

**DOCKET NUMBER U-37584 - MAGNOLIA WATER UTILITY
OPERATING COMPANY, LLC, EX PARTE. IN RE: REQUEST FOR
EXTENSION OF FORMULA RATE PLAN.**

DATE OF HEARING: February 9, 2026

ADMINISTRATIVE LAW JUDGE JOY GUILLOT

REDACTED

WITNESSES:

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2 **OPERATING COMPANY, LLC, EX PARTE. IN RE: REQUEST FOR**
3 **EXTENSION OF FORMULA RATE PLAN.**

4 **ADMINISTRATIVE LAW JUDGE JOY GUILLOT:** Good morning. Today
5 is Monday, February 9, 2026. Today, I am convening a hearing in Docket Number
6 U-37584 - Magnolia Water Utility Operating Company, LLC, ex parte. In re:
7 Request for an extension of formula rate plan. First, let's start with the appearances,
8 first on behalf of the applicant.

9 **MR. ANDY EZELL:** Andy Ezell with the Ezell Law Firm on behalf of Magnolia
10 Water.

11 **MR. ANDY NICOLAS:** Andy Nicolas with the Ezell Law Firm on behalf of
12 Magnolia Water.

13 **JUDGE GUILLOT:** Staff.

14 **MR. ARVIND VISWANATHAN:** Arvind Viswanathan on behalf of LPSC Staff.

15 **JUDGE GUILLOT:** And then let's have the intervenors, one at a time please, just
16 into the mic.

17 **MS. CINDY CASE-BROWN:** Cindy Case-Brown.

18 **MS. ANNE PAUTLER:** Anne Pautler.

19 **MS. CONNIE NORRIS:** Connie Norris.

20 **JUDGE GUILLOT:** Any other intervenors present that would like to make an
21 appearance today? [NONE HEARD] All righty then. Is there anything we need
22 to address before we move forward today? [NONE HEARD] All righty then. Are
23 we doing opening statements?

1 **MR. EZELL:** [INAUDIBLE]

2 **JUDGE GUILLOT:** All righty then.

3 **MR. VISWANATHAN:** Judge.

4 **JUDGE GUILLOT:** I'm sorry.

5 **MR. VISWANATHAN:** I could put out there if -- we could dispense with opening

6 statements and go right into the witnesses to move this along if the parties are

7 willing.

8 **JUDGE GUILLOT:** The applicant, if you want to give me an opening, I will take

9 it.

10 **MR. EZELL:** We can just go ahead and put on our direct, Your Honor. I will

11 open if you'd like me to.

12 **JUDGE GUILLOT:** The opening is solely up to you. We will be doing post-

13 hearing briefs, so if you don't want to do opening, then we'll just go straight --

14 **MS. CASE-BROWN:** I can give an opening statement.

15 **JUDGE GUILLOT:** Huh?

16 **MS. CASE-BROWN:** I can give an opening statement.

17 **JUDGE GUILLOT:** Okay. If you want to give one, then go ahead and give one.

18 **MS. CASE-BROWN:** So applicant is requesting extension of its initial formula

19 rate plan in its entirety as it is in the public interest and promotes judicial economy

20 by eliminating the cost in expensive filing and extensive rate case. Applicant must

21 provide full and complete evidence that they have explored all reasonable options

22 for capital improvements, supporting documentation of expenses and justify why

23 the expenses are appropriate, and proof that its projects are the reasonable, least-

1 cost alternative. The true scope of the company's operations should be considered
2 in this matter, not simply the capital projects in Louisiana. Regulatory compliance
3 exists in order to protect ratepayers. When the company is a utility monopoly,
4 ratepayers are due extra protection.

5 **JUDGE GUILLOT:** Anybody else want to give an opening, or?

6 **MS. NORRIS:** Yes, I'd like to.

7 **JUDGE GUILLOT:** Okay.

8 **MS. NORRIS:** Yes. Good morning, Your Honor. My name is Connie Norris. I
9 appear today as a ratepayer and also as a pro se intervenor representing the public
10 who must live with the consequences of Magnolia Water's rates, service quality,
11 and regulatory compliance. The rate case concerns one question, whether Magnolia
12 Water has met its burden to justify the revenue requirement and a rate increase it
13 seeks for ratepayers. The evidence shows it has not. The governing order, which
14 was under U-35822, protects ratepayers and Magnolia did not comply with it. In
15 Docket U-35822, Magnolia was granted a three-year formula rate plan. The order
16 is explicit. The formula rate plan was authorized for three years only and contains
17 no language allowing the RFP to be extended. It requires that after the three-year
18 term expires, Magnolia must file a new application and a full rate case. The
19 requirement exists to protect ratepayers, ensuring that after three years of automatic
20 adjustments, Magnolia must return with complete financials, prudence evidence,
21 and a formal revenue requirement showing Magnolia -- and it shows -- the record
22 shows Magnolia did not do that. Instead of filing the required rate case, Magnolia
23 sought an RFP extension in U-37570, without the evidentiary foundation ratepayers

1 are entitled to. The extension approved in U-37570 relied on internal audits,
2 incomplete financials, and Staff recommendations unsupported by a full
3 evidentiary record. The extension did not cure the -- Magnolia's obligation under
4 U-35822. Ratepayers were entitled to a full rate case and they did not receive one.
5 When ratepayers protested, the matter was split in two and a new docket was
6 created, which was U-37584, fragmenting the record and leaving customers without
7 a complete evidentiary basis. This procedural split created two separate dockets,
8 two separate records, and no consolidated financial or prudence showing.
9 Ratepayers were left without transparent, verifiable bias for the charges imposed
10 on them, and that demonstrated harm to us. Your Honor, the procedural defects in
11 this case have caused direct and compounding prejudice for both the intervenors
12 and the ratepayers. The intervenor has been prejudiced by the Commission's failure
13 to abide by its own notice and rules depriving the public of timely and accurate
14 information required to participate in a meaningful rate case. This procedural
15 deficiency creates a cascade of prejudice that denies consumers a fair hearing and
16 undermines the transparency required under Louisiana law. Ratepayers are
17 subjected to significant prejudice when settlement negotiations occur in secret,
18 bypassing the public interest advocates who are supposed to protect them. The
19 utility's last-minute filing imposes undue prejudice onto the ratepayers, limiting
20 their ability to file rebuttal testimony or prepare for a hearing in a meaningful case.
21 Taken together, these failures materially impair the public ability to challenge
22 Magnolia's assertion. It evaluates -- or evaluate the revenue requirement and
23 protect themselves from unjustified rate increases. The ratepayers cannot be

1 expected to bear the financial consequences of a process that has denied them the
2 procedural protections guaranteed by the Commission's own rule. Thank you.

3 **JUDGE GUILLOT:** Thank you. Any other opening statements? [NONE
4 HEARD] All righty then. Magnolia, call your first witness.

5 **MR. EZELL:** Yes, Your Honor. We would present Josiah Cox.

6 **Josiah Cox came forth as a witness; and, after having been duly sworn,**
7 **testified as follows:**

8 **DIRECT EXAMINATION BY MR. ANDY EZELL**

9 **MR. EZELL:** Good morning, Mr. Cox. Would you please state your name and
10 your business address for the record?

11 **MR. JOSIAH COX:** My name is Josiah Cox. My business address is 1630 Des
12 Peres Road, Suite 140. That's Saint Louis, Missouri 63131.

13 **MR. EZELL:** On whose behalf are you testifying today?

14 **MR. COX:** Magnolia Water Operating -- Utility Operating Company.

15 **MR. EZELL:** And what is your position with Magnolia Water Utility Operating
16 Company?

17 **MR. COX:** I am the president.

18 **MR. EZELL:** Are you also the founder?

19 **MR. COX:** I am the founder.

20 **MR. EZELL:** What is your -- what is the relationship between Central States
21 Water -- what is your position with Central States Water Resources?

22 **MR. COX:** Yeah. I am the president and founder of Central States Water
23 Resources.

1 **MR. EZELL:** And what is the relationship between Central States Water
2 Resources and Magnolia?

3 **MR. COX:** Central States Water Resources is the holding company for the various
4 state utility operating companies that we operate across the country.

5 **MR. EZELL:** How many -- how many service connections does Magnolia have
6 in the state of Louisiana?

7 **MR. COX:** In Louisiana, we have 28 -- almost 29,000 water customers, almost
8 60,000 -- 59,541 waste water connections. Across the country, about a little over
9 200,000 connections in 10 other states.

10 **JUDGE GUILLOT:** Hold on one moment. I am hearing some kind of noise. You
11 don't hear it?

12 **MR. VISWANATHAN:** It was like a squeaking.

13 **JUDGE GUILLOT:** It's a squeaking. I know. But you don't hear it?

14 **COURT REPORTER:** I don't hear it.

15 **JUDGE GUILLOT:** Okay. Okay. We're just going to keep going as long as it's
16 not on the recording, I'm not as worried. But I'm sorry for the interruption. Please
17 continue.

18 **MR. COX:** Am I squeaking, Your Honor?

19 **JUDGE GUILLOT:** No. I think it's from over in this direction. I don't know
20 what it was. I've never heard it before.

21 **MR. EZELL:** Mr. Cox, how many people do you estimate are served by Magnolia
22 in Louisiana?

23 **MR. COX:** A couple hundred thousand.

1 **MR. EZELL:** And would you describe for the Court your educational background
2 and your experience in the water and wastewater business?

3 **MR. COX:** Yes. My undergraduate degree is in environmental science with an
4 emphasis in water chemistry. I hear that squeaking, Your Honor.

5 **JUDGE GUILLOT:** Yes. It's somewhere from over here. I don't know. Go on.

6 **MR. COX:** Yes. So like I said, my undergraduate degree is in -- there it is.

7 **JUDGE GUILLOT:** Maybe move your mic away just a little.

8 **MR. COX:** How about that?

9 **JUDGE GUILLOT:** Okay. We'll see if that works.

10 **MR. COX:** All right. So my undergraduate degree is in environmental science
11 with an emphasis in water chemistry. So I started out my career on the engineering
12 side of the water and wastewater business. I've been in the water and wastewater
13 business my entire career. So started out doing waste load allocations, which --
14 basically, a fancy way to determine how much waste the wastewater plant could
15 discharge into a receiving waterbody without harming the beneficial uses of that
16 waterbody. Moved onto project management of engineering projects. From there,
17 kind of graduated to the EPC world, which is construction operations. I got my
18 MBA from Washington University in Saint Louis from the Olin School of Business,
19 and did full-service water and wastewater design, build -- design, build, operate
20 before starting Central States Water Resources.

21 **MR. EZELL:** Upon qualifying as a regulated utility, did Magnolia have any
22 customers in Louisiana?

23 **MR. COX:** We did not.

1 **MR. EZELL:** And I believe you testified that you now have 28,000 -- or almost
2 29,000 water and almost 60,000 wastewater customers; is that correct?

3 **MR. COX:** That is correct.

4 **MR. EZELL:** Could that growth have been achieved without the formula rate plan
5 mechanism in place?

6 **MR. COX:** No. In fact, we entered the state of Louisiana, as a company -- every
7 water and wastewater utility in the company has a federal ID permit. So we built a
8 database of every single water and wastewater utility in the country and then we
9 sorted that database by the states that had the most small systems, the most
10 fragmentation, and the highest amount of noncompliance, so the most failing
11 systems. Louisiana is in the top five for that. In fact, the American Society of Civil
12 Engineers most recently gave a grade for water and wastewater infrastructure in the
13 state of Louisiana. In water, they gave a D grade. In wastewater, they gave a D+.
14 So that was the -- why we came to the state was to be part of the solution to fix that.
15 The formula rate plan is necessary because when a utility buys a water and
16 wastewater system that's failing, you're inheriting two risks. First, you have a
17 public health risk associated with drinking water and that public health risk can be
18 acute. And there's a number of systems I can talk about where it's acute risk here
19 that we bought. On the wastewater side, it can be critical, which is you're polluting,
20 you know, waterbodies. So you need two things. You need compliance coverage
21 to be able to work with the environmental and health regulators to be able to
22 mitigate those risks, and you need a pathway to be able to recover your investments.
23 And that pathway is particularly, you know -- it matters a lot for, say, like

1 Louisiana. We have so many failed systems and they're so badly failing. So, really,
2 the FRP was kind of integral for us to be able to do the amount of investment we
3 have done in the state to date.

