

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PROPOSED ACQUISITION BY)	
BLUEGRASS WATER UTILITY OPERATING)	
COMPANY, LLC AND THE TRANSFER OF)	
OWNERSHIP AND CONTROL OF ASSETS BY:)	CASE NO.
DELAPLAIN DISPOSAL COMPANY;)	2020-00297
HERRINGTON HAVEN WASTEWATER)	
COMPANY, INC.; SPRINGCREST SEWER)	
COMPANY, INC; AND WOODLAND ACRES)	
UTILITIES, LLC.)	

ORDER

On September 16, 2020, Bluegrass Water Utility Operating Company, LLC (Bluegrass Water) filed a motion, pursuant to 807 KAR 5:001, Section 13, and KRS 61.878, requesting that the Commission grant confidential protection for five years for redacted exhibits to its application for approval of transfer of utilities Delaplain Disposal Company; Herrington Haven Wastewater Company, Inc.; Springcrest Sewer Company, Inc.; and Woodland Acres Utilities, LLC to Bluegrass Water.

On November 5, 2020, Bluegrass Water filed a motion pursuant to 807 KAR 5:001, Section 13, and KRS 61.878, requesting that the Commission grant confidential protection for five years for information redacted from Commission Staff's First Request for Information (Staff's First Request), Items 2, 8, 16, 17, and 23.

On December 2, 2020, Bluegrass Water filed a motion pursuant to 807 KAR 5:001, Section 13, and KRS 61.878, requesting that the Commission grant confidential

protection for five years for information redacted from Commission Staff's Second Request for Information (Staff's Second Request), Item 8.

The Commission approved the transfer of these utilities to Bluegrass Water on January 14, 2021.¹ Bluegrass Water subsequently filed notice of the closing of the transfers and accounting entries including purchase prices and acquisition costs.²

LEGAL STANDARD

The Commission is a public agency subject to Kentucky's Open Records Act, which requires that all public records "be open for inspection by any person, except as otherwise provided by KRS 61.870 to 61.884."³ KRS 61.878(1)(c)(1) provides an exception to the requirement for public disclosure for records that are "generally recognized as confidential or proprietary, which if openly disclosed would permit an unfair commercial advantage to competitors of the entity that disclosed the records." Exceptions to the free and open examination of public records contained in KRS 61.878 should be strictly construed.⁴ The party requesting that materials be treated confidentially has the burden of establishing that one of the exceptions is applicable.⁵

¹ Order (Ky. PSC Jan. 14, 2021) at 16.

² Notice of 2/23/21 Acquisition Date for assets of Delaplain, Herrington Haven, and Springcrest (filed Feb. 24, 2021); Notice of 3/9/21 Acquisition Date for assets of Woodland Acres (filed Mar. 11, 2021); Bluegrass Water's journal entries for Delaplain, Herrington Haven and Springcrest (filed Mar. 25, 2021); Bluegrass Water journal entries for 3-9-21 acquisition of Woodland Acres assets (filed Apr. 1, 2021).

³ KRS 61.872(1).

⁴ See KRS 61.871.

⁵ 807 KAR 5:001, Section 13(2)(c).

SEPTEMBER 16, 2020 MOTION

Bluegrass Water sought confidential treatment for several exhibits to its application for transfer. This information included purchase prices redacted from transfer agreements,⁶ redacted figures from 2020 consolidated financials⁷ for Bluegrass Water affiliate company CSWR, LLC (CSWR), text redacted from engineering reports⁸ for transferred facilities and equipment prepared by third-party 21 Design, and figures redacted from Bluegrass Water's balance sheet⁹ (specifically prices, costs of planned repairs and improvements, and the most recently reported annual operating expenses and revenues of the individual transferring utilities).

Bluegrass Water argued that public disclosure of the acquisition sums could create incentives for other potential purchasers to undercut efforts by the parties to successfully close this transaction.

Regarding CSWR's financials, Bluegrass Water asserted that CSWR is not a utility and its financial data would not otherwise be subject to disclosure to a regulatory body in the usual course of business.

Bluegrass Water sought confidential treatment for engineering reports because they included information regarding the internal ability and workings of Bluegrass Water and its affiliates; specifically, how they evaluate potential systems for acquisition and the internal processes by which they respond to various issues that arise in similar

⁶ Application, Exhibits G, H, I, and J.

⁷ *Id.*, Exhibit K.

⁸ *Id.*, Exhibit C.

⁹ *Id.*, Exhibit N.

wastewater systems and proprietary technology and processes developed through experience and used by Bluegrass Water and its affiliates to renovate wastewater systems. Bluegrass Water also argued that the reports are proprietary to the third-party engineering firm.

Regarding balance sheet information, Bluegrass Water argued that this information reflects innovative and proprietary technology and processes developed through experience and used to renovate wastewater systems.

Having considered the motion and the material at issue, the Commission finds that Bluegrass Water's motion is granted in part and denied in part. The Commission previously granted confidential treatment for affiliate CSWR's 2019 consolidated financials because this information included information pertaining to all CSWR entities, including out of state entities and non-utilities, and release of this information could be used to CSWR and Bluegrass Water's detriment in financing, purchasing systems, or obtaining contractors.¹⁰ The Commission finds that the designated material redacted from Exhibit K to Bluegrass Water's application is a record that meets the criteria for confidential treatment and is exempted from public disclosure for five years from the date of the motion pursuant to KRS 61.878(1)(c)(1) and 807 KAR 5:001, Section 13.

The Commission further finds that the request for confidential treatment is denied for Exhibits C, G, H, I, J, and N to Bluegrass Water's application. Since the transfers have closed and the purchase prices and acquisition costs have been disclosed, the reasons for keeping this information confidential no longer apply. Regarding engineering

¹⁰ Case No. 2020-00290, *Electronic Application of Bluegrass Water Utility Operating Company, LLC for an Adjustment of Rates and Approval of Construction* (Ky. PSC Dec. 27, 2021), Order at 3.

reports, the Commission previously denied confidential treatment for engineering reports related to Bluegrass Water transfers that had already closed.¹¹ The information in the engineering reports is specific to these transfer projects, and are therefore of no use to competitors now that the transfers have closed. Any general information about Bluegrass Water's decision-making process derived from these reports has already been made part of public record. Therefore, material redacted from Exhibits C, G, H, I, J, and N to Bluegrass Water's application does not meet the criteria for confidential treatment and is not exempted from public disclosure pursuant to KRS 61.878(1)(c)(1) and 807 KAR 5:001, Section 13.

NOVEMBER 5, 2020 MOTION

Bluegrass Water sought confidential treatment for information redacted from its responses to Staff's First Request, Items 2, 8, 16, 17, and 23. Item 2 asked for an itemized breakdown of acquisition costs incurred to date and expected to incur up to closing. Staff's First Request, Item 8 asked for an itemized breakdown of the annual operation and maintenance expenses Bluegrass Water expected to incur for each transferring system. Bluegrass Water provided redacted figures for total transfer costs, past and forecasted, for each utility to be transferred, and forecasted operations and maintenance costs. Bluegrass Water argued that these figures should stay confidential because public disclosure could provide competitors with sensitive information about acquisition strategy, capability, and valuation of systems, their problems, and potential.

¹¹ *Id.* at 13, denying confidential because Bluegrass Water failed to ask for confidential treatment, revealed this information in hearing and responses to requests for information, and because this information was used to justify transfers.

Bluegrass Water provided redacted information in response to Items 16 and 17, which asked for capital structure as of September 30, 2020 for Bluegrass Water and affiliate CSWR, respectively. Bluegrass Water stated that disclosure could create incentives for other potential purchasers to undercut efforts by the parties to successfully close this transaction and noted that CSWR is not a utility and its capital structure is not otherwise subject to regulatory disclosure.

In response to Item 23, Bluegrass Water provided redacted figures from its most recent balance sheets and balance sheets of affiliate Kentucky CSWR, LLC (Kentucky CSWR). Bluegrass Water stated that public disclosure of its balance sheets and balance sheets for affiliates could lessen competition in a subsequent bidding process and would be costly in the future when attempts to acquire similarly distressed systems are made if CSWR's ability to negotiate terms specific to a particular utility and its circumstances has been compromised. Bluegrass Water further argued that all the information identified in the balance sheets contains future plans and financial information that would give competitors sensitive information about CSWR's acquisition strategy, capabilities and valuation of systems, their problems, and potential. Lastly, Bluegrass Water asserted that cost estimates in the balance sheets reflect innovative and proprietary technology and processes developed through experience and used by CSWR and its affiliates to renovate wastewater systems.

Having considered the motion and the material at issue, the Commission finds that Bluegrass Water's motion is granted in part and denied in part. Estimated operations and maintenance costs shall remain confidential because this information could be used by

operator contractors to Bluegrass Water's detriment when bidding contracts.¹² CSWR's capital structure and Kentucky CSWR's balance sheet shall also remain confidential. These affiliates are not utilities and are not subject to other regulatory disclosure and release of this information could be used to Bluegrass Water's detriment in financing, purchasing systems, or obtaining contractors.¹³ The Commission finds that the designated material redacted from Bluegrass Water's response to Staff's First Request, Items 8, 17, and Kentucky CSWR's balance sheet provided in response to Item 23 meets the criteria for confidential treatment and is exempted from public disclosure for five years pursuant to KRS 61.878(1)(c)(1) and 807 KAR 5:001, Section 13.

The Commission further finds that the request for confidential treatment should be denied for Bluegrass Water's redacted responses to Staff's First Requests, Items 2, 16 and Bluegrass Water's balance sheet provided in response to Item 23. Since the transfers have closed and the purchase prices and acquisition costs have been disclosed, the reasons for keeping acquisition costs confidential information confidential no longer apply. Regarding Bluegrass Water's 2020 capital structure, this information has already been publicly disclosed.¹⁴ Confidential treatment shall also be denied for Bluegrass Water's balance sheet because Bluegrass Water is the utility operating company and the information in that document is an updated version of the balance sheet Bluegrass Water filed with its application.¹⁵ The Commission has determined (above) that this information

¹² See Case No. 2020-00309, *Electronic Purchased Gas Adjustment Filing of Louisville Gas and Electric Company* (Ky. PSC Aug. 20, 2021), Order at 3.

¹³ See footnote 10.

¹⁴ Case No. 2020-00290, *Bluegrass Water Utility Operating Company* (filed Mar. 22, 2021), Response to Joint Intervenors' Second Request for Information, Item 14, at unnumbered page 40.

¹⁵ Application, Exhibit N.

no longer needs confidential treatment due to the closing of the transfers. Therefore, material redacted from Bluegrass Water's responses to Staff's First Requests, Items 2, 16 and Bluegrass Water's balance sheet provided in response to Item 23 does not meet the criteria for confidential treatment and is not exempted from public disclosure pursuant to KRS 61.878(1)(c)(1) and 807 KAR 5:001, Section 13.

DECEMBER 2, 2020 MOTION

Bluegrass Water sought confidential treatment for a document produced in response to Staff's Second Request, Item 8. This document is an appraisal report generated by a third party pertaining to Delaplain Disposal Company real property. Bluegrass Water argued that the appraisal is a third-party proprietary report and potential purchasers could undercut efforts by the parties to successfully close this transaction using the information contained in the report. The third-party appraiser, Valbridge Property Advisors, has signified on the report that it is copyrighted material.

Having considered the motion and the material at issue, the Commission finds that Bluegrass Water's motion shall be granted. Although the usefulness of this information to competitors is no longer at issue due to the closing of the transfer of this property, the appraisal report contains valuation analysis proprietary to the third-party appraiser and Bluegrass Water may violate copyright law if it discloses the contents of the report.¹⁶ The Commission finds that the designated material redacted from Bluegrass Water's response to Staff's Second Request, Item 8, is a record that meets the criteria for

¹⁶ See Case No. 2018-00358, *Electronic Application of Kentucky American Water Company for an Adjustment of Rates* (Ky. PSC Mar. 14, 2019), Order at 2.

confidential treatment and are exempted from public disclosure pursuant to KRS 61.878(1)(c)(1) and 807 KAR 5:001, Section 13.

IT IS THEREFORE ORDERED that:

1. Bluegrass Water's motions for confidential treatment for information redacted from its application and responses to Staff's First Request, Items 2, 8, 16, 17, and 23, and responses to Staff's Second Request, Item 8 are granted in part and denied in part.

2. Bluegrass Water's motions for confidential treatment for information redacted from Exhibit K to its application, responses to Staff's First Request, Items 8, 17, and Kentucky CSWR's balance sheet in response to Item 23, and Staff's Second Request, Item 8 are granted.

3. Bluegrass Water's motions for confidential treatment for information redacted from Exhibits C, G, H, I, J, and N to its application, responses to Staff's First Request, Items 2, 16, and Bluegrass Water's balance sheet in response to Item 23 are denied.

4. The designated material granted confidential treatment by this Order shall not be placed in the public record or made available for public inspection for five years from the dates of Bluegrass Water's motions or until further Order of this Commission.

5. Use of the designated material granted confidential treatment by this Order in any Commission proceeding shall comply with 807 KAR 5:001, Section 13(9).

6. Bluegrass Water shall inform the Commission if the designated material granted confidential treatment becomes publicly available or no longer qualifies for confidential treatment.

7. If a nonparty to this proceeding requests to inspect the material granted confidential treatment by this Order and the period during which the material has been granted confidential treatment has not expired, shall have 30 days from receipt of written notice of the request to demonstrate that the material still falls within the exclusions from disclosure requirements established in KRS 61.878. If Bluegrass Water is unable to make such demonstration, the requested material shall be made available for inspection. Otherwise, the Commission shall deny the request for inspection.

8. The Commission shall not make the requested material for which confidential treatment was granted available for inspection for 30 days from the date of service of an Order finding that the material no longer qualifies for confidential treatment in order to allow Bluegrass Water to seek a remedy afforded by law.

9. The designated material denied confidential treatment by this Order is not exempt from public disclosure and shall be placed in the public record and made available for public inspection.

10. If Bluegrass Water objects to the Commission's determination that the requested material not be granted confidential treatment, it must seek either rehearing pursuant to KRS 278.400 or judicial review of this Order pursuant to KRS 278.410. Failure to exercise either of these statutory rights will be deemed as agreement with the Commission's determination of which materials should be granted confidential treatment.

11. Within 30 days of the date of service of this Order, Bluegrass Water shall file a revised version of the designated material for which confidential treatment was denied, reflecting as unredacted the information that has been denied confidential treatment.

12. The designated material for which Bluegrass Water's request for confidential treatment has been denied shall neither be placed in the public record nor made available for inspection for 30 days from the date of service of this Order to allow Bluegrass Water to seek a remedy afforded by law.

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By the Commission

ENTERED
FEB 25 2022
KENTUCKY PUBLIC SERVICE COMMISSION

ATTEST:


Executive Director

Case No. 2020-00297

Case No. 2022-00432

Bluegrass Water's Supplemental Response to SC 1-20

Exhibit SC 1-20

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LOUISIANA PUBLIC SERVICE COMMISSION

ORDER NUMBER U-35822

MAGNOLIA WATER UTILITY OPERATING COMPANY, LLC,
EX PARTE

Docket No. U-35822, In re: Application for Approval of Rate Design, Increase in Water and Sewerage Rates, Implementation of Service Charges and Any Other Related Relief.

(Decided at the October 20, 2021 Business and Executive Session.)

ORDER

I. OVERVIEW AND PROCEDURAL HISTORY

Magnolia Water Utility Operating Company, LLC (“Magnolia”) is a Louisiana limited liability company located at 10761 Perkins Road, Suite A, in Baton Rouge, Louisiana 70810. Magnolia provides water and wastewater services across the state of Louisiana to approximately 31,500 customers. Magnolia filed its *Application for Rate Design, Increase in Water and Sewerage Rates, Implementation of Service Charges, and Any Other Related Relief* (“Application”) on December 18, 2020 (“Application”). Notice of the Application was published in the Commission’s Official Bulletin #1235 on December 23, 2020 for a 15-day intervention period. No interventions were filed. Magnolia re-urged its Application on January 19, 2021, to ensure timely publication in all official journals. Notice of the Request was re-published in the Commission’s Official Bulletin #1237 for an additional 15 days. No interventions were filed.

Notice of Assignment and Notice of Status Conference, whereby the matter was assigned to Administrative Law Judge Joy Guillot, and a status conference was scheduled for February 3, 2021, was issued on January 20, 2021. On January 25, 2021, ALJ Guillot issued a *Notice of Rescheduling of Status Conference*, whereby the status conference scheduled for February 3, 2021 was rescheduled for February 11, 2021. On February 8, 2021, Magnolia and Staff filed a *Joint Motion to Reschedule Status Conference*, moving to reschedule the status conference scheduled for February 11, 2021 to February 18, 2021. On February 9, 2021, ALJ Guillot issued a *Ruling on Joint Motion to Reschedule Status Conference*, whereby the status conference scheduled for February 11, 2021 was rescheduled for February 18, 2021. ALJ Guillot presided over a status conference on February 18, 2021 setting a procedural schedule set forth in the *Report of Telephonic Status Conference* issued that same date. On March 4, 2021, Magnolia filed an *Unopposed Motion to Substitute a Witness and to Allow the Adoption of Pre-Filed Testimony* seeking to substitute the testimony of Dylan D’Ascendis for that of Jennifer Nelson. Magnolia’s Motion was granted by ALJ Guillot via *Ruling on Unopposed Motion to Substitute a Witness and to Allow the Adoption of Pre-Filed Testimony* on March 5, 2021. On May 4, 2021, Staff filed *Staff’s Notice to Substitute Counsel*. On June 23, 2021, Staff filed an *Unopposed Motion to Modify Procedural Schedule* on behalf of the Louisiana Public Service Commission Staff; Judge Guillot granted the motion by *Ruling on Unopposed Motion to Modify Procedural Schedule* on June 24, 2021.

