



EZELL LAW FIRM, LLC

10761 Perkins Road, Ste. A | Baton Rouge, LA 70810
telephone 225-763-2272 | facsimile 225-763-2273 | www.ezellfirm.com

November 30, 2020

RECEIVED

NOV 30 2020

LA Public Service Commission

Mr. Brandon Frey
Executive Secretary
Louisiana Public Service Commission
Galvez Building, 12th Floor
602 N. 5th Street
Baton Rouge, Louisiana 70821

VIA HAND DELIVERY

Re: Undocketed Original Filing
Sanders Ventures #2, L.L.C. d/b/a Brady's Mobile Home Park
Application for Increase in Tariff Rates and Implementation of
Service Charges

Dear Mr. Frey:

Please find enclosed for filing and docketing an original and three (3) copies of the Application for Increase in Tariff Rates and Implementation of Service Charges ("Application") on behalf of Sanders Ventures #2, L.L.C. d/b/a Brady's Mobile Home Park ("Applicant"). This Application is being filed to ensure that sufficient revenues are generated to provide safe, efficient and reliable water and sewerage service to the Applicant's customers, as well as a fair operating margin for the Applicant. Notice of this Application will be published according to law in the Parishes of Caddo and East Baton Rouge.

Upon review and approval of this filing, please see that a docket is opened and that the original Application is filed therein. Further, we ask that you exercise the discretion provided in Rule 19 and shorten the period to protest this application from twenty-five (25) to fifteen (15) days.

Please see that one (1) date-stamped copy of the Application is returned to our courier for our file. If you have any questions or comments concerning this filing, please advise.

Sincerely,

ROUTED TO _____
DEPT. _____ Andrew B. Ezell
DEPT. Bull-15 Nov 30 11/30
DEPT. _____ DATE _____
DEPT. _____ DATE _____

Cc: Barlow Holley, Esq.
Mr. Thomas Broady
Ms. Debbie Sanders
Mr. George McGovern, CPA

6/11/20

BEFORE THE
LOUISIANA PUBLIC SERVICE COMMISSION

RECEIVED

NOV 30 2020

Sanders Ventures #2, L.L.C. d/b/a
Brady's Mobile Home Park,
Ex Parte

DOCKET NO. U- LA Public Service Commission

In Re: Application for Increase in Tariff Rates and Implementation of Service Charges.

**APPLICATION FOR INCREASE IN TARIFF RATES
AND IMPLEMENTATION OF SERVICE CHARGES**

NOW, BEFORE THE COMMISSION, through undersigned counsel, comes Sanders Ventures #2, L.L.C., d/b/a Brady's Mobile Home Park, who files this Application for Increase in Tariff Rates and Implementation of Service Charges (the "Application"), as follows:

**1.
BACKGROUND**

On December 20, 2019, Sanders Ventures #2, L.L.C., d/b/a Brady's Mobile Home Park (the "Applicant") filed a request with the Louisiana Public Service Commission (the "Commission") in Docket No. S-35446 to increase the "flow-through" rates charged to customers to reflect the increase in water and water used for sewerage rates charged to Applicant by the City of Shreveport. Upon publication in the Commission's Official Bulletin, no interventions were filed. Further, Brady's timely published notice of its request in the official state journal, The Advocate, and the official journal of Bossier Parish, the Caddo Citizen, and timely proof of publication was filed into the record of the proceeding. In regard to the request to increase its "flow-through" rates for water and water used for sewerage, the Commission did not oppose Applicant's request, and, in a letter

of non-opposition issued by the Commission on May 18, 2020 (the "Letter of Non-Opposition"), the requested increases were approved for implementation.

However, in connection with Commission Staff's review of the Applicant's tariffs on file, it was determined that Applicant's Tariffs included unauthorized administrative charges and maintenance charges. Based upon these findings, the Commission conditioned the approval of the "flow-through" charges by requiring Applicant to submit to a full rate review, and file all necessary documentation in connection with such review within one hundred twenty (120) days of receipt of the Letter of Non-Opposition. At the request of Applicant's counsel, three extensions of the filing deadline have been authorized by Commission Staff: one, an informal twenty-one (21) day extension to October 6, 2020; and two (2) formal extensions to November 5, 2020, and November 30, 2020, respectively. Applicant hereby timely files this Application in compliance with the Letter of Non-Opposition, and pursuant to the extensions granted thereunder.

As its name indicates, Brady's is a mobile home community located at 5044 Greenwood Road in Shreveport, Louisiana. Brady's has operated as a regulated water and wastewater utility since September 5, 2012, pursuant to tariffs authorized by the Commission that same date. The water and wastewater system (the "System") has thirty-two (32) service connections, and presently serves twenty-seven (27) customers. The water used within the System is purchased from the City of Shreveport based on codified rates set by the City. Based on individual usage, the rates for water and water used for sewerage charged by the City are passed on as a monthly "flow-through" charge on the customer's bill. As previously stated, the Commission authorized Brady's to revise its water and sewerage tariffs, effective May 18, 2020, to include the "flow-through" rates for water and water used for sewerage to \$3.18 and \$9.55, respectively, per one thousand (1000) gallons used. The increased "flow-through" rates were implemented and included in Brady's June 2020 billing