4 **MR. EZELL:** And that's because of the regular adjustment of rates rather than
5 waiting multiple years in order to try to recover the capital that's been put forth?

6 **MR. COX:** That's exactly right. You have to have a regular rate adjustment
7 because otherwise you get stranded capital. And you've got to remember, we're
8 incurring cash losses on an annual basis when we first take over these systems.

9 **MR. EZELL:** Can you describe to the Court the type and condition of systems
10 typically acquired by Magnolia?

11 **MR. COX:** Yeah. Absolutely. Every single system we bought in the state is out
12 of regulatory compliance. So they're out of regulatory compliance for numerous,
13 you know, reasons. You know, failing wastewater, untreated drinking water,
14 drinking water that had -- that's been over-chlorinated or disinfection byproducts
15 because of the over-chlorination. So, you know, lack of backup power. You know,
16 lift stations that are chronically overflowing, putting untreated waste in a
17 neighborhood. I mean, the list just goes on and on.

18 **MR. EZELL:** And do you typically focus on small to midsize systems? Is that
19 your primary focus in the state?

20 **MR. COX:** That is correct. So we buy small systems. In the water and wastewater
21 business, small systems are 10,000 connections or below attached to an individual
22 system. It's kind of the jargon in the water and wastewater utility world. So we
23 focus on systems that are smaller than that.

1 **MR. EZELL:** Please describe for the Court where and when Magnolia began
2 acquiring systems in Louisiana and the typical condition of those systems upon
3 acquisition.

4 **MR. COX:** Yeah. So we started in the Northshore, so the first couple systems we
5 bought were Eden Isles, Meadows, Greenleaves, were some of the first systems we
6 bought. To give an example, I'll use Meadows for an example. So Meadows, when
7 we bought that system, one of the wells has a water -- the waterlines were not built
8 as they're supposed to be, which would -- which is looped. So, instead, they're all
9 dead-ended, which is typical for, you know, a developer, doesn't want to spend the
10 money to connect all these waterlines. So, I mean, you get no circulation. In the
11 aquifers that the Meadows draws from, there's residual organic material that comes
12 up. What happens when you have dead-ended lines with residual organic
13 materials? You get a buildup of material at the end of the lines. Well, that causes
14 bacteria to grow. Well, the previous operator, instead of wanting to invest the
15 money to try and loop those systems, he just increased the chlorination in order to
16 kill that bacteria. Well, that has two effects. One, in that system in particular, the
17 amount of chlorine that they were putting into the system actually violated LDH
18 health standards. So they're actually poisoning the residents with over-
19 chlorination. Well, that over-chlorination, when it hits these volatile organic
20 compounds, that creates these assets that are cancer causing. It's a disinfection
21 byproduct. So not only were they over-chlorinating and the fact that they were
22 poisoning their residents, but then they had disinfection byproducts that are known
23 carcinogens that are going into the drinking water system. No backup generation,

1 so no service stability. And, in fact, you know, we took that system over. It's a
2 great example of -- we're like, oh, my gosh, these guys are over-chlorinating. So
3 we turn down the chlorination and then we, you know, ultimately started getting a
4 sulfur smell in the system. The residents are complaining. We realize, oh, because
5 you have this buildup of inorganic material that's been reacting with this over-
6 chlorination for a while. So it took us a little bit to figure it out, switch that well
7 off, just a great example of how bad it is. The Meadows, for example, we bought
8 that system. The blower building was completely collapsed, so they actually cut
9 into the building to be able to work on both blowers rather than fix the roof and the
10 electrical system was hardwired in. I mean, it was just a disaster. You know, there
11 was still debris from Hurricane Katrina in that system. Eden Isle was exactly the
12 same, so there's debris from Hurricane Katrina in the system. I mean, you know,
13 Greenleaves, they had a wastewater plant that was supposed to be a sequencing
14 batch reactor. But because they had let the system degrade so much, none of the
15 batching equipment worked anymore. They were running as an extended air plant,
16 which -- a complete violation of LDEQ rules. Untreated wastewater is being
17 released. I mean, Greenleaves had a ton of lift stations that they didn't have a full
18 pump system in, so one pump, it would fail. There was discharged waste into the
19 creeks. I mean, it was a real disaster. So those are examples of, you know, how
20 bad it really was out there when we bought these.

21 **MR. EZELL:** You mentioned Eden Isles. Have you made significant capital
22 investment in the Eden Isles water and wastewater systems?

1 **MR. COX:** Absolutely. I mean, Eden Isle, we've replaced the whole disinfection
2 system, we did a giant filtration project, numerous well repairs, pipe repairs. We
3 found out at one point that the original owner had bypassed putting the water -- the
4 drinking water through the chlorination system, had directly fed the well into the
5 distribution system. Did that because at peak demand, they really couldn't handle
6 it. We fixed all that. On the wastewater side, a whole new -- I mean, the mechanical
7 was completely failed, the disinfection was failing, so it was regularly violating
8 LDEQ limits. And, you know, you got to remember, when I say disinfection fails,
9 that means there's human pathogens that are going to, you know, receiving
10 waterbodies. So that's a health risk for people.

11 **MR. EZELL:** Is it true that you invested approximately \$4 million in the filtration
12 system in Eden Isle?

13 **MR. COX:** That is correct. And that is the result of numerous -- it's got manganese
14 in the water, which is really hard to deal with. We tried to do water chemistry
15 changes and weren't able to remediate it, so we did a whole green filter sand project
16 to be able to pull these volatile organics out of the water.

17 **MR. EZELL:** And you also put a water filtration system in Guste Island also. Can
18 you tell the Court about that?

19 **MR. COX:** Yeah. Guste Island was two-fold. So, one, they had an unimproved
20 water chemistry kind of regulation. So they had a bunch of chemicals they were
21 adding to try and sequester the manganese that was in the water there. And it was
22 causing some discolored water, especially the back of the subdivision where the
23 end of the lines were. We tried a big flushing program to remediate that and just

1 we could not do that. And we realized that the manganese had scaled on the inside
2 of the line over years of buildup and a lack of filtration, even the sequestering, it
3 would still drop out. So we had to do two things. We added a filter to that, but
4 once we added the filter, we had to go through a directional line flushing program
5 to remove all the manganese from the lines to finally get it out of peoples' systems.
6 So it was a pretty long -- took us about a year to do the capital investments
7 associated with that and to really fix it, remediate it for good.

8 **MR. EZELL:** And approximately how much did you spend at Guste Island?

9 **MR. COX:** I think \$4 million.

10 **MR. EZELL:** Approximately how much total capital has Magnolia invested in
11 the state of Louisiana today?

12 **MR. COX:** About 422 million.

13 **MR. EZELL:** Upon acquisition, what are some of the first steps taken by
14 Magnolia to ensure service reliability?

15 **MR. COX:** Yeah. You have to remember the state of the systems we're buying.
16 We bought Mo-Dad here in the kind of Denham Springs area. When we bought
17 that, there were 200 -- there were I think 115 plants. And of their 115 plants, there
18 should've been 230 blowers associated with those plants. And just on the
19 wastewater side, blowers provide oxygen to the waste, so that biological processes
20 can break down the waste, so it can go through clarification, and then eventually
21 disinfect the water. Only 63 were functioning, so most of those plants we're just
22 septic tanks, so raw sewage going in, raw sewage coming out the back. And so
23 that's a great example of what you would call triage. So we're going in, we're

1 actually turning the electrical on, turning the mechanical systems on, getting
2 aeration going, bring safety. A lot of catwalks are rotten. People couldn't actually
3 service the plants you can't get on top of. Some plants are leaking, think they're
4 corroded. The sidewalls, we're doing, you know, emergency patching, welding, all
5 those kind of things. We're also adding 24-hour remote monitoring so we can see
6 what's happening, you know, with pumps, especially on the drinking water side,
7 levels in tanks. You know, we're trying to rush in quick connects for backup
8 generation because none of these water systems typically have generation that's
9 functioning. So that means in a storm event or a lack of power, they just lose all
10 service. So we're trying to bring in temporary generators until we can order full
11 generators and get those installed on the water side. So those are just examples.

12 **MR. EZELL:** In 2022, Magnolia acquired 209 systems from Total Environmental
13 Solutions, Inc. or TESI. Would you please tell the Court how that acquisition came
14 about and the progress Magnolia has made in rehabilitating those systems?

15 **MR. COX:** Yeah. I mean, TESI was kind of a nationally known environmental
16 disaster. So that group of systems, 100 of those systems had been in an EPA
17 consent decree for over 20 years. So there'd been two sets of owners that had
18 owned that system. Again, it was very similar to Mo-Dad in that less than half of
19 the plants were actually running. The other interesting thing about, you know, that
20 TESI group of systems is there are a ton of sanitary sewer discharge that were just
21 happening at a lift station. So lift stations, since the actual pumps weren't working,
22 instead of the waste even reaching the wastewater plants, it was just going into, you
23 know, creeks, ditches, that kind of thing. So it was literally a catastrophe. I think,

1 you know, we had 186 wastewater systems we acquired. Of that, 174 required
2 compliance coverage. You know, 100 of those were subject to that federal consent
3 decree with the EPA and Department of Justice. Seventy-four were on
4 administrative order of consent. You know, really since then, we've taken 46 of
5 the systems -- and, you know, by the way, when you step into a federal consent
6 decree like that, you're not just dealing with the Federal EPA, but the Department
7 of Justice is who's regulating that consent decree. So we had to go, you know, get
8 in dialogue with the Department of Justice, modify that consent decree so we could
9 take it over, and they give you a timeframe in which you can bring those systems
10 back into compliance. This was three and a half years I believe was the consent
11 decree extension that we got because they were already in a violation for 20 years.
12 With that, since we did that, we've taken 74 of the systems from the 80 -- from, you
13 know, LDEQ's administrative order of consent, 46 of the federal consent decree
14 system --

15 **MS. CASE-BROWN:** Excuse me, Your Honor, may I object?

16 **JUDGE GUILLOT:** What's the basis of your objection?

17 **MS. CASE-BROWN:** Mr. Cox appears to be referencing an exhibit. May we
18 have access to a copy of the exhibit or whatever notes he's --

19 **JUDGE GUILLOT:** I haven't heard him reference any exhibit.

20 **MS. CASE-BROWN:** Okay. I just see him looking down and reading something.

21 **JUDGE GUILLOT:** Well, he can read what he needs to read. But if he ever wants
22 me to consider it in my decision making, it has to be entered. And at that point, if
23 you have a problem with it, is when you would make your objection.

1 **MS. CASE-BROWN:** Yes, ma'am.

2 **JUDGE GUILLOT:** Okay.

3 **MS. CASE-BROWN:** Thank you.

4 **MR. COX:** Yeah. So 46 of those we removed. We got 12 that are pending

5 removal. It's a very formal process of the EPA. Eighteen are being submitted here

6 in September, so we'll be all the way done this year of that federal consent decree.

7 **MR. EZELL:** In total, how much capital investment have you made in TESI?

8 **MR. COX:** Almost \$34 million, just shy of that.

9 **MR. EZELL:** Would that have been possible without the FRP mechanism?

10 **MR. COX:** No, not at all. I mean, think about it. That's a EPA federal consent

11 decree. Think about the environmental liability associated with that. You can't do

12 capital formation. You can't attract debt or equity to a project like that unless you

13 have a very consistent, concise, known and measurable way to raise rates on an

14 ongoing basis to recover those costs.

15 **MR. EZELL:** Are you personally liable for Magnolia's failure to comply with the

16 terms of consent decree?

17 **MR. COX:** I am. That was my least favorite risk I've taken as a founder of a

18 company. So the way the Justice Department works, there has to be a person,

19 individual, so I basically cosigned for the federal consent decree with TESI.

20 **MR. EZELL:** Is Magnolia now operating the Tallulah water system under contract

21 with the Governor's Office of Homeland Security and Emergency Preparedness,

22 GOHSEP?

23 **MR. COX:** We are.

1 **MR. EZELL:** How did that come about?

