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LA Public Service Commission

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DEPT. Bull DATE 8/12 DEPT. _____

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JOHN N. GRINTON
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August 12, 2025 DEPT. _____ DATE _____ DEPT. _____

VIA HAND DELIVERY

Mr. Brandon M. Frey
Executive Secretary
Louisiana Public Service Commission
602 North Fifth Street
Galvez Building, 12th Floor
Baton Rouge, Louisiana 70802-5312

Re: Docket No. U-_____, Utilities, Inc. of Louisiana, ex parte. In re: Application for Consolidation of Rate Base, Phased Uniform Rate Structure, Adjustment in Retail Rates, Depreciation Study Implementation, Modification and Extension of Formula Rate Plan, Approval of Terms and Conditions, Approval of Industrial Biochemical Oxygen Demand Class, Updated System Development Charges, and Interim Rate Relief.

Dear Secretary Frey:

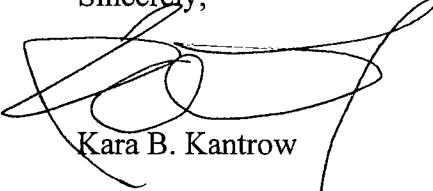
Enclosed for docketing and filing, on behalf of Utilities, Inc. of Louisiana ("UIL"), are both public and confidential versions of the above-referenced application. Please publish notice of this application in the Commission's next Official Bulletin.

UIL respectfully request that this matter be given a fifteen (15) day intervention and published in the upcoming Commission's Official Bulletin (Bulletin No. 1356).

Please note that the above referenced application includes **CONFIDENTIAL** exhibits, which are being provided to you under seal pursuant to the provisions of the LPSC General Order dated August 31, 1992, and Rules 12.1 and 26 of the Commission's Rules of Practice and Procedure. Placeholder pages are included with the public version of this filing, with the confidential exhibits submitted separately and under seal.

If any additional information is needed, please feel free to contact me. Thank you and kindest regards.

Sincerely,



Kara B. Kantrow

Enclosure: as stated

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AUG 12 2025

LA Public Service Commission

BEFORE THE
LOUISIANA PUBLIC SERVICE COMMISSION

UTILITIES, INC. OF LOUISIANA,
EX PARTE

DOCKET NO. U-_____

In re: Application for Consolidation of Rate Base, Phased Uniform Rate Structure, Adjustment in Retail Rates, Depreciation Study Implementation, Modification and Extension of Formula Rate Plan, Approval of Terms and Conditions, Approval of Industrial Biochemical Oxygen Demand Class, Updated System Development Charges, and Interim Rate Relief.

APPLICATION FOR CONSOLIDATION OF RATE BASE, PHASED UNIFORM RATE STRUCTURE, ADJUSTMENT IN RETAIL RATES, DEPRECIATION STUDY IMPLEMENTATION, MODIFICATION AND EXTENSION OF FORMULA RATE PLAN, APPROVAL OF TERMS AND CONDITIONS, APPROVAL OF INDUSTRIAL BIOCHEMICAL OXYGEN DEMAND CLASS, UPDATED SYSTEM DEVELOPMENT CHARGES, AND INTERIM RATE RELIEF

NOW BEFORE the Louisiana Public Service Commission (“Commission”), through undersigned counsel, comes Utilities, Inc. of Louisiana (“UIL” or “Company”), who respectfully submits this “*Application for Consolidation of Rate Base, Phased Uniform Rate Structure, Adjustment in Retail Rates, Depreciation Study Implementation, Modification and Extension of Formula Rate Plan, Approval of Terms and Conditions, Approval of Industrial Biochemical Oxygen Demand Class, Updated System Development Charges, and Interim Rate Relief*” (the “Application”) and in support thereof avers as follows:

COMPANY OVERVIEW

1.

UIL is a Louisiana corporation providing water and wastewater service to approximately 15,300 water and 15,000 wastewater customers across 19 parishes. It is a wholly owned subsidiary of Nexus Regulated Utilities, Inc., an Illinois corporation, which is itself indirectly owned by Nexus Water Group, Inc., a Delaware corporation. UIL’s principal office is located at 1100 North

Causeway Boulevard, Suite 104, Mandeville, Louisiana 70471. Attached hereto as Exhibit “A” is a current certificate of good standing from the Louisiana Secretary of State.