After review and discovery of Magnolia’s Application, Staff filed the *Testimony of Thomas Broady in Support of the Audit Memorandum* on July 7, 2021. Staff filed a *Notice to Substitute Counsel* on July 16, 2021. Magnolia filed *Rebuttal Testimony of Josiah Cox, Rebuttal Testimony of Brent G. Thies, and Rebuttal Testimony of Mike Duncan* on August 4, 2021 opposing certain Staff recommendations. On September 9, 2021, in light of continuing settlement negotiations, the Company and Staff filed a *Joint and Unopposed Motion to Modify Procedural Schedule*. The motion was granted by ALJ Guillot, who issued a ruling requiring the parties to file a status update or a motion to reset the procedural schedule by September 28, 2021, in the event a stipulation was

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not filed into the record on or before that date. The parties then submitted a *Joint Status Update on September 28, 2021*, requesting additional time for negotiations, as well as a deadline of October 28, 2021, for submission of a status update or a motion to reset the procedural schedule in the event a stipulation was not reached by that date. That motion was also granted. Subsequently, Staff and Magnolia's continued and extensive settlement negotiations resulted in an agreed-upon stipulation, which includes the attached *Stipulated Settlement Term Sheet* with Appendices and a Rider FRP with Attachments (collectively "the Settlement"), that resolves all issues in the proceeding. The Settlement provides for an initial increase in revenue, a three-tier rate structure based upon the relative cost of operation, a three-year Formula Rate Plan ("FRP") with a Return on Equity ("ROE") deadband of 9%-10% with no rate change if earned ROE falls within the deadband and rates adjusted to the upper or lower limit if earned ROE is above or below the deadband, imputed capital structure, and other rate provisions. On October 15, 2021, Magnolia and Staff filed a *Joint Motion Pursuant to Rule 57 for Consideration and Acceptance by the Commission of Proposed Uncontested Joint Stipulated Settlement* ("Joint Motion"), with the Settlement and supporting testimony from Magnolia and Staff witnesses seeking consideration of the Settlement at the October 20, 2021 Business and Executive Session ("B&E"). The Joint Motion was placed on the Agenda for the October 20, 2021 B&E. On that date, the Settlement, subject to an amendment proposed by Vice-Chairman Skrmetta, was unanimously adopted.

II. COMMISSION AUTHORITY

The Commission exercises jurisdiction in this proceeding pursuant to Article IV, Section 21 of the Louisiana Constitution.

La. Const. Art. IV, Sec. 21 provides in pertinent part:

The commission shall regulate all common carriers and public utilities and have such other regulatory authority as provided by law. It shall adopt and enforce reasonable rules, regulations, and procedures necessary for the discharge of its duties, and perform other duties as provided by law.

III. MAGNOLIA'S APPLICATION

In support of its Application, Magnolia filed *Pre-Filed Direct Testimony* of the following seven witnesses: Josiah Cox, Dylan W. D'Ascendis, Brent G. Thies, Mike Duncan, Jacob Freeman, Todd Thomas, and Jennifer E. Nelson.

Per its Application, since the Commission granted Magnolia conditional approval to operate as a water and wastewater utility in August 2019, Magnolia has acquired numerous water and sewerage systems throughout Louisiana and is anticipating additional acquisitions. Many of the systems acquired were in various states of disrepair and in violation of health and environmental regulations. Magnolia is now systematically bringing said systems into compliance via capital improvements, investing more than \$47 million as of the date of the Application. At purchase, Magnolia was required to assume the system tariffs then in effect. Magnolia contended that the current system tariffs were insufficient to recover the expenses of operation and improvement while providing a fair and reasonable rate of return.

Mr. Cox, President of the Company, testified regarding Magnolia's operations in Louisiana, improvements Magnolia has made to systems currently owned and operated, and why the requested rate increase is necessary. Mr. D'Ascendis, Director at ScottMadden, Inc., testified as to the requested common equity cost rate. Mr. Thies, Controller of the Company, testified in support of the requested revenue requirement. Mr. Duncan, Vice President of CSWR, LLC ("CSWR"), the affiliated company that has operational oversight over the Company, provided an explanation of the process CSWR uses to engage third-party contractors to provide customer service functions for Magnolia, and the benefits of using said contractors. Mr. Freeman, Director of Engineering of CSWR, testified as to the projects Magnolia will undertake to upgrade the water

and wastewater systems already acquired and the systems it intends to acquire. Mr. Thomas, Senior Vice President of CSWR, also testified as to the process CSWR uses to identify and engage third-party contractors to perform operations and maintenance functions for Magnolia, and the advantages of using said contractors. Ms. Nelson, Director at ScottMadden, Inc., made a recommendation regarding the appropriate capital structure and cost of long-term debt to be used for ratemaking purposes for Magnolia. On March 4, 2021, the Company filed the aforementioned *Unopposed Motion of Magnolia Utility Operating Company, LLC to Substitute a Witness and to Allow the Adoption of Pre-Filed Testimony*, whereby it requested that Mr. D'Ascendis be substituted as Applicant's witness in the place of Ms. Nelson, and to allow Mr. D'Ascendis to adopt the Pre-Filed Direct Testimony of Ms. Nelson as his own. ALJ Guillot granted the Motion on March 5, 2021.

In summation, in its Application and through Testimony, Magnolia requested a redesign of its rate structure, an increase of its water and wastewater rates, implementation of service charges, and any other related relief. Magnolia specifically requested authorization to implement a new three-tiered water and wastewater rate structure based on the type of assets serving customers rather than the multiple previously used tariffs used by each group of assets Magnolia purchased. In addition to the request for implementation of a three-tiered rate system, Magnolia also requested increases in fees, an ROE of 11.80%, and a \$14.4 million revenue requirement increase.

IV. STAFF'S TESTIMONY

After review of Magnolia's Application, and extensive discovery, including four sets of formal data requests, Staff filed the *Testimony of Thomas Broady in Support of the Audit Memorandum* including an Audit Memorandum with Exhibits, on July 7, 2021. Mr. Broady's testimony included a cost of capital study and Staff's recommendation of a FRP with a three-year term. Mr. Broady's testimony also found that a revenue requirement increase was warranted, but not at the level requested by Magnolia. Mr. Broady's recommendation included a 9.50% ROE Ratio Band, a 50/50 debt to equity capital structure, a \$9.81 million revenue requirement increase, and approval of the service charges proposed.

V. MAGNOLIA'S REBUTTAL TESTIMONY

Magnolia filed its *Rebuttal Testimony* (the "Rebuttal" or "Magnolia's Rebuttal") on August 4, 2021, opposing certain Staff recommendations. The Rebuttal consisted of the testimony of four witnesses: Josiah Cox, Dylan D'Ascendis, Brent Thies, and Mike Duncan. Mr. Cox testified with regard to Staff's proposed FRP and Magnolia's proposed amendments to the FRP. Mr. D'Ascendis testified as to the necessity of a higher FRP Rider ROE deadband. Mr. Thies testified as to Staff's recommendation on state and local income tax, the exclusion of construction work in progress ("CWIP") from rate base, and the treatment of depreciation expense the cost of service calculation. Mr. Duncan provided clarification as to how the rate design proposed by Magnolia would apply to multi-unit residential structures that are billed under a single account. In summation, Magnolia proposed in its Rebuttal, among other things, changes to the FRP process, a debt ratio of 60% equity and 40% debt, formulaic changes, and an ROE Ratio Band of 11.35% to 12.30%, with an ROE midpoint of 11.83%.

VI. SETTLEMENT

Following completion of discovery and filing of testimony, the parties engaged in extensive settlement discussions that ultimately resulted in the Settlement, which includes the attached Stipulated Settlement Term Sheet with Appendices and a Rider FRP with Attachments. The Settlement resolves all issues in the proceeding pending approval by the Commission.

The Settlement provides for an increase in revenue of approximately \$10.586 million, a three-year FRP, an ROE deadband of 9% to 10% with resets to the upper and lower limits if above

or below, flexibility to defer and amortize any reset of more than 200 basis points below the deadband, and a capital structure imputed at 60% capital and 40% debt for the first two FRP test years with an imputed equity cap of 50% for the third test year. The Settlement also authorizes Magnolia to create a regulatory asset for operating losses accrued to acquired systems (“System Acquisition Regulatory Asset” (“SARA”)) upon acquisition of 4,000 or more customers, whether acquired cumulatively or part of a single transaction, during any test year of the three-year term of the FRP (between December 31, 2020 and December 31, 2024). Magnolia is required to submit the SARA for review as part of the FRP Annual Filing. The approved SARA amount is to be amortized for ratemaking purposes over 10 years.

On October 15, 2021, Magnolia and Staff filed a Joint Motion, requesting that the Commission take this matter up pursuant to Rule 57 at the October 20, 2021 B&E and approve the Settlement as being in the public interest.

VII. COMMISSION ACTION

The matter was placed on the Commission’s October 20, 2021 B&E Agenda. On motion of Vice-Chairman Skrmetta, seconded by Commissioner Boissiere and unanimously adopted, the Commission voted to assert its original and primary jurisdiction and take the matter up pursuant to Rule 57.

On motion of Vice Chairman Skrmetta, seconded by Commissioner Francis, and unanimously adopted, the Commission voted to accept Settlement filed into the record on October 15, 2021, with an effective date of December 1, 2021, with the stipulation that one-third of the approved monthly residential customer charge for water and wastewater service be implemented on that date, with another one-third implemented on January 1, 2022, and the final one-third implemented on February 1, 2022. Further, that Magnolia provide monthly notice to all affected customers informing them of the increases.

THEREFORE IT IS ORDERED:

1. Magnolia’s Application for Rate Design, Increase in Water and Sewerage Rates, Implementation of Service Charges and Other Related Relief filed December 18, 2020, is approved subject to the terms and conditions below.
2. Magnolia is authorized to implement an increase in revenue in the amount of \$10,586,805.23 following completion of the following: (1) the issuance of an Order in this matter; (2) Magnolia’s filing into the record of this proceeding a final revised tariff and Formula Rate Plan Rider FRP (“Rider FRP”) consistent with this Order within 30 days of its issuance with a copy to the Utilities Division; and (3) Staff’s review and acceptance of the revised tariff and Rider FRP. A list of the systems served by Magnolia is shown in Appendix A of the Stipulated Settlement Term Sheet (“Term Sheet”).¹ The authorized rate increase will be applied to Magnolia’s rate classes as shown in Appendix B of the Term Sheet. Magnolia is authorized to use a year-end plant in service balance to determine annualized depreciation expenses in the revenue requirement calculation.
3. Although Magnolia currently serves no customers that would qualify for the proposed residential Tier 3 wastewater rate schedule, the Company is authorized to establish a residential Tier 3 wastewater rate schedule with the same rates as its residential Tier 2 wastewater rate schedule and apply the residential Tier 3 schedule to any future qualifying customers.
4. The Purchased Water Rate for the cost of water purchased from water suppliers is to be included on applicable customer bills as a separate line item, with the

¹ Systems acquired prior to December 2020 will be subject to the rate change to be implemented pursuant to this paragraph.

customer's total purchased water charge based on each applicable customer's metered consumption in accordance with the tariff. The Purchased Water Rate is specified in Attachment 3 to Rider FRP.

5. Adjustments to the Purchased Water Rate require prior Commission approval pursuant to applicable Commission rules and regulations.
6. Magnolia is authorized to unify its Non-Recurring Fees under a single tariff. It is permitted to increase its 1-1/2" meter Tap-In Fee from \$600 to \$750 to put it in line with Magnolia's remaining Tap-In Fees. The Non-Recurring fees authorized are prescribed in Appendix C of the Term Sheet.
7. Magnolia is ordered to continue its compliance with all LDH and LDEQ compliance standards, as well as LPSC rules and regulations.
8. Magnolia shall submit with its Annual FRP Filing the IRS Form 8832 C-Corp Election for Magnolia Water Utility Holding Company, LLC and Magnolia Water Utility Operating Company, LLC as evidence that non-jurisdictional affiliated companies cannot and will not claim Magnolia Water losses for tax purposes. Magnolia shall include a note to its Audited Financial Statements outlining this tax treatment. These forms for the current tax year election for each FRP Annual Report will be submitted as Attachment 4 to Rider FRP.
9. Magnolia is authorized to recover prudently incurred costs through an FRP, as set forth in Rider FRP. The FRP shall be subject to a three-year term to include test years ending December 31, 2022, 2023, and 2024, which will coincide with calendar years 2022, 2023, and 2024.
10. The Return on Equity ("ROE") Deadband for the FRP shall be a range of values with a Lower Band equal to 9.00%, and an Upper Band of 10.00%. To the extent that the earned ROE falls within the Deadband, no rate change shall be made. To the extent that the earned ROE falls above or below the Deadband, a prospective rate change shall be made to reset rates to the Upper Band or Lower Band, whichever is applicable.
11. Should the Company report an ROE of more than 200 basis points below the Lower Band, the Company or the Staff may propose that costs resulting in said ROE, or a portion thereof, be deferred and amortized over a reasonable number of years.
12. Should the Company seek Commission approval to renew or extend its FRP beyond the initial three-year term, Magnolia shall make a separate application apart from its Annual FRP Filing. Said application must comply with all Commission rules and regulations applicable to rate cases and be filed on or before March 1, 2025.
13. Magnolia shall submit its Annual FRP Filing based on a test year ending December 31st no later than May 1st of the Filing Year, with the initial filing due by May 1, 2023, for the 2022 Test Year. The Annual FRP Filing shall have attached thereto all exhibits and supporting documentation. The procedure for the Annual FRP Filing and resulting rate changes are detailed in Rider Schedule FRP.
14. Annual FRP Filings shall be developed from independently audited financial statements maintained in accordance with the NARUC Chart of Accounts for Class A water and wastewater Companies.
15. Rate increases or reductions will be uniformly implemented through adjustments to the base charge of all residential and commercial water and wastewater customers.
16. Water and wastewater systems acquired by Magnolia that are subject to a LPSC-jurisdictional rate structure at the time of LPSC approval/non-opposition of the acquisition will continue on the transferor system's LPSC-filed tariff until the next

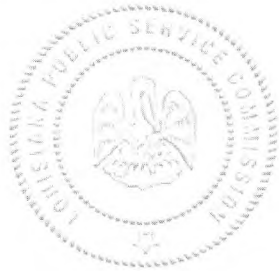
FRP rate change date, at which time those customers will be placed on Magnolia's LPSC-approved tariff. In connection with LPSC approval/non-opposition of any such systems, Magnolia shall provide actual notice to customers of the FRP rate structure and the FRP rate change date, including notice that customers may intervene and participate in any Annual FRP Filing review proceeding. Magnolia must submit a draft of such notice with the request for approval/non-opposition and reviewed as part of that proceeding.

17. Construction Work in Progress ("CWIP") is disallowed from inclusion in rate base.
18. Net Income will be based on actual test year results, and adjusted for any known and measurable changes, subject to Staff's review.
19. Prudently-incurred rate case expenses for Docket No. U-35822 will be amortized over the three-year term of the FRP. With the filing of its Test Year 2022 Annual FRP Filing, Magnolia shall provide the total amount of Docket No. U-35822 rate case expenses for which it is seeking recovery, a complete accounting of same and supporting documentation. Those expenses will be reviewed for prudence in the Test Year 2022 Annual FRP Filing.
20. As part of the Annual FRP Filing, Magnolia shall include all receipts and invoices related to any and all expense allocations from its parent or other subsidiary and a detailed explanation of each expense.
21. Upon issuance of an Order in this proceeding Staff and Magnolia shall work collaboratively to develop a form of the FRP Annual Filing including the minimum necessary attachments and exhibits thereto and file it into the record of this proceeding. Should such agreed-upon form require administrative changes to the Rider FRP from that attached to this Order, administrative changes do not require a subsequent vote of the Commission.
22. Magnolia's capital structure shall be imputed at 60% capital and 40% debt for test years ending December 31, 2022 and December 31, 2023 of the FRP. There shall be an imputed equity cap of 50% for the FRP test year ending December 31, 2024. If Magnolia's actual debt ratio is less than the imputed debt, imputed interest expense will be calculated on the imputed debt using the weighted average cost of debt and will be included in the calculation of net operating income.
23. Magnolia is authorized to create a regulatory asset for operating losses accrued to acquired systems ("System Acquisition Regulatory Asset" ("SARA")) upon acquisition of 4,000 or more customers, whether acquired cumulatively or part of a single transaction, during any test year of the three-year term of the FRP (between December 31, 2020 and December 31, 2024). The SARA shall be submitted and reviewed as part of the FRP Annual Filing. The approved SARA amount will be amortized for ratemaking purposes over 10 years.
24. If after the three-year FRP term approved in this Order, Magnolia is no longer on a FRP, Magnolia shall file an application for review and approval of its SARA on or before May 1, 2026 with all supporting documentation and shall file on or before May 1 each year thereafter until the SARA is fully amortized or unless otherwise directed by this Commission.
25. The Extraordinary Cost Change provision of Rider Schedule FRP is limited to events of force majeure with a revenue requirement impact exceeding two percent of net annual revenue requirement most recently approved by the Commission.
26. Initial rate increases shall be implemented according to the following schedule: one-third of the increase applied on December 1, 2021, the second one-third applied on January 1, 2022, with the final one-third of the increase being applied on February 1, 2022. Magnolia shall give monthly notice to all affected customers informing them of the increases.

February 1, 2022. Magnolia shall give monthly notice to all affected customers informing them of the increases.

27. The Stipulation and resulting Order in this proceeding shall have no precedential effect in any future proceeding involving issues similar to those resolved herein, except where necessary in proceedings to approve, implement, administer or enforce this Order, and shall be without prejudice of the right of any party to take any position on any similar issues in future proceedings.

BY ORDER OF THE COMMISSION
BATON ROUGE, LOUISIANA
November 19, 2021



This order is effective immediately.

A handwritten signature in blue ink, appearing to read "Brandon M. Frey".

BRANDON M. FREY
SECRETARY

[Signature]

/S/ CRAIG GREENE
DISTRICT II
CHAIRMAN CRAIG GREENE

[Signature]

DISTRICT I
VICE CHAIRMAN ERIC F. SKRMETTA

[Signature]

DISTRICT V
COMMISSIONER FOSTER L. CAMPBELL

[Signature]

DISTRICT III
COMMISSIONER LAMBERT C. BOISSIERE, III

[Signature]

DISTRICT IV
COMMISSIONER MIKE FRANCIS

BEFORE THE MISSISSIPPI PUBLIC SERVICE COMMISSION

GREAT RIVER UTILITY
OPERATING COMPANY, LLC
WC-123-2514-00

DOCKET NO. 2022-UN-086

IN RE: NOTICE OF INTENT OF GREAT RIVER UTILITY OPERATING
COMPANY, LLC TO ESTABLISH STATE-WIDE RATES FOR WATER
SERVICE IN ITS CERTIFICATED AREAS IN MISSISSIPPI

RECOMMENDED ORDER OF THE HEARING EXAMINER

THIS CAUSE came on for consideration by the Mississippi Public Service Commission (“Commission”), upon referral to C. Ross Hammons, on the Notice of Intent to Establish State-Wide Rates for Water Service in its Certificated Areas in Mississippi (“2022 Rate Filing”), filed by Great River Utility Operating Company, LLC (“Great River” or “Company”) in the above referenced docket, and, being fully apprised in the premises and having considered the documents and record before it, this Commission renders a final decision as follows:

FILING UTILITY

1. Great River is a public utility as defined in Section 77-3-3(d)(iv) of the *Mississippi Code of 1972, as amended*, and is a Mississippi limited liability company engaged in the business of providing water and wastewater utility service to and for the public for compensation in certificated service areas throughout Mississippi, having its principal place of business and mailing address at 1630 Des Peres Road, Suite 140, St. Louis, MO 63131. Great River is part of an affiliate group of state utility operating companies that are owned and controlled by CSWR, LLC, a Missouri limited liability company (“CSWR”). CSWR owns and controls several other state utility operating companies which operate small water or wastewater systems in Missouri, Kentucky, Louisiana, Texas, Tennessee, North Carolina, Arizona, Florida and Arkansas. As of the

Company's filing, CSWR, combined, served approximately 220,000 customers through 88,000 connections.