2 **MR. COX:** Basically, in Louisiana history, there's not been anyone who's fixed
3 as many, you know, completely failed systems as Magnolia Water has. So for
4 example, in Hurricane Laura, there was a system that was almost completely wiped
5 out by the hurricane. You know, LDH, LDEQ, and the Commission asked us to
6 step in. There was literally no water availability. The owners had just walked
7 away. It's kind of if you were in the Lake Charles area after Hurricane Laura, it
8 was just, you know, absolute devastation. So we sent crews in to restore water
9 service there. Actually did it for six months without receiving a revenue because
10 the state had asked us to intervene. You know, you think about, you know, Mo-
11 Dad, TESI, how bad the Eden Isle was, and the governor's office realized we were
12 kind of the go-to people to be able to turn around a system that was that bad.

13 **MR. EZELL:** What condition was the water system in in Tallulah when Magnolia
14 took over operational control?

15 **MR. COX:** It was almost in complete failure. The water tanks literally were
16 exposed to open air. They were using lime softening to treat that water, which, you
17 know, lime softening is supposed to be in a process that then is filtered out before
18 it goes into the drinking water because it is actually poisonous. That system had
19 12 and a half feet of lime sludge in the bottom of the drinking water tanks that were
20 going out to people. So it was literally a human health risk for people to drink their
21 water.

22 **MR. EZELL:** Why do you think the governor sought Magnolia's involvement
23 with the Tallulah water system?

1 **MR. COX:** I think it's because we're the only entity in the state with a track record
2 of being able to triage systems like that.

3 **MR. EZELL:** Do you believe the governor would've sought Magnolia's
4 involvement if it had a bad performance reputation?

5 **MR. COX:** No. I believe it's our performance reputation that led him to call us.

6 **MR. EZELL:** What results have been achieved in Tallulah under Magnolia's
7 operational control?

8 **MR. COX:** Yeah. The mayor, state reps, customers, it's the first time they've
9 been able to drink the water in years, so it's literally safe to drink now. A mouthful
10 of, you know, kind of poisonous lime softening. You know, we brought a
11 significant amount of service improvements in terms of -- oh, look at that. Oh, it's
12 motion.

13 **JUDGE GUILLOT:** Everybody is sitting too quietly. There we go. Thank you.

14 **MR. COX:** Yeah. You know, we've actually fixed the systems so it maintains
15 operation, normal course, and we were able to provide uninterrupted service during
16 this last Ice Storm Fern. So the first time in modern history when ice storms hit
17 that they haven't completely lost water service.

18 **MR. EZELL:** Did you have to bring in a filtration system in order to clean the
19 water up in Tallulah?

20 **MR. COX:** We did. We did an emergency filtration system as we were redoing
21 the lime softening system.

22 **MR. EZELL:** Had the other filtration system failed?

23 **MR. COX:** It completely failed. It's no longer operational at all.

1 **MR. EZELL:** Did Magnolia recently acquire the water system serving the town
2 of Killian?

3 **MR. COX:** We did.

4 **MR. EZELL:** How did that acquisition come about?

5 **MR. COX:** So the town of Killian's water system was placed in receivership by
6 LDH, but for after -- in 2024, after decades of substandard service, there's iron in
7 that system. It's iron and manganese, but it's mainly iron, so it's really red. You
8 know, very difficult to drink. So LDH appointed a receiver. The receiver in 2025
9 ordered the system be sold to us. We went before the Commission Staff and the
10 LPSC. We closed on that system here at the end of last year.

11 **MR. EZELL:** Were there any other bidders that you were aware of for the Killian
12 system?

13 **MR. COX:** No. I believe we're the only entity that's kind of capable or willing to
14 step into that situation.

15 **MR. EZELL:** Why was the Killian water system placed in receivership by the
16 Louisiana Department of Health?

17 **MR. COX:** I mean, it was almost third-world conditions. You know, you've got
18 undrinkable water, service that was continually interrupted by failures. I mean, it
19 was pretty deplorable, so it takes a lot for the state to step in and put a system in
20 receivership.

21 **MR. EZELL:** And what has Magnolia done in the short period of time that it's
22 owned this system and what does it plan to do to remediate these third-world
23 conditions?

1 **MR. COX:** Yeah. We've ordered like a skid-mounted emergency filtration system
2 to remove the iron that we'll attach to the system. I think it's supposed to be due,
3 you know, in the next couple of weeks. We've done a bunch of line repairs,
4 electrical upgrades, all of that, to continue providing service. And then we'll
5 eventually go for a full filtration system that we'll permit at a later point.

6 **MR. EZELL:** Could any of that be possible without the FRP mechanism?

7 **MR. COX:** No. No, not at all. I mean, again, it's a great example of there's so
8 much capital has to be invested in such a short order under really tight human health
9 standards that, you know -- that risk kind of prevents other entities from being able
10 to do that investment outside of a mechanism like the FRP. I mean, you think --
11 we're trying to get numerous grants in this state, you know, and some of the grant
12 loan programs in the state of Louisiana are not eligible for investor-owned utilities,
13 so we're not able to access those. I think, you know, ARPA money at one point,
14 you know, during COVID, I think there was a half a billion dollars in ARPA money
15 that we applied for. I think there was 450 applicants for that ARPA money because
16 we were eligible for that. And of that 450 applicants, we were 100-plus of the
17 applications for that money. So various projects across the state, trying to get any
18 money at all. And remember, if we get that grant money, that immediately accrues
19 to the ratepayers. So those investments effectively come in free. In that process, I
20 think \$2.5 billion of projects applied for that ARPA money and we didn't receive a
21 single approval for that. Those are [INAUDIBLE] means-tested, that means you've
22 got to have a really low-income neighborhood, some type of extenuating
23 circumstance to be able to qualify for those. So the FRP is the only way to attract

1 capital formation, you know, to get investors to come in and do the type of
2 investments needed here in the state of Louisiana.

3 **MR. EZELL:** Upon acquisition of a system, what kind of communications are
4 made to customers in Magnolia?

5 **MR. COX:** Yeah. We do multiple communications. Do welcome letters. We
6 kind of -- we give a state of facility report, so we're trying to tell our customers
7 like, hey, here's how bad the system was when we bought it, here's all the
8 improvements were planning for it. We're also trying to say, hey, we're your
9 service provider, this is what kind of service we're providing, here's all our contact
10 information, that kind of thing.

11 **MR. EZELL:** What kind of ongoing communications are made to Magnolia
12 customers to keep them informed of events and the activities impacting their
13 community?

14 **MR. COX:** Yeah. We're trying to get them, you know, constant contact
15 information, regular updates on an annual basis about the state of their system,
16 telling them the improvements they expect from us. We're trying to tell them about
17 construction projects that are happening, put up signage and send letters about that.
18 And then ongoing multi-touch, you know, Facebook, email, you know, if people
19 had given us their mobile phone number, all that kind of stuff, to talk about potential
20 service interruptions, maintenance activities, storm preparation, all that kind of
21 stuff.

22 **MR. EZELL:** Do Magnolia customers have access to 24/7 customer service
23 operations?

1 **MR. COX:** They do.

2 **MR. EZELL:** Is that dedicated?

3 **MR. COX:** That is dedicated to the state of Louisiana.

4 **MR. EZELL:** And can you give us some examples of the type of services that are
5 available through the customer service operations?

6 **MR. COX:** Yeah. Absolutely. So there's live people that are answering the
7 phones 24/7. We've got emergency dispatch that happens 24/7. There's online
8 accessibility for all our customers. They can do online bill payment, online account
9 management, and then real time reporting of service disruption through website,
10 email, text, social media, that kind of thing. On our operation side, so we're -- you
11 know, we respond between 60 and 90 minutes to the submission of any work order.
12 Now, that doesn't mean that the work order is resolved in that 60 or 90 minutes.
13 Typically, 24 hours for an emergency work order depending on the work that needs
14 to be done. You know, if we got to bring a back hoe out and dig up a waterline
15 that's ruptured, it can -- that we can get done in 24 hours. You know, if there's a
16 lift station that's gone down or some type of extenuating circumstances, it may take
17 longer, but really our goal is to resolve any emergency work order within 24 hours.

18 **MR. EZELL:** Has Magnolia conducted any analysis and/or surveys to evaluate
19 the efficiency of its customer service operations?

20 **MR. COX:** Yeah. We actually review customer service metrics on a weekly basis
21 at all hands meeting on Monday mornings. And really what we're doing is we're
22 trying to see, we're measuring all the major ways that call centers and utilities
23 respond to customers. So average wait time, average handle time by consumer

1 reps, how many people are self-servicing using like the IBR type system, which are
2 kind of digital tools that do that. And then we're also monitoring -- we do customer
3 service, you know, surveys. And so with us, which is kind of great, we've got about
4 33% of our customers choose to take those surveys, which is very, very high. It's
5 more than double the industry average. And right now, we're averaging almost
6 92% perfect survey, which means, you know, that people say, hey, they got -- when
7 they called in, they dealt with a customer service rep, they got what they needed.
8 Again, that's kind of world-class utility business and we're really pushing on that.
9 We want our customers to get a first call resolution. It's a big thing. We're moving
10 forward as a company. So you call in, you talk to someone, is taken care of. One
11 time you have to call, instead of having to call multiple times.

12 **MR. EZELL:** Are customer service calls documented?

13 **MR. COX:** Every single one of them is recorded. So it means every survey -- if
14 we get a survey that's less than an A, then we go back and listen to the call, try and
15 understand what happened. Do coaching, teaching for our customer service reps.
16 You know, reach back out to the customer to try and resolve it, all those kind of
17 things.

18 **MR. EZELL:** What kind of rating has Magnolia's customer service operations
19 received with respect to the quality of its service to the customer?

20 **MR. COX:** Yeah. So we're at about a 92% rate of -- you know, straight A is how
21 our customers are rating their interactions with our customer service group.

22 **MR. EZELL:** In 2022, LDH implemented a grading system for all public water
23 systems. How has Magnolia performed under that system?

1 **MR. COX:** Yeah. Currently, we have 65 systems. In 2024, 61 of them received
2 an A grade. Four received a B grade, but those four systems with a B grade, we
3 had been operating and owned for less than a year.

4 **MR. EZELL:** Has Magnolia ever operated a system that had less than a B grade?

5 **MR. COX:** I don't -- not for anything that we've owned for over a year, that is
6 correct. We inherited some systems that are much lower than that, but then we
7 work to do triage work to bring them up.

8 **MR. EZELL:** Since the start of business in 2019, many of the systems operated
9 by Magnolia have experienced the impact of severe weather events. Would you
10 describe some of those?

11 **MR. COX:** I feel like in Louisiana, we experienced the four horsemen of the
12 apocalypse. So I've done -- we did Hurricane Laura, Hurricane Ida, Hurricane
13 Beryl. We did Ice Storm Uri, Ice Storm Delta, Ice Storm Fern here recently. So,
14 yeah, some large emergency type, you know, events have happened here.
15 Interesting in this state, I would say from a water service provider, hurricanes are
16 devastating, but they kind of -- you know that's a typical, you know, event. So
17 we've really tried to do a bunch of storm hardening for that. Ice storms are harder,
18 particularly here in the southern part -- in the southern part of the state, just because
19 most of the underground infrastructure in the homes were not designed for subzero
20 temperatures for an extended amount of time.

21 **MR. EZELL:** And I believe you testified that Magnolia was asked to take over
22 certain systems abandoned by owner-operators as a result of certain of these events?

1 **MR. COX:** That's true. Ice storm -- Hurricane Laura caused us to step into a
2 couple failed systems there.

3 **MR. EZELL:** And you were asked to step in by three state agencies?

4 **MR. COX:** That is correct. LDH, LDEQ, and the PSC all asked us to intervene in
5 that.

6 **MR. EZELL:** After Hurricanes Laura, Delta, and Ida, did Magnolia take action to
7 be better prepared to respond to weather and other emergencies?