2.

As approved in Docket No. S-37495,¹ UIL recently merged with French Settlement Water Company, Inc. (“French Settlement”), increasing both its rate base and customer count.

COMMISSION JURISDICTION

3.

The Commission exercises jurisdiction over the rates and services of regulated public utilities, including UIL, under Article 4, Section 21(B) of the Constitution of the State of Louisiana.

CONSOLIDATION OF RATE BASE AND PHASED UNIFORM RATE STRUCTURE

4.

Following its merger with French Settlement, UIL seeks approval to consolidate all utility assets, including those acquired through the merger, into a single rate base for ratemaking purposes. UIL further requests approval of a phased, uniform rate structure that promotes fairness, transparency, and rate stability. To transition from two distinct rate structures, UIL proposes a three-year phase-in plan. This plan would begin with an immediate, uniform percentage increase for all UIL customers, including former French Settlement customers. Over the next three years, UIL would gradually align all customer rates into a unified structure, timed to coincide with UIL’s annual Formula Rate Plan (“FRP”) filings. UIL has evaluated multiple options, included in Confidential Exhibit “C” *in globo* attached hereto: full consolidation in year one (Option 1); no consolidation (Option 2); and UIL’s preferred approach, a three-year phase-in following an initial

¹ See Docket No. S-37495, Utilities, Inc. of Louisiana and French Settlement Water Company, Inc., *ex parte*, *In re: Request for Letter of Non-Opposition to the merger of UIL and French Settlement*.

across-the-board increase (Option 3). UIL respectfully requests authority to implement Option 3. This approach balances revenue sufficiency and rate equity, supports system investment needs, and cushions the impact on customers transitioning to a unified rate structure.

REQUEST FOR RETAIL RATE ADJUSTMENTS

5.

UIL’s current water service rates are as follows:

Type of Customer	Base Rate Up to 2,000 Gallons	Base Rate Up to 4,000 Gallons	Rate Per Additional 1,000 Gallons
Residential	\$25.18	–	\$5.15
Residential Irrigation	–	\$25.18	\$5.15
Commercial	–	\$103.85	\$5.47
Commercial Irrigation	–	\$103.85	\$5.47

UIL’s average monthly consumption for water service based on customer classes is as follows:

- Residential: 5,000 gallons.
- Commercial: 46,000 gallons.

French Settlement’s wastewater service rates currently applied by UIL are as follows (see LPSC Order No. U-35444, dated 2/25/2021):

Type of Customer	Base Rate Up to 2,000 Gallons¹	Base Rate Up to 4,000 Gallons	Rate Per Additional 1,000 Gallons¹
Residential	\$16.364	–	\$3.922
Residential Irrigation	\$16.364	–	\$3.922
Commercial	\$16.364	–	\$3.922
Commercial Irrigation	\$16.364	–	\$3.922
Residential Unmetered	\$18.00	–	–
Commercial Unmetered	\$18.00	–	–

¹ Water Purchase Adjustment (“WPA”) amounts have been included in these rates using the basis on which they are charged to customers. The WPA component charged for usage up to the first 2,000 gallons is included in the minimum charge totals above, and the WPA component charged per 1,000 gallons of usage over 2,000 gallons is included in the volumetric rates shown.

6.

UIL’s current wastewater rates are as follows:

Type of Customer	Base Rate	Rate Per 1,000 Gallons
Residential	\$42.43	\$2.68
Commercial (5/8-Inch Meter)	\$73.82	\$8.13
Bulk Usage	—	\$1.35

UIL’s average monthly consumption for wastewater service based on customer class is as follows:

- Residential: 5,000 gallons.
- Commercial: 31,000 gallons.

7.

UIL’s base rates were last established by Order No. U-34742, nearly seven years ago, based on a 2017 test year. Since then, only limited adjustments have occurred through UIL’s FRP. See Exhibit “B” *in globo* attached hereto. Since 2017, UIL has invested more than \$58 million in capital improvements across its system, including approximately \$9 million in the former French Settlement system. These upgrades have improved service quality, reliability, and long-term operational capacity. With a larger system and greater economies of scale following the merger, UIL now seeks to initiate this rate case to establish just and reasonable rates.