2. Great River is the holder of a Certificate of Public Convenience and Necessity issued in Docket Nos. 2020-UA-143 and 2020-UA-144, as supplemented from time to time, authorizing its water and wastewater operations in specified areas throughout Mississippi, and is rendering service in accordance with its service rules and regulations and in accordance with a schedule of rates and charges, both of which are a part of its tariffs that have been previously approved by orders of this Commission.

SUMMARY OF REQUEST

3. With each system acquisition, Great River committed to make the necessary investment and improvements to stabilize the systems and bring their operation into compliance with applicable federal and state regulations. Great River continues to conduct these repairs and refurbishments and has provided periodic status reports to the Commission and the Mississippi Public Utilities Staff ("Staff") in Docket Nos. 2021-AD-115 and 2021-AD-116 as required by the various sale and transfer orders previously issued by the Commission.

4. In each acquisition case, Great River indicated its overall intent to operate each newly acquired system through an initial stabilization period after which Great River would file a notice of intent to establish state-wide rates, charges and service rules for all of its systems. This docket was initiated for that purpose. A summary of the approvals sought from the Commission in this filing are as follows:

- (a) Approval of proposed Revenue Requirement;
 - (b) Approval of the Company's proposed state-wide tariff, including proposed consolidated changes to its rate schedules, service rules, service charges and main extension policy;
- and

- (c) Approval of the Company's Proposed Formula Rate Plan ("FRP").

PROCEDURAL HISTORY

5. On or about July 25, 2022, Great River filed its 2022 Rate Filing, pre-filed testimony, and exhibits in this Docket. Pursuant to the Commission's Public Utilities Rules of Practice and Procedure ("Rules"), Great River served notice of the 2022 Rate Filing on all "interested persons" as identified in Exhibit "E" to the Notice of Intent.

6. In compliance with Section 77-3-37(9) of the *Mississippi Code of 1972, as amended* and RP 9.101(1) of the Commission's Rules, on August 9, 2022, Great River filed a Verification of Notice to Customers verifying all of Great River's customers were provided a notice of the 2022 Rate Filing via U.S. Mail on or before August 8, 2022. A copy of the notice sent to customers as well as the customer lists used in this effort are on file with the Commission in this Docket. In addition, Great River filed a Verification of Notice filing confirming that notice by publication has been accomplished in compliance with Section 77-3-37(9) of the *Mississippi Code of 1972, as amended*.

7. Eighty-two (82) water customers provided correspondence to the Commission in response to the notice of filing received.

8. No parties have requested or been granted intervention in this Docket.

9. No motion has been filed with the Commission by any party or the Staff as to any deficiency in or lack of access to discovery in this proceeding.

10. A pre-hearing conference as provided by law was noticed to the Staff and all parties of record, and was held in Jackson, Mississippi on January 12, 2023.

11. The evidentiary hearing was properly noticed by sending notice to all parties of record on February 2, 2023. In addition, the Commission provided notice of the hearings via e-mail to any and all customers that previously submitted correspondence to the Commission in this

case. Finally, through the office of the Executive Secretary, notice by publication was perfected as required by law.

12. An evidentiary hearing was held as noticed and scheduled on February 27 and 28, 2023. The Commission took comments from public witnesses on day one of the hearings. Day two of the hearings consisted of the testimony and examination of witnesses.

13. Prior to the commencement of the evidentiary hearing, the Commission referred this matter to C. Ross Hammons as hearing examiner to return this report and recommendation.

APPLICABLE LAW

14. The Commission has jurisdiction over the parties and subject matter pursuant to Section 77-3-5 of the *Mississippi Code of 1972, as amended*. Great River's 2022 Rate Filing and the requests therein were made pursuant to Sections 77-3-2 and 77-3-37 of the *Mississippi Code of 1972, as amended* and RP 9 of the Commission's Rules. These statutes and rules govern public utility rate cases.

15. In establishing rates for public utilities, the Commission is primarily guided by Section 77-3-33 of the *Mississippi Code of 1972, as amended*, which provides:

No rate made, deposit or service charge demanded or received by any public utility shall exceed that which is just and reasonable. Such public utility, the rates of which are subject to regulation under the provisions of this article, may demand, collect and receive fair, just and reasonable rates for the services rendered or to be rendered by it to any person. Rates prescribed by the commission shall be such as to yield a fair rate of return to the utility furnishing service, upon the reasonable value of the property of the utility used or useful in furnishing service.

16. The Mississippi Supreme Court has specifically held the Commission is not bound by statute to use any specific formula for establishing just and reasonable rates:

Our statute does not bind the Commission to the use of any particular formula in determining the reasonable value of the property of a public utility for rate-making purposes. Our statute merely provides that the rates prescribed shall be such as to yield a fair rate of return upon the reasonable value of the property used and useful in furnishing service, and that, the Commission in arriving at such rate base "shall

give due consideration to all elements that are generally considered in determining the rate base for rate making purposes.” There are a number of formulas which are useful in the determination of the reasonable value of a utility's property for rate-making purposes. No public utility has a vested right to any particular method of valuation.

17. Because Great River’s 2022 Rate Filing constitutes a “major change” as defined by Section 77-3-37 of the *Mississippi Code of 1972, as amended*, both a pre-hearing conference and a hearing are required under Section 77-3-39 of the *Mississippi Code of 1972, as amended*. The Commission’s hearings in this case fully comply with these statutory requirements and the requirements of Section 77-3-47 of the *Mississippi Code of 1972, as amended*.

SUMMARY OF FILING

18. Great River's 2022 Rate filing generally provided the following documentation concerning its proposed rate adjustments:

(a) Pre-filed direct testimonies and exhibits of Mr. Josiah Cox, President; Todd Thomas, Senior Vice President; Jacob Freeman, Director of Engineering; Brent Thies, Vice President and Corporate Controller; Mike Duncan, Vice President; and Dylan W. D’Ascendis, Partner of ScottMadden, Inc;

(b) A schedule of proposed rates, fares, tolls and charges for water service;

(c) Consolidated and audited financial statements of Great River;

(d) Confidential federal and state income tax returns; and

(e) A revenue requirement calculating the proposed revenue adjustment and resulting increase in rates.

19. The Commission finds that the pleadings, testimony, exhibits, data and documentation submitted by Great River in this Docket reasonably comply with all applicable statutes and Commission Rules. Therefore, for good cause shown, the Commission waives any other filing requirements which may be prescribed by its Rules.

STIPULATION

20. As a result of the pre-hearing conference, Great River filed an executed Stipulation with the Commission on February 23, 2023. A true and correct copy of the Stipulation and its referenced exhibits is attached as Exhibit “A” hereto and incorporated herein by reference. The Stipulation presents for the Commission’s consideration a rate mitigation plan consisting of four (4) separate measures that combine to significantly lower the upfront rate impact as compared to Great River’s original 2022 Rate Filing:

a. A System Acquisition Regulatory Asset (“SARA”) designed to permit Great River to continue its practice of adopting the billing rates of any acquired utility and keeping those rates in place until the next rate adjustment provided for in the annual FRP process.¹ SARA will avoid the upfront rate shock that might otherwise occur on the date of acquisition, and will also provide Great River the time needed to make initial system repairs and improve customer service before adjusting rates to reflect the current cost of service. From the date of acquisition until approval of Great River’s next FRP annual filing, Great River shall defer into a regulatory asset the actual monthly net operating loss incurred for each newly acquired system. This deferral shall exclude any lost profits or return of or on capital. Each SARA deferral will be accounted for separately for ease of audit by the Commission and Staff. The approved SARA will be amortized for ratemaking purposes over a seven (7) year period with: (1) the unamortized portion included in the rate base; and (2) the amortized amount included as Amortization of Regulatory Asset.

b. A Rate Mitigation Regulatory Asset (“RMRA”) designed to provide a glide path to customer rate adjustments between the billing rates of the acquired utility and the then

¹ Great River will continue to request temporary rates to apply during the SARA rate period for those systems that are acquired without an existing Commission-approved rate. The temporary rates previously approved by the Commission for this purposes is equal to a monthly flat rate for water service of \$15.00 per month and \$27.00 per month for wastewater service.

applicable Commission-approved state-wide rate for Great River's existing customers. For the first year a newly acquired utility system is charged rates under Great River's approved state-wide tariff (i.e. not rates from previous system owner), a RMRA regulatory asset shall be accrued for the purpose of deferring a percentage of annual general and administrative expense and operation and maintenance expense. For newly acquired water systems the deferral percentage shall be sixteen and one-half percent (16.5%); for newly acquired wastewater systems the deferral percentage shall be thirty-two percent (32%). The RMRA deferral shall be limited to one (1) year per utility system. Each RMRA deferral will be accounted for separately for ease of audit by the Commission and Staff. The approved RMRA will be amortized for ratemaking purposes over a seven (7) year period with: (1) the unamortized portion included in the Rate Base; and (2) the amortized amount included as Amortization of Regulatory Asset.

c. An FRP designed to create a level of predictability that will help ensure continued access to the capital necessary to complete capital improvement on currently owned systems as well as fund the continued acquisition of more distressed wastewater and water systems throughout Mississippi. On or before February 28th of each year, Great River shall file a report with the Commission and Staff containing a calculation of the Company's revenue requirement and Actual Return on Rate Base based for the twelve (12) months ending December 31 of the previous year. Consistent with other FRPs already in operation in Mississippi, should the FRP Annual Report indicate a revenue and rate adjustment is needed, interim rates, subject to refund, would take effect April 1st and Permanent Rates, plus any necessary surcharge or refund, would take effect following Commission approval. Similar to other approved FRPs, rate adjustments are determined by comparing actual results against a fixed Return on Rate Base "band" derived from the stipulated Return on Rate Base. Great River also stipulated to a review of the cost of capital provisions of the FRP following the third year of operation (i.e. following the conclusion of the

FRP Annual Filing for 2026).

d. A fixed, three-year Return on Rate Base equal to 8.95% that will provide a predictable and stable cost of capital while Great River completes its expected acquisition strategy in Mississippi. Great Rivers stipulated to a re-evaluation of the stipulated Return on Rate Base following the conclusion of the FRP Annual Filing for 2026.

21. As detailed in the final section below, the Commission finds the suite of stipulated rate mitigation measures described above combine to provide significant and important rate mitigation to Great River’s current and future customers. The entire rate mitigation plan is effectuated through a stipulated tariff. The impact to a typical residential customer of the rate mitigation plan is summarized in the table below.

Great River Rate Case - Summary of Stipulation

	Water		
	<u>Filed</u>	<u>Stipulated</u>	<u>Reduction</u>
Rate Base	\$ 2,452,126	\$ 2,452,126	\$ -
Operating Expense	\$ 447,868	\$ 447,868	\$ -
Rate of Return	10.29%	8.95%	-1.34%
Revenue Requirement	\$ 1,204,461	\$ 1,160,690	\$ (43,771)
RMRA Deferral %	0.00%	16.50%	16.50%
Mitigated Rate (i.e. RMRA)	<u>Filed</u>	<u>Stipulated</u>	<u>Reduction</u>
Tier I	N/A	N/A	N/A
Tier II	\$ 47.21	\$ 39.86	\$ (7.35)
Tier III (Pass Through)	\$ 31.33	\$ 27.56	\$ (3.77)
General	<u>Filed</u>	<u>Stipulated</u>	<u>Reduction</u>
Tier I	N/A	N/A	N/A
Tier II	\$ 47.21	\$ 45.33	\$ (1.88)
Tier III (Pass Through)	\$ 31.33	\$ 31.33	\$ -

22. The Stipulation also incorporates various changes to Great River’s proposed tariff raised either through discovery or at the pre-hearing conference.

COMMISSION AND STAFF REVIEW

23. Following a public bidding process, the Commission engaged United Professionals Company, LLC (“UPC”) to assist the Commission in its review of the 2022 Rate Filing. In addition, the Staff, acting in its capacity as advisors to the Commission, engaged Larkin & Associates (“Larkin”) to assist the Staff in its investigation of the 2022 Rate Filing and in advising the Commission in this matter. Combined, the Commission and Staff propounded thirteen (13) sets of discovery consisting of over 200 individual data requests. Great River submitted timely and complete responses to all data requests in accordance with the Commission’s Rules, and, where appropriate, provided revised or supplemental information and documentation.

24. As required by statute, a consolidated pre-hearing conference was held on January 12, 2023 for Docket Nos. 2022-UN-86 and 2022-UN-87. Notice of the pre-hearing conference was provided to all parties of record in both dockets as well as the Staff. Representatives of the Commission, including UPC, Great River, representatives of the Staff and Larkin as well as certain party interveners attended the pre-hearing conference. A robust discussion was had among the parties present concerning several issues and topics that had been previously inquired about through the discovery process, including requests from the Staff and UPC concerning a rate mitigation plan. The Stipulation filed by Great River was a culmination of the discussions held at the pre-hearing conference.

25. The Commission finds a full opportunity for discovery was provided to all parties and that each party has had a full opportunity to participate in the case. The Commission also finds that the Staff, Larkin and UPC conducted a thorough and extensive investigation of Great River’s 2022 Rate Filing and subsequent Stipulation.

COMMISSION FINDINGS

26. No parties contest—through pleadings or otherwise—any facts presented by Great River. This case is uncontested and facts stipulated to by Great River are undisputed by any other evidence in the record. Great River began acquiring underperforming water and wastewaters systems throughout the entire state in 2020. As of the date of this Order, the Commission has approved three (3) separate rounds of acquisitions, and a fourth round is currently pending.² The Commission has consistently made the following determinations with respect to this ongoing acquisition activity:

a. “With respect to Great River’s fitness, Mr. Cox details the financial capital, experience and expertise possessed by or available to Great River to operate the systems to be acquired in Mississippi, which by all accounts, would be an improvement over the level of each currently made available by the owners and operators of the systems being acquired.”³

b. “Great River committed to invest the capital necessary to restore the reliability of the acquired systems: ‘Great River and CSWR have access to adequate capital and are willing and able to invest the capital necessary to bring the water and wastewater systems at issue in this case up to standard and maintain compliance with applicable state and federal regulations.’”⁴

c. “With respect to serving the interests of customers and the public, Mr. Cox testified that Great River’s business model and centralized management structure is specifically designed to produce economies of scale and lower cost to customers that would otherwise arise under similar levels of reliability and service.”⁵

² The Hearing Examiner entered a Recommended Order of the Hearing Examiner in Docket No. 2022-UA-144 on April 13, 2023.

³ Final Order, Docket No. 2020-UA-143, p. 12 (June 8, 2021).

⁴ *Id.*

⁵ *Id.*

27. In approving these acquisitions, the Commission noted an abundance of evidence demonstrating that “[t]he general health of Mississippi’s water and wastewater infrastructure is poor.”⁶ Ultimately, this Commission made the following determination when first approving of Great River’s various acquisitions in Mississippi:

The Commission is persuaded that the general circumstances concerning the State’s infrastructure and the specific facts of this case, namely the scalability and centralized operations of various systems under consolidated ownership, justify the adoption of a policy that will incentivize responsible, experienced and well-capitalized companies like Great River to acquire old, out-of-compliance systems so that they can be rehabilitated and operated reliably and in compliance with ever-increasing environmental regulations. The Commission believes that incentivizing consolidations in the private water and sewer sector, when the circumstances justify it, will improve the quality of life for all Mississippians and enhance reliability and satisfaction for utility customers.⁷

28. Great River’s testimony in this case bears this out. Mr. Cox’s revised testimony summarizes the condition of the drinking water systems at the time of acquisition:

Ten of the 11 drinking water systems acquired by Great River were typical systems – i.e., they owned their own groundwater wells with disinfection and other treatment and included storage and distribution systems. The other system purchased drinking water from a nearby municipal system and is a distribution-only drinking system. In general, the condition of water production facilities was at least operational. Well equipment, however, was often reaching the end of its useful life, controls were nonexistent or mostly obsolete, and none of the systems had remote monitoring equipment on wells. One system included a deep water well connected to the system which had never been approved for production of domestic drinking water, a violation of department of health regulations. Disinfection equipment generally had failed or was in poor condition, often lacking backup chemical feed pumps which can result in unsafe water with a simple pump failure, and most of the storage equipment needed inspection and repair. Most of the water tankage will, at a minimum, require sanding and/or painting to extend the structural life of the storage equipment. Some of these systems also had inadequate water storage to ensure safe and reliable water supply for customers. Some systems had no functioning backup power, emergency service plans, or ability to connect backup power on site at acquisition. The distribution systems generally were in working condition with some notable exceptions where significant improvements are needed. Generally, distribution systems were in need of additional isolation valves to minimize customer impact in the event of a line break, and needed flushing

⁶ *Id.* at 15.

⁷ *Id.* at 16.

valves or hydrants installed for distribution system maintenance. Some systems had a number of leaks that Great River has already begun to repair.⁸

29. As required by prior Commission order, Great River has been reporting to the Commission and Staff concerning its efforts to remediate and repair these conditions in Docket Nos. 2021-AD-115 and 2021-AD-116. The Commission takes judicial notice of the reports and information filed in these dockets to support the findings made herein.

30. In part, the rate increase requested in this case is a result of Great River's initial acquisition. This was a known and necessary result of the decision to authorize Great River's acquisition program in Mississippi: "Great River estimates the rate impact associated with [the requested acquisition adjustment] could result in a monthly per-customer impact of between approximately \$5.00 and \$7.00 for water customers, depending upon final ratemaking assumptions adopted by this Commission."⁹

31. Another known issue was that many of the systems being acquired had not experienced a rate increase in many years, implying that rates no longer reflected the current cost to serve customers. Great River explicitly states: "many of the systems acquired had not sought a rate increase for years, if not decades. This results in existing rates that do not accurately reflect the current cost to serve."¹⁰ Mr. Cox again summarizes this issue:

As the Commission is aware, the systems Great River acquired and those it hopes to acquire in Mississippi are typically poorly managed, and almost all the owners of those systems did not or do not have the technical, managerial, and financial ability to make capital investments necessary to ensure regulatory compliance and provide safe, efficient, and reliable service to customers. Most of those owners also failed to timely seek rate increases necessary to enable them to properly operate and maintain the systems. As a result, the rates that Great River adopted when it acquired the systems – i.e., rates in effect at closing – were insufficient to cover the

⁸ Josiah Cox Revised Direct Testimony, pp. 9-10.