8 **MR. COX:** Yeah. I would say it was after Hurricane Laura and then Ida that we
9 realized that we need an emergency response center here in the state. Part of that
10 is, you know, you try and contract that out, like, hey, you get first right of refusal
11 and generators and all that kind of stuff. But we realized when a bad hurricane
12 happens, it's kind of like the zombie apocalypse, there are no -- all bets are off.
13 And so we ended up shipping resources from out of state to Louisiana in order to
14 keep operations going. We realized we needed a storm hardened facility here in
15 the state where our personnel could operate emergency services out of. So we built
16 an emergency service center in the Northshore area. And we've stocked that thing
17 with generators and, you know, emergency bypass pumps and fuel cells, so we can
18 take fuel out because you know how a hurricane is or even an ice storm. It's multi-
19 day, multi-week sometimes, where you don't have power. So we're having to
20 refuel our generators, have temporary generators onsite that we can shift to various
21 places. So a lot of thought went into storm hardening the entire state and have the
22 resources available that we own and we control to be able to respond to those type
23 of emergencies.

1 **MR. EZELL:** And when was that emergency response center constructed?

2 **MR. COX:** 2021 I believe is when it got finished.

3 **MR. EZELL:** And do you recall how much it cost?

4 **MR. COX:** It was over \$1 million for the building itself and I think we've got like,
5 you know, five or seven hundred thousand dollars of materials we bought to service
6 for emergency situations.

7 **MR. EZELL:** And does it also house your operations, administrative, and
8 engineering and compliance personnel?

9 **MR. COX:** It does. It has both our -- you know, the regional managers there and
10 some compliance people all office out of that facility.

11 **MR. EZELL:** Can you describe Magnolia's storm response protocol, beginning
12 with the storm hardening, and all the way through recovery and debrief?

13 **MR. COX:** Yeah. So, you know, basically, every year we plan for storm events.
14 We know they're going to happen. We do some desktop exercises, where we go in
15 and model here's all the things that can happen in individual type of storm events.
16 So, you know, loss of power, roads being shut down, inability to access sites, all
17 those kind of things. Then we talk about in each type of storm event, what are the
18 actions we're going to take to do storm hardening. So that means we see a hurricane
19 approaching or an ice storm approaching, we're going and checking all our
20 generators to make sure they operate, they're properly connected, make sure they're
21 completely fueled up, making sure we have logistics planned to how we're going
22 to refuel them if it's a multi-day power outage. And then what we've also come to
23 learn is a lot of the basic kind of equipment attached to particularly water systems

1 was not designed here in Louisiana or in these southern states for freezing events.
2 So some simple things like replacing sensors, you know, things that tend to freeze
3 with, you know, more hardened materials that were designed for a freezing event.
4 And that's really led for us to have a lot better operational performance. Anyway,
5 we go through this hardening process and then we're in multi-stages where we
6 basically -- we go through, hey, storm prep or hardening. We're telling customers
7 what's coming. The storm hits. We're going through and monitoring it, 24/7
8 monitoring like, hey, how are systems performing, who's lost power, who needs --
9 who's on backup generation, who needs pumps sent out? And then we're notifying
10 customers, hey, listen, there's a loss of pressure here potentially, so precautionary
11 boil water notice. And we're going through storm recovery. So active recovery is,
12 you know, keep everything fueled until power comes back on, replace any parts
13 that failed, stay on top of that. And then passive recovery is the continued, you
14 know, making sure -- return to normal operations.

15 **MR. EZELL:** And you maintain customer communication throughout this
16 process?

17 **MR. COX:** The entire time.

18 **MR. EZELL:** Do you coordinate with regulatory authorities during the process?

19 **MR. COX:** Yes. We're giving constant updates, not just to our customers. We're
20 telling the Public Service Commission Staff here's our progress right now.
21 Commissioners often times are brought in the loop especially because their
22 customers are called, worried about what's happening. Then we're also
23 coordinating with LDH here in the state and LDEQ to talk about where operations

1 are, how they're handling under the storms, any type of -- in fact, in some cases in
2 hurricanes, we've been asked to assist with neighboring communities, provide
3 relief. So we ship spare generators, help fuel those guys. So you know how that
4 works in a big disaster situation, it's kind of everyone trying to help each other.

5 **MR. EZELL:** Do you participate in pre-storm activities in order to be better
6 prepared?

7 **MR. COX:** Yeah. That's that desktop stuff I talked about earlier where we're
8 going through a whole desktop reviews and doing scenarios in order to try and
9 anticipate all the potentialities of an emergency situation.

10 **MR. EZELL:** How many people does Magnolia employ in Louisiana?

11 **MR. COX:** Over 200.

12 **MR. EZELL:** Are most of those employees directly involved in operations?

13 **MR. COX:** Almost all of them are operational people.

14 **MR. EZELL:** Are there some other functions performed by Magnolia employees
15 in Louisiana?

16 **MR. COX:** Yeah. We have construction managers, we have some engineering
17 staff, and we have some compliance people who, you know, coordinate our water
18 testing and wastewater testing, those kind of things.

19 **MR. EZELL:** Does Magnolia rely on third-party contractors to operate its systems
20 in Louisiana?

21 **MR. COX:** We do. There's some areas with third-party contractors. Traditionally,
22 that's our model when we begin in a state. So there's a plethora of O&M
23 contractors that work across the country. So we do a bidding process, a request for

1 qualifications, and request for proposals. And we select the lowest, qualified bid
2 for those and that allows us to efficiently, cost-effectively provide those services
3 for our customers. When we start to get scale in areas, we have a concentration of
4 operations, we start to take those in-house. So we become the operators of the
5 system and we terminate our contracts with our O&M providers. And that's been
6 -- that started here in the state in the middle of 2024 and we've kind of taken over
7 the Northshore, gone into the middle of the state, kind of the Lafayette area, and
8 we've got plans to take over Lake Charles. And really we do on an ongoing basis,
9 we're constantly evaluating, like, hey, how can we bring the lowest cost to our
10 customers? So we've got far-flung systems that are in remote parts of the state that
11 it's actually more expensive to have full-time employees. Those continue to be
12 outsourced to third-party O&M providers. But we're able to match or beat the
13 costs, we take those services in house. So we're constantly evaluating, hey, where's
14 the next place? Could we take this in? Does it make sense for our customers?

15 **MR. EZELL:** Will a reduction in cost also help reduce rates?

16 **MR. COX:** Absolutely, and it already has to date.

17 **MR. EZELL:** And I believe you testified that you do intend to continue to bring
18 operations in house?

19 **MR. COX:** That's correct. We took the whole -- I mean, just under a national
20 basis, we've taken other operations in house. Louisiana -- Mississippi, the entire
21 state's in house, parts of Texas, Missouri, those kind of places.

22 **MR. EZELL:** Of the 26 original intervenors in this docket, only three have
23 actually participated, Cindy Case-Brown, Anne Pautler, and Connie Norris. Do

1 you know which system provides service to the neighborhood where Cindy Case-
2 Brown lives?

3 **MR. COX:** Yes. We call it the Greenleaves system.

4 **MR. EZELL:** Okay. How long have you been operating the Greenleaves system?

5 **MR. COX:** We've owned it since January of 2020.

6 **MR. EZELL:** In what condition were the Greenleaves water and wastewater
7 systems upon acquisition by Magnolia?

8 **MR. COX:** Yeah. I'll start with the wastewater system. So the wastewater system
9 had not been reinvested in for -- I don't know, probably a decade, maybe a little
10 more. I think I mentioned earlier in my -- in talking here, so the Greenleaves
11 wastewater system was originally designed as a sequencing batch reactor, which is
12 a fairly sophisticated wastewater treatment that's designed to remove volatile
13 nitrogen and nitrogen and its ammonia from the system. They had let the system
14 fall into such disrepair that the computer system that monitored the changing the
15 process there no longer functioned. So they were just -- had converted the plant to
16 extended air plant, which was a violation of their LDEQ permit. I mean, they
17 couldn't meet their permit limits on the wastewater side. But also, because it was
18 supposed to be an SBR, they converted it to an extended air plant, the disinfection
19 system wasn't designed to disinfect that strength of waste. So it means they were
20 chronically violating for human pathogens getting to the receiving waterbody there.
21 Lift stations in that system were failing constantly, so they had continuous sanitary
22 sewer overflows. Think untreated wastewater discharging directly into, you know,
23 creeks, ditches inside the neighborhood. And on the water side, the generators had

1 all failed so they had no backup. Actually, they had an unapproved water chemistry
2 sequestrant program for that system in order to try and remove some volatile
3 organics that caused discoloration. In addition to that, you know, the site fencing,
4 all that kind of stuff was broken down. So there was a number of pretty severe
5 issues with that system.

6 **MR. EZELL:** Did you put in a new generator as a dependable backup in that
7 system?

8 **MR. COX:** We did a massive overhaul in that system. So we did new generators.
9 We actually did a flushing program, so automatic flushers throughout the
10 neighborhood to try and lower the amount of kind of manganese that was -- and
11 kind of organic compounds that are naturally occurring at aquifer. Did that for a
12 number of years. Tried to have flushing. Just could not -- you know, we still got
13 some complaints about manganese in that system. So eventually had to apply to
14 the state to change the water chemistry and to change the disinfection process. So
15 went through about a year long process with LDH to get that permitted and they
16 did the investments to change all that. And since, we've not had water quality
17 complaints from there, which is great. On the wastewater system, massive
18 overhaul. I mean, the added redundant blowers to -- redundant pumps to almost all
19 the lift stations, replaced failed electrical panels, added remote monitoring. The
20 wastewater plant was converted back to an SBR, new computer systems, new
21 aeration. I mean, a full overhaul. And solids processing to reduce our costs for
22 hauling air.

1 **MR. EZELL:** So is it your testimony that these systems have now been brought
2 back to a standard of safety, functionality, and regulatory compliance?
3 **MR. COX:** That is correct.
4 **MR. EZELL:** Were they regulatory compliant prior to acquisition?
5 **MR. COX:** No. They were failed, both from a wastewater permitting standpoint,
6 and from a water quality and water stability of service standpoint.
7 **MR. EZELL:** Do you know what the water and sewer rates for this subdivision
8 were upon acquisition by Magnolia?
9 **MR. COX:** I think it was 17.25 per month was the sewer rate.
10 **MR. EZELL:** How about the base rate for sewer?
11 **MR. COX:** That's the base rate of sewer I believe.
12 **MR. EZELL:** Okay. Base rate for water?
13 **MR. COX:** I don't know what the base rate for water is. Maybe it's \$10 or \$15,
14 something like that.
15 **MR. EZELL:** If I told you that it was 17.75 --
16 **MR. COX:** I would believe that.
17 **MR. EZELL:** Why do you think they were so low?
18 **MR. COX:** Well, two reasons. One, because there had been no reinvestment for
19 years and years. So they just let the system deteriorate kind of in the ground, hadn't
20 made the investments necessary. And like I said, the second reason is because they
21 actually let the -- they switched the process. They turned it away from being a
22 sequencing batch reactor to an extended air plant, and they decided not to upkeep

1 the generators, and, honestly, illegally changed the water chemistry. So that's the
2 reason why it was so low.

3 **MR. EZELL:** How long did Magnolia maintain those original rates prior to
4 seeking an increase?

5 **MR. COX:** Two years. Two years.

6 **MR. EZELL:** Two years. Since acquisition, what's the total capital investment
7 made by Magnolia in the Greenleaves water and wastewater systems?

8 **MR. COX:** Over \$4.5 million.

9 **MR. EZELL:** And I think it's your testimony that the water and wastewater
10 systems in Greenleaves are now regulatorily compliant?

11 **MR. COX:** Yes. And then on the water system, LDH has given us an A in their
12 grading system.

13 **MR. EZELL:** Would any of that been possible without the FRP mechanism?

14 **MR. COX:** No. You think we've operated a cash-loss there for actually three
15 years on an ongoing basis. So in order to get people to invest in the system that's
16 got, you know, failing wastewater and failing water, to be able to just track the
17 capital to be able to do it, you need a stable regulatory mechanism to encourage
18 continued investment.

19 **MR. EZELL:** Do you know which water system provides service to the
20 subdivisions where Connie Norris and Anne Pautler live?

21 **MR. COX:** Yes. I believe it's the Meadows.

22 **MR. EZELL:** And when did Magnolia acquire the Meadows water system?

23 **MR. COX:** December of 2019.

1 **MR. EZELL:** In what condition were the Meadows water and wastewater systems
2 in, upon acquisition by Magnolia?

