

LOUISIANA PUBLIC SERVICE COMMISSION

ORDER NUMBER S-33018

UTILITIES, INC. OF LOUISIANA AND LOUISIANA LAND AND WATER, INC., EX PARTE

Docket Number S-33018 Request for Letter of Non-Opposition to the proposed asset transfer of system assets of Louisiana Land and Water Company, Inc. to UIL Co. in Accordance with Assets Purchase Agreement.

(Decided at the April 2, 2014 Business and Executive Session)

Overview

Utilities, Inc. of Louisiana (“UIL”) and Louisiana Land and Water Company (“LLWC”) requested the Louisiana Public Service Commission’s (“LPSC” or “Commission”) non-opposition to the transfer of LLWC water and wastewater assets located outside of Ouachita Parish to UIL. In addition, UIL requested that the Commission specifically determine the rate base for the acquisition. The Commission previously approved the transfer of the Ouachita Parish assets of LLWC to Greater Ouachita Water Company. This transaction with UIL will transfer the remaining assets that are located outside of Ouachita Parish.

The purchase price for LLWC’s systems is \$350,000 with projected transaction costs of \$167,000. Upon approval of the transfer, UIL will provide water service to LLWC’s 512 water customers and 545 wastewater customers that have not had their services transferred to Greater Ouachita Water Company. UIL estimates that an additional \$204,000 in system improvements to LLWC’s systems will be immediately necessary. UIL’s pre-acquisition diligence indicates that additional capital improvements of \$785,000 may be necessary in future years. UIL will likely request a rate increase after the acquisition.

Jurisdiction

The Commission exercises jurisdiction over common carriers and public utilities in Louisiana pursuant to Article IV, Section 21(B) of the Louisiana Constitution, which states:

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 shall have other powers and perform other duties as provided by law.

Pursuant to the Commission’s General Order dated March 9, 2012, LPSC jurisdictional utilities may not provide water or wastewater service to customers for a fee prior to authorization

from the LPSC. Additionally, pursuant to the 2012 General Order, as well as the Commission's General Order dated March 18, 1994, an entity acquiring an LPSC jurisdictional water or wastewater utility may not collect fees from that utility's customers prior to LPSC approval of the acquisition.

Procedural History

Notice of the Company's application was published in the Commission's Official Bulletin dated December 13, 2013. There were no interventions. Staff filed its Report in the docket on March 25, 2014 to which the Company did not file a response.

Staff's Recommendation

Staff evaluated the proposed transfer in the context of the eighteen factors prescribed in the 1994 General Order and agreed with UIL's assessment that the Company should be in a better position to provide higher quality and more reliable water and sewer services to LLWC's customers located outside of Ouachita Parish than LLWC. LLWC's former owner and operator is deceased and the family no longer wishes to be a public utility provider. UIL, along with its sister company, Louisiana Water Service, Inc., has over twenty years of experience in providing water and sewer services in St. Tammany Parish. Staff found that UIL has satisfied the relevant public interest factors set forth in the 1994 General Order and that the change of control is in the public interest.

With respect to the effect of the proposed acquisition in the determination of the rate base, Staff recommends the transaction be accounted for ratemaking purposes as follows:

Utility Plant in Service	\$4,325 million
Accumulated Depreciation	(3,617) million
Plant Acquisition Adjustment	<u>(191) thousand</u>
Increase in Rate Base	\$517 thousand

Commission Consideration

The Commission considered Staff's recommendation at the Commission's April 2, 2013 Business and Executive Session. On motion of Commissioner Campbell, seconded by Commissioner Holloway, and unanimously adopted, the Commission voted to adopt Staff Recommendation.

IT IS THEREFORE ORDERED THAT:

The Commission expresses its non-opposition to the to the transfer of LLWC water and wastewater assets located outside of Ouachita Parish to UIL and adopts the findings in Staff's Audit Memorandum regarding accounting for the transaction for ratemaking purposes.

UIL shall file with the Utilities Division, within thirty days of closing, revised tariffs reflecting the change in ownership.

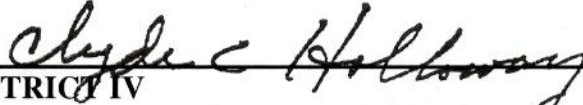
This order is effective immediately.

**BY ORDER OF THE COMMISSION
BATON ROUGE, LOUISIANA**

April 17, 2014



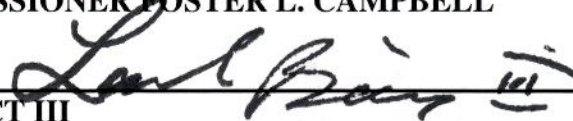
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