

LOUISIANA PUBLIC SERVICE COMMISSION

ORDER NUMBER U-37130

LOUISIANA WATER COMPANY, INC., EX PARTE.

In re: 2023 Formula Rate Plan Annual Report.

(Decided at the August 14, 2024 Business and Executive Session.)

ORDER

OVERVIEW AND PROCEDURAL HISTORY

The Louisiana Public Service Commission (“LPSC” or “Commission”), having reviewed and considered the *Joint Report of Proceedings and Draft Order* (“Joint Report”) submitted by the Louisiana Public Service Commission Staff (“Staff”) and Louisiana Water Company, Inc. (“LAWCO” or “Company”) finds said Joint Report to be acceptable and in accordance with the provisions of Commission Order No. U-36318-A dated January 12, 2023. The Joint Report was filed into the Record on July 17, 2024.

The Joint Report indicated that LAWCO earned Return on Equity (“ROE”) for the test year was 5.81% for the 2023 Test Year, a ROE that fell below the bandwidth for the Formula Rate Plan (“FRP”) as authorized by LPSC Order No. U-36318-A. More specifically, the prescribed bandwidth for LAWCO is fifty basis points above and below the allowed ROE, i.e., between 9.00% and 10.00%. If the earned ROE falls within the bandwidth, no rate change shall be made; however, in cases where the difference between earned ROE and the allowed ROE exceeds or falls below the end points of the bandwidth, the rates shall be reset to the midpoint ROE of 9.50%. As such, Staff recommends that LAWCO be authorized to increase its water rates to reset the ROE of 9.50%.

COMMISSION AUTHORITY

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

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 its constitutional authority, the Commission issued Order U-36318-A which established LAWCO’s FRP. As the ROE for LAWCO for the 2023 TY fell within the Commission approved bandwidth, an increase in rates is warranted.

COMMISSION CONSIDERATION

This matter was considered at the Commission’s August 14, 2024 Business and Executive Session. On motion of Commissioner Skrmetta, seconded by Commissioner Greene, and unanimously adopted, the Commission accepts the Joint Report filed into the record on July 17, 2024, including the findings and recommendations contained therein, indicating that LAWCO fell within the ROE bandwidth and a rate increase is warranted pursuant to Order No. U-36318-A.

IT IS THEREFORE ORDERED THAT:

That the Commission accepts the Joint Report submitted by Staff and LAWCO, in accordance with LPSC Order U-36318-A which found that LAWCO fell outside of the prescribed Return on Equity bandwidth for the 2023 Test Year and an increase in rates is authorized. LAWCO shall submit to the Commission’s Utilities Division revised rate schedules reflecting changes from the Joint Report authorized under its FRP within thirty (30) days of the effective date of this Order.

This Order is effective immediately.

**BY ORDER OF THE COMMISSION
BATON ROUGE, LOUISIANA
August 28, 2024**



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

**BRANDON M. FREY
SECRETARY**

/S/ MIKE FRANCIS
**DISTRICT IV
CHAIRMAN MIKE FRANCIS**

/S/ DAVANTE LEWIS
**DISTRICT III
VICE CHAIRMAN DAVANTE LEWIS**

/S/ FOSTER L. CAMPBELL
**DISTRICT V
COMMISSIONER FOSTER L. CAMPBELL**

/S/ ERIC F. SKRMETTA
**DISTRICT I
COMMISSIONER ERIC F. SKRMETTA**

/S/ CRAIG GREENE
**DISTRICT II
COMMISSIONER CRAIG GREENE**