3 **MR. COX:** Yeah. I think you heard me talking about it a little bit earlier. They're
4 the ones that had the well that had volatile organic compounds that had no looping,
5 so you had the buildup of volatile organic materials that the previous owners were
6 over-chlorinating to be able to compensate for that. And that over-chlorination was
7 actually -- I mean, technically from the EPA standards, poisoning residents. And
8 then the reaction between that chlorine and the volatile organics creates disinfection
9 byproducts that are regulated by the EPA that are known carcinogens. They were
10 violating that on the water side. No backup generation for the water at all. On the
11 wastewater side, you heard me talk earlier, the blower buildings were collapsed.
12 They actually cut into this building that trees had fallen in to be able to work on
13 these two blowers that were failed. The electrical mechanical systems were almost
14 completely failed. The wastewater tanks had leaks where raw waste was escaping
15 from the tanks into the receiving creek. Because the wastewater plant was not
16 treating the waste to the level it was required to, the disinfection system was being
17 overloaded. So that means that, you know, human pathogens were getting into the
18 surrounding waterbodies. So it was a completely failed system.

19 **MR. EZELL:** So is it your testimony that they were not regulatorily compliant?

20 **MR. COX:** They were not. We actually had to do an LDEQ agreement on consent
21 to come up with a plan to bring the Meadows into compliance.

22 **MR. EZELL:** And do you know what the water and sewer rates for this system
23 were upon acquisition by Magnolia?

1 **MR. COX:** Base rate for water was 7.95 and the flat rate for sewer was 15.

2 **MR. EZELL:** Were they some of the lowest in the state?

3 **MR. COX:** Yes, they were.

4 **MR. EZELL:** Why were they so low?

5 **MR. COX:** I mean, that was three decades of a lack of investment there. I mean,

6 there was literally in the wastewater -- the wastewater distribution system, there's

7 still debris from Hurricane Katrina in the system we had to go and remove.

8 **MR. EZELL:** And how long did Magnolia maintain those rates prior to seeking

9 the increase to the FRP mechanism?

10 **MR. COX:** About two years.

11 **MR. EZELL:** Since acquisition, what's the total capital investment made by

12 Magnolia in the Meadows water and wastewater systems?

13 **MR. COX:** Well, previously we made about \$2.4 million in investment, but we're

14 inside of a \$2.5 million project right now.

15 **MR. EZELL:** And what is that project?

16 **MR. COX:** We had a -- so we had a well casing failure on the main well, so, you

17 know, I had a -- we had two wells in that system. One well that had these volatile

18 organic compounds, so we are not using that well because we don't want any

19 discoloration or taste issues for our customers. The well casing on our primary well

20 had a failure in it, so some sediment got into the drinking water system. We had to

21 go to the backup well, manage that, get the well casing fixed, and that caused us to

22 know that we needed a new supply. So we started drilling a new deep water well

23 at the end of last year.

1 **MR. EZELL:** Are the Meadows and -- are the Meadows water and wastewater
2 systems now regulatorily compliant?

3 **MR. COX:** Yes.

4 **MR. EZELL:** Is the Meadows water system included in the LDH grading system?

5 **MR. COX:** It is and received an A grade.

6 **MR. EZELL:** Would any of the capital improvements and improvement in service
7 quality and water quality been possible without the FRP mechanism?

8 **MR. COX:** No. Again, think we ran at a cash operating loss for almost three years.
9 So to be able to track investments -- so capital formations is what you're going to
10 hear me talk about. So you've got to have the outside investors who are willing to
11 put money into the state. And to be able to do that, you have to have a solid
12 regulatory program, so your investments don't get stranded, and are rate efficient
13 for customers. I mean, I would tell you, if we had to do a general rate case for every
14 single filing, customers' rates would be higher by, you know, \$5 to \$8 more per
15 service per month. So it is a lot cheaper for customers to be able to do that. And,
16 also, the efficient formation of capital leads to cheaper debt and equity rates. So to
17 be able to track bank debt capital and those interest rates are lower because there is
18 a programmatic way to raise rates based on investments made in the state.

19 **MR. EZELL:** I believe you said the total projected cost of the well is over \$2
20 million?

21 **MR. COX:** Two and a half million for the new well we're drilling right now. It's
22 supposed to be done in the next 60 days.

23 **MR. EZELL:** And who will be responsible for paying the entire cost of the well?

1 **MR. COX:** All the water customers in the state of Louisiana. So those costs are
2 spread out. In fact, the Meadows itself couldn't bear those costs, so it takes -- you
3 know, these statewide tariffs are made to do that. You know, it's interesting, a
4 statewide tariff, the reason why that's efficient for customers, is because every
5 system needs the same amount of capital investment to it. It's just on what time
6 horizon. So, for example, the Meadows needs this big \$2.5 million improvement
7 right now and some other system, like Greenleaves, doesn't need a new well. So
8 those costs are spread to all the customers, but Greenleaves eventually will have to
9 have new wells as well. So over a 10-year time period, all the costs are the same,
10 regardless of the size or condition of the system. So that allows us to, you know,
11 to smooth these costs, so you don't have these giant fluctuations up and down.

12 **MR. EZELL:** Thank you. Does the continued implementation of Magnolia's
13 formula rate plan mean that rates will increase?

14 **MR. COX:** No. In fact, in the second year of our FRP, water rates went down.
15 And we're continually doing things like bringing operations in house, looking at
16 capital improvement projects that reduce labor hours, everything we can do to be
17 able to bring efficiencies to lower rates for customers.

18 **MR. EZELL:** Does Magnolia have its financial condition audited by an
19 independent third party?

20 **MR. COX:** We do. We do. We get an independent audit from RSM every year.

21 **MR. EZELL:** And what is RSM's reputation in the industry?

22 **MR. COX:** They are the sixth largest accounting firm in the world I believe. About
23 \$8 billion of revenue. You know, they're in the top 10.

1 **MR. EZELL:** How many people do they employ?

2 **MR. COX:** Fifty-one thousand I think, something crazy.

3 **MR. EZELL:** How many people they employ in the United States and Canada?

4 **MR. COX:** Sixteen thousand.

5 **MR. EZELL:** And where does it rank as accounting firms are ranked -- public

6 accounting firms are ranked in the United States?

7 **MR. COX:** Ranked seventh in the country.

8 **MR. EZELL:** Are they qualified to practice before the United States Securities

9 and Exchange Commission including the issuance of independent audit reports of

10 publicly-owned companies?

11 **MR. COX:** Yes, they are. That's why we use them.

12 **MR. EZELL:** In their filings, the intervenors made reference to and submitted

13 copies of two Securities and Exchange Commission administrative proceedings in

14 which RSM was fined approximately five million for violations of Investment

15 Advisors Act, the Security Exchange Act, and pertinent SEC rules. Are these types

16 of proceedings, to your knowledge, the result of consistent review of complaints

17 pertaining to accounting advisory and audit functions by the SEC?

18 **MR. COX:** Yes. You know, but just to put that in context, so largest four

19 accounting firms in the world are KPMG, EY, PwC, and Deloitte. So, you know,

20 all of these -- it's a heavy-regulated industry, you know, no one wants any mistakes.

21 But those -- each of those largest accounting firms in the world have all accrued

22 SEC violations over the last 20-plus years. I think KPMG is about 600 -- over \$600

1 million in fines. EY, almost 500 million. PwC, over 400 million. Deloitte, a little
2 over 300 million. So it's not great, but it's commonplace in the industry.

3 **MR. EZELL:** Does Magnolia make these independently audited financial records
4 available to the Louisiana PSC?

5 **MR. COX:** Yes, every year.

6 **MR. EZELL:** And how does it do that?

7 **MR. COX:** Every time we file to acquire a system, we have to submit out entire
8 financial accounting program, including those audits. Every time we file our FRP,
9 we have to submit our accounting -- our audited financials and our current financial
10 records. Anytime we do a rate adjustment, we have to do the same. I mean, so it's
11 just kind of on and on. I would tell you that we're the most audited business there
12 is in -- you know, in the country. I mean, we're in 11 states, we're doing rate cases
13 all the time. So we get independent third-party audits from financial firm RSM, we
14 get independent audits by every regulatory body we have proceeding before. So
15 typically, five independent state body audits a year. In addition to that, we have a
16 third-party international engineering firm that goes through our compliance
17 records, which is an investor requirement. So really, you know, we talk about it all
18 the time as a company, we are constantly being audited. There is no room for error
19 there. We are constantly -- very rigid accounting processes. That kind of thing.

20 **MR. EZELL:** Has Magnolia or any of its -- has Magnolia or any other CSWR
21 operating subsidiary ever requested a rate increase without providing the regulatory
22 body independently audited financials and proof of capital investment?

23 **MR. COX:** Never.

1 **MR. EZELL:** Is Magnolia authorized the opportunity to achieve a return on
2 equity?

3 **MR. COX:** Yes.

4 **MR. EZELL:** What is that authorized return?

5 **MR. COX:** I believe it's 9.5%.

6 **MR. EZELL:** And is there an upper or lower band within which that may be
7 achieved?

8 **MR. COX:** Yeah. The FRP allows us to earn between a 9 and 10% band. So if
9 it's below a nine, we get to request for a rate increase to bring us up into that
10 authorized range. If it's above a 10, then we have to return those net proceeds to
11 the customers in the form of rate relief in the following year.

12 **MR. EZELL:** Has Magnolia ever achieved its Commission approved return on
13 equity?

14 **MR. COX:** Have not. Spent the first four years operating at a cash loss and the
15 highest we've gotten is a little over 5%.

16 **MR. EZELL:** Has Magnolia ever distributed a single dollar of profit to investors
17 since its formation in 2019?

18 **MR. COX:** No. There's been no distribution of profits. It's the opposite.
19 Louisiana has taken \$422 million in investment to continue to bring the systems
20 back into compliance. I mean, that -- honestly, that's one of my things I'm most
21 proud of for this company. We're taking -- I'm from a little town in the middle of
22 Missouri. You know, the communities we're buying are small communities,
23 scattered across the state that have not traditionally received investment. We're

1 taken Wall Street money and putting it to work on Main Street America. So
2 bringing \$422 million to the state of Louisiana. We've taken more systems from
3 noncompliance to compliance than any entities since the passage of the Clean
4 Water Act here in the state, so. And that's what it -- this FRP is one of the reasons
5 we've been able to do that.

6 **MR. EZELL:** Thank you, Mr. Cox. I have no further questions on direct, Your
7 Honor.

8 **JUDGE GUILLOT:** Did you want to introduce any exhibits?

9 **MR. EZELL:** No, ma'am. The report and recommendation by the Commission,
10 Your Honor, which will probably be submitted if it has not already been by the
11 Staff.

12 **JUDGE GUILLOT:** I have nothing in the record, including your application,
13 including Mr. -- I have nothing right now in the record.

14 **MR. EZELL:** Well, we would submit our application as part of this proceeding,
15 and we would also submit that the Staff recommendation -- report and
16 recommendation be entered. Those are the two primary filings in the proceeding.

17 **JUDGE GUILLOT:** If you want to submit your application into the record of this
18 proceeding, I would need the witness to identify it and then you to offer it.

19 **MR. COX:** Your Honor, would it okay if I stood up real quick?

20 **JUDGE GUILLOT:** Yes, you can stand.

21 **MR. COX:** This seat's very low.

22 **JUDGE GUILLOT:** You should be able to change the height of it.

23 **MR. COX:** I think I'm going to. I don't realize how low as long as I --

1 **JUDGE GUILLOT:** Okay.

2 **MR. COX:** Thank you, ma'am.

3 **MR. EZELL:** Mr. Cox, I'm going to tender to you the application for extension
4 of the formula rate plan filed by Magnolia. Would you identify that? Also, identify
5 the testimony that's attached thereto.

6 **MR. COX:** Yeah. This is the request for extension of formula rate plan, and then
7 additionally attached is the pre-filed -- my pre-filed direct testimony submitted on
8 May 16, 2025.

9 **JUDGE GUILLOT:** You have to look at it before he offers it to me, so you --
10 what he says it is, is what it is. And if it's not what it is, then you would object to
11 that.

12 **MS. CASE-BROWN:** The --

13 **JUDGE GUILLOT:** I mean, you don't have to tell me. You don't have to be on
14 the record. You're just looking at it and then he'll offer it.

