentage | 71.83% |
| Total | 100.00% |

| | | |
|---|---|---|
| Commodity Revenues | $ | 39,224.89 |
| Fixed Charge Revenues | $ | 100,028.47 |
| Total | $ | 139,253.36 |

| Meter Size | Proposed Fix Charge | Proposed Volumetric Rate |
|---|---|---|
| 5/8" | $ 1.88 | $ 0.2819 |
| 3/4" | $ 1.88 | $ 0.2819 |
| 1" | $ 3.29 | $ 0.2819 |
| 1 1/2" | $ 5.64 | $ 0.2819 |
| 2" | $ 7.52 | $ 0.2819 |
| 3" | $ 18.81 | $ 0.2819 |
| 4" | $ 28.21 | $ 0.2819 |
| Unmetered | $ 2.97 | |

| Meter Size | Equivalent Meter Factor | No. of Customers | Equiv. No. of Custs | Rev Fixed Charge | Rev Commodity | Proposed Fix Charge | Proposed Commodity Rate |
|---|---|---|---|---|---|---|---|
| 5/8" | 1.00 | 2870 | 2870 | $ 64,769.06 | $ 37,475.17 | $ 1.88 | $ 0.2819 |
| 3/4" | 1.00 | 134 | 134 | $ 3,024.06 | $ 1,749.71 | $ 1.88 | $ 0.2819 |
| 1" | 1.75 | 6 | 11 | $ 237.00 | $ - | $ 3.29 | $ 0.2819 |
| 1 1/2" | 3.00 | | 0 | $ - | $ - | $ - | $ 0.2819 |
| 2" | 4.00 | 2 | 8 | $ 180.57 | $ - | $ 7.52 | $ 0.2819 |
| 3" | 10.00 | | 0 | $ - | $ - | $ - | $ 0.2819 |
| 4" | 15.00 | | 0 | $ - | $ - | $ - | $ 0.2819 |
| Unmetered | 1.58 | 894 | 1410 | $ 31,817.79 | $ - | $ 2.97 | |
| Total | | 3906 | 4432 | $ 100,028.47 | $ 39,224.89 | | |

| | |
|---|---|
| Usage Per WR-2023-0006 | 139,154,000.00 |
| Average Monthly Customer Usage: | 3,860.24 |

Confluence Rivers Utility Operating Company
Case No. WR-2026-0331
Staff's WSIRA Sewer Rate Design Calculation
MO District 1 Sewer

| | **WSIRA Recovery Staff Revenue Requirement** |
|---|---|
| WSIRA Staff Revenue Requirement | $ 37,134.06 |
| Revenues Authorized in Case No. WR-2023-000 | $ 905,976.00 |
| Percent (%) Authorized Revenues | **4.099%** |

**Proposed WSIRA Rate Design**

| | Number of Customers | Current WSIRA Rate | Adjustment to Current WSIRA Rate | Proposed WSIRA Rate to Use on Tariff |
|---|---|---|---|---|
| MO District 1 Sewer | 1254 | $ - | $ 2.47 | $ 2.47 |

Example Residential Adjustment

| | Customer Bill | Current WSIRA | Adjustment to WSIRA | Bill with WSIRA |
|---|---|---|---|---|
| Rate Authorized in Case No. WR-2023-0006 | $ 60.21 | $ - | $ 2.47 | $ 62.68 |

Confluence Rivers Utility Operating Company
Case No. WR-2026-0331
Staff's WSIRA Sewer Rate Design Calculation
MO District 2 Sewer

| | WSIRA Recovery Staff Revenue Requirement |
|---|---|
| WSIRA Staff Revenue Requirement | $ 375,061.84 |
| Revenues Authorized in Case No. WR-2023-00 | $ 3,137,764.00 |
| Percent (%) Authorized Revenues | **11.953%** |

**Proposed WSIRA Rate Design**

| | Number of Customers | Current WSIRA Rate | Adjustment to Current WSIRA Rate | Proposed WSIRA Rate to Use on Tariff |
|---|---|---|---|---|
| MO District 2 Sewer | 3734 | $ - | $ 8.37 | $ 8.37 |

Example Residential Adjustment

| | Customer Bill | Current WSIRA | Adjustment to WSIRA | Bill with WSIRA |
|---|---|---|---|---|
| Rate Authorized in Case No. WR-2023-0006 | $ 70.83 | $ - | $ 8.37 | $ 79.20 |