

LPSC DOCKET NO. U- _____

PRE-FILED DIRECT TESTIMONY

of

MR. ROGER A. SIMMONS

on behalf of

**THE BATON ROUGE WATER WORKS COMPANY
d/b/a BATON ROUGE WATER COMPANY**

In re: Application for Extension and Modification of Formula Rate Plan

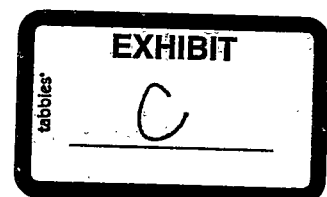


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I. INTRODUCTION

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Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND POSITION AT THE BATON ROUGE WATER WORKS COMPANY D/B/A BATON ROUGE WATER COMPANY (“BRWC,” “COMPANY,” OR “APPLICANT”).

A. My name is Roger A. Simmons. My business address is 8755 Goodwood Blvd., Baton Rouge, Louisiana 70806. I am currently the Chief Financial Officer (“CFO”) at BRWC.

Q. HOW LONG HAVE YOU HELD THAT POSITION AT BRWC?

A. I joined BRWC in 2003 and have been the CFO since I began working for the Company.

Q. PLEASE DESCRIBE YOUR DUTIES AS THE CFO AT BRWC.

A. I am responsible for all financial activities of the Company including, financial management, planning, monitoring and reporting financial results, cash management, tax planning, capital and financing management and providing regulatory support before the Louisiana Public Service Commission (“LPSC” or “Commission”). I also oversee Information Technology (“IT”) systems that support functions of the Company.

Q. PLEASE DESCRIBE YOUR EDUCATION AND PROFESSIONAL BACKGROUND.

A. I graduated from the University of Southern Mississippi with a Bachelor of Science in Business Administration with a major in Accounting. My professional career started at Peat Marwick public accountants (now KPMG) in 1985. I worked in the auditing division of the firm for four (4) years, completed the Certified Public Accountant (“CPA”) exam, and became a licensed CPA in 1987. I then spent the next fourteen (14) years working in various finance and accounting capacities for Bank One (now JP Morgan/Chase Bank) until I joined BRWC in 2003 as the CFO. For over two decades as CFO, I have overseen BRWC’s finances and regulatory compliance, ensuring stable service and financial prudence. My pre-filed direct

24 testimony reflects deep familiarity with both the Company's operations and the regulatory
25 principles governing Louisiana utilities.

26 Q. HAVE YOU TESTIFIED BEFORE ANY REGULATORY AUTHORITIES?

27 A. Yes. I have provided testimony on behalf of the Company before the LPSC in various matters
28 since becoming the CFO in 2003.

29 Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?

30 A. I am testifying on behalf of BRWC.

31 Q. PLEASE CONFIRM THAT YOU HAVE READ, UNDERSTAND, AND ARE IN
32 AGREEMENT WITH THE REQUESTS OUTLINED IN THE APPLICATION.

33 A. Yes, I confirm that I have read, understand, and agree with the statements and requests as stated
34 in the Application.

35 **II. PURPOSE OF DIRECT TESTIMONY**

36 Q. PLEASE STATE THE PURPOSE OF YOUR DIRECT TESTIMONY.

37 A. The purpose of my testimony is to support BRWC's application for extension and modification
38 of its Formula Rate Plan ("FRP"). I will explain the rationale for continuing the FRP
39 mechanism, describe the proposed modifications to the Rider, and explain why these changes
40 are in the public interest.

41 **III. BRWC'S COMPANY PROFILE**

42 Q. PLEASE GENERALLY DESCRIBE BRWC AND ITS SERVICE TERRITORY IN
43 LOUISIANA.

44 A. The Company provides water service to approximately 121,447 customers in East Baton
45 Rouge Parish (108,430 residential customers and 13,017 commercial customers).

46 Q. PLEASE DESCRIBE THE COMPANY PROFILE AND OWNERSHIP.

47 A. BRWC was incorporated on August 5, 1910 and is a majority-owned subsidiary of Utility
48 Holdings, Inc. Parish Water Company (“PWC”) and Utility Properties, Inc. (“UPI”) are
49 wholly-owned subsidiaries of BRWC. Ascension Water Company (“AWC”) is a wholly-
50 owned subsidiary of PWC. BRWC and PWC are regulated water utilities operating in East
51 Baton Rouge Parish. AWC is also a regulated water utility operating in Ascension Parish.

52 Q. HOW ARE BRWC’S WATER RATES CURRENTLY SET?

53 A. BRWC’s rates are dictated by the FRP adopted by the Commission in LPSC Order No. U-
54 36223-A. That rider expired recently with the Commission’s approval of the Company’s
55 annual report filing for the 2024 test year (See LPSC Order No. U- 37532) and BRWC now
56 seeks renewal of the FRP, with certain modifications, so that rates continue to be set in a
57 transparent, efficient, and predictable manner that protects customers and supports ongoing
58 investment in safe and reliable water service.