⁹ Final Order, Docket No. 2020-UA-143, p. 14 (June 8, 2021).

¹⁰ Mike Duncan Direct Testimony, p. 10.

operating costs for operations – that were woefully unprofessional and inadequate – and also failed to provide a fair rate of return.¹¹

32. Despite these realities, Great River’s original proposal, if approved, would have resulted in rate increases to some customers as high as 400%.¹² As expected, customer participation through either written correspondence to the Commission or by providing a public witness statement at the commencement of the hearings on this matter were robust and wide ranging. Customer input received overwhelmingly expressed that the rate shock that would be experienced by approval of Great River’s original proposal would be too great for many customers to endure all at once. Great River’s witness Mr. Cox explained at the hearings that the RMRA mechanism was specifically designed to address this issue. Mr. Cox testified that Mississippi had largest gap between current and proposed rates when compared to all other states in which CSWR operations. As such, Mississippi was the first state the RMRA mechanism, which provides customers a glide path to the ultimate rate to charged, has been proposed by a CSWR entity. The Commission also notes that under Mississippi law public utility rates are required to be just and reasonable and “rate shock” is not sufficient legal grounds upon which to deny a rate increase filing. *Miss. Pub. Serv. Comm’n v. Dixie Land & Water Co., Inc.*, 707 So. 2d 1086, 1093 (Miss. 1998) (reversing a MPSC decision to deny a rate increase based solely on the “rate shock” to Dixie Land’s customers).

33. Another concern raised by some customers concerned the fact that system improvements are being allowed to be included in customer rates, rather than paid for by Great River’s investors. Some customers believe that Great River should have conducted sufficient due diligence to determine the state of disrepair before purchasing the system, and that now customers

¹¹ Josiah Cox Revised Direct Testimony, p. 11.

¹² Mike Duncan Direct Testimony, Exhibit MD-2.1 Revised.

are being punished for Great River's alleged failure to conduct reasonable due diligence. These positions reflect an apparent belief that system improvements should have been funded by the previous system owners rather than Great River, and that, if this had been accomplished, much of the requested rate increase would have been avoided. The customers' concerns in this instance are misplaced for several reasons. As mentioned above, Great River and the Commission were fully aware that most of the systems being acquired were in some state of disrepair. This was not an oversight. The customers' assumption that requiring the previous owners to fund the improvements would have prevented these costs from being reflected in rates is invalid. Requiring the previous owners—rather than Great River—to fund the improvements would have either increased the purchase price ultimately paid by Great River or could have forced the parties to reconsider a sale and purchase of the system. If the previous owners would have decided not to sell the system after investing the funds to complete the improvements now being undertaken by Great River, the previous owners would request to recover those costs through rate increases to customers. Prudent capital expenditures incurred to make necessary and appropriate system improvements are recoverable in customer rates, irrespective of which utility company owns the system and invests the funds.

34. The Commission appreciates the public participation in this proceeding. While not formal evidence in the proceeding, this feedback helps all of the parties involved to tailor specific mitigation measures to help address as many concerns as practical, while still maintaining just and reasonable rates and, importantly, safe and reliable public utility service.

35. Based on the totality of the evidence presented, the Commission finds that the Stipulation filed in this matter delivers important and meaningful rate mitigation measures while also providing overall just and reasonable rates for service. These measures include: (i) state-wide rates; (ii) multi-tier rates based on system design; (iii) the SARA regulatory asset mechanism; (iv)

the RMRA regulatory asset mechanism; (v) the FRP annual filings; and (vi) a fixed, stable return on rate base. These measures spread the impact of system improvements across a larger customer base, mitigating the rate impact that might result from a per-system rate design, while also allowing a glide path to customer rate adjustments and a mechanism to provide the Commission and Staff annual and detailed oversight over Great River's state-wide operations. All of these measures allow the realization of the improvements in health and service that has been envisioned since the beginning of Great River's activities in Mississippi while alleviating and spreading out the full, upfront rate impact that would otherwise result.

36. With respect to Great River's revenue requirement, neither the Staff nor UPC has recommended an adjustment to Great River's filed rate base and expenses, despite a significant investigation and audit conducted through discovery by all parties. Based on this evidence, the Commission finds that the stipulated rate base, operating expense and rate of return are prudently incurred and result in just and reasonable and reasonable rates. For the avoidance of doubt, the Commission's actions herein do not impact the accounting requirements and rate treatment of any acquisition adjustments to be booked in the future for future asset acquisitions, which shall all be accounted for in the same manner as proscribed by this Commission in each sale and transfer order. Further, Great River is still directed to consider the net book value of all acquired assets in the aggregate for purposes of determining whether an acquisition adjustment should be booked, all in accordance with applicable GAAP and NARUC accounting guidance.

37. The Commission notes that some systems have wholesale providers of drinking water or wastewater treatment services to which Great River pays a wholesale fee. As is typical in these arrangements across the state, the retail utility, in this case, Great River, seeks to include a "pass through" charge on its monthly bill to customers to receive dollar-for-dollar reimbursement for these wholesale costs incurred. Given the frequency in which these wholesale fees change,

Great River is directed to initiate in calendar year 2023 a separate Rule 9 docket related to each system subject to a Tier III “pass through” rate so that the Commission and Staff can adequately audit the pass through charges being applied to customers’ bills. Great River is directed to provide individual notice to each affected customer at the initiation of each new docket. It is expected that any base rate change to the Tier III rates will be addressed in Great River’s FRP Annual Filing and that any changes to the pass through charge will be addressed in the separate rate dockets to be established pursuant to this paragraph.

38. This Commission, having reviewed and considered the 2022 Rate Filing, all customer comments received, the Stipulation, and having heard all of the evidence presented at the hearings and after studying the entire record, finds that there is substantial evidence in the record to adopt in full and without modification the Stipulation on file in this Docket. The Commission finds that the stipulated rate schedules, service rules, service charges, service extension policy and FRP contained in Great River’s stipulated tariff attached as Exhibit 4 to the Stipulation are just and reasonable and in the public interest. Great River is hereby approved to begin charging the rate approved herein beginning with the first billing period in April 2023 and to continue charging such rates until later revised by subsequent order of this Commission pursuant to Mississippi law and the Rules.

39. In response to comments received from members of the public, the Commission hereby directs Great River, following the issuance of this Order and prior to submittal of monthly bills contemplated herein, to notify any and all existing customers whose bills will be immediately impacted by the issuance of this Order.

40. Upon mailing the aforementioned notification to affected customers, Great River shall certify its adherence to the customer notification requirement in this Order, in the form of a compliance filing to be filed in this Docket.

41. This Recommended Order is issued in accordance with and subject to the minimum statutory time limits established by the provisions of Section 77-3-40 of the *Mississippi Code of 1972, as amended*. This Recommended Order shall become the Final Order of the Commission consistent with applicable provisions of the Mississippi Public Utility Act.

This Final Order shall be deemed issued on the day it is served upon the parties herein by the Executive Secretary of this Commission who shall note the service date in the file of this Docket.

SO ORDERED by this Commission on this the 14th day of April 2023.

MISSISSIPPI PUBLIC SERVICE COMMISSION



C. Ross Hammons, Hearing Examiner

ATTEST: A True Copy



Katherine Collier,
Executive Secretary

Effective this the 14th day of April 2023.





BEFORE THE MISSISSIPPI PUBLIC SERVICE COMMISSION

GREAT RIVER UTILITY
OPERATING COMPANY, LLC
WC-123-2515-00

DOCKET NO. 2022-UN-86

**IN RE: NOTICE OF INTENT TO ESTABLISH STATE-WIDE RATES FOR
WATER SERVICE IN ITS CERTIFICATED AREAS IN MISSISSIPPI**

STIPULATION

This Stipulation is being submitted by Great River Utility Operating Company, LLC (“Great River”) pursuant to Section 77-3-39 of the *Mississippi Code of 1972, as amended* and RP 13 of the Mississippi Public Service Commission’s (“Commission”) Public Utilities Rules of Practice and Procedure (“Rules”) for the express purpose of limiting the issues for hearing to those not disposed of by admissions or stipulations of the parties. This Stipulation is the result of the filings and supporting documentation submitted by Great River in this Docket as well the discussions and information exchanged between the parties through data requests and at the pre-hearing conference. Any party to the docket wishing to join this Stipulation and fully agree with all of the terms and conditions herein is invited to file a Joinder Agreement, the form of which is attached as Exhibit “1” hereto, with the Executive Secretary of the Commission in Docket No. 2022-UN-86.

It is hereby stipulated by Great River as follows:

BACKGROUND

1. On or about July 25, 2022, Great River submitted its Notice of Intent to Change Rates (“2022 Rate Filing”) in this docket seeking, *inter alia*, approval from the Commission of a state-wide rate for water service for water systems located throughout the State of Mississippi that were acquired by Great River in accordance with the authority granted in Docket Nos. 2020-UA-

143 and 2021-UA-157. A table listing the systems authorized for acquisition in Docket Nos. 2020-UA-144 and 2021-UA-158 is attached as Exhibit “2” hereto and incorporated herein by reference. Since the Company’s 2022 Rate Filing, the Commission has authorized Great River to acquire additional systems; customers of those systems acquired after July 25, 2022 (i.e. not listed in Exhibit “2”) will not be immediately impacted by this rate proceeding. Instead, newly acquired systems would be subject to future annual filings to be made under the Company’s stipulated Formula Rate Plan beginning in 2024.

2. With each system acquisition, Great River committed to make the necessary investment and improvements to stabilize the systems and bring their operation into compliance with applicable federal and state regulations. Great River continues to conduct these crucial early repairs and refurbishments and has provided periodic status reports to the Commission and Mississippi Public Utilities Staff (“Staff”) in Docket Nos. 2021-AD-115 and 2021-AD-116 as required by the various sale and transfer orders issued by the Commission.

3. In each acquisition case, Great River indicated its overall intent to operate each newly acquired system through an initial stabilization period after which Great River would file a notice of intent to establish state-wide rates, charges and service rules for all of its systems. This docket was initiated for that purpose. A summary of the approvals sought from the Commission in this docket are as follows:

- a. Approval of the proposed state-wide revenue requirement;
- b. Approval of the Company’s proposed state-wide tariff, including proposed changes to its rate schedules, service rules, service charges and main extension policy; and
- c. Approval of the proposed Formula Rate Plan.

RATE MITIGATION PLAN

4. A comparison between the current rates for each system as well as the rate proposed to apply to each was presented in Revised Exhibit MD-2.1, a copy of which is attached as Exhibit “3” hereto and incorporated herein by reference. As Mike Duncan explained in his pre-filed direct testimony “[t]he change in rates between existing rates and Great River’s proposed rates for the vast majority of the systems acquired by Great River is a result of a combination of the inadequacy of the existing rates and the necessity of new capital investment.”¹ Great River specifically acknowledged that this dynamic results in large percent increases when comparing the proposed rates with current Commission-approved rates for some of the systems acquired. On behalf of Great River, Mr. Duncan expressed a willingness to address this issue by developing a rate mitigation for the Commission and Staff’s consideration:

Q. DO YOU HAVE THOUGHTS ON HOW TO ADDRESS RATE SHOCK IN THE EVENT THAT THE COMMISSION HAS SUCH CONCERNS?

A. Yes. Concerns about rate shock may be reasonable as the increase in rates to customers in some areas may be significant depending on the revenue requirement and rate design ordered by the Commission. Deferring portions of the cost of service into a regulatory asset for recovery in later periods would allow an extended period of time for certain customers to adjust to increased rates while still allowing Great River to recover its total cost of service. Deferring costs to future periods would require Great River to assume additional risk. Therefore, final deferred rates for customers would be marginally greater due to required recovery of the regulatory assets that would be created by the deferral. However, a deferral mechanism would allow for rate increases to be implemented in a more gradual manner that would mitigate some of the rate shock that occurs when rate adjustments are implemented for customers whose rate were not regularly increased over time to reflect increased costs of service.²

5. Throughout the discovery process, Great River was asked to propose a specific rate mitigation plan and the detailed financial data and information in support.³ All public data request responses were made available to all parties of records as well as the consultants hired by both the

¹ Mike Duncan Direct Testimony, p. 10

² Mike Duncan Direct Testimony, p. 11.

³ See Great River’s initial and supplemental responses to MPSC 1-39.

Commission and Staff. Finally, Great River presented a summary and explanation of the rate mitigation plan at the consolidated pre-hearing conference held on January 12, 2023, during which a robust discussion ensued concerning several issues and topics of this case.

6. Great River's stipulated rate mitigation plan reflecting the discussion from the pre-hearing conference consists of four separate measures:

a. A System Acquisition Regulatory Asset ("SARA") designed to permit Great River to continue its practice of adopting the billing rates of the acquired utility and keeping those rates in place until the next rate adjustment provided for in the annual FRP process.⁴ SARA will avoid the upfront rate shock that might otherwise occur on the date of acquisition, and will also provide Great River the initial time needed to make initial system repairs and improve customer service before adjusting rates to reflect the current cost of service. From the date of acquisition until approval of Great River's next FRP annual filing, Great River shall defer into a regulatory asset the actual monthly net operating loss incurred for each newly acquired system. This deferral shall exclude any lost profits or return of or on capital. Each SARA deferral will be accounted for separately for ease of audit by the Commission and Staff. The approved SARA will be amortized for ratemaking purposes over a seven (7) year period with: (1) the unamortized portion included in the rate base; and (2) the amortized amount included as amortization of regulatory asset.

b. A Rate Mitigation Regulatory Asset ("RMRA") designed to provide a glide path to customer rate adjustments between the billing rates of the acquired utility and the then applicable Commission-approved state-wide rate for Great River's existing customers. For the

⁴ Great River will continue to request temporary rates to apply during the SARA rate period for those systems that are acquired without an existing Commission-approved rate. The temporary rates previously approved by the Commission for this purposes is equal to a monthly flat rate for water service of \$15.00 per month and \$27.00 per month for sewer service.

first year a newly acquired utility system is charged rates under Great River's approved Tariff (i.e. not rates from previous system owner), a RMRA regulatory asset shall be accrued for the purpose of deferring a percentage of annual general and administrative expense and operation and maintenance expense. For newly acquired water systems the deferral percentage shall be fifteen percent (16.5%); for newly acquired sewer systems the deferral percentage shall be thirty-one percent (32%). The RMRA deferral shall be limited to one (1) year per utility system. Each RMRA deferral will be accounted for separately for ease of audit by the Commission and Staff. The approved RMRA will be amortized for ratemaking purposes over a seven (7) year period with: (1) the unamortized portion included in the Rate Base; and (2) the amortized amount included as Amortization of Regulatory Asset.

c. A Formula Rate Plan ("FRP") designed to create a level of predictability that will help ensure continued access to the capital necessary to complete capital improvement on currently owned systems as well as fund the continued acquisition of more distressed sewer and water systems throughout Mississippi. On or before February 28th of each year, Great River shall file a report with the Commission containing a calculation of the Company's revenue requirement and Actual Return on Rate Base based for the twelve (12) months ending December 31 of the previous year. Consistent with other FRPs already in operation in Mississippi, should the FRP Annual Report indicate a revenue and rate adjustment is needed, interim rates, subject to refund, would take effect April 1st and Permanent Rates, plus any necessary surcharge or refund, would take effect following Commission approval. Similar to other approved FRPs, rate adjustments are determined by comparing actual results against a fixed Return on Rate Base "band" derived from the stipulated Return on Rate Base. Great River stipulates to a review of the cost of capital provisions of the FRP following the third year of operation (i.e. following the conclusion of the

FRP Annual Filing for 2026).

d. A fixed, three-year Return on Rate Base equal to 8.95% that will provide a predictable and stable cost of capital while Great River completes its acquisition strategy in Mississippi. Great Rivers stipulates to a re-evaluation of the stipulated Return on Rate Base following the conclusion of the FRP Annual Filing for 2026.

7. The suite of rate mitigation measures described above combine to provide significant and important rate mitigation to Great River’s current and future customers. The entire rate mitigation plan is effectuated through a Stipulated Water Tariff attached as Exhibit “4” hereto and incorporated herein by reference.⁵ The impact to a typical residential customer of the rate mitigation plan is summarized in the table below.

Great River Rate Case - Summary of Stipulation

	Water		
	<u>Filed</u>	<u>Stipulated</u>	<u>Reduction</u>
Rate Base	\$ 2,452,126	\$ 2,452,126	\$ -
Operating Expense	\$ 447,868	\$ 447,868	\$ -
Rate of Return	10.29%	8.95%	-1.34%
Revenue Requirement	\$ 1,204,461	\$ 1,160,690	\$ (43,771)
RMRA Deferral %	0.00%	16.50%	16.50%
Mitigated Rate (i.e. RMRA)	<u>Filed</u>	<u>Stipulated</u>	<u>Reduction</u>
Tier I	N/A	N/A	N/A
Tier II	\$ 47.21	\$ 39.86	\$ (7.35)
Tier III (Pass Thru)	\$ 31.33	\$ 27.56	\$ (3.77)
General	<u>Filed</u>	<u>Stipulated</u>	<u>Reduction</u>
Tier I	N/A	N/A	N/A
Tier II	\$ 47.21	\$ 45.33	\$ (1.88)
Tier III (Pass Thru)	\$ 31.33	\$ 31.33	\$ -

⁵ The stipulated sewer tariff was provided to all parties as a supplemental response to MPUS 3-5 on February 8, 2023.

STIPULATED ITEMS

8. In addition to the rate mitigation plan, the following issues were discussed and stipulated to at the pre-hearing conference:

a. The Staff reported that its consultant, after completing its thorough review of Great River's filing, no adjustments to rate base or expense is warranted;

b. Great River stipulated to revise the FRP to provide the Staff a total of eighty (80) days to review the Company's FRP Annual Filing;

c. Great River stipulated to revise the FRP to provide for interim rates, subject to refund, and permanent rates following Commission approval incorporating any necessary calendar-year surcharge or refund;

d. Great River stipulated to supplement the list of filing requirements in the FRP;

e. Great River stipulated to amendments to Great River's Schedule of Service Charges and Fees to remove certain bank and credit card fees and including such costs in Great River's annual cost of service; and

f. Great River stipulated to various amendments to Great River's Service Rules and Regulations to improve the customer's ability to understand and comply therewith.