cycle. To recover the operations and maintenance ("O&M") costs of the System, pursuant to 2012 tariffs, Brady's implemented a Commission approved rate for water usage of \$.39 per one thousand (1000) gallons, and a rate for water used for sewerage of \$.12 per one thousand (1000) gallons. These rates have not changed in eight (8) years, and current O&M costs now significantly exceed the revenue generated by Brady's tariffs to recover the O&M expense and provide a reasonable margin of profit and working capital. Further, due to a lack of knowledge on the part of Brady's management concerning the operation of a regulated utility, Brady's has determined that it has woefully under-collected for O&M since 2012, either by performing work without being compensated, or by subsidizing the shortfall from associated business operations. Further, as the System has aged, the cost of repairs and maintenance has significantly increased, while other costs of doing business have also generally increased. This under-collection of expense, coupled with insufficient revenue recovery to fund expenses and generate a fair and reasonable operating margin has created an untenable situation which is unfair to Brady's and jeopardizes the delivery of safe, efficient and reliable service to its customers. Accordingly, Brady's seeks the increase in rates and the implementation of service charges presented and prayed for in this Application.

2.

RATE INCREASE REQUEST

Based upon the foregoing, the Applicant requests that the Commission take the following actions:

- 1) Consider and implement a change in rate structure to provide a monthly customer charge for water of \$22.43 for the first 2000 gallons, plus \$2.00 per 1,000 gallons or fraction thereof for all additional usage;
- 2) Consider and implement a change in rate structure to provide a monthly customer charge for water used for sewerage of \$6.90;
- 3) Consider and implement a re-connection fee of \$70.00;

- 4) Consider and implement a service charge of \$40.00 per hour;
- 5) Consider and implement an NSF check fee of \$20.00; and
- 6) Consider and authorize a maximum deposit of 2.5 times the average monthly bill for water and water used for sewerage.

**3.
NOTICE**

Pursuant to Article 4, Section 21 of the Constitution of The State of Louisiana of 1974, notice of this Application is being published in the official state journal and in the official journal of the parish within the geographical area in which the proposed increased rate schedule would become applicable, a copy of which is attached hereto as Exhibit "A".

**4.
WITNESSES**

The Applicant herewith provides the sworn pre-filed testimony of Ms. Deborah A. Sanders and George E. McGovern III, CPA in support of this filing.

**5.
DESIGNATION OF CONTACT PERSON**

Pursuant to Rule 20:C. of the Commission's Rules of Practice and Procedure, Applicant designates the following contact person in connection with the filing of this Application:

Andrew B. Ezell (LA Bar Roll No. 05414)
Andrew K. Nicolas (LA Bar Roll No. 36757)
EZELL LAW FIRM, LLC
10761 Perkins Rd., Suite A
Baton Rouge, Louisiana 70810
Telephone: (225) 763-2272
Facsimile: (225) 763-2273
aezell@ezellfirm.com

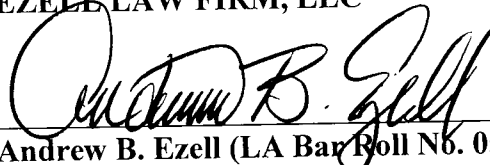
6.
PRAYER

For the reasons set forth above, as supported by the sworn pre-filed testimony submitted herewith, the Applicant respectfully prays that the Commission notice this Application in the Official Bulletin, and after required public notice and due proceedings had:

- 1) Consider and implement a change in rate structure to provide a monthly customer charge for water of \$22.43 for the first 2000 gallons, plus \$2.00 per 1,000 gallons or fraction thereof for all additional usage;
- 2) Consider and implement a change in rate structure to provide a monthly customer charge for water used for sewerage of \$6.90;
- 3) Consider and implement a re-connection fee of \$70.00;
- 4) Consider and implement a service charge of \$40.00 per hour;
- 5) Consider and implement an NSF check fee of \$20.00; and
- 6) Consider and authorize a maximum deposit of 2.5 times the average monthly bill for water and water used for sewerage.

Respectfully Submitted,

EZELL LAW FIRM, LLC



Andrew B. Ezell (LA Bar Roll No. 05414)

Andrew K. Nicolas (LA Bar Roll No. 36757)

EZELL LAW FIRM, LLC

10761 Perkins Rd., Suite A

Baton Rouge, LA 70810

Telephone: (225) 763-2272

Facsimile: (225) 763-2273

aezell@ezellfirm.com

*Counsel for Sanders Ventures #2, L.L.C. d/b/a
Brady's Mobile Home Park*

Exhibit A

BEFORE THE LOUISIANA PUBLIC SERVICE COMMISSION

Sanders Ventures #2, L.L.C. d/b/a
Brady's Mobile Home Park,
Ex Parte

DOCKET NO. U-_____

In Re: Application for Increase in Tariff Rates and Implementation of Service Charges.