15 **MR. COX:** Madame Court Reporter, did me backing up -- I think it ended that
16 squeaking didn't it?

17 **MS. CASE-BROWN:** Yes.

18 **JUDGE GUILLOT:** Yeah. I haven't heard it since you backed up.

19 **MR. COX:** Cool. Thank you.

20 **COURT REPORTER:** I haven't caught it on the recording, so.

21 **JUDGE GUILLOT:** Okay. This has several notes on it. Is this the copy you want
22 scanned in as an exhibit?

23 **MR. EZELL:** [INAUDIBLE]

1 **JUDGE GUILLOT:** Okay. Did you want to offer it into evidence?

2 **MR. EZELL:** I want to offer that into evidence as Magnolia Water's Exhibit

3 Number 1, Your Honor.

4 **JUDGE GUILLOT:** Okay. I have in front of me what's been offered as Magnolia

5 Exhibit Number 1, in globo. It is the request for extension of formula rate plan,

6 with attached -- it's an in globo exhibit. It has attached the pre-filed direct

7 testimony of Josiah Cox on behalf of Magnolia Water Utility Operating Company

8 dated May 16, 2025. It has illegible notations in the filing. Any objections to this

9 being entered into the record?

10 **MS. NORRIS:** I object.

11 **JUDGE GUILLOT:** Okay.

12 **MS. NORRIS:** I object.

13 **JUDGE GUILLOT:** You can give it to her. What is the basis of your objection?

14 **MS. NORRIS:** My objection is based on the actual order from 35822 that does

15 not allow for an extension of this formula rate plan. It required -- I mean, this was

16 the order that was admitted by the Louisiana Public Service Commission and the

17 order is dated --

18 **JUDGE GUILLOT:** I feel like you're going a little bit into argument. So the

19 question just is the actual document as I described it, do you have any objections to

20 it? Like, because you're providing argument for the basis of their request.

21 **MS. NORRIS:** I apologize.

22 **JUDGE GUILLOT:** That's okay. Do you have anything else --

23 **MS. NORRIS:** No.

1 **JUDGE GUILLOT:** -- as far as the objection of what the actual document you
2 saw and how I've described it?

3 **MS. NORRIS:** I mean, I don't have privy to all of the information that I would
4 need to say whether it was valid or not or something that's required.

5 **JUDGE GUILLOT:** That's a separate question. That's an analysis of the request
6 of itself. Okay. Then Exhibit 1, in globo, is admitted.

7 **MR. EZELL:** Mr. Cox, I'm going to have you identify the document that I'm
8 presenting to you which includes a cover letter.

9 **MR. COX:** It's a cover letter and my pre-hearing brief on behalf of Magnolia
10 Utility Operating Company.

11 **MR. EZELL:** Your Honor, we would submit our pre-hearing brief on behalf of
12 Magnolia, which is submitted and in the record and of the record in which the Staff
13 report and recommendation is attached.

14 **JUDGE GUILLOT:** I have in front of me what's been marked -- it's not marked.
15 It is the pre-hearing brief on behalf of Magnolia Water Utility Operating Company
16 filed in Docket Number 37584. Are you offering this?

17 **MR. EZELL:** We're offering that into evidence, Your Honor, as Magnolia
18 Water's Exhibit Number 2.

19 **JUDGE GUILLOT:** As Exhibit Number -- any objections to that? [NONE
20 HEARD] Then Magnolia's Exhibit Number 2 is admitted.

21 **MR. EZELL:** We now tender the witness, Your Honor.

22 **JUDGE GUILLOT:** All righty then. We're going to do cross-examination. Any
23 cross-examination from Staff?

1 **CROSS-EXAMINATION BY MR. ARVIND VISWANATHAN**

2 **MR. VISWANATHAN:** Yes, Judge. Mr. Cox, is Magnolia regulated by other
3 state agencies?

4 **MR. COX:** Yes. It's regulated by the Louisiana Department of Health and the
5 Louisiana Department of Environmental Quality.

6 **MR. VISWANATHAN:** Is it regulated by any local agencies? So what I mean
7 by that is, say for instance, St. Tammany Parish, are you bound by anything in St.
8 Tammany Parish?

9 **MR. COX:** We have a franchise agreement with St. Tammany Parish.

10 **MR. VISWANATHAN:** Okay. And then earlier, you said that there is federal
11 oversight from the EPA and the Department of Justice, correct?

12 **MR. COX:** That is correct. EPA promulgates environmental and health
13 regulations for the entire country that are then promulgated through the state
14 agencies, Louisiana Department of Health and Louisiana Department of
15 Environmental Quality. And the Department of Justice regulates us through any
16 legal proceedings, like that consent decree with TESI.

17 **MR. VISWANATHAN:** Okay. When it came to the EPA consent decrees that
18 you spoke about earlier, is there any review or auditing by the federal government?

19 **MR. COX:** Yes. The consent decree is completely administered by the
20 Department of Justice in conjunction with the EPA under the terms and provisions
21 of the consent decree.

22 **MR. VISWANATHAN:** Okay. And under that consent decree, has Magnolia
23 received any fines, slap on the wrist, anything like that?

1 **MR. COX:** No, the opposite. We've got commendation for the first guys to turn
2 around those systems in over 20 years.

3 **MR. VISWANATHAN:** Okay. Moving to Louisiana, statewide level, you said
4 the Department of Health and the Department of Environmental Quality?

5 **MR. COX:** That is correct.

6 **MR. VISWANATHAN:** Okay.

7 **MR. COX:** LDEQ and LDH.

8 **MR. VISWANATHAN:** I want to take those individually. With the Department
9 of Environmental Quality, has Magnolia received -- when you took over many of
10 the agencies -- or, I'm sorry, many of the water and wastewater companies, were
11 you held under some sort of order of consent?

12 **MR. COX:** Yeah. So when we came to the state, we had to negotiate agreement
13 on consent with LDEQ. That agreement on consent gave us a timeframe in which
14 we were supposed to make the improvements necessary to bring these systems back
15 into compliance, otherwise we'd be subject to fines and penalties from the state.

16 **MR. VISWANATHAN:** Okay. Now, when you say that there is a level of
17 compliance with LDEQ, do they follow up on their own?

18 **MR. COX:** Yes. So we have to do -- there are two forms of that -- actually, three
19 forms of that. So, one, there's the testing. So we do on the water side, we do daily
20 testing to do chlorine residuals and make sure the disinfection is being maintained.
21 And then we do annual water quality, full kind of mass spectrometer testing to go
22 through the constituents and the drinking water to show that it's safe for human
23 consumption.

1 **MR. VISWANATHAN:** And LDEQ is involved in those tests?

2 **MR. COX:** That's LDH, so the labs --

3 **MR. VISWANATHAN:** Okay.

4 **MR. COX:** Yeah. So the labs are actually run and certified by LDH, so we have

5 to ship off to third-party labs that are certified by LDH for that testing. And then

6 on the wastewater side, depending on the wastewater plant, the cycle frequency, it

7 could be monthly, daily, quarterly wastewater test to test the effluent to make sure

8 we're meeting limits as determined and promulgated by the LDEQ. And then for

9 the engineering fixes, so the improvements that require a permit, the Louisiana

10 Department of Health has an engineering team that reviews our third-party

11 engineering plans and approves those for construction.

12 **MR. VISWANATHAN:** Okay. So let's try to take that step by step. When it

13 comes to the water, LDH has a process, right?

14 **MR. COX:** That is correct.

15 **MR. VISWANATHAN:** And Magnolia provides samples to a LDH lab, right?

16 **MR. COX:** That is correct.

17 **MR. VISWANATHAN:** And LDH verifies whether those samples are in

18 compliance with Louisiana law?

19 **MR. COX:** That is correct and LDH also takes their own samples on a regular

20 basis. So they go to our sites themselves. So it's an audit and our lab submittals

21 that continually get processed.

22 **MR. VISWANATHAN:** Okay. So at any point, LDH can just show up on your

23 door and require compliance for testing?

1 **MR. COX:** Every week, LDH is on one of our sites in the state.

2 **MR. VISWANATHAN:** Okay. And LDH has its own legal division, its own
3 engineering division, right?

4 **MR. COX:** That is correct.

5 **MR. VISWANATHAN:** Okay.

6 **MR. COX:** Their engineering and attorney enforcement division.

7 **MR. VISWANATHAN:** Any noncompliance with LDH would end up in a lawsuit
8 or some sort of administrative sanction, right?

9 **MR. COX:** That is correct. LDH would -- if we had, you know, continued, you
10 know, noncompliance, they would sanction us and then fine, sometimes some type
11 of order.

12 **MR. VISWANATHAN:** Okay. To this date, have you received any
13 administrative sanctions from LDH?

14 **MR. COX:** We have not.

15 **MR. VISWANATHAN:** Okay. Coming back to, you mentioned that there is an
16 LDH engineering division, correct?

17 **MR. COX:** That is correct.

18 **MR. VISWANATHAN:** Okay. LDH has its own engineers on staff?

19 **MR. COX:** That is correct.

20 **MR. VISWANATHAN:** When Magnolia has an application for -- and I don't
21 want to say permit. Maybe say a capital improvement project, right? Prior to doing
22 that improvement, does Magnolia have to provide advanced plans to LDH?

1 **MR. COX:** Yes, and it is actually a permit. So it's a permit to construct, which is
2 issued. So LDH has an engineering department that does review both for LDH, the
3 health, and the LDH engineers also review the LDEQ wastewater plants. So the
4 engineering's housed inside LDH. So we actually have to have a permit to
5 construct any improvements we have, any major improvements to change process,
6 add tankage, etcetera. So we have to have a third-party engineer, a Louisiana
7 engineer -- Louisiana licensed engineer. Submit those plans to LDH. Engineering
8 department reviews them for completeness, reviews them to see if they match state
9 requirements in terms of construction, and they will provide the, you know, the
10 quality required for the individual project.

11 **MR. VISWANATHAN:** And does Magnolia do any project without the proper
12 permitting from LDH?

13 **MR. COX:** No. We've never done a project that requires a permit without LDH
14 approval.

15 **MR. VISWANATHAN:** When it comes to these FRP -- the FRP process, does
16 Magnolia provide a list of capital improvement projects?

17 **MR. COX:** Yes. We have a complete list of our capital improvement projects.

18 **MR. VISWANATHAN:** Does Magnolia provide the proper LDH permitting to
19 go along with that?

20 **MR. COX:** Yes. We give our LDH permits in addition to the capital projects
21 themselves.

22 **MR. VISWANATHAN:** And there's nothing stopping someone from going and
23 complaining to LDH about the water quality or the wastewater quality, correct?

1 **MR. COX:** No. There are able to complain at any time.

2 **MR. VISWANATHAN:** And they have their own internal mechanism to address

3 those complaints, correct?

4 **MR. COX:** That is correct.

5 **MR. VISWANATHAN:** Okay. LDEQ, I'm going to assume, but I'm going to

6 ask, is it the same sort of scenario?

7 **MR. COX:** It is the exact same scenario.

8 **MR. VISWANATHAN:** Okay. LDEQ can show up at your door at any time?

9 **MR. COX:** They do, and on a weekly basis, we have LDEQ personnel on various

10 sites across the state.

11 **MR. VISWANATHAN:** And if Magnolia does not comply with LDEQ, LDEQ

12 has the ability to either enter into a lawsuit or seek some sort of remedy against

13 Magnolia?

14 **MR. COX:** That is correct.

15 **MR. VISWANATHAN:** Okay.

16 **MR. COX:** And they have done that numerous times to other entities in the state.

17 **MR. VISWANATHAN:** To this date, have they done that with Magnolia?

18 **MR. COX:** We have never been fined by LDEQ ever.

19 **MR. VISWANATHAN:** All right. You mentioned earlier that you, as a company,

20 were seeking grant money, right?

21 **MR. COX:** We're seeking what?

22 **MR. VISWANATHAN:** Grant money if possible.

23 **MR. COX:** Yes. We've applied for numerous grants.

1 **MR. VISWANATHAN:** Okay. To date, have you gotten any of those?

2 **MR. COX:** We have gotten zero.

3 **MR. VISWANATHAN:** Okay. If you were to get those grant monies, would the
4 company flow that back through to the ratepayers?