8.

As detailed in Confidential Exhibit “C” *in globo* as well as the accompanying Pre-Filed Direct Testimony of Mr. Andrew Dickson, the Company’s Vice President of Finance (Exhibit “D”), UIL’s current rates (i) fail to cover ongoing operating expenses, (ii) do not yield a reasonable return on equity (“ROE”), (iii) do not support critical capital improvements, and (iv) undermine UIL’s ability to ensure long-term service reliability. The proposed improvements include wastewater treatment upgrades, well rehabilitation, collection system repairs, and distribution

infrastructure enhancements, all necessary to sustain safe, efficient service while also benefiting all customers by providing adequate capacity to serve and deliver treated water to homes and convey sewage to UIL's treatment plants. UIL proposes using calendar year 2024 as the test year, with known and measurable *pro forma* adjustments, but not an average-year approach.

9.

The average of the *pro forma* adjusted, blended ROEs for UIL in test years 2021-2023, per the FRP Joint Reports, was 6.38%,² well below the LPSC's authorized bandwidth of 9.00% to 10.00%. These *pro forma* figures already reflect adjustments like revenue annualization and thus likely overstate UIL's actual returns.

10.

UIL now seeks an adjustment in retail rates totaling a \$3,157,753 increase in retail water revenues and a \$3,180,758 increase in retail wastewater revenues. If granted, this would produce a blended ROE of 11.00% ROE and an approximate return on rate base of 8.23%. Illustratively, in 2024, the average residential water bill for a UIL customer was \$40.63, and the average residential wastewater bill for a UIL customer was \$55.83. A typical UIL water customer using 5,000 gallons per month would see a \$9.38, or 33.35%, increase in his or her monthly water bill. A typical UIL metered wastewater customer using the same 5,000 gallons per month would see a \$12.44, or 22.29%, increase in his or her monthly wastewater bill. The average residential water bill for a legacy French Settlement customer in 2024 was \$28.13. This same French Settlement customer using 3,000 gallons per month would see a \$9.38, or 33.35%, increase in his or her monthly water bill. Confidential Exhibit "C" *in globo* provides a more comprehensive breakdown of these figures and calculations, along with related Company financial statements for the test year

² The adjusted, blended ROE for test year 2021 was 5.31%, that for test year 2022 was 6.73%, and that for test year 2023 was 7.10%.

and the current year to date, a list of *pro forma* adjustments, and a rate analysis. The Pre-Filed Direct Testimony of Mr. Dickson, Exhibit “D” attached hereto, also discusses at length the reasons justifying the requested rate relief.

**REQUEST FOR ORDER TO COMPLETE
AND IMPLEMENT DEPRECIATION STUDY**

11.

As explained in Exhibit “D,” UIL requests that the Commission order the completion of a depreciation study upon conclusion of this proceeding. The Company currently uses a composite depreciation rate of 1.5% across most plant assets, which does not reflect actual asset lives. UIL proposes that the study’s results be implemented in the first year of its proposed FRP extension.

**REQUEST FOR MODIFICATION
AND EXTENSION OF FORMULA RATE PLAN**

12.

FRPs allow for annual reviews of utility financials, with adjustments to revenues and expenses based on a rider applied to base rate revenues. FRPs reduce regulatory lag and promote stable, just, and reasonable rates. Under Order No. U-34742, UIL implemented its first FRP for test years 2018-2020. Order No. U-36003 extended the FRP through test year 2023 and revised various components of UIL’s FRP rider.³ The current FRP allows UIL to design rates for the test year intended to earn a ROE ratio bandwidth between 9.00% and 10.00% with a ROE ratio midpoint of 9.50%. If the Company’s earned ROE falls outside the band, rates are adjusted to bring the ROE back to the upper or lower endpoint of the ROE ratio bandwidth.

13.

³ See Docket No. 36003, Utilities, Inc. of Louisiana, *ex parte*, *In re: Request for Extension of Formula Rate Plan with Modifications Thereto*.