APPLICATION FOR INCREASE IN TARIFF RATES AND IMPLEMENTATION OF SERVICE CHARGES

Name and Address of Party Making Filing:

Sanders Ventures #2, L.L.C. d/b/a Brady's
Mobile Home Park
1925 Alfred Lane
Bossier City, LA 71112

Name, Address, Email Address, and
Telephone Number of Attorney
For Party Making Filing:

Andrew B. Ezell
EZELL LAW FIRM, LLC
10761 Perkins Rd., Ste. A
Baton Rouge, Louisiana 70810
Telephone: (225) 763-2272
Facsimile: (225) 763-2273
Email: aezell@ezellfirm.com

Statement of Action Sought:

Applicant, Sanders Ventures #2, L.L.C. d/b/a Brady's Mobile Home Park, requests that the Louisiana Public Service Commission take the following action:

- 1) Consider and implement a change in rate structure to provide a monthly customer charge for water of \$22.43 for the first 2000 gallons, plus \$2.00 per 1,000 gallons or fraction thereof for all additional usage;

- 2) Consider and implement a change in rate structure to provide a monthly customer charge for water used for sewerage of \$6.90;
- 3) Consider and implement a re-connection fee of \$70.00;
- 4) Consider and implement a service charge of \$40.00 per hour;
- 5) Consider and implement an NSF check fee of \$20.00; and
- 6) Consider and authorize a maximum deposit of 2.5 times the average monthly bill for water and water used for sewerage.

Date by Which a Party Who Desires to Participate
In the Proceeding Must File Notice of Protest:

December 26, 2020

**BEFORE THE
LOUISIANA PUBLIC SERVICE COMMISSION**

DOCKET NO. U-_____

**SANDERS VENTURES #2, L.L.C., D/B/A BRADY'S MOBILE HOME PARK,
EX PARTE**

In Re: Application for Increase in Tariff Rates and Implementation of Service Charges

PRE-FILED TESTIMONY

OF

DEBORAH L. SANDERS

ON BEHALF OF

SANDERS VENTURES #2, L.L.C., D/B/A BRADY'S MOBILE HOME PARK

November 30, 2020

1. Q. Would you please state your name and business address for the record.

A. Deborah L. Sanders, 1925 Alfred Lane, Bossier City, Louisiana 71112.

2. Q. Who do you represent and in what capacity?

A. I represent Sanders Ventures #2, L.L.C., d/b/a Brady's Mobile Home Park (hereafter "Brady's"), a Louisiana limited liability company, in good standing. I am co-owner of Brady's with my husband and also act as the operations manager of the business, including the mobile home park operated by Brady's in Shreveport, Louisiana. The mobile home park was originally purchased in 1986 by my husband, individually, then transferred into Brady's, which was formed in 1998.

3. Q. Have you ever submitted testimony to a state regulatory agency before?

A. No, I have never submitted testimony to a state regulatory agency.

4. Q. What are your duties as the manager of Brady's?

A. As manager, I am responsible for the administration and operation of all of Brady's business ventures, which includes a warehouse, body shop, and other commercial property, including the mobile home park. I am also responsible for the regulatory compliance and reporting functions related to Brady's operation of the water and wastewater system (the "System") at the mobile home park.

5. Q. What is the purpose of your testimony in this proceeding?

A. The purpose of my testimony is to support Brady's request for an increase in tariff rates and the implementation of required service charges to ensure that Brady's can provide safe, efficient and reliable service to its customers and generate a reasonable margin of profit and necessary working capital.

6. Q. What is the basis for Brady's request for an increase in current tariff rates and the implementation of service charges?

A. Since implementing regulated tariff rates and fees in 2012, Brady's has not generated sufficient revenue to cover the expenses of operation and maintenance of the System, and certainly not enough revenue to provide a fair and adequate margin of revenue over expenses. The reasons for this shortfall in meeting Brady's revenue requirement are two-fold. First, because of the age of the System, annual operations and maintenance expenses have increased significantly since 2012, as well as the general cost of doing business. Second, a large amount of the direct and indirect costs of operating the System have never been collected through tariff revenues, either because service has been provided free of charge, or not charged at all. For example, as will be presented in Mr. McGovern's pre-filed testimony, the annual cost for System water testing alone is \$14,600. Prior to 2018, this service was performed by a third-party contractor, but the expenses were not fully-recovered by System revenue. In 2018, my husband and I became Certified Water Operators. Since that time, we have provided the service free of charge, which we now realize is not fair or appropriate. Similarly, recurring expenses, such as insurance, professional fees and repair and maintenance expense have either not been charged, or not adequately charged to the System.

7. Q. Do the tariff rates that you propose include recovery for bad debt?

A. Yes, they do. In 2018 and 2019, we experienced \$2,104 and \$2,884, respectively, in uncollected account balances, or an annual average bad debt amount of approximately \$2,500. Because of our customer demographic and the nature of the mobile home business, this is, and will continue to be, an ongoing expense of operation. Based on the upward trend

of this bad debt and our actual experience in 2019, we consider this to be a “known and measurable” expense and project an ongoing annual expense of \$3,000.

- 8. Q. You testified that you and your husband have done required water testing at the System free of charge since 2018. How have the other unrecovered operation and maintenance expenses been paid?**

A. Those expenses, including administrative expenses, office expense, taxes, insurance, etc., have been subsidized by Brady’s other business operations.