9. All of the above stipulations are incorporated into the Stipulated Water Tariff attached as Exhibit "4" hereto and incorporated herein by reference.

MISCELLANEOUS PROVISIONS

10. Great River agrees that the Commission has jurisdiction over the subject matter in this proceeding.

11. Great River submits that there is substantial evidence to support each and every stipulation made herein and to approve Great River's filing in this docket, as modified by this

Stipulation.

12. Except as previously stated, the stipulations made herein are for the purpose of this proceeding only and shall not apply to or be used as precedent in any other proceeding of Great River or any other utility.

13. This Stipulation is expressly conditioned upon acceptance by the Commission of all of its provisions, without modification, and incorporation of this Stipulation into the final order rendered in this proceeding; this Stipulation is interdependent, non-separable and that if the Commission does not accept this Stipulation in its entirety, Great River is not bound by any of its provisions. For the avoidance of doubt, Great River specifically reserves its right to withdraw and nullify this Stipulation and revert to its original 2022 Rate Filing in the event the Stipulation is not adopted by the Commission in full and without modification. In such an event, this Stipulation or the provisions herein shall not act as a waiver of or grounds of estoppel against any remedies available to Great River under the law.

14. Great River submits that the changes proposed in this Stipulation are just and reasonable and in the best interest of customers, Great River and the general public.

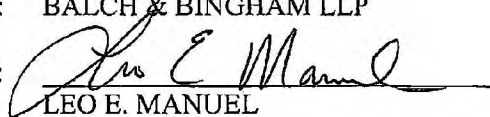
15. This Stipulation may be executed in one or more counterparts, including by the execution of a Joinder Agreement in substantially similar form as attached as Exhibit "1" hereto. Facsimile or electronic signatures shall be effective as original signatures of this Stipulation.

SO STIPULATED, this the 23rd day of February, 2023.

GREAT RIVER UTILITY OPERATING
COMPANY, LLC

BY: BALCH & BINGHAM LLP

BY:


LEO E. MANUEL

BEFORE THE MISSISSIPPI PUBLIC SERVICE COMMISSION

GREAT RIVER UTILITY
OPERATING COMPANY, LLC
WC-123-2515-00

DOCKET NO. 2022-UN-86

**IN RE: NOTICE OF INTENT TO ESTABLISH STATE-WIDE RATES FOR
WATER SERVICE IN ITS CERTIFICATED AREAS IN MISSISSIPPI**

JOINDER

COMES NOW _____,

a party intervener in this proceeding, and files this Joinder to the Stipulation filed by Great River Utility Operating Company, LLC on February 23, 2023 (“Stipulation”), in the above referenced docket.

We have reviewed the Stipulation, we agree with the terms and conditions set forth in the Stipulation, and hereby adopt the Stipulation without modification and join as a stipulating party for all purposes described therein.

Please accept this pleading as a formal joinder to the filed Stipulation in this case. We respectfully request that the Commission approve the Stipulation as filed herein.

RESPECTFULLY SUBMITTED, this the ____ day of _____,
2023.

BY: _____

20747862.1

CERTIFICATE OF SERVICE

I, _____, or my legal counsel on my behalf, have with respect to the above and foregoing filing with the Mississippi Public Service Commission on even date herewith, in compliance with Rule 6.112 of the Mississippi Public Service Commission's Public Utilities Rules of Practice and Procedure, served:

- (1) An electronic copy of the filing has filed with the Commission via e-mail to the following address:

efile.psc@psc.state.ms.us

- (2) An electronic copy of the filing has been mailed via e-mail to all parties of record to the following addresses:

emily.kruger@mpus.ms.gov

This the ____ day of _____, 2023.

BY: _____

LIST OF WATER SYSTEMS SUBJECT TO RATE WSM-1

System	PSC District	County	Tier
Black Creek	#2	Forrest	2
Charlotte Dev CO-Knollwood S/D	#2	Harrison	2
Chickasaw Subdivision	#3	Panola	2
Enid Shores Subdivision	#3	Panola	2
Hide-a-Way Hills Subdivision	#3	Panola	2
Enid Lakes Estates	#3	Yalobusha	2
Twelve Oaks Estates	#3	Lafayette	2
Wellsgate	#3	Lafayette	2
The Highlands	#3	Tate	2
Buena Vista	#3	DeSoto	2
Oakland Water Works	#2	Adams	3

20747760.1

Great River Utility Operating Company, LLC
2022-UN-_____
Comparison of Present and Proposed Rates - Water
Water Systems

Category	Meter Size		Present Rate	Proposed Rate	Proposed \$ Increase	Proposed % Increase
Delta Rain - Highlands	3/4" & 5/8"	First 2,000 gallons	\$12.00	\$37.77	\$25.77	
		2,000 - 4,000 gallons	\$1.50	\$4.22	\$2.72	
		Each add'l 1,000 gallons	\$1.00	\$4.22	\$3.22	
		Average Monthly Bill Amount	\$19.36	\$47.21	\$27.85	144%
Delta Rain - Wellsgate	3/4" & 5/8"	First 6,000 gallons	\$12.00	\$37.77	\$25.77	
		6,000 - 8,000 gallons	\$2.50	\$4.22	\$1.72	
		Each add'l 1,000 gallons	\$3.50	\$0.00	(\$3.50)	
		Average Monthly Bill Amount	\$12.00	\$47.21	\$35.21	293%
Delta Rain - Wellsgate	1"	First 6,000 gallons	\$12.00	\$47.21	\$35.21	
		6,000 - 8,000 gallons	\$2.50	\$4.22	\$1.72	
		Each add'l 1,000 gallons	\$3.50	\$4.22	\$0.72	
		Average Monthly Bill Amount	\$12.00	\$59.01	\$47.01	392%
Delta Rain - Wellsgate	1.5"	First 6,000 gallons	\$12.00	\$188.85	\$176.85	
		6,000 - 8,000 gallons	\$2.50	\$4.22	\$1.72	
		Each add'l 1,000 gallons	\$3.50	\$4.22	\$0.72	
		Average Monthly Bill Amount	\$12.00	\$236.05	\$224.05	1867%
Lipe - Enid Shores, Chickasaw, Enid Lakes, & Hide Away Hills	3/4" & 5/8"	First 2,000 gallons	\$12.00	\$37.77	\$25.77	
		Each add'l 1,000 gallons	\$1.50	\$4.22	\$2.72	
		Average Monthly Bill Amount	\$18.36	\$47.21	\$28.85	157%
Utility One - Black Creek	3/4" & 5/8"	First 3,000 gallons	\$23.55	\$37.77	\$14.22	
		Each add'l 1,000 gallons	\$4.00	\$4.22	\$0.22	
		Average Monthly Bill Amount	\$40.51	\$47.21	\$6.70	17%
Wileo - Buena Vista	3/4" & 5/8"	First 2,000 gallons	\$18.00	\$37.77	\$19.77	
		2,000-4,000	\$3.50	\$4.22	\$0.72	
		Each add'l 1,000 gallons	\$4.00	\$4.22	\$0.22	
		Average Monthly Bill Amount	\$36.84	\$47.21	\$10.37	28%
Coast Knolwood	All	All	\$14.50	\$47.21	\$32.71	226%
Twelve Oaks	All	All	\$14.00	\$47.21	\$33.21	237%
Oakland	3/4" & 5/8"	Base Charge	\$12.45	\$31.33	\$18.88	
		Pass Through Charge	\$16.75	\$16.75	\$0.00	
		Average Monthly Bill Amount	\$29.20	\$48.08	\$18.88	65%

*Assumed Residential Usage: 4,240

<p>TARIFF OF Great River Utility Operating Company, LLC</p>			
<p>CONSISTING OF SCHEDULE OF MONTHLY RATES, SERVICE CHARGES, SERVICES RULES AND REGULATIONS, SERVICE EXTENSION POLICY, AND FORMULA RATE PLAN</p> <p>FOR WATER SERVICE</p>			
<p>APPLYING TO</p> <p>CERTIFICATED SERVICE AREA OF GREAT RIVER UTILITY OPERATING COMPANY, LLC</p>			
<p>NO MODIFICATION OF THESE SCHEDULES SHALL BE MADE EXCEPT FOR THE PURPOSE OF CANCELING OR SUPERSEDING PREVIOUSLY ISSUED SCHEDULES</p>			
Issued By:	Josiah Cox	President	
	(Name)	(Title)	
1630 Des Peres Rd., Suite 140	St. Louis,	Missouri	63131
(Street or Box Number)	(City)	(State)	
<p>STATE OF MISSISSIPPI PUBLIC SERVICE COMMISSION</p>			



Mississippi Public Service Commission	
Utility Service - Water	
	Page
	1 of 2

PREFACE

The following Tariff governing water service is published as a convenient source of answers to basic questions asked by Customers or Applicant of Great River Utility Operating Company, LLC ("Great River"). This Tariff is established to provide uniform standards and policies for the rendering of water service and to the extent applicable by their provisions, to prescribe terms and conditions for all water service rendered or to be rendered by Great River. To the extent there is a conflict between the terms of this Tariff (or any contract with a Customer entered pursuant to this Tariff) and the Commission's Service Rules, Procedural Rules or Orders, the terms of the Commission's Service Rules, Procedural Rules and Orders shall control. This Tariff is on file with the Mississippi Public Service Commission. Failure of Great River to insist on any one or more occasions upon the strict compliance with this Tariff governing water utility service shall not constitute a permanent waiver or modification of the Tariff, but Great River at any time may insist upon strict compliance herewith regardless of any previous waivers or Customer's reliance thereon.

Copies of this Tariff are available at the Mississippi Public Service Commission in Jackson, Mississippi and at the following website:

<https://www.centralstateswaterresources.com/great-river/great-river-community-tariff-information/>

as well as at the offices of Great River:

Main Administrative Office:
1630 Des Peres Rd., Suite 140
St. Louis, MO 63131

Customers may contact Great River 24 hours per day / 7 days a week for any issues regarding billing, new service, reconnection of existing service, disconnection of existing service, maintenance issues and emergency issues at 855-801-8440 or by sending an email to support@greatriveruoc.com. Customers may also contact Great River via U.S. Mail at Great River Utility Operating Company, 1630 Des Peres Rd., Suite 140, St. Louis, MO 63131.



Mississippi Public Service Commission	
Utility Service - Water	
	Page
	2 of 2

INDEX OF SCHEDULES

Schedule No.	Rate Symbol	Schedule Type	Class of Service	Service Type
1	LOS-1	Water Service – List of Systems	All	Water
2	WSG-1	Water Service - General	All	Water
3	WSM-1	Water Service – Mitigated	All	Water
4	WSCF-1	Water Service Charges and Fees	All	Water
5	WSR-1	Water Service Rules and Regulations	All	Water
6	WSEP-1	Water Service Extension Policy	All	Water
7	FRP-1	Formula Rate Plan	All	Water



Mississippi Public Service Commission Rate Schedule No. 1		
Water Service – List of Systems		LOS-1
Effective Date	Date of Version Superseded	Page
March 1, 2023	Original	1 of 1

LIST OF SYSTEMS

System	PSC District	County	Tier
Black Creek	#2	Forrest	2
Charlotte Dev CO-Knollwood S/D	#2	Harrison	2
Chickasaw Subdivision	#3	Panola	2
Enid Shores Subdivision	#3	Panola	2
Hide-a-Way Hills Subdivision	#3	Panola	2
Enid Lakes Estates	#3	Yalobusha	2
Twelve Oaks Estates	#3	Lafayette	2
Wellsgate	#3	Lafayette	2
The Highlands	#3	Tate	2
Buena Vista	#3	DeSoto	2
Oakland Water Works	#2	Adams	3



Mississippi Public Service Commission Rate Schedule No. 2		
Water Service - General		WSG-1
Effective Date	Date of Version Superseded	Page
March 1, 2023	Original	1 of 2

APPLICABILITY

This rate schedule applies to all customer systems identified in the Table of Systems contained in Great River's Water Tariff that have received water service from Great River under Rate Schedule WSM-1 for a period of at least twelve (12) months.

AVAILABILITY

Water service is available under this rate schedule on a uniform basis within Great River's certificated service area subject to the Service Charges, Service Rules and Regulations, and the Service Extension Policy. Service is for the exclusive use of the customer and shall not be resold or shared with others.

MONTHLY RATE FOR SERVICE

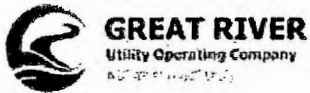
Monthly rates for service have been designed into two separate customer tiers (Tier I intentionally omitted) to reflect differences in the type of service provided by the Company across Mississippi. The monthly rate tiers below reflect differences in costs inherent in providing service to customers in each tier.

TIER II RATES

Tier II rates apply to customers in communities where the Company supplies water from Company-owned wells.

Monthly Metered Rates by Meter Size:

5/8" and 3/4":	\$36.26 for the first 2,000 gallons consumed \$4.05 for each additional 1,000 gallons consumed
1":	\$45.33 for the first 2,000 gallons consumed \$4.05 for each additional 1,000 gallons consumed
1.5":	\$181.32 for the first 2,000 gallons consumed \$4.05 for each additional 1,000 gallons consumed
2":	\$290.12 for the first 2,000 gallons consumed \$4.05 for each additional 1,000 gallons consumed
3":	\$543.97 for the first 2,000 gallons consumed \$4.05 for each additional 1,000 gallons consumed
4":	\$906.62 for the first 2,000 gallons consumed \$4.05 for each additional 1,000 gallons consumed
6":	\$1,813.23 for the first 2,000 gallons consumed \$4.05 for each additional 1,000 gallons consumed



Mississippi Public Service Commission Rate Schedule No. 2		
Water Service - General		WSG-1
Effective Date	Date of Version Superseded	Page
March 1, 2023	Original	2 of 2

Monthly Flat Rates by Line Size (No Meter):¹

5/8" and 3/4":	\$45.33
1":	\$56.66
1.5":	\$226.65
2":	\$362.65
3":	\$679.96
4":	\$1,133.27
6":	\$2,266.54

TIER III RATES

Tier III rates apply to customers in communities where the Company sources water from a third-party provider.

Monthly Base Charge:	\$31.33 per Unit
Pass Through Monthly Charge²:	\$16.75 per Unit

ADDITIONAL RATE ADJUSTMENTS

The monthly rates for water service are subject to adjustment annually through Great River's Commission-approved Formula Rate Plan, Rider FRP. Great River reserves the right to apply to this rate any applicable proportionate part of any tax or assessment imposed or levied by any governmental authority in addition to the base monthly charges set forth above.

¹ This schedule reflects non-metered rates. As customers are provided a meter and usage data can be captured, customers will migrate from a non-metered rate to a metered rate.

² The Pass Through Monthly Charge is subject to an annual true up by the Commission.



Mississippi Public Service Commission Rate Schedule No. 3		
Water Service - Mitigated		WSM-1
Effective Date	Date of Version Superseded	Page
March 1, 2023	Original	1 of 2

APPLICABILITY

Rate Schedule WSM is a temporary rate designed to mitigate the rate impact to customers that may otherwise be experienced following system acquisition by Great River. This rate schedule applies to all customer systems identified in the Table of Systems contained in Great River's Water Tariff that were receiving water service from Great River pursuant to rates that were adopted by Great River following Great River's initial acquisition of the system or temporary rates established for Great River following initial acquisition at any time in the calendar year preceding the year the Company makes an Annual FRP Filing under Rider FRP. Rate Schedule WSM shall apply for the regulatory year following approval of the first Annual FRP filing made after the system's acquisition. Following approval of the second FRP filing made after the system's acquisition, such system's customers shall be served under Great River's Rate Schedule WSG.

AVAILABILITY

Water service is available under this rate schedule on a uniform basis within Great River's certificated service area subject to the Service Charges, Service Rules and Regulations, and the Service Extension Policy. Service is for the exclusive use of the customer and shall not be resold or shared with others.

MONTHLY RATE FOR SERVICE

Monthly rates for service have been designed into two separate customer tiers (Tier I intentionally omitted) to reflect differences in the type of service provided by the Company across Mississippi. The monthly rate tiers below reflect differences in costs inherent in providing service to customers in each tier.

TIER II RATES

Tier II rates apply to customers in communities where the Company supplies water from Company-owned wells.

Monthly Rates by Meter Size:

5/8" and 3/4":	\$31.88 for the first 2,000 gallons consumed \$3.56 for each additional 1,000 gallons consumed
1":	\$39.86 for the first 2,000 gallons consumed \$3.56 for each additional 1,000 gallons consumed
1.5":	\$159.42 for the first 2,000 gallons consumed \$3.56 for each additional 1,000 gallons consumed
2":	\$255.07 for the first 2,000 gallons consumed \$3.56 for each additional 1,000 gallons consumed
3":	\$478.26 for the first 2,000 gallons consumed \$3.56 for each additional 1,000 gallons consumed



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4"	\$797.10 for the first 2,000 gallons consumed \$3.56 for each additional 1,000 gallons consumed
6"	\$1,594.21 for the first 2,000 gallons consumed \$3.56 for each additional 1,000 gallons consumed

Monthly Flat Rates by Line Size (No Meter):³

5/8" and 3/4":	\$39.86
1":	\$49.82
1.5":	\$199.28
2":	\$318.84
3":	\$597.83
4":	\$996.38
6":	\$1,992.76

TIER III RATES

Tier III rates apply to customers in communities where the Company sources water from a third-party provider.

Monthly Base Charge:	\$27.56 per Unit
Pass Through Monthly Charge:⁴	\$16.75 per Unit

ADDITIONAL RATE ADJUSTMENTS

The monthly rates for water service are subject to adjustment annually through Great River's Commission-approved Formula Rate Plan, Rider FRP. Great River reserves the right to apply to this rate any applicable proportionate part of any tax or assessment imposed or levied by any governmental authority in addition to the base monthly charges set forth above.

³ This schedule reflects non-metered rates. As customers are provided a meter and usage data can be captured, customers will migrate from a non-metered rate to a metered rate.

⁴ The Pass Through Monthly Charge is subject to an annual true up by the Commission.



