BEFORE THE MISSISSIPPI PUBLIC SERVICE COMMISSION

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

DOCKET NO. 2025-UN-34

IN RE: GREAT RIVER UTILITY OPERATING COMPANY, LLC 2025 FRP ANNUAL REPORT FOR WATER OPERATIONS IN ITS CERTIFICATED AREAS OF MISSISSIPPI

FINAL ORDER

THIS CAUSE came on for consideration by the Mississippi Public Service Commission ("Commission") on the 2025 FRP Annual Report for water operations under Formula Rate Plan, Rate Schedule FRP-1 ("Rider FRP") for the twelve-month period ending December 31, 2024, as later supplemented ("2025 FRP Annual Report"), filed by Great River Utility Operating Company, LLC ("Great River") 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:

INTRODUCTION

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. 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. 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 sewer 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.

2. By Commission order in Docket Nos. 2022-UN-86 and 2022-UN-87, the Commission approved the establishment of statewide rates for all of Great River's systems acquired prior to June 30, 2022, and a ratemaking strategy for future systems acquired by Great River in the State of Mississippi. A part of this ratemaking strategy was the implementation of Rider FRP. Under Rider FRP, on or before February 28th of each year, the Company makes an FRP Annual Report submittal containing a calculation of the Company's revenue requirements and Actual Return on Rate Base ("AROR") for the twelve months ending December 31st of the previous year and any revised rate schedules incorporating any resulting revenue adjustments. The FRP Annual Report provides information sufficient for the Staff to conduct a review of the Company's expenses, rate base, revenues, and operational performance for the previous calendar year, and in so doing, the filing indicates whether and how much of a rate adjustment is appropriate.

SUMMARY OF REQUEST

3. Great River's 2024 FRP Annual Report, filed in Docket No. 2024-UN-26, represented its first FRP cycle since Commission approval. Those proceedings culminated in the 2024 Amended and Restated Stipulation, joined by all parties in the case, which included: (i) three alternative rate mitigation proposals that immediately provide rate reduction and rate stability to customers and simplify Great River's existing rate design; and (ii) procedural and audit measures designed to enhance the Commission and Mississippi Public Utilities Staff's ("Staff") regulation of Great River's operations and rates. A copy of the 2024 Amended and Restated Stipulation was provided as an exhibit to Great River's 2025 FRP Annual Report and is on file with the

Commission in this docket. Following twelve months of review and deliberation, the Commission rejected the 2024 Amended and Restated Stipulation and denied the proposed rate adjustments contained in the 2024 FRP Annual Report. Great River appealed the Commission's decision, which remains pending as of the date of this order.

4. To avoid lengthy and expensive litigation, Great River's 2025 FRP Annual Report refiled the 2024 Amended and Restated Stipulation and requests the Commission reconsider its adoption. Specifically, the 2025 FRP Annual Report shows that the Company's AROR is 8.54%, which is within the Range of No Change, resulting in no requested change in revenues or rates for water operations, and requests that the Commission again consider adopting one of three different rate proposals outlined in the 2024 Amended and Restated Stipulation.

5. Also consistent with the 2024 Amended and Restated Stipulation, Great River proposes to discontinue the RMRA mechanism[1] for all future customers. All future customers acquired are proposed to initially be included in the SARA mechanism[2] until the next FRP filing cycle, after which those customers would transition to Great River's then Commission-approved state-wide rates for service.

6. Based on the review of the 2025 FRP Annual Report, as detailed below, and other feedback received from various stakeholders, including customers, Great River supplemented its 2025 FRP Annual Report to present a fourth rate proposal for the Commission's consideration.

PROCEDURAL HISTORY

7. On or about February 28, 2025, Great River filed its 2025 FRP Annual Report, pre-filed testimony, and exhibits in this Docket. Pursuant to the Commission's Public Utilities Rules

[1] Rate Mitigation Regulatory Asset as defined in Rider FRP.
[2] System Acquisition Regulatory Asset as defined in Rider FRP.

of Practice and Procedure ("Rules"), Great River served notice of the 2025 FRP Annual Report on all "interested persons" as identified in Exhibit "B" to the filing.

8. On or about June 9, 2025, Great River filed its Supplemental 2025 Water FRP Annual Report, testimony, and exhibits in this Docket.

9. No parties have intervened in the 2025 FRP Annual Report docket.

10. 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.

APPLICABLE LAW

11. 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 2025 FRP Annual Report and the requests therein were made pursuant to Sections 77-3-2 of the *Mississippi Code of 1972, as amended* and RP 9 of the Commission's Rules. These statutes and rules govern public utility formulary rate filings.