- 9. Q. What was the total amount of annual revenue reported by Brady’s to the Commission in 2019?**

A. We reported \$20,834.39 in total revenue in 2019.

- 10. Q. Based on Mr. McGovern’s calculations, what do you project Brady’s total amount of recoverable expenses to be in 2021?**

A. We project that the recoverable expenses will total \$29,806 in 2021.

- 11. Q. Based on 2019 revenue and the projected recoverable expenses in 2021, what would be the annual shortfall in expense recovery?**

A. The shortfall in expense recovery would total approximately \$8,971.51

- 12. Q. Do the tariff rates that you propose recover the total expense projection for Brady’s in 2021?**

A. Yes, they do.

- 13. Q. Do the rates also contemplate a margin of revenue over expenses?**

A. Yes. We propose a margin of revenue over expenses of twenty-five (25%) percent, which will generate \$7,451.50 in revenue to provide a fair and reasonable margin of revenue over expenses.

14. Q. Do the proposed rate increases include any allocation of expenses to the System that benefit the System and the other business operations of Brady's?

A. No, they do not.

15. Q. Why?

A. We have not included any such expenses, though Brady's does benefit from the payment of common administrative expenses incurred by all of the operations. However, we believe that the proposed margin of revenue over expenses reasonably contemplates and recognizes these expenses.

16. Q. Are you also seeking the authorization and implementation of service charges in the proposed tariffs?

A. Yes, we are proposing the authorization and implementation of additional service charges in the proposed tariffs. In the past, Brady's has charged customers for certain administrative and maintenance charges not included in its filed tariffs. This practice was terminated in May 2020, pursuant to the Commission's directive contained in its letter of non-opposition issued May 18, 2020. However, the expenses of operation necessitating the implementation of such fees are ongoing and must be recovered. Accordingly, we are proposing that the Commission authorize and implement a re-connection fee, an hourly service charge, an NSF check fee and a deposit requirement of not more than 2.5 times the average monthly bill.

17. Q. Do you believe the proposed increases in tariff rates and the amounts of the service charges you proposed are fair, reasonable and designed to ensure safe, efficient and reliable water and sewer service, as well as a fair margin of revenue over expenses?

A. Yes.

18. Q. Have you prepared revised tariffs for water services and sewer services reflecting the proposed increase in rates and the service charges you propose for implementation?

A. Yes, I have. The proposed tariff for water services is attached hereto as DLS-1, and the proposed tariff for sewer services is attached hereto as DLS-2. Mr. McGovern's testimony will provide more detail on the financial calculations supporting the proposed revenue requirement underlying the proposed increase in water and sewer rates.

19. Q. Does this conclude your testimony?

A. Yes.

DLS-1

LOUISIANA PUBLIC SERVICE COMMISSION

SANDERS VENTURES #2, L.L.C., D/B/A BRADY'S MOBILE HOME PARK

WATER SERVICES

Effective Date:

AVAILABILITY

These rates are available under the general terms and conditions of the Company to all water service consumers within the area served by the Company in the following subdivision:

<u>SUBDIVISIONS</u>	<u>PARISH</u>	<u>SECTION</u>	<u>TOWNSHIP</u>	<u>RANGE</u>
Brady's Mobile Home Park	Caddo			

RESIDENTIAL RATES

First 2,000 gallons

All Additional

\$22.43 (Minimum)

\$ 2.00 per thousand gallons or fraction thereof

FLOW-THROUGH

\$3.18 per 1,000 gallons of water purchased from City of Shreveport and consumed by the customer and charged as separate line-item.

RE-CONNECTION FEE

\$70.00

This charge is for re-establishing service after disconnection for non-payment, failure to make deposit, fraudulent or seasonal use.

SERVICE CHARGE

\$40.00 per hour

This charge shall cover the cost of sending a repairman to a consumer's premises at the consumer's request when the trouble is found to be in the consumer's house piping.

DEPOSIT

Maximum charge 2.5 times average monthly bill.

NSF CHECK FEE

\$20.00

DLS-2

LOUISIANA PUBLIC SERVICE COMMISSION

SANDERS VENTURES #2, L.L.C., D/B/A BRADY'S MOBILE HOME PARK

SEWER SERVICES

Effective Date:

AVAILABILITY

These rates are available under the general terms and conditions of the Company to all sewer service consumers within the area served by the Company in the following subdivision:

<u>SUBDIVISIONS</u>	<u>PARISH</u>	<u>SECTION</u>	<u>TOWNSHIP</u>	<u>RANGE</u>
Brady's Mobile Home Park	Caddo			

RESIDENTIAL RATES

\$6.90 per 1,000 gallons of water consumed

FLOW-THROUGH

\$9.55 per 1,000 gallons of water purchased from City of Shreveport and consumed by the customer and charged as separate line-item.

RE-CONNECTION FEE

\$70.00

This Charge is for re-establishing service after disconnection for non-payment, failure to make deposit, fraudulent or seasonal use. It is suggested by the Louisiana Public Service Commission the sewerage company make an agreement with the water company to disconnect water service for non-payment of bills.

SERVICE CHARGE

\$40.00 per hour

This charge shall cover the cost of sending a repairman to a consumer's premises at the consumer's request when the trouble is found to be in the consumer's house piping.

DEPOSIT

Maximum charge 2.5 times average monthly bill.

NSF CHECK FEE

\$20.00

BEFORE THE
LOUISIANA PUBLIC SERVICE COMMISSION

SANDERS VENTURES #2, LLC, D/B/A BRADY'S
MOBILE HOME PARK, EX PARTE

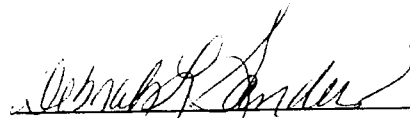
DOCKET NO. U-_____

In Re: Request for Approval of Increase in Tariff Rates and Implementation of Service Charges.