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SCHEDULE OF SERVICE CHARGES AND FEES

1. Connection (tap) Fee: A Service Connection fee of \$650.00 will be required of each Customer and includes the connection to the Company's water main as well as the meter. Payment of this fee shall be in advance of any installation or construction work by the utility and will include the cost of making actual connection to the system. This fee will be collected only once for a given service location. Notwithstanding the foregoing, a separate connection fee shall be required if a customer requires an additional connection for the purposes of adding a secondary metered service, such as for a swimming pool or irrigation system. Company will book all or a portion of each Connection Fee received as a contribution in aid of construction when consistent with applicable accounting guidance.
2. Disconnection Fee: If it becomes necessary for Company personnel to be dispatched to any Customer's home or place of business for the purpose of disconnecting service for a delinquency or any violation of the Service Rules and Regulations, such Customer shall be charged a disconnect fee of \$35.00. A fee of \$25.00 shall apply in the event the operator is dispatched for the disconnection and upon arrival the past due bill is paid.
3. Reconnection Fee: A fee for reconnection of water service of \$35.00 will be applicable in the event the water has been disconnected. When ownership or tenancy changes at the Unit, the new Applicant for service will be required to pay the reconnection fee which is a non-refundable charge.
4. Returned Check Charge: Any check received in payment of a bill which is returned by the bank will be subject to a \$40.00 additional collection fee.
5. Late Payment Charge: All bills are due and payable 21 days from the billing date following the service. If the bill is not paid by such due date, an \$8.00 charge will be added to the amount due.
6. Itemized Utility Bill: Customers that request the Company to generate a 12-month, itemized bill history will be charged \$10.00.
7. Meter Reread: Customers that request the Company to reread the Meter shall be charged \$10.00.
8. Replace Damaged / Stolen Meter: Customers that require a Meter replacement due to a stolen Meter or a replacement of a damaged Meter due to tampering shall be charged \$450.00.
9. Customers shall not be responsible for meters that were damaged prior to that Customer taking service or meters that were damaged by a third party.
10. Tampering with Company Property: Customers that tamper with their Meter, or any other Company property, shall be charged \$100.00 for the first offense; subsequent offenses shall be charged \$300.00.



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11. Unauthorized Connection Charge: In the event the Company finds that a Customer has an unauthorized Service Water connection (meaning a connection has been made to the Company’s water system without the Company’s knowledge or permission and/or for which a Connection Fee or Inspection Fee, as applicable, has not been paid to the Company), the Customer will be required to pay the original Connection Fee or Inspection Fee, as applicable, and an additional \$100.00 for the unauthorized connection.



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SERVICE RULES AND REGULATIONS

1. DEFINITIONS:

An "Applicant" is a person, firm, corporation, association, governmental body, or other entity which has applied for service; two or more Applicants may make one application for a Main extension.

"Commercial Service" means non-residential, non-industrial business enterprise including, without limitation, restaurants, hospitals, schools, day care centers, office buildings, nursing homes, clubs, churches, shopping centers, and public facilities. At the Company's discretion, service may be provided to this class through one or more Meters.

The "Commission" means the Mississippi Public Service Commission.

The "Company" means Great River Utility Operating Company.

The "Curb Stop" is a valve on the Service Connection, located at or near the Customer's property line, and used to shut off water service to the premises. The Curb Stop is owned and maintained by the Company.

A "Customer" means a person, firm, corporation, association, municipality, the State of Mississippi, the United States, any federal or state department, subdivision or agency, and any institution or establishment whatsoever taking service from the Company.

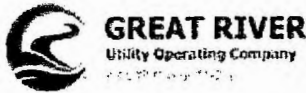
"Discontinuance of Service" is the intentional cessation of service by the Company not requested by the Customer.

"Industrial Service" means service to manufacturing and processing establishments, including production facilities, agricultural products processing facilities, assembly plants, refineries, and similar establishments. At the Company's discretion, service may be provided to this class through one or more Meters.

The "Main" is a pipeline which is owned and maintained by the Company, located on public property or private easements, and used to transport water throughout the Company's service area.

The "Meter" is a device, owned by the Company, used to measure and record the quantity of water that flows through the service line, and is installed in the outdoor Meter Setting, or inside the Customer's building where the Water Service Line enters through a foundation wall. Even in an indoor setting, the meter is still the property of the Company.

The "Meter Setting" is a place either in the Service Connection or building plumbing for a water Meter to be installed. An outdoor Meter Setting is located at or near the property line, and includes the Meter box, Meter yoke, lid, and appurtenances, all of which shall be owned and maintained by



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the Company. Indoor Meter Settings are located inside the Customer's premises where the Water Service Line enters the foundation wall either installed directly in the piping or in a Meter yoke.

A "Month" means an interval of approximately thirty (30) calendar days between successive Meter read dates, except when the calendar month is specified.

"Residential Service" means individually metered residences. Residences are defined as consisting of one or more rooms, with space for eating, living, sleeping and permanent provision for cooking and sanitation.

A "Returned Check" is a check that is returned to the Company from any bank unpaid for any reason.

The "Service Connection" is the pipeline connecting the Main to the Customer's Water Service Line and includes the Curb Stop, or outdoor Meter Setting and all necessary appurtenances located at or near the property line. This Service Connection shall be owned and maintained by the Company. If the property line is in a street, and if the Curb Stop or Meter Setting is not located near the edge of the street abutting the Customer's property, the said Service Connection shall be deemed to end at the edge of the street abutting the Customer's property.

A "Subdivision" is any land in the state of Mississippi which is divided or proposed to be divided into two or more lots or other divisions of land, whether contiguous or not, or uniform in size or not, for the purpose of sale or lease, and includes resubdivision thereof.

A "Termination of Service" is cessation of service requested by the Customer.

"Turn Off" is the act of turning water service off by physically turning a valve such that water is unavailable to a Customer's premises. The charge for such service, for any of the reasons specified in Section 8(A), shall result in a Disconnection Fee.

"Turn On" is the act of turning water service on by physically turning a valve to allow water to be available to a Customer's premises. The charge for such service, following the disconnection pursuant to Section 8(A), shall result in a Reconnection Fee.

The word "Unit" shall be used herein to define the premises or property of a single water consumer, whether or not that consumer is the Customer. It shall pertain to any building whether multi-tenant or single occupancy, residential or commercial, or owned or leased. Each mobile home in a mobile home park and each rental Unit of a multi-tenant rental property shall be considered as separate units for each single family or firm occupying same as a residence or place of business.

The "Water Service Line" is a pipe with appurtenances installed, owned, maintained, repaired, and replaced by the Customer, at Customer's sole expense, used to conduct water to the Customer's Unit from the property line, Curb Stop or outdoor Meter Setting, including the connection to the



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Curb Stop or Meter Setting. If the property line is in a street, then the Water Service Line shall be deemed to begin at the edge of the street abutting the Customer's property.

2. GENERAL RULES & REGULATIONS

- A. The Company's Rules and Regulations governing public utility service are set forth in these numbered sheets. The rates applicable to appropriate water service or service in particular service areas are set forth in rate schedules and constitute a part of these Rules and Regulations. Following written notice to the customer, the Company may change a customer's applicable rate tier in the event there is change in service that disqualifies the customer from its current rate tier and makes the customer eligible for a different rate tier.
- B. The Company reserves the right, subject to approval of the Commission, to prescribe additional Rates, Rules, or Regulations or to alter existing Rates, Rules or Regulations as it may from time to time deem necessary and proper.
- C. After the effective date of these Rules and Regulations, all new facilities, construction contracts, and written agreements shall conform to these Rules and Regulations, and in accordance with the statutes of the State of Mississippi and the Rules and Regulations of the Commission. Pre-existing facilities that do not comply with applicable rules and regulations may remain, provided that their existence does not constitute a service problem or improper use, and reconstruction is not practical.

3. COMPANY EMPLOYEES AND CUSTOMER REGULATIONS

- A. Employees or agents of the Company are expressly forbidden to demand or accept in person any compensation for any services rendered to its Customers, except as provided in the Company's Service Rules and Regulations.
- B. No employees or agents of the Company shall have the right or authority to bind the Company by any promise, agreement, or representation except as permitted in the terms, conditions and rates of these Service Rules and Regulations.

4. APPLICATION FOR SERVICE

- A. Service rendered by Company shall be subject to the provisions of this Tariff and the lawfully applicable rate schedules on file with the Commission, and the supply and taking of such service shall, for the purposes of this Tariff, constitute an Application for Service if no written agreement for service or application for service has been executed. Applicants for water service may be required to make such application in writing via the Company's website www.centralstateswaterresources.com/great-river/ (or through other means acceptable to the Company in its sole discretion) on forms supplied by the Company and shall state fully and truthfully the uses to which the water is to be supplied. When such



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form is signed by the Customer and accepted in writing by Company, it becomes binding and is termed an agreement for service. Should such agreement be lost or destroyed, the form shall be presumed conclusively to be standard. If an application for service is not signed by Customer, the rendering of service by Company and the accepting of such service by Customer shall impose the same obligation on each as if it had been executed.

- B. If service is requested at a point not already served by a Main of adequate capacity or the service requires the addition of additional capacity including wells or storage capacity, a Main of adequate size shall be extended, or additional production capacity added, as may be necessary in accordance with the Company's Service Extension Policy. When, in order to provide the service requested a Main extension or other construction or equipment expense is required, the Company may require a written contract. Said contract may include, but not be limited to, the obligations upon the Company and the Applicant, and shall specify a reasonable period of time necessary to provide such service.
- C. A new application shall be made and approved by the Company, upon any changes in use or occupancy of property or in the service as described in the application, and the Company shall be at liberty, upon five-day written notice, to discontinue water supply until such application has been made and approved. When Customer changes addresses, Customer shall give reasonable notice to Company prior to the date of change. Customer is responsible for all service supplied to the vacated premises until such notice has been received and Company has had a reasonable time, but not less than three (3) days, to discontinue service.
- D. Deposit: The Company may require from any Customer or prospective Customer a cash deposit to guarantee the payment of any bills due or which may become due from such Customer and safe return of all property belonging to the Company installed at the Customer's premises or elsewhere. Such required deposit shall not exceed an amount equivalent to a single estimated average bill in the case of residential Customers and two (2) estimated maximum bills for any other Customers. Residential Customers may negotiate monthly installments for initial service deposits in excess of One Hundred Dollars (\$100.00) provided that the entire amount of the deposit is paid within sixty (60) days.
- E. Upon request, the Company shall refund the cash deposit collected from a residential Customer or waive any requirement of cash deposit from a residential Customer or waive any requirement of cash deposit from a residential Customer when such person meets the following specific criteria: (i) presents satisfactory proof that his or her age is sixty (60) years of more. A birth certificate or a current government-issued identification card shall be considered satisfactory proof of age; (ii) indicates that he or she is a primary user of the utility service and subscribed for such service in his or her own name; (iii) affirms responsibility for the payment of bills for the utility; and (iv) has demonstrated a reasonable payment pattern by having had no balance carried forward from one month's bill to the



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next during the prior twelve-month period. In the event that such deposit has been refunded or waived and the Customer's payment pattern changes from the foregoing to one of greater frequency of past due bills or bills with prior balances, Customers will be required to restore the deposit so refunded or waived plus any additional amount required to guaranteed payment up to the limits set forth in this section.

- F. **Interest on Deposits:** Cash deposits made by customers which are held by the Company for one (1) year or more, shall earn simple interest that is no less than the twelve-month average of the 10-year Treasury Note Yield as published by the Federal Reserve System, but not to exceed the general interest rate established by Mississippi Code Ann. §75-17-1(1). The applicable interest rate will be determined and posted on the Commission's website on or before December 15 of each calendar year and will be effective for the prospective year. All accrued interest held by the Company shall be paid in cash or credited to the Customer's account on or before July 1st of each successive third year during which service is connected. The principal sum of the cash deposit and any unpaid interest shall be applied to the Customer's final bill, and any excess amount shall be paid to the Customer in cash. Cash deposits held for less than one full year shall earn no interest.
- G. **Refusal to Serve:** Company may decline to provide service to a Customer for any of the following reasons: (i) failure to comply with any of the rules and regulations of the Company; (ii) lack of adequate facilities to render the service requested or the requested service is likely to unfavorably affect the service to other Customers; (iii) the Applicant is indebted to the Company for the same kind of service, provided, however, that in the event that the indebtedness is in dispute, the Applicant shall comply with the deposit requirement, and, in addition thereto, make a special deposit in the amount equal to the lesser amount of the net balance in dispute or \$500 (if a residential Customer) or 50% of the net balance (if a non-residential Customer). Upon settlement of the dispute account, the balance, if any, of such special deposit due the Applicant shall be promptly repaid including interest as provided by Commission Rule.
- H. In any case of a dispute concerning refusal of service, Customer may submit a complaint with the Commission pursuant to the Commission's Rules.
- I. The following shall not constitute sufficient cause for refusal of service to a present or prospective Customer: (i) delinquency in payment for service by a previous occupant (not of the same household as the present Applicant) of the premises to be served; (ii) failure to pay for merchandise purchased from the Company; or (iii) failure to pay for a different



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kind of public utility service, except pursuant to an agreement to disconnect water service for failure to pay sewer bills.⁵

- J. Residential Customers may request a written explanation of the Company's decision to refuse service. The explanation shall include the reason service is being declined and what actions the Customer must take in order to receive service. The Applicant shall provide the Company with a valid mailing or email address where the response can be mailed or delivered via email. The Company shall provide and make available to their Applicants at all offices and on the Company's website appropriate forms for use by the Customer to request an explanation of the Company's decision to decline service. The Company shall mail or deliver via email the written explanation within seven (7) calendar days after receipt of the written request by mailing U.S. Mail, postage prepaid, or via email, to the known address of the potential ratepayers.

5. IMPROPER OR EXCESS USE

- A. No Customer shall be wasteful of the water supplied to the Unit by the Customer's willful action or inaction. It shall be the responsibility and duty of each Customer to maintain all piping and fixtures at the Unit in a good and efficient state of repair at all times.
- B. No Customer shall make or cause to be made a cross connection between the potable water supply and any source of chemical or bacterial contamination or any other water supply. The Company shall deny or discontinue service where Customer's Water Service Line or inside piping may, in the opinion of the Company, cause a cross-connection with non-potable water or otherwise jeopardize the health and safety of other Customer's or the Company's facilities.
- C. The Customer shall not make or cause to be made a connection to a device that will result in excessive water demand or excessive shock, such as water-hammer, to the Company's Mains.
- D. The Customer shall not tamper with, remove, or willfully damage any utility property including a fire hydrant or water Meter or attempt to operate the shutoff valve on the Meter yoke, or allow any such action.
- E. The Customer shall not attempt to take unmetered water from the Company's Mains either by an unauthorized tap or direct connection to Service Connection nor by connection to a fire hydrant.

⁵ Any disconnection agreement entered into between the Company and another waste-water provider shall be pre-approved by the Commission pursuant to a filing made in compliance with RP 10 of the Commission's Public Utilities Rules of Practice and Procedure.



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- F. Customers will not be permitted to supply water in any way to premises other than the service address, nor to permit others to use their hose or attachments, nor leave them exposed to use by others without permission from the Company.

6. SERVICE CONNECTION

- A. The Company will provide water service at the outdoor Meter, at the Curb Stop if an indoor Meter Setting is utilized, or at the property line if neither an outdoor Meter nor a Curb Stop exists at or near the property line. Separate buildings that are not on one lot that cannot be subdivided shall be served through separate Water Service Lines.
- B. The Service Connection will be installed from the Main at a point determined by the Company when a proper application is made. The size of the service line and Meter will be determined by the Company and will be sufficient size to properly serve the Customer.
- C. The Service Connection from the water Main to the Customer's property line shall be owned and maintained by the Company. The Company will construct the Service Connection, outdoor Meter Setting and Curb Stop, as necessary, and make the connection to the Main, within three (3) business days of an application for service, or within the time period specified in the application for service.
- D. Water Service Line construction and maintenance from the property line, Curb Stop or Meter Setting, including the connection to the Curb Stop or Meter Setting, to the building shall be the responsibility of the Customer, and is subject to inspection by the Company. Customer shall be responsible for the cost of repairing any damage to the Company's Mains, Curb Stops, valve boxes, Meters, and Meter installations caused by the Customers, Customer's agent.
- E. Existing Water Service Lines and Service Connections may be used in connecting with new buildings only when they are found by examination and testing by a plumber, at the Customer's expense, not to constitute a hazard to the health and safety of any Customer or the Company's facilities.
- F. The Company reserves the right to discontinue serving any Customer, or not to commence serving any Customer whose plumbing does not conform to all regulations of any proper authority governing same.
- G. The Company shall in no event be responsible for maintaining the lines and fixtures on Customer's property or for damage done by water escaping therefrom.
- H. The Customer shall not use the service furnished in any manner that interferes with the rendering of proper service to other Customers of the Company.



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- I. The Company will notify Customers of any interruption of service whenever possible. Customer, however, shall be responsible for protecting against damage of any kind to any of their plumbing, equipment, facilities, machinery, boilers, etc., that might arise out of the sudden discontinuance of water service for any reason. Except as provided in Section 9 herein, the Company will not be liable for damage because of interruption or failure to give notice thereof.

7. METERS

- A. Company will furnish and install the necessary Meter, and Customer shall provide and maintain a location, free of expense and satisfactory to the Company, for its installation. Customer shall protect the Meter against damage by or tampering by unauthorized persons. The Meter box, even in an indoor setting, is exclusively the Company's property and trespassers will be dealt with in accordance with the law applicable thereto. No persons or person, except employees of the Company, will be allowed to install, remove, or repair Meters.
- B. The Company reserves the right to test Meters whenever it believes to be necessary, but without charge to the Customer.
- C. The Company shall have access to the Customer's premises at all reasonable times and free to all tolls or other charges for the purpose of reading or testing its Meters or other facilities and for all other purposes necessary to enable the Company to render proper service to the Customer and to its other Customers. Meter boxes will not be locked, and all Meters will be available for inspection by both Customers and the Company. When the Customer requests a Meter to be turned on, it will be assumed that the Customer knows the condition of his plumbing and the Company shall not be responsible for the injury to the Customer or to the Customer's employees or to the Customer's property, premises, equipment, or facilities caused by water escaping on or in the Customer's premises.
- D. Company shall make a test of the accuracy of any water service Meter upon request of the Customer. The Customer shall be notified of the time and place of such test so that Customer may be present to witness the testing. A written report giving the result of such test shall be made to the Customer requesting the test. The original record shall be kept on file at the office of the Company.