SUMMARY OF FILING

12. Great River's 2025 FRP Annual Report provided the following documentation in compliance with Attachment 4 to Rider FRP:

(a) Pre-filed direct testimonies and exhibits of Mr. Brent Thies, Vice President and Corporate Controller, Mr. Jacob Freeman, Director of Engineering, and Mr. Todd Thomas, Senior Vice President of CSWR.

(b) Input Schedule of Financial Assumptions;

(c) Balance Sheet for the Test Year;

(d) Income Statement for the Test Year;

(e) Rate Comparison Sheet of Existing and Adjusted Rates;

(f) Rate Base Detail;

(g) RMRA and SARA calculations in accordance with Attachment 2 of Rider FRP; and

(h) Calculated AROR for the Test Year in accordance with Attachment 3 of Rider FRP.

13. The Commission finds that the pleadings, testimony, exhibits, data and documentation submitted by Great River in this Docket reasonably comply with Rider FRP and 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.

PROPOSAL NO. 4

14. As stated previously, on or about June 9, 2025, Great River filed its Supplemental 2025 Water FRP Annual Report, testimony, and exhibits in this Docket. Great River's supplemental filing contained a fourth rate mitigation proposal for consideration in response to Staff's review of the 2025 FRP Annual Report and other feedback received from various stakeholders, including customers. Under Proposal No. 4, Great River estimates nearly all water customers and approximately two-thirds of all sewer customers will immediately experience a reduction in their monthly bill. For the vast majority of customers that will experience no bill change or even a bill increase, the bill change is primarily driven, not by a change in rates, but rather, because the customers are for the first time shifting from mitigated to unmitigated rates, which was required to occur in this proceeding pursuant to prior Commission orders approving Great River's current rate schedules. The three-year rate moratorium associated with this proposal delivers significant bill reduction to all customers compared to what would be expected to occur over this same period absent adoption of Proposal No. 4.

15. Great River supported its supplemental filing with the sworn pre-filed supplemental direct testimony and exhibits of Mr. Brent Thies, Vice President and Corporate Controller CSWR.

Exhibits BT-12.1 and 12.2 provided a list of systems served by Great River and the change in monthly bills that is expected to result if Proposal No. 4 is approved by the Commission. Exhibits BT-13.1 and 13.2 presented the redline changes to Great River's existing rate schedules necessary to fully adopt Proposal No. 4.

STAFF REVIEW

16. The Staff, acting in its capacity as advisors to the Commission, engaged United Professionals Company, LLC ("UPC") to assist the Staff in its review of the 2025 FRP Annual Report and in advising the Commission in this matter. The Staff propounded 56 individual data requests to Great River. 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. At the conclusion of the Staff's investigation, the Staff submitted an advisory memorandum to the Commission confirming the costs underlying the revenue requirement calculations were prudent and the 2025 revenue requirement was accurately calculated, consistent, and compliant with Rider FRP and resulted in just and reasonable rates.

17. 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 and UPC conducted a thorough and extensive investigation of Great River's 2025 FRP Annual Report, as supplemented.

COMMISSION FINDINGS

18. No parties contest—through pleadings or otherwise—any facts presented by Great River. This case is uncontested and facts presented by Great River are undisputed by any other evidence in the record. Further, following a detailed review of the filing, the Staff and UPC recommend full approval of the 2025 FRP Annual Report's revenue requirement and the investment and cost contained therein.

19. This Commission reviewed the Company's filings, all customer comments received, the Staff and UPC's memorandum, and the entire record, and hereby finds that there is substantial evidence in the record to adopt in full and without modification Proposal No. 4 of the 2025 FRP Annual Filing in this Docket. Great River's most recent proposal strikes the appropriate balance this Commission believes is in the best interest of both Great River and its customers. Approval of Proposal No. 4 will deliver: (i) stable rates for the next three years; (ii) immediately reduce rates for a majority of customers; (iii) discontinue the RMRA mechanism and rate tier structure that has served to confuse and concern customers since adoption; and (iv) establish important reporting requirements providing both this Commission and the Staff the information and resources in a format and frequency necessary to ensure Great River delivers the service quality improvements that have been promised at a reasonable cost.

20. As part of Proposal No.4, Great River will be subject to a rate moratorium through calendar year 2027. Specifically, Great River will continue to submit its FRP Annual Reports each year and will seek no change in rates or tariffs prior to the FRP Annual Reports to be filed on or before February 28, 2028. To support the multi-year rate moratorium ordered herein, Great River is authorized to establish a regulatory asset for purposes of deferring, beginning with 2025 costs, any difference between its annually approved revenue requirement and actual revenue collected under the Proposal No. 4 rates until the 2028 FRP Annual Report filings are fully resolved. The costs deferred pursuant to this order shall be reviewed in Great River's annual FRP proceedings and the just and reasonable costs shall be approved by the Commission each year. Finally, Great River shall not begin amortizing the established regulatory asset until 2028, and the amortization period of such regulatory asset shall be determined by the Commission in the 2028 FRP proceeding.