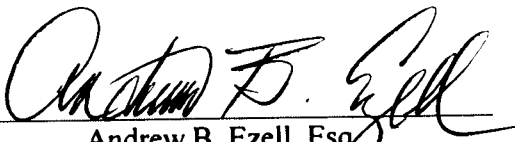
AFFIDAVIT

STATE OF LOUISIANA
PARISH OF EAST BATON ROUGE

I, Deborah L. Sanders, being first duly sworn, state that I have reviewed the above and foregoing testimony, and that the testimony is true and accurate to the best of my knowledge, information, and belief.


Deborah L. Sanders

SWORN TO AND SUBSCRIBED before me this 30th day of November, 2020.


Andrew B. Ezell, Esq.
La. Bar Roll No. 05404
My Commission Expires at Death

**BEFORE THE
LOUISIANA PUBLIC SERVICE COMMISSION**

DOCKET NO. U-_____

**SANDERS VENTURES #2, L.L.C., D/B/A BRADY'S MOBILE HOME PARK,
EX PARTE**

In Re: Application for Increase in Tariff Rates and Implementation of Service Charges

PRE-FILED TESTIMONY

OF

GEORGE E. MCGOVERN III, CPA

ON BEHALF OF

SANDERS VENTURES #2, L.L.C., D/B/A BRADY'S MOBILE HOME PARK

November 30, 2020

1. Q. Would you please state your name and business address for the record.

A. My name is George E. McGovern III. My business address is 1300 Grimmer Drive, Shreveport, LA 71107.

2. Q. What is your educational and professional background?

A. I graduated from Louisiana State University in 1971 with a Bachelor of Science Degree in Accounting. I received my Master's Degree in Business Administration from Mississippi State University in 1974. I received my Certified Public Accountant ("CPA") certificate in 1974, and am licensed to practice public accounting in Louisiana, Texas and Arkansas. Beginning in 1975 and for three (3) years I was a staff accountant for the international accounting firm, Touche Ross (now, Deloitte Touche). I was a full-time professor of accounting at Centenary College from 1978 to 1985. I left my teaching position to start my own accounting practice in Shreveport, where I am a solo practitioner, with a staff of ten (10) people. I am a member of the American Institute of Certified Public Accountants ("AICPA") and the Louisiana Society of Certified Public Accountants ("LSCPA").

3. Q. Have you ever submitted testimony before a regulatory agency?

A. No. However, I have provided expert testimony in Federal District Court, Federal Bankruptcy Court and State District Courts.

4. Q. What is the purpose of your testimony in this proceeding?

A. The purpose of my testimony is to explain the financial presentations and calculations that I have prepared to assist Sanders Ventures #2, L.L.C., d/b/a Brady's Mobile Home Park ("Brady's") in securing Louisiana Public Service Commission (the

“Commission”) approval of an increase in tariff rates to assure recovery of all ordinary and necessary expenses and adequate and appropriate revenue in excess of expenses.

5. Q. What financial information have you prepared to support Brady’s request for an increase in its rates for water and water used for sewerage?

A. I have provided two (2) statements of expense for Brady’s, which are attached hereto as GEM-1. The first statement referred to as Exhibit A to GEM-1, reflects total expenses for Brady’s for 2019. The direct System expenses have been extracted, and indirect expenses attributable to the System and bad debt expense have been added to the direct expenses. The total amount of these expenses, or \$15,266.17, reflects the total System expenses for 2019. The second statement referred to as Exhibit B to GEM-2, reflects the actual direct expenses related to the operation of the System for 2021, as well as a known and measurable bad debt expense of \$3,000. When the bad debt expense is added to the direct expenses for 2021, the projected expense recovery is \$29,806. The 2019 summary reflects the woeful under-recovery of System expenses for that year, and the 2021 summary presents a reasonable amount of expense recovery to ensure safe, efficient and reliable water and wastewater service to customers.

6. Q. Did you prepare any financial calculations to compare the current System rates to the rates projected for 2021 and the comparative revenue generated?

A. Yes, I did. My calculations, as set forth in GEM-2, reflect that current rates generated \$20,726.40 in revenue in 2019, and that proposed rates for 2021 will generate \$37,257.50 in revenue, or a difference of \$16,531.10.

7. Q. Did you include any allocation of indirect administrative costs in the expense recovery for 2021?

A. No, I did not.

8. Q. Why?

A. Because it is my opinion that the proposed operating margin provides sufficient revenue over expenses to reasonably contemplate and recognize these expenses.

9. Q. What operating margin is Brady's proposing?

A. Brady's is proposing an operating margin of twenty-five (25%) percent to achieve its revenue requirement.

10. Q. Did you calculate the additional revenue that will be generated if the proposed rate increases are approved?

A. Yes. That calculation is included in GEM-2 and reflects that the additional revenue over expenses totals \$7,451.

11. Q. Do you believe that the expense recovery and operating margin sought by Brady's is fair and reasonable?

A. Yes. The proposed increase in rates will enable Brady's to recover the ordinary and necessary expenses of the System and provide a fair and reasonable operating margin, thus ensuring safe, efficient and reliable water and wastewater service to customers.