With its FRP now expired, UIL seeks a three-year extension covering test years 2025–2027 with certain modifications. *See* Exhibit “I” *in globo* attached hereto, a redlined copy of the Company’s proposed FRP Rider contained in UIL’s proposed final tariffs for water service and wastewater service.⁴ UIL remains interested in returning to an ROE ratio midpoint reset, with an ROE midpoint or level reset of 11.00%, where a “level reset” is an ROE ratio without a management bandwidth. Nevertheless, UIL is willing to accept a management bandwidth if such remains the Commission’s preference, but the Company has not experienced any functional benefit from the existence of the bandwidth. UIL requests that its proposed FRP have a three-year term, commencing with a 2025 test year and expiring with a 2027 test year. UIL also requests that its filing date be moved to earlier in the year, specifically to March 1, and that the review period be shortened to require conclusion of the FRP annual report proceedings and implementation of rates by July 1.

14.

The proposed FRP structure would allow UIL to maintain financial health, support system investments, and avoid service disruptions due to revenue deficiencies. Customers will benefit from predictable, transparent rates and sustained service reliability.

**REQUEST FOR INDUSTRIAL BIOCHEMICAL OXYGEN DEMAND CLASS
AND UPDATED SYSTEM DEVELOPMENT CHARGES**

15.

UIL also requests other modifications to its tariff, including a new, Industrial Biochemical Oxygen Demand class for one industrial customer consistent with the Company’s request for retail

⁴ As part of this Application, the Company also seeks approval of Standard Terms and Conditions in compliance with General Order 7-26-2017 (Corrected) issued in Docket No. R-34120, Louisiana Public Service Commission, *ex parte*, *In re: Possible modification to the rules and regulations for water and wastewater utilities to adopt billing rules specific to flat-rate wastewater service in multi-tenant dwellings*. *See* Exhibit “I” *in globo* attached hereto.

rate adjustments, as well as a request for approval of updated system development charges. These updates align with UIL's retail rate adjustment request and will support long-term system integrity and fairness.

REQUEST FOR INTERIM RATES

16.

UIL seeks interim rate relief due to immediate financial needs resulting from increased capital investments, rising operating costs, and below-authorized returns. As detailed in the supporting testimonies attached hereto, UIL proposes an interim surcharge of \$5.00 per customer bill. To protect the public interest, UIL is prepared to post financial security ensuring that any amount deemed unrecoverable after final Commission review will be refunded to ratepayers. This request is necessary to preserve UIL's financial integrity, justified by urgent operational needs, and in the public interest. Furthermore, the interim rate relief requested cannot be postponed, is needed immediately, and no other alternatives exist to meet the UIL's need except interim rate relief. The details of the interim rate relief requested are found in the attached Pre-filed Direct Testimonies.

SUPPORTING EXHIBITS

17.

Pursuant to Rule 13(E) of the Commission's Rules of Practice and Procedure, UIL has attached to this Application the following exhibits upon which the Company will rely in support of this Application:

- Exhibit A: Louisiana Secretary of State Corporation Information Sheet for UIL;
- Exhibit B: UIL's Current Water Service Tariff and Wastewater Service Tariff, *in globo*;

- Exhibit C: UIL’s 2024 Audited Financial Statements and *pro forma* adjusted 2025 Financial Statements, *Pro Forma* Adjustment Details, and Rate Analysis, *in globo* (**CONFIDENTIAL**);
- Exhibit D: Pre-Filed Direct Testimony and Exhibits of Mr. Andrew Dickson, Vice President of Finance, in Support of the Application, *in globo* (**CONFIDENTIAL AND PUBLIC VERSIONS**);
- Exhibit E: Pre-Filed Direct Testimony of Mr. Alex E. Williams, Vice President of Operations, in Support of the Application;
- Exhibit F: Pre-Filed Direct Testimony and Exhibits of Ms. Cheri Medders, Financial Analyst II, in Support of the Application, *in globo* (**CONFIDENTIAL AND PUBLIC VERSIONS**);
- Exhibit G: Pre-Filed Direct Testimony and Exhibits of Mr. Steven M. Lubertozi, Senior Vice President of Rates, Regulatory, and Legislative Affairs, in Support of the Application, *in globo* (**CONFIDENTIAL AND PUBLIC VERSIONS**);
- Exhibit H: Pre-Filed Direct Testimony of Mr. Matthew R. Howard, Director of ScottMadden, Inc., in Support of the Application;
- Exhibit I: A redline copy of UIL’s Proposed FRP Rider, UIL’s Proposed Final Water Service Tariff and Wastewater Service Tariff, Including Standard Terms and Conditions, *in globo*; and
- Exhibit J: UIL’s Interim Water Service Tariff and Wastewater Service Tariff, *in globo*.