8. DISCONTINUANCE OF SERVICE

- A. Reasons: Service under any application, including public fire service and any other public or private use, may be discontinued for any of the following reasons:
1. Non-payment of a delinquent account not in dispute;



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2. Failure to post a security deposit or guarantee acceptable to the Company;
 3. Unauthorized interference, diversion or use of the utility service situated or delivered on or about the Customer's premises;
 4. Misrepresentation of identity in obtaining utility service;
 5. Enclosing or obstructing any Meter so as to make reading or repairs unreasonably difficult;
 6. Failure to comply with the terms and conditions of a settlement agreement;
 7. Refusal after reasonable notice to grant access at reasonable times to equipment installed upon the premises of the Customer for the purpose of inspection, Meter reading, maintenance or replacement;
 8. Violation of any of these Rules and Regulations on file with and approved by the Public Service Commission, or for any condition which adversely affects the safety of the Customer or other persons, or the integrity of the utility's delivery system; or
 9. Non-payment of a sewer bill issued by the Company or by a sewer utility requesting discontinuance of water service by a Commission-approved disconnection agreement between the Company and the requesting sewer utility.⁶ When water service is discontinued for non-payment of a sewer bill and if the sewer bill is not issued by the Company, any service charges for turn on/off or disconnection/reconnection within these Rules and Regulations shall not apply and notice to the Customer shall be provided by rules and procedure applicable to the Customer's sewer service in lieu of any notification required by these Rules and Regulations.
- B. None of the following shall constitute sufficient cause for the Company to discontinue service:
1. Life Threatening Situation: Company shall not discontinue service to any residential Customer for a period of sixty (60) days for nonpayment when the utility receives written notice from a medical doctor licensed to practice in the State of Mississippi, or any adjoining state, certifying that Discontinuance of Service would create a life-threatening situation for the Customer or other permanent resident of the Customer's household. Company shall provide and make available to their Customers at all offices and on the Company's website appropriate forms for use by the Customer in certifying

⁶ Any disconnection agreement entered into between the Company and another waste-water provider shall be pre-approved by the Commission pursuant to a filing made in compliance with RP 10 of the Commission's Public Utilities Rules of Practice and Procedure.



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the life-threatening situation. The utility shall issue a receipt to the Customer acknowledging receipt of the written notice pursuant to this rule;

2. Except as provided in Section 8(A)(ix), the failure of the Customer to pay for merchandise, appliances, or service not subject to Commission jurisdiction as an integral part of the utility service provided by the Company;
3. The failure to pay a bill correcting a previous underbilling, whenever the Customer claims an inability to pay the corrected amount, unless a utility has offered the Customer a payment arrangement equal to the period of underbilling;
4. Delinquency in payment for service by a previous occupant (not of the same household as the present applicant) of the premises to be served; or
5. Violation of the Company's rules pertaining to operation of nonstandard equipment which interferes with service to others, or other services such as communication services, unless the Customer has first been notified and been afforded reasonable opportunity to comply with said rules; provided, however, that where a dangerous condition exists on a customer's premises, service may be refused or discontinued without notice.

C. Procedure

1. Company shall not discontinue service to any Customer for violation of its rules and regulations nor for nonpayment of bills without first having used due diligence to give the Customer notice of such violation or delinquency and reasonable opportunity to comply with its rules and regulations or to pay his bills. In no case shall service be actually discontinued until after at least (5) five days written notice shall have been given to the Customer by the utility; provided, however, for fraudulent, careless, negligent, or unlawful use of the commodity or service, or where a dangerous condition is found to exist on the Customer's premises, service may be discontinued without advance notice. This notice shall include a date on or after discontinuance may occur. Such notice may be given by the utility by mailing by U.S. Mail, postage prepaid, to the known address of the Customer. Notice of delinquencies shall be considered to be given to the Customer when a copy of such notice is left with such Customer, left at the premises where service is provided, or posted in the U.S. Mail, addressed to the Customer at his last known address. A Customer shall have the privilege of paying any delinquent account at any time prior to the actual disconnection or turning off of service.
2. A discontinuance notice provided to a Customer shall include: a) the name and address of the Customer, the service address if different than the Customer's address; b) a statement of the reason for the proposed Discontinuance of Service and the cost for



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reconnection; c) how the Customer may avoid the discontinuance; d) the possibility of a payment agreement if the claim is for a charge not in dispute and the Customer is unable to pay the charge in full at one time; and e) a telephone number the Customer may call from the service location without incurring toll charges and the address and any available electronic contact information of the utility prominently displayed where the Customer may make an inquiry.

3. Company shall not discontinue service for non-payment of bills to a residential Customer on any Saturday or Sunday or any holiday observed by the Company unless Company is open to accept payment (including, but not limited to, a money order) and restore service on those days.
4. Company shall reconnect service in a prompt and efficient manner on the first business day after the balance due has been received by the utility, except under extreme circumstances where ongoing restoration efforts prevent reconnection from occurring within that time period.

D. Change in Location of Service or Premises Served

1. When at a Customer's request, the utility changes the location or premises at which service is rendered, the service at the new and old locations or premises and the account therefore shall, for the purposes of these rules, be deemed one service and one account and the change of the location or premises to which service is rendered shall not be deemed to affect the rights of the utility with regard to the application of deposit or Discontinuance of Service for non-payment of the account.

E. Other

1. Discontinuance of Service to a Unit for any reason shall not prevent the Company from pursuing any or all lawful remedies by action at law or otherwise for the collection of monies due from the Customer, which remedies shall be cumulative.
2. In case the Company discontinues its service for any violation of these Rules and Regulations, then any monies due the Company shall become immediately due and payable.
3. The Company has the right to refuse or to discontinue service to any Unit to protect itself against fraud or abuse.
4. The Company shall deal with Customers, handle Customer accounts, and manage Discontinuance of Service procedures in accordance with the Commission's Rules and Regulations.



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5. Applicable Reconnection and Disconnection Service charges are specified in the Schedule of Service Charges.
 6. Where service has been discontinued for violation of any rule contained herein, the Company shall not be required to restore service until all unpaid accounts due from the Customer to the Company have been paid in full plus a re-connection charge as shown in the Company's current tariffs.
 7. When a service is discontinued for any other cause, it will not be restored until the cause of the suspension has been removed or remedied.
 8. The Company shall not be liable for damage occasioned by suspension of service when such suspension is affected in accordance with these provisions.
9. INTERRUPTION OF SERVICE
- A. All water furnished by the Company for human consumption or for domestic uses shall be pure, wholesome, potable, not dangerous to health and insofar as practicable, free from objectionable odor and taste. All water furnished by the Company for human consumption or household purposes shall comply with all requirements of the Mississippi State Board of Health.
 - B. The Company shall have the right to suspend service temporarily to make necessary repairs or improvements to its system and shall notify the customers affected as soon as circumstances permit and shall prosecute the work with due diligence and with the least possible inconvenience to its customers. It is expressly stipulated by the Company that no claims shall be made against it and that no person shall be entitled to any damages nor to have any portion of payment refunded by reason of such shut off or the breaking of any pipe or service pipe or by reason of any other interruption of the supply of water caused by the breaking of machinery or for causes beyond its control. Company shall supply Customer a steady and reliable supply of water but does not warrant or guarantee the service against irregularities or interruptions. Company shall not be liable to Customer, whether under contract or otherwise, for any damages or loss, direct or consequential, by reason of the failure of the Company to supply, or the Customer to receive water, or for any interruption or abnormalities in the supply of water to Customer where such failure, interruption, reduction, abnormalities, or other irregularity, directly or indirectly, (i) is due to the negligence of Company, or its employees or contractors, and does not constitute gross negligence of or a willful default by Company or (ii) is the result, in whole or in part, of injunction, fire, strike, lockouts and other industrial or labor disturbances, riot, explosion, storm, hurricane, wind, lightning, flood, accident, breakdown, material shortage, delay in delivery, power interruption, governmental or regulatory action or inaction (including but not limited to action sought or supported by Company), acts of God, acts of any public enemy, civil disturbance, epidemics and pandemics, sabotage, delay or



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failure of performance by a third party, war, national emergency, voluntary cooperation by the Company in any method of operation with, or in any program recommended or requested by civil or military authorities, or as a result of other acts or conditions, whether of the same or different type, which are beyond the reasonable control of the Company.

- C. The Company shall exercise reasonable diligence to furnish a continuous and adequate supply of water to its customers and to avoid any shortage or interruption of delivery thereof. It cannot, however, guarantee complete freedom from interruption. The Company shall have the right to reserve a sufficient supply of water at all times in its reservoirs to provide for fires or other emergencies. If compliance with orders or formal requests of any governmental agency, curtailing or diverting Company's available water resources, makes it impossible for Company to supply the full water requirements of or part of its Customers, Company shall not be liable for any injury or loss caused by the resultant curtailment, in whole or in part, of its supply or water to any Customer. During times of threatened or actual water shortage, the Company shall apportion its available water supply among its customers as directed by the city or Commission. In the absence of direction from the city or Commission, it shall apportion the supply in the manner that appears most equitable under the circumstances then prevailing with due regard to public health and safety.
- D. The Company does not guarantee any specific pressure for its service, the pressure will be that which will naturally result from the pressure maintained at the source of supply, the size of the Mains, the Customer's piping, and the elevation of the Customer's property. The Company shall make every effort to maintain a pressure on its distribution systems which shall not at any time fall below the minimum of 35 PSI or rise above the maximum pressure of 125 PSI at the Customer's service connection. However, on rural lines where fire protection is not furnished, the minimum pressure may be as low as 25 PSI.
- E. Water will be temporarily turned off at any premises upon the written request of the Customer; water service being turned off at the request of the Customer will not in any way affect the existing application.
- F. No persons, or person, other than those authorized by the Company, shall turn the water on or off at any corporation stop or Curb Stop, or move the Meter. In event the Company is unable to secure and / or maintain adequate right of way (including franchise, licenses and certificates) upon terms satisfactory to Company, Company's obligation to render service shall cease. Without reimbursement Customer shall furnish right of way on premises owned or controlled by Customer for Company's facilities necessary or incidental to service the Customer and shall maintain the Company in the use and occupancy thereof.
- G. As reflected in Section 8(A)(ix), the Company may disconnect water service for non-payment of a sewer bill if a Commission-approved disconnection agreement exists between the water and wastewater Company.



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10. BILLINGS AND PAYMENTS

- A. Upon the authority of the Mississippi Public Service Commission, the Company shall read Meters and render regular bills on a monthly, bi-monthly, or quarterly basis. Bills shall show the Meter reading and date at the end of the period covered by the bill, the quantity consumed, the gross and / or net amount of the bill, the dates of the bill or of delinquency, and if practicable, the designation of the applicable rate schedule and other essential facts upon which the bill is based. Company is authorized to calculate and render customer bills pursuant to the monthly flat rates in the Company's Commission-approved rate schedules in the event a meter has not yet been installed or the existing meter is damaged unreadable, or inaccessible.
- B. The charges for water service shall be at the rates specified in the Schedule of Rates in these Rules and Regulations. Other applicable service charges are set forth in the Schedule of Service Charges in these Rules and Regulations.
- C. Each Customer is responsible for furnishing the Company a correct mailing and/or email address for billing purposes. Failure to receive bills will not be considered an excuse for non-payment nor reason to permit an extension of the date when the account would be considered delinquent. Bills and notices relating to the Company or its business will be mailed or delivered to the mailing address entered in the Customer's application unless the Company is notified in writing by the Customer of a change of address. To the extent that the Company did not require an application for service, then all bills and notices shall be mailed or delivered to the service address.
- D. Neither the Company nor the Customer will be bound by bills rendered under mistake of fact as to the quantity of service rendered or as a result of clerical error. Customers will be held responsible for charges based on service provided.
- E. **Payment by check or money order may be remitted to Great River Utility Operating Company, P.O. Box 676422, Dallas, Texas 75627-6422.** Additional payment options may be available on the Company's website at www.centralstateswaterresources.com/great-river/.
- F. Disputed Bills
1. Residential Customers: In the event of a dispute between the Customer and the Company respecting any bill, the Company shall forthwith make such investigation as shall be required by the particular case and report the results thereof to the Customer. When the amount to be paid is in question, the Customer may make a deposit with the utility in an amount equal to the lesser of the amount of the disputed bill or five-hundred dollars (\$500.00), whereupon service shall not be discontinued pending settlement of



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the dispute. Upon settlement of the dispute by any means permitted or provided by law, the balance, if any, due the Customer shall be promptly repaid.

2. **Non-Residential Customers:** In the event of a dispute between the Customer and the Company respecting any bill, the Company shall forthwith make such investigation as shall be required by the particular case and report the results thereof to the Customer. When the amount to be paid is in question, the Customer may make a deposit with the Company covering no less than fifty percent (50%) of the amount of the disputed bill, whereupon service shall not be discontinued pending settlement of the dispute. Upon settlement of the dispute by any means permitted or provided by law, the balance, if any, due the Customer shall be promptly repaid.
- G. **Meter Errors, Corrected and Pro-Rated Bills:** Whenever a Meter in service is found, upon tests made by the Company or Commission in response to Customer complaints, to be in error in excess of three per cent (3%) or two per cent (2%) fast in case of Meter found to have been in service without a record test for a period of longer than that prescribed by the Commission for each kind of Meter as determined by the method herein prescribed by the Commission for finding the average error for each kind of Meter, a correction to the Customer shall be made as follows: a) If the date the Meter first became incorrect can be definitely ascertained, the correction shall be for the amount charged since that date over or below what the billing would have been had the Meter registered with one hundred (100) per cent accuracy. b) In all other cases, the correction shall be calculated as follows: The Customer's metered consumption for a period of three (3) months, next preceding the date of the test or the date the Meter was removed for the purpose of test, shall be reduced or increased by the application of the percentage of error related to one hundred (100) per cent accuracy as determined by the test. The rates effective during said period shall be applied to this adjusted consumption and the difference between the amount so obtained and the actual billing shall be refunded or charged to the Customer; provided, however, that no refund shall be allowed in any case if the seal on the Customer's Meter or Metering equipment is found to be broken or if there is any other evidence that the Meter or Metering equipment has been tampered with.
- H. **Separate Metering and Billing:** Separate Customer premises shall be metered and billed separately even if under common ownership, and combined Metering or billing shall not be permitted. Such premises shall be considered separate when not on the same tract or contiguous tracts of land or served from separate services, or when each is a complete Unit not physically integrated with, or essentially a part of the other or others. Tracts of land separated by public streets, roads or alleys shall be considered non-contiguous tracts. This rule does not require that existing office or apartment buildings separate the services to each office or apartment in the individual buildings.
- I. If a Customer's bill has not been paid after twenty-one (21) days from the billing date, on or after the twenty-second (22nd) day the Company will send a written notice of its intent



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to disconnect service in five (5) or more days unless payment is received. Water service will then be disconnected on or after the twenty-eighth (28th) day. A Late Payment Charge may be added to the Customer's bill. To restore service a Customer may be required to pay a reconnection fee, any amount still owed for a previous billing, and a Late Payment Charge. If a Customer fails to pay the Late Payment Charge, even if the Customer has paid the previous billing, the Company will send a written notice that service will be disconnected in ninety (90) days for non-payment.

11. LATE PAYMENT CHARGE

- A. All Customer payments received twenty-two (22) days after the date of billing may be assessed an \$8.00 late payment charge. The Company shall not levy a Late Payment Charge on any portion of a bill which represents a previous Late Payment Charge. For purposes of this section, a payment received by a utility shall be credited first to any outstanding Late Payment Charge, if any.
- B. If the last day of any period calculated hereunder is a Saturday, Sunday, or Legal Holiday, then the period in question shall extend to the next full business day.

12. FIRE HYDRANT SERVICE:

- A. In addition to furnishing domestic and commercial service, each utility furnishing fire hydrant service must be able, within a reasonable period of time after notice, to supply fire hydrant service to local fire fighting equipment and facilities. No utility shall, however, be required to install larger mains or fire hydrants or otherwise supply fire service unless proper contractual arrangements shall have been made with the utility by the municipality, agency or individual desiring such service.
- B. No person shall operate fire hydrants except Company employees, members of the Fire Department and governmental employees authorized to flush sewer and storm drains. No person shall take water from any fire hydrant for street sprinkling. Upon proper notice from the appropriate firefighting agency, the Company will install necessary fire hydrants.



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SERVICE EXTENSION POLICY

1. This rule shall govern the extension of Mains or the installation of additional water production capacity and/or storage by the Company within its certified area where the existing production, storage, or transmission infrastructure is inadequate for the service requested by the Applicant(s).
2. Upon receipt of a written application for a service extension, the Company will provide the Applicant(s) an itemized estimate of the cost of the proposed extension. Said estimate shall include the cost of all labor and materials required, including wells, storage, valves, fire hydrants, booster stations, storage facilities, reconstruction of existing Mains (if necessary), and the direct costs associated with supervision, engineering, permits, and bookkeeping. The estimate will not include unanticipated costs such as rock excavation.
3. Applicant(s) shall enter a contract with the Company for the installation of said extension and shall tender to the Company the amount determined in paragraph 2 above. The costs quantified in paragraph 2 are independent of any Service Connection fees. The contract may allow the Customer to contract with an independent contractor for the installation and supply of material, except that any new production facilities, Mains of twelve inches (12") of greater diameter, and the reconstruction of existing facilities must be installed by the Company.
4. The cost to an Applicant(s) connecting to an extension contributed by other Applicant(s), shall be as follows:
 - A. For single-family residential Applicant(s) applying for service in a platted Subdivision, the Company shall divide the actual cost of the extension paid by other Applicant(s) by the number of lots abutting said extension to determine the per-lot extension cost. When counting lots, corner lots which abut existing Mains shall be excluded.
 - B. For single-family residential Applicant(s) applying for service in areas that are unplatted in Subdivision lots, an Applicant(s) cost shall be equal to the total cost of the extension divided by the total length of the Main extension in feet times one hundred (100 feet).
 - C. For industrial, commercial, or multifamily residential Applicants, the cost will be equal to the amount calculated for a single-family residence in paragraphs 4(a) and 4(b) above, multiplied by the flow factors of the Applicants' Meter. The flow factors of the various size of the Meters are as follows:



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<u>Meter Size</u>	<u>Flow Factor</u>
5/8"	1
1"	2.5
1 1/2"	5
2"	8
3"	15
4"	25

5. Refunds of funds paid by Applicant(s) for any estimated costs or actual costs of an extension shall be made to such Applicant(s) as follows:
 - A. Should the actual cost of the extension be less than the estimated cost as determined in paragraph 2, above, the Company shall refund the difference to the Applicant(s) as soon as the actual cost has been ascertained.
 - B. During the first ten (10) years after the extension is completed, the Company will refund to the Applicant(s) who paid for the extension the money collected from Applicant(s) based upon the allocations for each Customer in accordance with paragraph 4, above. The refund shall be paid within a reasonable time after the money is collected. The requirement to make a refund shall attach to the property. Thus, if the original Applicant(s) has moved, then the refund shall be made to the new property owner.
 - C. The sum of all refunds to any Applicant shall not exceed the total amount which the Applicant(s) has paid net of the allocated cost to such Applicant pursuant to paragraph 4.
6. Extensions made under this rule shall be and remain the property of the Company.
7. The Company reserves the right to further extend the Main and to connect Mains on intersecting streets and easements. Connecting new Customers to such further extensions shall not entitle the Applicant(s) paying for the original extension to a refund for the connection of such Customers.
8. Extensions made under this rule shall be of Company-approved pipe sized to meet water service requirements. If the Company chooses to size the extension larger in order to meet the Company's overall system requirements, the additional cost caused by the larger size of pipe shall be borne by the Company.
9. No interest will be paid by the Company on payments for an extension made by the Applicant(s).
10. If extensions are required on private roads, streets, through private property, or on private property adjacent to public right-of-way, a proper deed of easement must be furnished to the Company without cost to the Company before the extension will be made.