15. Q. Does this conclude your testimony?

A. Yes.

GEM-1

G E O R G E E . M C G O V E R N I I I

CERTIFIED PUBLIC ACCOUNTANT

MEMBER OF AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS AND THE LOUISIANA
SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

P. O. Box 7155
Shreveport, LA 71137-7155
318-222-7555

1300 Grimmett Drive
Shreveport, LA 71107
FAX # 318-222-7772

Summary of Sanders Ventures #2, LLC, DBA Brady's Mobile Home Park Ex
Parte Request for Approval of Increase in Rates

In the submission for 2019 the park reported an average daily useage of
1,270 gallons with a rate \$.51/gallon(total for both water/sewer) with
31 potential customers(currently have 32 customers).

Exhibit A

This statement reflects the actual expenses for 2019 for Sanders
Ventures LLC #2 and the direct expenses have been extracted from the
total. The total of \$15,266.17 includes the direct and indirect cost.

Exhibit B

This statement reflects the projected expenses for 2021 for the improved
operations of Brady Mobile Home Park water and sewer system. The direct
expenses, which include hiring/contracting out for the testing, reading
meters, other services results in projected cost of \$29,806.00.

George McGovern
11 28 2020

Exhibit A

G E O R G E E . M C G O V E R N I I I

CERTIFIED PUBLIC ACCOUNTANT

MEMBER OF AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS AND THE LOUISIANA
SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

P. O. Box 7155
Shreveport, LA 71137-7155
318-222-7555

1300 Grimmatt Drive
Shreveport, LA 71107
FAX # 318-222-7772

Sanders Ventures LLC #2
Water/Sewage Brady's Mobile Home Park
2019 Expenses

Sanders Ventures LLC #2 is a Louisiana LLC owned by Colton and Debbie Sanders. This entity owns property in Louisiana and Texas and consist of primarily trailer parks/mobile home units. Included in the assets is the Brady Mobile Home Park which has 32 residential meters and had 27 residential customers in 2019. The LLC purchases water/sewage from the City of Shreveport in 2019 was \$17,869.26.

The attachment indicates the following:

1. Column one is the total expense for the company for 2019. This Column is labeled "Total Sanders Ventures LLC II Expenditures(including Brady Mobile Home Park Water and Sewer Exp) fye 2019".
2. Column two labeled "Brady Mobile Home Park Water/Sewer Direct Expenses fye 2019" are expenses that were incurred solely due to having the Brady Mobile Home Park water/sewer system.
3. Column three labeled "Sanders Ventures LLC II, Expenses which are indirectly related to Brady Mobile home Park Water and Sewer Exp fye 2019" are expenses that were incurred that all other divisions/operations(of Sanders Ventures LLC #2) benefitted from.
4. Column four labeled "Sanders Ventures LLC II, Expenditures which are not related to Brady Mobile Home Park Water and Sewer Expenses fye 2019" are expenses that have no relation to the water/sewage of Brady's Mobile Home Park.
- 5 The row labeled "overhead allocation" is the allocation of column three(indirect allocations) based upon the percentage of direct allocations to the total of the direct allocations plus those not allocated($\$4,871.17 / (\$4,871.17 + \$180,437.37)$).

The total of \$15,266.17 represents the allocation of direct and indirect expenses to determine the cost of the Brady Mobile Home Park Water/Sewage system in 2019.

Page 2

Detail of all direct and indirect expenses are available if needed.

George
11/25/2020

Sanders Ventures II LLC
2019

Expense	Column 1 Total Sanders Ventures LLC II, Expenditures(Including Brady Mobile Home Park Water and Sewer Exp) fye 2019	Column 2 Brady Mobile Home Park Water/Sewer Direct Expenses fye 2019	Column 3 Sanders Ventures LLC II, Expenses which are indirectly related to Brady Mobile Home Park Water and Sewer expenses fye 2019	Column 4 Sanders Ventures LLC II, Expenditures which are not related to Brady Mobile Home Park Water and Sewer expenses fye 2019
Uniforms	\$261.78			\$261.78
Security	\$900.00			\$900.00
Advertising	\$347.97			\$347.97
Auto Expenses	\$4,759.75		\$4,759.75	\$0.00
Bank Service Charge	\$4,759.72		\$46.00	\$4,713.72
Contract Water Testing (\$40/day)				
Contract Meter Reading(\$40/mo)				
Contract Water/sewage Bill Preparation(\$80/mo)				
Contract Collection(\$80/mo)	\$45.00			\$45.00
Contract Labor	\$7,131.57			\$7,131.57
Depreciation	\$70,680.00			\$70,680.00
Dues and Subscriptions	\$24.36			\$24.36
Pest Control	\$1,720.00			\$1,720.00
Insurance	\$35,437.08		\$35,437.08	\$0.00
Health	\$14,465.85	\$506.00		\$13,959.85
Property	\$11,335.92		\$8,028.86	\$3,307.06
Other	\$116,916.40		\$116,916.40	\$0.00
Interest	\$1,491.62		\$1,491.62	\$0.00
Prof Fees				
Miscellaneous	\$3,991.13		\$3,991.13	\$0.00
Office	\$663.16		\$663.16	\$0.00
Salaries	\$56,500.56		\$19,587.40	\$36,913.16
Supplies	\$55,027.78	\$506.19	\$54,521.59	\$0.00
Repairs and Maint	\$40,131.25	\$3,339.42	\$36,791.83	\$0.00
Payroll Tax	\$5,127.09		\$1,777.00	\$3,350.09
Tax	\$21,786.65	\$519.56		\$21,267.09
Telephone	\$1,702.08		\$1,702.08	\$0.00
Utilities	\$25,284.98	\$17,869.26		\$7,415.72
Lawn Maintenance	\$8,400.00			\$8,400.00
remove water/sewage purchased directly from City of Shreveport				
Subtotal	\$488,891.70 (\$17,869.26)	\$22,740.43 (\$17,869.26)	\$285,713.90	\$180,437.37
allocation of indirect expenses		\$4,871.17		
Bad Debt Expenses	\$2,885.00	\$7,510.00	(\$285,713.90)	\$278,203.90
	\$473,907.44	\$15,266.17	\$0.00	\$458,641.27

