

CC:LT

**KEAN | MILLER** LLP  
ATTORNEYS AT LAW

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2018 MAY -9 PM 2:19

LA PUBLIC SERVICE  
COMMISSION

May 9, 2018

Ms. Terri Lemoine Bordelon  
Records and Recording  
Louisiana Public Service Commission  
602 North 5<sup>th</sup> Street, 12<sup>th</sup> floor  
Baton Rouge, Louisiana 70802

VIA HAND DELIVERY

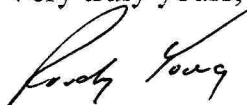
RE: LPSC, ex parte  
In Re: Audit of Lafayette Utilities System's Covered Services under  
General Order of the LPSC dated October 4, 2005 for the years 2016-  
2017; Docket No. X-34830  
KM File No. 17905-10012

Dear Terri:

Please file the attached letter in the above referenced docket. This letter was previously sent to the Commissioners prior to the opening of the referenced docket, and we are now filing the letter in the newly opened docket.

If you have any questions, please do not hesitate to contact us.

Very truly yours,



Randy Young

JRY/tjh

Enclosures

Cc: Lauren Temento, by electronic mail, w/enclosure

By Hand



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LA PUBLIC SERVICE  
COMMISSION

April 12, 2018

Commissioner Eric Skrmetta  
Louisiana Public Service Commission  
433 Metairie Road, Suite 406  
Metairie, LA 70005

Commissioner Mike Francis  
Louisiana Public Service Commission  
222 N. Parkerson Avenue  
Crowley, LA 70526

Commissioner Lambert C. Boissiere, III  
Louisiana Public Service Commission  
1450 Poydras, Suite 1402  
New Orleans, LA 70112

Commissioner Craig Greene  
Louisiana Public Service Commission  
10713 North Oak Hills Pkwy., Suite B  
Baton Rouge LA 70810

Commissioner Foster L. Campbell  
Louisiana Public Service Commission  
415 Texas Street, Suite 100  
Shreveport, LA 71101

RE: Lafayette Utilities System – Communications Division

Dear Commissioners:

We understand the Louisiana Public Service Commission will consider at its April 18, 2018 Business & Executive Session a proposed Directive to initiate an audit of Lafayette Utilities System's Covered Services for its fiscal year 2016-2017, pursuant to the Local Government Fair Competition Act and the Commission's Cost Allocation and Affiliate Transaction Rules in its General Order R-28270.

While the Local Government Fair Competition Act ordinarily requires that the Commission shall have the authority to conduct a periodic compliance audit as deemed appropriate based on its review of LUS's annual attest audit which is required by the Commission's rules, and which is conducted annually by an independent auditor selected from the list of auditors approved by the legislative auditor, LUS welcomes the proposed audit by the Commission in this instance.

LUS has worked diligently to comply with the Local Government Fair Competition Act and the Commission's Cost Allocation and Affiliate Transaction Rules, and has received overall positive audit results from the Commission's initial audits that covered fiscal years from 2008-2012. Moreover, LUS has endeavored to continually analyze its operations and self-report potential violations for examination as part of the annual attest audit process.


In recent weeks, investigation by LUS has determined that certain fiber service that was requested from and installed by the Communications division at the request of affiliate divisions have not been fully utilized. The Communications division treated the affiliates as it would any

other customer - - it provided the fiber installation and made the fiber service available as requested. Moreover, like for any other customer, the Communications division billed the affiliates for the fiber service. The Communications division charges to its customers are not based on or determined by levels of actual usage of the fiber service provided. Nevertheless, considering the affiliate nature of the transactions, LUS will report the facts to the attest auditor to be evaluated and considered in the upcoming audit for the most recent fiscal year which ended October 31, 2017, to determine whether any violations of the Local Government Fair Competition Act or the Commission's Cost Allocation and Affiliate Transaction Rules have occurred. Meanwhile, as a precautionary measure, the Communications division will credit to the affiliate divisions the funds received for such service pending the completion and outcome of the audit determination.

The annual attest audit required by the Commission rules will begin in May, and the results are typically filed with the Commission by August. As indicated above, LUS welcomes the proposed audit by the Commission so that it can likewise review the affiliate transactions that are being reported by LUS for review by the attest auditor.

Sincerely,

  
\_\_\_\_\_  
Terry Huval  
Director of Utilities

  
\_\_\_\_\_  
Joel Robideaux  
Mayor-President

cc: Brandon Frey, Executive Secretary