5 **MR. COX:** Absolutely, and we've done it in other states. So for example, in
6 Arizona, we've used WIFIA funds there, which is a federal program, and all the
7 benefits -- net proceeds have benefited the customer.

8 **MR. VISWANATHAN:** When it comes to, you know, a lot of the work you've
9 mentioned, you mentioned that there's a bidding or a RFP process within the
10 company?

11 **MR. COX:** That is correct. I talked about that when I talked about O&M
12 contractors. We do the same thing with construction projects. Large construction
13 projects are bid to multiple bidders and we request for qualifications first; can they
14 build the improvements? And then request for proposals; what is the price? And
15 then we use the lowest, qualified bid for every project.

16 **MR. VISWANATHAN:** Is that something that's provided along in the FRP
17 process?

18 **MR. COX:** That is correct. All our bid documentation, bid tabs, all that is part of
19 the annual true-up.

20 **MR. VISWANATHAN:** One of the things that I know Mr. Ezell went through a
21 lot of water companies and wastewater companies that Magnolia has acquired and
22 remedied or are in the process of remedying. Is there a finite limit to that?

23 **MR. COX:** A finite limit to what? I apologize.

1 **MR. VISWANATHAN:** How many water or wastewater companies that
2 Magnolia can acquire?

3 **MR. COX:** I mean, it is limited by the amount of capital we can raise, so we can't
4 buy everything. That is correct.

5 **MR. VISWANATHAN:** Sure.

6 **MR. COX:** And there's some projects that are too big for us.

7 **MR. VISWANATHAN:** And when it comes to, say, you know, some of these
8 water, wastewater -- I'm just going to use them interchangeably and if it's a
9 problem, please let me know. But is there a point where we're just recovering
10 O&M costs from those? And what I mean by O&M costs is operating and
11 maintenance costs from those.

12 **MR. COX:** Yeah. So if we quit acquiring systems, like -- and if there were like a
13 world, and all the capital improvements were done, then an ongoing basis -- it
14 would be the depreciated value of those assets we invested -- would all the recovery
15 we'd be doing. And then it would just be the ongoing operations and maintenance
16 costs would be recovered from -- in rates -- in the form of rates. That is correct.

17 **MR. VISWANATHAN:** And that is a likely potential for a rate decrease in that
18 as well, right?

19 **MR. COX:** Yes. Like we showed, you know, in our second year, the FRP, we did
20 lower rates on water customers, it was a great example. There was a lull in
21 investment at that point.

22 **MR. VISWANATHAN:** So coming to the actual FRP process, if the -- well, in
23 this application, if the Commission grants Magnolia's request to continue the FRP

1 process for another three years, out of this docket, is Magnolia requesting a rate
2 change?

3 **MR. COX:** No. There's no rate change as part of this docket request.

4 **MR. VISWANATHAN:** Okay. So what would end up happening is that for the
5 first test year, which I guess would be the '25 test year, Magnolia would file its own
6 docket for that, right?

7 **MR. COX:** That is correct.

8 **MR. VISWANATHAN:** And in that docket, Magnolia would provide its
9 financials? And please just give me a yes if that's correct. You would provide your
10 financials?

11 **MR. COX:** Yes.

12 **MR. VISWANATHAN:** You would provide a list of capital improvement
13 projects?

14 **MR. COX:** Yes.

15 **MR. VISWANATHAN:** You would provide a list of compliance with LDEQ and
16 LDH?

17 **MR. COX:** Yes.

18 **MR. VISWANATHAN:** And then you would provide justifications for both those
19 compliance and the new capital improvement projects?

20 **MR. COX:** Yes.

21 **MR. VISWANATHAN:** In this docket, I know it was mentioned that Staff filed
22 its Staff report and recommendation. Does Magnolia agree with Staff's report and
23 recommendation?

1 **MR. COX:** Yes, we do.

2 **MR. VISWANATHAN:** If the Commission orders what is the Staff -- or what is
3 contained within the Staff report and recommendation, would Magnolia abide by
4 that?

5 **MR. COX:** Yes, we would.

6 **MR. VISWANATHAN:** Okay. And part of that is that Magnolia would have to
7 file a new tariff?

8 **MR. COX:** That is correct.

9 **MR. VISWANATHAN:** Okay. And those -- sorry. That you would have to
10 include an update on line item surcharges?

11 **MR. COX:** That is correct.

12 **MR. VISWANATHAN:** That upon expiration of this docket and this FRP metric,
13 Magnolia would have to come in for a full rate review?

14 **MR. COX:** I'm sorry. At the end of the extension?

15 **MR. VISWANATHAN:** Yes.

16 **MR. COX:** That is correct, at the end of the extension.

17 **MR. VISWANATHAN:** Okay. And you are agreeing to that?

18 **MR. COX:** Yes.

19 **MR. VISWANATHAN:** Some of the things that the intervenors have brought up,
20 I think Staff is -- it makes sense. Is Magnolia going to look into, say, a tiered sewer
21 system -- or sewer costs?

22 **MR. COX:** Yes. We've talked about doing demand pricing for sewer, so that's a
23 usage. The issues there is having the data that's necessary to do a demand pricing.

1 So in some areas, we're a sewer-only provider, not a water and sewer provider. I
2 would tell you this, in general, in the wastewater -- and so we are willing to do that.
3 In general, in the wastewater world there is no demand pricing because the way a
4 wastewater plant works is the wastewater plants will be continually operating
5 regardless if you flush the toilet or not, right? Really, what you're paying for is
6 availability. You can't -- it's a biological process, which means you continually
7 have to keep the biology running to be able to do the work of removing the waste
8 and the pathogens, so. But we have agreed to explore that as part of future filings.

9 **MR. VISWANATHAN:** And then I believe Ms. Pautler suggested that Magnolia
10 look into improving their notification systems. It sounds like you do that on a
11 weekly basis.

12 **MR. COX:** Notifications, if we're -- for what?

13 **MR. VISWANATHAN:** Outages, issues --

14 **MR. COX:** It's dailies we do on that. I think the issue that we really try to
15 emphasize to our customers, you know, Louisiana is an opt-in state when it comes
16 to cellphones, and that kind of thing, and emails. So we don't -- we cannot -- in
17 fact, we can't even take our -- they have to allow us to send them notifications. So
18 we've done a couple campaigns to try and get people to opt in with their cellphones,
19 opt in with emails for us to be able to send notifications.

20 **MR. VISWANATHAN:** Is there something on the website which shows that, hey,
21 this is how you can opt in?

22 **MR. COX:** I believe there is, but I -- subject to check.

23 **MR. VISWANATHAN:** If it isn't, is that something the company will look into?

1 **MR. COX:** Absolutely.

2 **MR. VISWANATHAN:** One of the other things is has the company or will the
3 company look at maybe altering its rate -- or not its rate structure, but its -- if the
4 company could look at its ability to decrease the cost for low-usage users?

5 **MR. COX:** Yeah. So the way we would do that -- so the answer is yes. The way
6 we would do that is if we created a demand charge for sewer for example. We
7 would include inside the base rates some minimal usage. So that means you would
8 get a couple thousand gallons for free as part of the base rate and then not get an
9 increase in tariff charge until your usage goes beyond that.

10 **MR. VISWANATHAN:** But is that something the company is opposed to looking
11 into?

12 **MR. COX:** We are not opposed to that.

13 **MR. VISWANATHAN:** Okay. Give me one second. Thank you, Judge. I have
14 no further questions.

15 **JUDGE GUILLOT:** Okay. We're going to do cross by intervenors. Reminder -
16 - I'm going to start with Ms. Brown. But reminder on the cross, ask your question,
17 let the witness answer, and when he's done, ask your next question. And this is just
18 questions for Mr. Cox. It is not any argument on the merits of the case.

19 **MS. CASE-BROWN:** Yes, ma'am.

20 **JUDGE GUILLOT:** So go ahead, Ms. Case-Brown.

21 **CROSS-EXAMINATION BY MS. CINDY CASE-BROWN**

22 **MS. CASE-BROWN:** All right. I would like to note for the record that Mr. Cox
23 has been reading from a script outline, and I do believe that this presents a

1 questionable -- it makes it questionable that he is actually testifying based on
2 personal knowledge or has been reading from a script. I would like to respectfully
3 request the opportunity to look at the document and potentially enter it as an exhibit.
4 **JUDGE GUILLOT:** Response?
5 **MR. NICOLAS:** Your Honor, yeah, we'd like to object to that. There's no
6 prohibition against Mr. Cox keeping notes at the dais.
7 **JUDGE GUILLOT:** Yeah, I'm going to deny that objection. A witness is allowed
8 to have notes for refreshing. You can -- if you feel any part of his testimony was
9 not based on recollection, you can cross him on it. This is your opportunity to ask
10 all those questions.
11 **MS. CASE-BROWN:** Absolutely, yes.
12 **JUDGE GUILLOT:** But a witness, just like you are, is allowed to have notes in
13 front of them.
14 **MS. CASE-BROWN:** Okay. Perfect. Thank you very much. All right. So these
15 previous owners that who you referenced as, quote, poisoning customers, do any of
16 these previous owners currently work for Magnolia?
17 **MR. COX:** No.
18 **MS. CASE-BROWN:** The wastewater treatment plant you referenced in
19 Greenleaves, are there any current concerns with the facility?
20 **MR. COX:** I don't understand your question.
21 **MS. CASE-BROWN:** The Greenleaves wastewater treatment facility you
22 referenced in your testimony, are there any current concerns with this facility?
23 **MR. COX:** What's a concern, ma'am?

1 **MS. CASE-BROWN:** Any complaints, any safety concerns, any violations, DEQ,
2 any type of concerns.

3 **MR. COX:** Yeah. I mean, we're constantly doing ongoing improvements to that
4 system. We got some sludge hauling work they're doing now, those kind of things.

5 **MS. CASE-BROWN:** I would like to enter an exhibit, please. I guess this is going
6 to be Exhibit A.

7 **JUDGE GUILLOT:** And if you have an exhibit, and it's through Mr. Cox and not
8 yourself, have him look at it, have the attorneys look at it.

9 **MS. CASE-BROWN:** It is just for myself.

10 **JUDGE GUILLOT:** Well, is it in reference to --

11 **MS. CASE-BROWN:** [INAUDIBLE] the wastewater [INAUDIBLE].

12 **JUDGE GUILLOT:** Speak into the mic. Sorry.

13 **MS. CASE-BROWN:** It is in reference to the wastewater treatment facility.

14 **JUDGE GUILLOT:** Okay. So it's on topic. So what you would do is you would
15 show it to the attorneys and then put a copy in front of Mr. Cox. And now you can
16 identify it.

17 **MS. CASE-BROWN:** Okay. So that is my personal correspondence with
18 Louisiana Public Service Commission as well as support@magnoliawateruoc.com.
19 I am -- the Greenleaves wastewater treatment facility is essential in my backyard
20 and I initially submitted --

21 **JUDGE GUILLOT:** Okay. We're going into testimony a little bit.

22 **MS. CASE-BROWN:** Okay.

23 **JUDGE GUILLOT:** I just need it for identification purposes.

1 **MS. CASE-BROWN:** Okay.

2 **JUDGE GUILLOT:** So they can decide whether to object to it or not --

3 **MS. CASE-BROWN:** Okay.

4 **JUDGE GUILLOT:** -- prior to Mr. Cox answering about it.

5 **MS. CASE-BROWN:** Yes, Your Honor.

6 **JUDGE GUILLOT:** At this point, just reviewing it, do we have any objections

7 from Staff?

8 **MR. VISWANATHAN:** Yes, Judge.

9 **JUDGE GUILLOT:** Okay. What are you --

10 **MR. VISWANATHAN:** Judge, part of these emails contain information that was

11 previously stricken from the record as a part of your ruling on the motion to strike,

12 the cross-answering testimony of Ms. Donna Dardar. Further, if there is something

13 particular in here that Ms. Case-Brown is trying to address, I think we can do that.

14 However, multiple of these emails lack relevance -- or relevance has not been

15 established, but as it pertains to the items related to -- I mean, it's a collection of

16 the entire correspondence. I don't think it's relevant or germane to this application.

17 **JUDGE GUILLOT:** Okay. Any further objection, Magnolia?