The Company reserves the right to supplement or amend the foregoing exhibits.

JOURNAL PUBLICATION

18.

As required by Article 4, Section 21(D)(1) of the Constitution of the State of Louisiana, the Company will advertise notice of this Application in the official state journal as well as in the official journals of each parish within the geographical area to which UIL’s proposed tariff would apply. UIL will file into the record proofs of publication after receipt thereof.

REQUEST FOR NOTICE

19.

UIL requests that all notices, filings, discovery, correspondence, and other communications concerning this matter be directed to the following persons:

Kara B. Kantrow
Kyle C. Marionneaux
John N. Grinton
H. Barlow Holley
Marionneaux Kantrow, LLC
10202 Jefferson Highway, Building C
Baton Rouge, Louisiana 70809-3183
Telephone: (225) 769-7473
Facsimile: (225) 757-1709
E-mail: kara@mklawla.com
kyle@mklawla.com
john@mklawla.com
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Aaron M. Accardo
Andrew Dickson
Cheri Medders
Alex E. Williams
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Utilities, Inc. of Louisiana
1100 North Causeway Boulevard, Suite 104
Mandeville, Louisiana 70471-3440
Telephone: (877) 875-3711
E-mail: Aaron.Accardo@nexuswg.com
Andrew.Dickson@nexuswg.com
Cheri.Medders@nexuswg.com
Alex.Williams@nexuswg.com
Brian.Bahr@nexuswg.com

The Company further requests that the foregoing individuals be placed on the official service list for this proceeding.

REQUEST FOR CONFIDENTIAL TREATMENT

20.

Portions of UIL's evidence supporting this Application contain information considered by the Company to be proprietary and confidential. Therefore, UIL seeks protective treatment of those

attached exhibits and items marked “Confidential” under Rule 12.1 of the Commission’s Rules of Practice and Procedure.

REQUEST FOR 15-DAY INTERVENTION PERIOD AND TIMELY TREATMENT

21.

UIL respectfully requests that notice of this Application be published in the Commission’s next Official Bulletin and that interested parties be given **15 days** to file any intervention or protest. The Company further requests that the Commission make a decision in this matter or, in the alternative, establish a procedural schedule for a decision, as soon as possible.

PUBLIC INTEREST STATEMENT

22.

UIL’s requested phased-in uniform rate structure and rate adjustments are in the public interest and will ensure that the Company can attract capital sufficient to maintain and improve its quality of service and continue offering safe, reliable, and efficient water and wastewater service to its customers. Renewing the Company’s FRP (with the requested modifications) likewise serves the public interest, because it will give UIL and its customers regulatory certainty, rate stability, and rate predictability. As will be seen from the attached exhibits, the proposed FRP will allow UIL to maintain financial integrity while providing sufficient margins for increased equity, general funds, and capital credit requirements.

PRAYER FOR RELIEF

WHEREFORE, UIL prays that, after all appropriate hearings and considerations, the Commission:

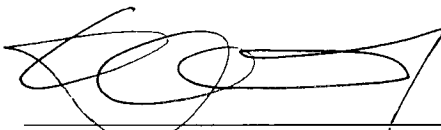
1. Issue an order granting the relief sought in this Application as set forth herein and in the exhibits attached hereto and made a part hereof;
2. Grant UIL’s request that this Application be given a **15-day intervention period**

in the Commission's next Official Bulletin (No. 1356); and

3. Grant UIL all other general and equitable relief to which it is entitled under the law.

Respectfully submitted,

MARIONNEAUX KANTROW, LLC



Kyle C. Marionneaux (Bar Roll No. 25785)

Kara B. Kantrow (Bar Roll No. 31042)

John N. Grinton (Bar Roll No. 34571)

H. Barlow Holley (Bar Roll No. 38275)

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