59 **IV. BENEFITS OF APPROVING THE PROPOSED FRP**

60 Q. WHY DOES BRWC SEEK TO EXTEND ITS FRP WITH THE PROPOSED RIDER?

61 A. The FRP has proven effective in ensuring regulatory oversight while avoiding costly rate cases.
62 It allows timely adjustments to revenues, supports continued investment in water
63 infrastructure, and provides predictability for customers. The proposed Rider maintains the
64 same 9.00%–10.00% return-on-equity (“ROE”) bandwidth with a 9.50% midpoint, exactly as

65 approved in Order No. U-36223-A, while strengthening procedural efficiency and maintaining
66 customer protections.

67 Q. HOW DOES THE PROPOSED FRP BENEFIT CUSTOMERS?

68 A. The FRP provides a balanced framework that mirrors the Commission's core regulatory goals:
69 protecting customers from sudden rate shocks, ensuring fair alignment of revenues with actual
70 costs, and promoting prudent investment in infrastructure essential for public health and safety.

71 **V. SUMMARY OF MODIFICATIONS**

72 Q. DID YOU ASSIST IN THE DEVELOPMENT OF THE CURRENT RATE STRUCTURE OF
73 THE COMPANY IN ADDITION TO THE PROPOSED MODIFICATIONS?

74 A. Yes.

75 Substantive Modifications

76 Q. PLEASE SUMMARIZE THE SUBSTANTIVE MODIFICATIONS TO THE FRP RIDER?

77 A. The key substantive modifications are:

78 1. Extraordinary Cost/Revenue Changes clarified to include only unforeseeable events
79 outside the Company's control, such as natural disasters, supply-chain disruptions,
80 inflationary or interest-rate spikes, pandemics, or regulatory changes;

81 2. Additional Rate Base Adjustments allowing BRWC to include projects placed in service
82 by March 1 of the filing year that are required to meet service and/or regulatory
83 requirements. Allowing inclusion of projects placed in service by March 1 reduces
84 regulatory lag and ensures the Company can begin recovering the costs of completed
85 projects without unnecessary delay, rather than deferring recovery to future periods.

86 Prompt recovery improves BRWC's financial stability, sustains investment momentum,

87 and prevents the buildup of unrecovered costs that could otherwise necessitate steeper
88 adjustments later. At the same time, customers promptly benefit from infrastructure that is
89 already operational and enhancing service reliability;

90 3. Special Rate Filings reaffirmed, permitting BRWC to propose new or modified rate
91 schedules, such as experimental or developmental offerings, subject to Commission
92 review.

93 Q. WHY IS THE COMPANY PROPOSING TO CLARIFY THE DEFINITION OF
94 “EXTRAORDINARY COST OR REVENUE CHANGES” IN THE FRP RIDER?

95 A. For customers, this clarification ensures that the FRP cannot be used to recover routine cost
96 variations thereby preserving the fairness and integrity of the FRP. For the Company, it
97 provides a clear and efficient path for addressing exceptional circumstances that could
98 otherwise threaten service reliability or compliance (e.g. natural disasters, pandemics, supply-
99 chain disruptions, inflationary spikes, or regulatory mandates). The revision gives all parties a
100 common understanding of when and how extraordinary situations will be treated, which
101 reduces uncertainty and potential disputes during the annual FRP reviews.

102 Q. WHAT IS THE PURPOSE OF REAFFIRMING THE “SPECIAL RATE FILINGS”
103 PROVISIONS IN THE FRP RIDER?

104 A. The Special Rate Filings provision preserves the Company’s ability to respond to evolving
105 customer needs and regulatory requirements between general rate cases. It allows BRWC to
106 propose new or modified rate schedules (such as experimental or developmental offerings)
107 subject to full Commission review. This flexibility ensures the Company can adapt to emerging
108 technologies, changing consumption patterns, and evolving service demands without
109 undermining the Commission’s oversight authority

110 Q. WHY IS THE COMPANY PROPOSING TO ALLOW ADDITIONAL RATE BASE
111 ADJUSTMENTS FOR PROJECTS PLACED IN SERVICE BY MARCH 1 OF THE FILING
112 YEAR?