Exhibit B

G E O R G E E . M C G O V E R N I I I

CERTIFIED PUBLIC ACCOUNTANT

MEMBER OF AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS AND THE LOUISIANA
SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

P. O. Box 7155
Shreveport, LA 71137-7155
318-222-7555

1300 Grimmer Drive
Shreveport, LA 71107
FAX # 318-222-7772

Sanders Ventures LLC #2
Water/Sewage Brady's Mobile Home Park
2021 Projected Expenses

Sanders Ventures LLC #2 is a Louisiana LLC owned by Colton and Debbie Sanders. This entity owns property in Louisiana and Texas and consist of primarily trailer parks/mobile home units. Included in the assets is the Brady Mobile Home Park which has 32 residential meters and had 27 residential customers in 2019. The LLC purchases water/sewage from the City of Shreveport and in 2019 this expenditure was \$17,869.26.

The attachment indicates the following:

1. Column one labeled "Total Sanders Ventures LLC II Expenditures(including Brady mobile Home Park Water and Sewer Exp) fye 2019" is the total expense for the company for 2019.
2. Column two labeled "Total Sanders Ventures LLC II, Expenditures(including Brady Mobile Home Park Water and Sewer Exp)fye 2019 plus projected cost for Water and Sewer Expenses of Brady Mobile Home Park in 2021" is the expense for 2019 plus the anticipated increase in expenditures for 2021 for Brady Mobile Home Park water and sewer operations.
3. Column three labeled "Brady Mobile Home Park Water/sewer direct expenses projected fye 2021" are expenses that are anticipated in 2021 due to having the Brady Mobile Home Park water/sewer system.

Note A. Contract Services..The company will enter into contracts with third parties to perform the following:

Daily water testing	\$40/day
Meter Reading	\$40/mo
Bill preparation	\$80/mo
Collection	\$80/mo

Note B. Professional Fees..The company will retain legal and accounting services from outside professionals at a cost of \$3,000/year.

Note C. Office...The company will incur additional expenses due to the monitoring/billing of these cost expected to be \$50/month.

Note D. Repairs..The company had repair expenses of \$3,339.42 in 2019 and project increase repairs and need for supplies as the system gets older.

Note E. Tax.. Property taxes are expected to increase approximately 19% from 2019.

Note F. Bad Debt expense..The company keeps its books on the cash method thus bad debts are not reflected however the company has an average of approximately 10% over the past three years.

3. Column four labeled "Sanders Ventures LLC II, Expenses which are indirectly related to Brady Mobile Home Park Water and Sewer projected fye 2021" are expenses that were incurred that all other divisions/operations(of Sanders Ventures LLC #2) benefitted from.

4. Column five labeled "Sanders Ventures LLC II, Expenditures which are not related to Brady Mobile Home Park Water and Sewer Projected fye 2021" are expenses that have no relation to the water/sewage of Brady's Mobile Home Park.

The total of \$29,806.00 represents the direct expenses of the Brady Mobile Home Park Water/Sewage system in 2021.