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I. GENERAL

Formula Rate Plan Rider FRP (“Rider FRP”) is authorized under Section 77-3-2(3) of the Mississippi Code of 1972, as amended, as a formula type rate of return evaluation rate. Rider FRP defines the procedure by which the rates contained in the Great River Utility Operating Company, LLC (“Great River” or “Company”) rate schedules may be periodically adjusted. Rider FRP shall apply, in accordance with the provisions of Section II below, to all water and wastewater service billed under the Company's Rate Schedules, whether metered or unmetered, subject to the jurisdiction of the Mississippi Public Service Commission (“MPSC” or “Commission”). The computation of time prescribed in this Rider FRP shall be in accordance with the Commission’s Rules, as such rules may be amended from time to time.

II. APPLICATION AND ANNUAL REDETERMINATION PROCEDURE

A. RATE ADJUSTMENTS

The Rate Adjustments shall be determined in accordance with the provisions of Sections II.B and II.C below.

B. ANNUAL FILING AND REVIEW

i. FILING DATE AND FILING REQUIREMENTS

On or before February 28th of each year, Great River shall file a report with the Commission containing a calculation of the Company's revenue requirement and Actual Return on Rate Base based for the twelve months ending December 31 of the previous year (the “Test Year”) prepared in accordance with the provisions of Section II.C below. This annual filing shall be referred to as the “FRP Annual Report”. Any revised rate schedules shall be filed with the FRP Annual Report incorporating any revenue adjustment determined in accordance with the provisions of Section II.C below. Consistent with Commission Rules, separate FRP Annual Reports shall be filed for each service provided, one for water and one for wastewater. Each FRP Annual Report will be separately docketed each year. For purposes of rate adjustments under this Rider FRP, the information listed in Attachment 4 shall be deemed to meet the filing requirements required by Commission Rule.

ii. INTERIM RATES AND PERMANENT RATES

If the FRP Annual Report indicates a revenue and rate adjustment is needed, Great River shall implement the following:

- a. **Interim Rate:** This rate shall be implemented beginning with the first billing cycle of April and shall be designed to collect the entire revenue requirement, including any revenue adjustments indicated by the FRP Annual Report, over the remaining nine (9) months of the calendar year (April through December). The Interim Rate



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shall become effective upon Great River providing a bond or other surety traditionally used by Mississippi public utilities to secure such obligations. The Interim Rate is subject to a two percent (2%) cap of the Test Year aggregate retail revenues and will remain in effect through the date of implementation of the rates approved by a Commission order, or by operation of the terms of this Rider FRP.

- b. Permanent Rate:** Upon approval of the FRP Annual Report by Commission order or by operation of the terms of this Rider FRP, Permanent Rates calculated consistent with the methodology below shall become immediately effective:
1. The Permanent Rate shall be designed to collect the authorized annual revenue requirement over a twelve-month (12) period. Permanent Rates shall remain effective until superseded by subsequent rates implemented pursuant to the procedures of this Rider FRP or otherwise by Commission order.
 2. A surcharge or refund will be designed and implemented with the Permanent Rate and will cease with the last billing cycle of the calendar year. This rate is designed to collect or return any necessary adjustment to ensure the full annual revenue requirement is collected for the current calendar year.
- c.** The Interim Rate, Permanent Rate and surcharge or refund shall be designed to collect the Commission approved calendar year's revenue requirement within the same calendar year.

iii. REVIEW PERIOD

The Mississippi Public Utilities Staff ("Staff"), its outside advisors, if any, and all interveners of record (each a "Party" and collectively the "Reviewing Parties") shall have a total of eighty (80) calendar days from the date of filing to review the FRP Annual Report and document and report any errors, issues or disputes. The Reviewing Parties may request clarification and additional supporting data in accordance with the Commission's Rules governing data requests. The response to any request for clarification or additional supporting data shall be provided within twenty (20) calendar days of the request. If the Reviewing Parties should detect any error(s) in the application of the provisions of Rider FRP or should otherwise disagree with any of the computations, revenues, or costs included in such computations, such error(s) and/or disagreements shall be formally communicated in writing to the Commission and Great River within eighty (80) calendar days of filing. Each such indicated error or disagreement shall include documentation of the proposed correction. The Company shall then have ten (10) calendar days to review any proposed corrections and/or adjustments, to work with the Reviewing Parties to resolve any differences and to file a revised rate schedules reflecting all corrections and adjustments upon which the Reviewing Parties agree. The Company shall provide the Reviewing Parties with all



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work papers supporting any revisions made to the FRP Annual Report initially filed for the Test Year.

To the extent that there are no issues raised during the annual review period of the FRP or any issues raised are amicably resolved, i.e., there are no unresolved issues to be addressed pursuant to Section II.B.iv, the Company and Reviewing Parties shall submit a summary of the proceedings to the Commission for consideration as timely as practicable, including the terms under which any issues have been resolved and the resulting effect on revenue requirement and rates.

iv. RESOLUTION OF DISPUTED ISSUES

In the event there is an unresolved dispute between Great River and one or more of the Reviewing Parties, before the conclusion of the ninety (90) day review period, the parties shall jointly submit to the Commission a statement of the issues to be resolved. Any Party may separately submit memoranda supporting their respective positions. The Commission shall render a ruling on such disputed issues on or before the first billing cycle of July of the filing year. Notwithstanding the provisions above, in the event the Test Year revenue requirement remains unauthorized or unapproved, Great River may implement, subject to refund by subsequent order of the Commission, a Rate Under Bond comprised of the Permanent Rates and surcharge/refund described above beginning with the first billing cycle of July upon Great River providing bond or other surety traditionally used by Mississippi public utilities to secure such obligations. The Permanent Rate portion of the Rate Under Bond to be placed into effect shall be calculated based in accordance with Section II.B.ii.b.1 above.

If a dispute or error is resolved such that there are changes in the revenue requirement and initially implemented schedule of rates pursuant to the above provisions, a revised revenue requirement and revised schedule of rates containing such further modified revenue requirement shall be submitted to the Commission within five (5) days of the Commission's order resolving the dispute. In addition to reflecting the Commission's ruling on the disputed issue, the final revenue requirement and revised schedules of rates shall also reflect the adjustments necessary to recover or credit the estimated revenue increase or decrease, respectively, that would have resulted had the final revenue requirement been implemented initially. Such revised rates reflecting the modified revenue requirement shall then become effective at the end of five (5) days, unless approved earlier by order of the Commission, and shall remain in effect until superseded by new rates established under this Rider FRP.

C. ANNUAL REDETERMINATION OF RATE ADJUSTMENTS

i. DEFINITION OF TERMS

a. TEST YEAR



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The Test Year shall be the twelve-month period ending December 31 immediately preceding the year in which the FRP Annual Report is filed. Attachment 1 to Rider FRP is a list of authorized ratemaking adjustments allowable to the per books amounts during the Test Year.

b. SYSTEM ACQUISITION REGULATORY ASSET

A regulatory asset referred to herein as the System Acquisition Regulatory Asset (“SARA”) will be accrued to reflect any operating losses incurred and booked during the Test Year associated with any newly acquired utility system not yet being charged a rate under Great River’s approved Tariff. The SARA will accrue for such systems from the date of acquisition until the rates are next adjusted within the FRP, at which point the system will be subject to consolidated rates, adjusted for any RMRA (discussed below) and will no longer incur the SARA operating losses. The SARA operating loss for an acquired system will be calculated using the following formula for each acquired service area:

Revenue - General & Administrative Expense - Operations & Maintenance = SARA Operating Loss.

For each system to which this provision is applicable during the Test Year, Great River must submit the operating loss calculations for the SARA consistent with Attachment 2 of the FRP. The SARA will be submitted and reviewed annually as part of the FRP Annual Filing review and is subject to adjustment as part of those proceedings. The approved SARA will be amortized for ratemaking purposes over a seven (7) year period with: (1) the unamortized portion included in Rate Base; and (2) the amortized amount included as Amortization of Regulatory Asset.

c. RATE MITIGATION REGULATORY ASSET

For the first year a newly acquired utility system is charged rates under Great River’s approved Tariff (i.e. not rates from previous system owner), a regulatory asset (referred to herein as the Rate Mitigation Regulatory Asset (“RMRA”)) will be accrued for the purpose of deferring a percentage of annual general and administrative expense and operation and maintenance expense during the Test Year, for any utility system subject to the rates calculated pursuant to this FRP for the first time. For newly acquired water systems the deferral percentage shall be fifteen percent (16.5%); for newly acquired sewer systems the deferral percentage shall be thirty-one percent (32%). The RMRA deferral shall be limited to one (1) year per utility system. For each system to which this provision is applicable during the Test Year, Great River shall submit the deferral calculations for the RMRA consistent with Attachment 2 of the FRP. The RMRA will be submitted and reviewed annually as part of the FRP Annual Filing review and is subject to adjustment as part of those proceedings. The approved RMRA will be amortized



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for ratemaking purposes over a seven (7) year period with: (1) the unamortized portion included in the Rate Base; and (2) the amortized amount included as Amortization of Regulatory Asset.

d. ACTUAL RETURN ON RATE BASE

The Actual Return on Rate Base (“AROR”) to be included in the FRP Annual Report shall be determined using the schedule included in Attachment 3 and shall reflect the actual results for the Test Year, as recorded on the Company’s books in accordance with NARUC Uniform System of Accounts and as adjusted per the terms of Attachment 1.

e. BENCHMARK RETURN ON RATE BASE

The Benchmark Return on Rate Base (“BROR”) for filing years 2024, 2025 and 2026 shall equal to 8.95%. The Commission shall initiate a review of provisions of Rider FRP following the conclusion of the FRP Annual Filing for 2026 to re-evaluate the methodology for determining the BROR to apply prospectively beginning with filing year 2027.

f. RANGE OF NO CHANGE

The Range of No Change shall be the range of values with a lower limit (“Lower Point”) equal to .50% below the BROR and an upper limit (“Upper Point”) equal to .50% above the BROR.

g. ADJUSTMENT POINT

The Return on Rate Base Adjustment Point (“Adjustment Point”) shall be equal to the midpoint of the Range of No Change.

ii. REVENUE ADJUSTMENTS

A determination shall be made pursuant to this section as to whether Great River’s revenues should be increased, decreased or remain the same. If it is determined that revenues should be increased or decreased, revised rate schedules shall be adjusted and filed with the FRP Annual Filing. The determination of any change to current revenue shall be made in accordance with the following rules:

a. NO RIDER FRP CHANGE

There shall be no change in Great River’s revenue requirement and rates for FRP if the AROR is within the Range of No Change (i.e., greater than or equal to the Lower Point and less than or equal to the Upper Point).



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b. RIDER FRP INCREASE - ROE

If the AROR is less than the Lower Point, Great River's revenue requirement for FRP shall be increased by 100% of the amount necessary to bring the AROR to the Adjustment Point.

c. RIDER FRP DECREASE - ROE

If the AROR exceeds the Upper Point, Great River's revenue requirement for FRP shall be reduced by one hundred percent (100%) of the amount necessary to bring the AROR to the Midpoint.

iii. RIDER FRP REVENUE ALLOCATION

The Rider FRP Revenue, as determined under the provisions of Section II.C.ii above, shall be allocated to each applicable rate schedule based on each rate schedule's relative percent of total revenues. This percentage shall be developed by dividing the Rider FRP Revenue increase/decrease by the total applicable base revenue.

III. PROVISIONS FOR OTHER RATE CHANGES

A. EXTRAORDINARY COST OR REVENUE CHANGES

If Great River experiences a single extraordinary increase or decrease or multiple extraordinary increases or decreases in expenses or revenue, or a single extraordinary increase or decrease or multiple extraordinary increases or decreases in base revenues, net of any related offsetting increases or reductions in expenses, in a test year having a net annual revenue requirement impact exceeding ten percent (10%) on a Mississippi retail jurisdictional basis, Great River may file for rate or other relief outside the provisions of this Rider FRP, but in accordance with the law of the State of Mississippi governing such filings, and the request will be handled by the Commission in accordance with its regulations and applicable law governing such filings. In no event, shall any such ratemaking provide for multiple recoveries of the same expenses or revenues, whether in the same or subsequent years.

B. SPECIAL RATE FILINGS

The FRP shall not preclude Great River from proposing revisions to existing rate schedules or new rate schedules, such as experimental, developmental, and alternative rate schedules, to address competitive and other business needs. Great River shall file any such proposed rate schedules or changes with the Commission and the Commission shall evaluate Great River's proposals in accordance with the rules and procedures then in effect.



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C. FORCE MAJEURE

If any cause beyond the reasonable control of the Company, such as natural disaster, damage or loss of major capital equipment, orders or acts of civil or military authority, terrorist attacks, government mandates, the happening of any event or events which cause increased costs to the Company, or other causes, whether similar or not, results in a deficiency in revenues which is not readily capable of being redressed in a timely manner under Rider FRP, Great River may file for rate or other relief outside the provisions of this Rider FRP, but in strict accord with the law of the State of Mississippi governing such filing and said request will be handled by the Commission in accordance with its regulations and applicable law governing such filings.

IV. EFFECTIVE DATE AND TERM

Rider FRP shall continue in effect until modified or terminated by the Commission in accordance with the law of the State of Mississippi. If this Rider FRP is terminated by a future order of the Commission, the then-existing Total FRP Revenue shall continue to be in effect until new base rates reflecting the then-existing Total FRP revenue are duly approved and implemented. Further, any unamortized portion of the SARA or RMRA deferrals shall be included in future rates until fully amortized. Nothing contained in the Rider FRP shall limit the right of any party to file an appeal as provided by law.



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ATTACHMENT 1

ADJUSTMENTS TO TEST YEAR BOOK AMOUNTS

The Company's ratemaking adjustments to the per books amounts shall be limited to the following:

1. Long term debt interest expense shall be annualized by summing the per books long-term debt interest in December of the Test Year and multiplying the result times twelve (12).
2. Rate base shall be as of December 31 per the books of the Company.
3. Depreciation expenses shall be annualized by multiplying the per books depreciation expense incurred in December of the Test Year times twelve (12).
4. Property tax expense shall be annualized by multiplying the current effective millage rate times the December 31 plant in service.
5. Interest income shall be annualized by multiplying the per books interest income incurred in December of the Test Year times twelve (12).
6. All fines and penalties shall be excluded from expenses.
7. All charitable contributions shall be excluded from expenses.
8. All political contributions and lobbying activities shall be excluded from expenses.
9. The SARA authorized by Rider FRP shall not be included in any of these prescribed adjustments to ensure there is no double recovery of those expenses. An amortized portion of the SARA shall, however, be included as an expense in the Test Year and the unamortized portion included in rate base.
10. The RMRA authorized by Rider FRP shall not be included in any of these prescribed adjustments to ensure there is no double recovery of those expenses. An amortized portion of the RMRA shall, however, be included as an expense in the Test Year and the unamortized portion included in rate base.
11. The Company or the Staff may propose that unusual or nonrecurring revenues or expenses incurred during the Test Year either may be excluded from expenses altogether or deferred and amortized over a reasonable number of years. The party making such a proposal shall have the burden to demonstrate that it is just and reasonable.
12. The tax consequences of any adjustment shall be calculated in arriving at Net Income.
13. Except as otherwise provided in the Rider FRP, the Company shall not include post-Test Year adjustments.



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ATTACHMENT 2

SYSTEM ACQUISITION REGULATORY ASSET

For as long as a SARA remains on Great River's books, each Annual FRP Report shall contain the following information and documentation:

1. All calculations in their native format detailing the operating costs of each system included in the regulatory asset.
2. All calculations in their native format detailing the revenues included from those customers of each system included in the regulatory asset.
3. All calculations in their native format detailing the losses included from those customers of each system included in the regulatory asset along with a narrative detailing each type of expense.
4. A narrative detailing the difference in operating expenses from the most recent annual report or audited financial report, if available, for each system included in the regulatory asset.
5. Any amortization expense associated with any and all SARA on Great River's books.

Without exception, any losses included in the regulatory asset should not be double counted as an expense in any current or future test year of the FRP.

RATE MITIGATION REGULATORY ASSET

For as long as a RMRA remains on Great River's books, each Annual FRP Report shall contain the following information and documentation:

1. All calculations in their native format detailing the operating costs of each system included in the regulatory asset.
2. Any amortization expense associated with any and all RMRA on Great River's books.

Without exception, any costs deferred in the regulatory asset should not be double counted as an expense in any current or future test year of the FRP.



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ATTACHMENT 3

CALCULATION OF ACTUAL RETURN ON RATE BASE

Line #	Description (B)	Test Year Actual (C)	Adjustments (D)	Test Year Total (E)	Note (F)
1					
2	Operating Revenue				
3					
4	Operating Expenses				
5	General & Administrative Expense				
6	Operations & Maintenance Expense				
7	Depreciation				
8	Capitalization of Regulatory Asset				
9	Amortization, Miscellaneous				
10	Amortization of Regulatory Asset				
11	Total Operating Expenses				Sum of Lines 5-10
12					
13	Gross Operating Income				Line 2 less Line 11
14					
15	Interest Expense				
16					
17	Funds Available for Income Tax and Equity				Line 13 less Line 15
18					
19	Less Income Taxes				Statutory tax rate times Line 17
20					
21	Net Income				Line 17 less Line 19
22					
23	Rate Base				
24					
25	Actual Return on Rate Base				Line 21 divided by Line 23
26					



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ATTACHMENT 4

FILING REQUIREMENTS

Each FRP Annual Report shall contain the following documentation, data and information:

1. Input Schedule of Financial Assumptions;
2. Balance Sheet for the Test Year;
3. Income Statement for the Test Year;
4. Rate Comparison Sheet of Existing and Adjusted Rates;
5. Rate Base Detail;
6. RMRA and SARA calculations in accordance with Attachment 2 above;
7. Calculated AROR for the Test Year in accordance with Attachment 3 above; and
8. Revenue Adjustment Calculation.