21. As originally contemplated when RMRA was established, all customers currently taking service under mitigated rates are scheduled to transition to the general rate with this 2025 FRP proceeding. Because Great River did not acquire any new customers since filing the 2024 FRP Annual Reports, there are no customers currently in the SARA mechanism that would be eligible to transition to mitigated rates this year. Therefore, Proposal No. 4 includes the discontinuance of Great River's mitigated rates by eliminating from its tariff Water Service – Mitigated, Rate Schedule WSM-2 and Sewer Service – Mitigated, Rate Schedule SSM-2. The Commission agrees with the discontinuance of RMRA and that this proceeding presents an opportune time to accomplish this goal. Great River is therefore directed to include all future customers acquired in the SARA mechanism until the next FRP filing cycle, after which those customers will transition to Great River's then Commission-approved state-wide rates for service.

22. 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. Based on this evidence, the Commission finds that the filed rate base, operating expense and rate of return are prudently incurred and recoverable in rates.

23. Because the rates included in Proposal No. 4 and approved herein replace Great River's current rates being collected under bond, Great River shall conclude the 2024 FRP proceedings by seeking a dismissal of the appeals currently pending in Harrison County Chancery Court, after which the Commission will order no refunds to customers concerning the revenue lawfully collected during calendar years 2024 and 2025.

24. Consistent with the proposal in Mr. Todd Thomas's testimony filed with Great River's 2025 FRP Annual Report, Great River shall: (i) stay the effect of the stipulation filed in Docket No. 2024-UN-6 governing a metering infrastructure pilot in the Oakland water system in

Adams County, Mississippi; and (ii) submit before the end of 2025, a state-wide metering infrastructure plan designed to install, repair or upgrade meters for all water customers in the twenty-seven water systems currently served by Great River. Metered rates help to conserve water resources, promote cost-causation rate design, and can provide customers greater control over their monthly bill.

25. Finally, with the exception of the contemplated management review, the Commission approves the procedural and audit measures outlined in paragraph 30 of the 2024 Amended and Restated Stipulation. Given the multi-year rate moratorium along with the required metering plan, the initiation of a management review as contemplated under Section 77-3-46 of the *Mississippi Code of 1972, as amended*, is no longer warranted and would, in fact, result in an unnecessary expenditure of Commission, Staff and Company resources. Great River and the Staff are directed to collaborate and propose to the Commission for approval in Docket Nos. 2021-AD-115 and 2021-AD-116 a new set of reporting requirements and schedule to apply beginning in 2026 designed to assist the Commission's and Staff's oversight of Great River's overall capital improvement plan and activities going forward ("Capital Project Reporting"). With respect to the quarterly expense reviews requested by the Staff, Great River shall be in a position to commence reporting on the content and schedule mutually agreed upon between Great River and the Staff following the first quarter of 2026. Finally, Great River shall pay for and fully recover in customer rates the cost of any consultants engaged by the Staff, in its sole discretion, to assist Staff in its review of the Capital Project Reporting and Great River's FRP filings through 2028.

26. The Commission finds that the proposed revisions to Great River's tariff and rate schedules contained in Exhibits BT-13.1 and 13.2 accurately and completely reflect the changes in rates offered by Proposal No. 4 and are hereby approved as just and reasonable and in the public interest. Great River is hereby directed to make a compliance filing presenting final versions of

the rates approved herein in accordance with RP 9.113. The required compliance filing shall be submitted within seven days following the date of this order. Upon recommendation by the Staff that the compliance tariff conforms with this Final Order, an order will be issued by this Commission, through its Executive Secretary, approving the compliance filing.

27. Great River shall begin charging the rates approved herein beginning with the first billing period in July 2025 for bills to be sent to customers in August 2025. Further, Great River is required to send a letter to all affected customers following the issuance of this Final order and before bill changes are sent in order to explain any applicable transition in rates.

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.

Chairman Chris Brown voted aye; Commissioner De'Keither Stamps voted NO; and Commissioner Wayne Carr voted aye

SO ORDERED by this Commission on this the 17th day of June, 2025.

MISSISSIPPI PUBLIC SERVICE COMMISSION

Chris Brown, Chairman

De'Keither Stamps, Commissioner

Wayne Carr, Commissioner

ATTEST: A True Copy

Katherine Collier, Executive Secretary

Effective this the 17th day of June, 2025.