George
11/15/2020

Sanders Ventures II LLC
Projected 2021

Note	Expense	Column 1 Total Sanders Ventures LLC II, Expenditures(Including Brady Mobile Home Park Water and Sewer Exp) fye 2019	Column 2 Total Sanders Ventures LLC II, Expenditures(Including Brady Mobile Home Park Water and Sewer Exp) fye 2019 plus projected cost for Water and Sewer expenses of Brady Mobile Home Park in 2021	Column 3 Brady Mobile Home Park Water/Sewer Direct Expenses Projected fye 2021	Column 4 Sanders Ventures LLC II, Expenses which are indirectly related to Brady Mobile Home Park Water and Sewer Projected fye 2021	Column 5 Sanders Ventures LLC II, Expenditures which are not related to Brady Mobile Home Park Water and Sewer Projected fye 2021
	Uniforms	\$261.78	\$261.78	\$0.00	\$0.00	\$261.78
	Security	\$900.00	\$900.00	\$0.00	\$0.00	\$900.00
	Advertising	\$347.97	\$347.97	\$0.00	\$0.00	\$347.97
	Auto Expenses	\$4,759.75	\$4,759.75	\$0.00	\$4,759.75	\$0.00
	Bank Service Charge	\$4,759.72	\$4,759.72	\$0.00	\$46.00	\$4,713.72
A	Contract Water Testing (\$40/day)	\$0.00	\$14,600.00	\$14,600.00	\$0.00	\$0.00
A	Contract Meter Reading(\$40/mo)	\$0.00	\$480.00	\$480.00	\$0.00	\$0.00
A	Contract Water/sewage Bill Preparation(\$80/mo)	\$0.00	\$960.00	\$960.00	\$0.00	\$0.00
A	Contract Collection(\$80/mo)	\$0.00	\$960.00	\$960.00	\$0.00	\$0.00
	Contract Labor	\$45.00	\$45.00	\$0.00	\$0.00	\$45.00
	Depreciation	\$7,131.57	\$7,131.57	\$0.00	\$0.00	\$7,131.57
	Dues and Subscriptions	\$70,680.00	\$70,680.00	\$0.00	\$0.00	\$70,680.00
	Pest Control	\$24.36	\$24.36	\$0.00	\$0.00	\$24.36
	Insurance	\$1,720.00	\$1,720.00	\$0.00	\$0.00	\$1,720.00
	Health	\$35,437.08	\$35,437.08	\$0.00	\$35,437.08	\$0.00
	Property	\$14,465.85	\$14,465.85	\$506.00	\$0.00	\$13,959.85
	Other	\$11,335.92	\$11,335.92	\$200.00	\$8,028.86	\$3,307.06
	Interest	\$116,916.40	\$116,916.40	\$0.00	\$116,916.40	\$0.00
	Prof Fees	\$1,491.62	\$1,491.62	\$0.00	\$1,491.62	\$0.00
B	Legal/CPA	\$0.00	\$3,000.00	\$3,000.00	\$0.00	\$0.00
	Miscellaneous	\$3,991.13	\$3,991.13	\$500.00	\$3,991.13	\$0.00
C	Office	\$663.16	\$1,163.16	\$0.00	\$663.16	(\$0.00)
	Salaries	\$56,500.56	\$56,500.56	\$0.00	\$19,587.40	\$36,913.16
	Supplies	\$55,027.78	\$55,027.78	\$0.00	\$54,521.59	\$506.19
D	Repairs and Maint	\$40,131.25	\$41,791.83	\$5,000.00	\$36,791.83	\$0.00
	Payroll Tax	\$5,127.09	\$5,127.09	\$0.00	\$1,777.00	\$3,350.09
E	Tax	\$21,786.65	\$21,867.09	\$600.00	\$0.00	\$21,267.09
	Telephone	\$1,702.08	1702.08	\$0.00	\$1,702.08	\$0.00
	Utilities	\$25,284.98	\$25,284.98	\$17,869.26	\$0.00	\$7,415.72
	Lawn Maintenance	\$8,400.00	\$8,400.00	\$0.00	\$0.00	\$8,400.00
	remove water/sewage purchased directly from City of Sh	\$488,891.70	\$511,332.72	\$44,675.26	\$285,713.90	\$180,943.56
	Subtotal	(\$17,869.26)	(\$17,869.26)	(\$17,869.26)	\$0.00	\$0.00
	allocation of indirect expenses		\$3,000.00	\$0.00	\$0.00	\$0.00
	bad debt expense		\$493,463.46	\$29,806.00	\$285,713.90	\$180,943.56

GEM-2

Calculation and Comparison of Current Water and Sewer Rates to Proposed Increased Rates and Comparative Revenue Generated

old	charges	number of customers	total rate	average gallons	
Water	\$0.39	32	\$12.48	1270	\$15,849.60
Sewer	\$0.12	32	\$3.84	1270	\$4,876.80
	\$0.51		\$16.32		\$20,726.40
new					
Water	\$0.70	32	\$22.43	1270	\$28,491.03
Sewer	\$0.22	32	\$6.90	1270	\$8,766.47
	\$0.92		\$29.34		\$37,257.50
	direct cost 2021				
direct expense	\$29,806.00				
25% margin	\$7,451.50				
	\$37,257.50				

**BEFORE THE
LOUISIANA PUBLIC SERVICE COMMISSION**

**SANDERS VENTURES #2, LLC, D/B/A BRADY'S
MOBILE HOME PARK, EX PARTE**

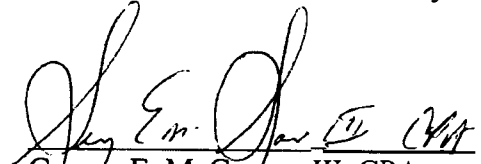
DOCKET NO. U-_____

In Re: Request for Approval of Increase in Tariff Rates and Implementation of Service Charges.

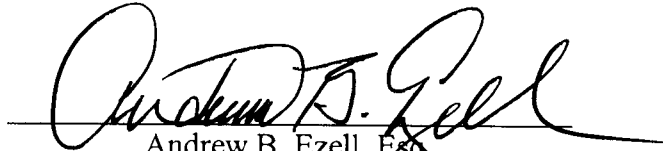
AFFIDAVIT

STATE OF LOUISIANA
PARISH OF EAST BATON ROUGE

I, George E. McGovern III, CPA, being first duly sworn, state that I have reviewed the above and foregoing testimony, and that the testimony is true and accurate to the best of my knowledge, information, and belief.


George E. McGovern III, CPA

SWORN TO AND SUBSCRIBED before me this 30th day of November, 2020.


Andrew B. Ezell, Esq.
La. Bar Roll No. 06414
My Commission Expires at Death