113 A. This proposal is intended to make the FRP process more realistic and efficient by aligning cost
114 recovery with how construction and regulatory approval actually occur. The current cutoff at
115 the end of the calendar year often prevents timely inclusion of projects that are physically
116 completed but awaiting inspection, permitting, final testing, permitting and state agencies This
117 timing mismatch creates what is known as “regulatory lag,” meaning that the Company must
118 carry the cost of completed, customer-serving infrastructure for an extended period before
119 recovery begins. In effect, BRWC continues to finance assets that are already in operation
120 without corresponding revenue, which can strain cash flow and defer reinvestment in other
121 necessary improvements. Allowing inclusion of projects placed in service by March 1, well
122 before rates are scheduled to be in place, would reduce this lag, keep cost recovery in step with
123 actual operations, and more accurately reflect the assets in service during the test year.

124 Q. WOULD THIS CHANGE RESULT IN ANY INCREASED COSTS OR RISKS FOR
125 BRWC’S CUSTOMERS?

126 A. No. This change does not increase customer costs or expand the types of projects eligible for
127 recovery. It ensures that rates reflect facilities that are actually delivering safe and reliable
128 service at the time of filing, not just those approved by December 31. It also reduces
129 administrative inefficiencies caused by reclassifying and tracking deferred assets. In practice,
130 the March 1 window improves the quality of filings, reduces regulatory backlog, and helps
131 both the Commission and Staff evaluate the Company’s financial position based on a more
132 accurate snapshot of the system in operation. Also, this change does not expand the types of

133 projects that can be included; rather only the timing of when they can be recognized. This
134 modification benefits both the Company and its customers by aligning rate recovery with the
135 true timing of completed and permitted projects.

136 Q. IS APPROVAL OF THESE SUBSTANTIVE MODIFICATIONS IN THE BEST INTEREST
137 OF THE COMPANY AND ITS CUSTOMERS?

138 A. Yes. In addition, these changes are in the public interest.

139 Non-Substantive Modifications

140 Q. ARE THERE NON-SUBSTANTIVE MODIFICATIONS AS WELL?

141 A. Yes. These include revised procedural dates (March 1 filing; May 1 error/dispute deadline;
142 June 1 correction deadline; July 1 effective date), along with clarifying language to make the
143 annual review process more transparent and predictable for all parties.

144 Q. IS APPROVAL OF THESE NON-SUBSTANTIVE MODIFICATIONS IN THE BEST
145 INTEREST OF THE COMPANY AND ITS CUSTOMERS?

146 A. Yes. In addition, these changes are in the public interest.

147 **VI. PUBLIC INTEREST**

148 Q. WHY ARE THESE MODIFICATIONS IN THE PUBLIC INTEREST?

149 A. These modifications improve administrative efficiency, ensure timely recovery of
150 extraordinary costs when warranted, and allow essential investments to be reflected in rates
151 without delay. At the same time, the revisions preserve all existing consumer protections,
152 including the Commission-approved ROE Bandwidth and prohibition against base-rate
153 changes during the FRP term.

154 Q. DOES THE PROPOSED FRP CONTINUE TO PROTECT RATEPAYERS?

155 A. Yes. The FRP's bandwidth mechanism ensures that customer rates remain stable unless
156 BRWC's earned ROE falls outside the narrow, prior Commission-approved range of 9.00% to
157 10.00%. This structure equitably balances risk between the Company and its customers,
158 sustaining financial stability while guaranteeing safe, compliant, and reliable service.

159 VII. CONCLUSION

160 Q. PLEASE SUMMARIZE YOUR RECOMMENDATION?

161 A. In sum, approval of this Application continues a proven regulatory framework that delivers
162 measurable customer benefits, advances the Commission's policy objectives, and ensures the
163 Company's ratepayers continue to enjoy safe, reliable, and affordable water service. Moreover,
164 the proposed modifications (both substantive and non-substantive) reflect practical
165 improvements to an already successful program, enhancing efficiency, fairness, and alignment
166 with real-world conditions. I respectfully request that the Commission grant the Company's
167 requests as doing so is in the public interest and the best interest of the Company's ratepayers
168 and the Company.

169
170 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

171 A. Yes, at this time. I reserve the right to supplement or amend my testimony as may be needed.

**BEFORE THE
LOUISIANA PUBLIC SERVICE COMMISSION**

**THE BATON ROUGE WATER WORKS COMPANY
d/b/a BATON ROUGE WATER COMPANY**

DOCKET NO. U-_____

In re: Application for Extension and Modification of Formula Rate Plan


AFFIDAVIT

STATE OF LOUISIANA

PARISH OF EAST BATON ROUGE


I, Roger A. Simmons, being first duly sworn, depose that the Pre-filed Direct Testimony contained in the above captioned matter on behalf of The Baton Rouge Water Works Company d/b/a Baton Rouge Water Company (“Baton Rouge Water Company”) is true and correct to the best of my knowledge, information, and belief.

**BATON ROUGE WATER
COMPANY**



Mr. Roger A. Simmons

Subscribed and sworn before me this 21st day of October, 2025.



Notary Public

Kara Kantrow

La Bar: 31042