18 **MR. NICOLAS:** Yes, Your Honor. None of this has been authenticated.

19 **JUDGE GUILLOT:** Okay.

20 **MR. NICOLAS:** And there's no proof that this photograph here is what it purports

21 to be, so we would object as well.

1 **JUDGE GUILLOT:** I also have a question about the relation of this exhibit to
2 Mr. Cox. So when a witness comes up, they have to be able to -- they have to have
3 some basis for being able to talk about it.

4 **MS. CASE-BROWN:** Okay.

5 **JUDGE GUILLOT:** So just really quickly, it does look like a bunch of emails.
6 And so you would have to connect those -- the witness has to be able to testify about
7 what you're going to ask him.

8 **MS. CASE-BROWN:** Yes.

9 **JUDGE GUILLOT:** So there has to be some connection to it.

10 **MS. CASE-BROWN:** The first two pages of the package were actually sent
11 yesterday, and there are additional emails in there sent December -- not 22 -- sent
12 several weeks ago regarding the wastewater treatment facility. The gate is open
13 and it is possible for me to fit through --

14 **JUDGE GUILLOT:** Okay. We're going through the --

15 **MS. CASE-BROWN:** Okay.

16 **JUDGE GUILLOT:** I'm still trying to figure out how to get your -- what your
17 exhibits you want --

18 **MS. CASE-BROWN:** Right.

19 **JUDGE GUILLOT:** If he's the relevant person to talk about them.

20 **MS. CASE-BROWN:** Mr. Cox is claiming that there are no current concerns with
21 the Greenleaves wastewater treatment facility. I am providing evidence of safety
22 concerns with the facility and the gate being open and the facility itself being
23 accessible.

1 **JUDGE GUILLOT:** Okay. The --

2 **MS. CASE-BROWN:** The first two pages.

3 **JUDGE GUILLOT:** Okay.

4 **MR. NICOLAS:** Your Honor --

5 **MS. CASE-BROWN:** That was just [CROSSTALK] --

6 **MR. NICOLAS:** -- we'd also like to object that there's no basis for saying that

7 these are safety concerns. I mean, does she have any expert testimony that supports

8 that?

9 **JUDGE GUILLOT:** Okay. That's also getting into the subject matter of the

10 emails. I'm still trying to figure out the -- I'm not on the relevance portion of it.

11 I'm just trying to figure out if Mr. Cox is the person to even talk about these things.

12 **MR. NICOLAS:** Yes, ma'am.

13 **JUDGE GUILLOT:** If you're on the email, then you can talk about it when it

14 comes time for your testimony. I'm trying to figure out the connection if Mr. Cox

15 can talk about these emails. So you still haven't given that to me.

16 **MS. CASE-BROWN:** Mr. Cox is saying that there are no current concerns with

17 the wastewater treatment facility, and I believe there are concerns right now

18 regarding the wastewater treatment facility as far as safety.

19 **JUDGE GUILLOT:** Okay. You're still on the topic. Were these sent to Mr. Cox?

20 Were these received by Mr. Cox?

21 **MS. CASE-BROWN:** Those were sent to Magnolia Water. Additionally, it was

22 the Public Service Commission.

23 **JUDGE GUILLOT:** Okay. There's a lot of emails in here.

1 **MR. EZELL:** Your Honor, we received none of that.

2 **JUDGE GUILLOT:** That objection, I don't understand. What's your basis for
3 that objection?

4 **MR. EZELL:** Your Honor, I'm going to object to the fact that it's being submitted
5 and it has not been submitted to Magnolia because we did not receive it yesterday,
6 we did not receive it this morning, we did not receive it two weeks ago.

7 **JUDGE GUILLOT:** I'm going to remind Counsel that cross-examination is wide
8 open, and so is rebuttal, and rebuttal doesn't have to be identified or provided ahead
9 of time. So we are in the phase of cross-examining this witness and rebutting
10 previous testimony.

11 **MR. EZELL:** I understand that, Your Honor. And there is nothing that's been
12 submitted that Mr. Cox can -- Mr. Cox is not responsible for the day-to-day
13 operations of the Greenleaves wastewater system. If she wants to ask a question
14 about that, she can ask that to a person that is responsible for that, which we will
15 submit, okay, to the Court as a witness in this proceeding.

16 **MS. CASE-BROWN:** Your Honor, I can withdraw my exhibit and hold onto it
17 for my testimony. I apologize for any --

18 **JUDGE GUILLOT:** No. It's I just have to have a legal basis for this particular
19 witness to talk about these particular emails.

20 **MS. CASE-BROWN:** Okay.

21 **JUDGE GUILLOT:** So if I don't see them on the receipt of it --

22 **MS. CASE-BROWN:** Right.

1 **JUDGE GUILLOT:** He can't talk about something that he hasn't gotten or that
2 he didn't send. It's just -- it's a subject matter --

3 **MS. CASE-BROWN:** Absolutely.

4 **JUDGE GUILLOT:** So that's not to say when you do your testimony, if these are
5 your emails, you can't talk about --

6 **MS. CASE-BROWN:** Okay. Yes, ma'am. Okay. Moving on. You referenced
7 applying for grants. Did you bring any evidence of these grant applications with
8 you today?

9 **MR. COX:** No. I think we previously submitted those ARPA grants to the
10 Commission.

11 **MS. CASE-BROWN:** Okay. The emergency response you referenced, is there a
12 cost associated with that? As far as customers call 24/7 support, there's an
13 emergency response, is there a cost associated with that emergency response?

14 **MR. COX:** Ma'am, I don't know if I understand your question. Can I repeat it
15 back the way I think you're asking it to me?

16 **MS. CASE-BROWN:** Absolutely.

17 **MR. COX:** Is there a cost associated with having 24-hour emergency response
18 available to customers?

19 **MS. CASE-BROWN:** If I -- if something happens at my house and I call and they
20 send someone out immediately to address an issue, is there a cost associated with
21 that individual coming out to fix the --

1 **MR. COX:** Yeah. Okay. I understand. Thank you, ma'am. The answer is it
2 depends. It depends if the emergency response is something that we're responsible
3 for a utility, or if it's something you're responsible for as a homeowner.

4 **MS. CASE-BROWN:** Okay. And if -- so if there is an expense, who is responsible
5 for that?

6 **MR. COX:** If it's on the homeowner -- if it's a homeowner issue, the homeowner
7 is responsible for that cost.

8 **MS. CASE-BROWN:** Okay. And if it is a company issue, then who pays -- does
9 that cost ultimately go to the ratepayers?

10 **MR. COX:** Can I clarify as to what -- if there is a failure on the -- on the company's
11 --

12 **MS. CASE-BROWN:** On the --

13 **MR. COX:** Yeah. If there's utility failure that Magnolia owns and we have to fix
14 it, yes, that eventually flows to ratepayers.

15 **MS. CASE-BROWN:** And the expense ultimately goes to the ratepayers; yes or
16 no?

17 **MR. COX:** Yes.

18 **MS. CASE-BROWN:** Okay. Okay. So the emergency response center in
19 Mandeville, where is this located?

20 **MR. COX:** You know, north of 10.

21 **MS. CASE-BROWN:** Okay. Twelve [INAUDIBLE] whisper?

22 **MR. COX:** Twelve, 12, sorry.

1 **JUDGE GUILLOT:** I mean, if -- don't provide testimony at this point. It's just a
2 question. Mr. Cox, if you don't know the answer, just tell me you don't know the
3 answer.

4 **MR. COX:** I thought I knew. I'm sorry, Your Honor.

5 **JUDGE GUILLOT:** Okay.

6 **MS. CASE-BROWN:** All right. So 200 employees for the entire state; is that
7 correct?

8 **MR. COX:** It's a little over that now, but close.

9 **MS. CASE-BROWN:** Okay. And how many connections?

10 **MR. COX:** Twenty-nine thousand water connections and 50-something thousand
11 sewer connections.

12 **MS. CASE-BROWN:** So is that comparable to industry standards? The level of
13 employees versus the level of -- the amount of connections?

14 **MR. COX:** Well, yes, when you factor in our third-party O&M contractors, yes.

15 **MS. CASE-BROWN:** Okay. So auto-flushing in Greenleaves, you say that the
16 work -- you tried it for a year, it did not work, so you changed the plan. And I
17 apologize, this might be an email issue again actually. So you say you tried it for
18 a year, it didn't work. So, actually, August 29, 2025, a red box showed up in my
19 yard and I was unsure what it was. I immediately reached out to Magnolia support
20 and my answers -- my question went unanswered. As of September 4, still
21 unresolved. I actually -- 10/23/25, Representative Carver's office jumped in to help
22 the situation.

23 **JUDGE GUILLOT:** Okay. Ms. Case-Brown, that's a lot of testimony.

1 **MS. CASE-BROWN:** Okay.

2 **JUDGE GUILLOT:** Remember, we're just doing questions at this point for Mr.

3 Cox. If you needed to set a scenario, but at some point, we need to get to a question.

4 **MS. CASE-BROWN:** Okay. So if a -- after a year was gone, but a red box was -

5 - an automatic flusher was installed on August 29, 2025, has it already been a year

6 from today's date?

7 **MR. COX:** So, ma'am, I didn't say we were done flushing. We were saying that

8 flushing didn't remediate the issues. We're going to continue to flush the system

9 in addition to doing all the improvements we made, changing the disinfection and

10 changing the water chemistry.

11 **MS. CASE-BROWN:** Okay. Moving on to RSM. Is 47% deficiency of auditing

12 a good thing?

13 **MR. COX:** I'm not familiar with accounting standards, ma'am.

14 **MS. CASE-BROWN:** Okay. Did you bring any of the audits you've referenced

15 with you today?

16 **MR. COX:** I did not bring the audits with me.

17 **MS. CASE-BROWN:** I'm sorry. I --

18 **MR. COX:** I did not bring -- I don't have the audits in front of me.

19 **MS. CASE-BROWN:** Okay. Thank you.

20 **MR. NICOLAS:** We've brought the audited financial records.

21 **JUDGE GUILLOT:** You're going to be allowed to go on redirect if you want to

22 on that topic, but at this point --

1 **MR. NICOLAS:** I mean, it's for her. I mean, you know, you ordered us to produce
2 the documents. We've produced the documents to the tune of \$1,000, so they're
3 here.

4 **JUDGE GUILLOT:** At this point, we're just going to continue with Case-
5 Brown's cross.

6 **MS. CASE-BROWN:** Yes, ma'am. If request for an extension of FRP is -- if your
7 application is approved, is there any guarantee that rates will not increase?

8 **MR. COX:** No, ma'am.

9 **MS. CASE-BROWN:** You previously agreed to a full rate case as part of 35822
10 after three years. Now you're agreeing to a full rate case after three more years. Is
11 there any guarantee that you will not file another extension?

12 **MR. COX:** No, but I don't believe we would file another extension just because
13 of the nature of the acquisitions we've made in the state.

14 **MS. CASE-BROWN:** Okay. Just going to keep moving through. We're going to
15 be very respectful of time. How many bids do you get before securing a contract
16 to complete work?

17 **MR. COX:** It depends on the situation. We typically want three. Sometimes we
18 get eight, sometimes we get two, depending -- that's a contractor participation.

19 **MS. CASE-BROWN:** Okay. So applicant claims a continuation of FRP will allow
20 to achieve a reasonable rate of return on rate base, maintain financial stability, and
21 continue its successful growth strategy. How is this in the public interest?

22 **MR. COX:** Because of providing safe water and sewer services for the citizens of
23 Louisiana.

1 **MS. CASE-BROWN:** Okay. As far as the aggressive growth strategy and saving
2 the ratepayer money, how have you to date saved ratepayers money?

3 **MR. COX:** I already testified we lowered rates once as part of our initial FRP
4 filing for water.

5 **MS. CASE-BROWN:** And what happens -- what has happened since?

6 **MR. COX:** We've invested more money into the water systems and thus raised
7 rates.

8 **MS. CASE-BROWN:** And so the rates have gone up, correct?

9 **MR. COX:** In a single cycle, yes.

10 **MS. CASE-BROWN:** Okay. Okay. So Staff has recommended and Magnolia
11 has agreed to look into various methods to lessen the burden of ratepayers. What
12 methods are you planning to utilize in order to, quote, lessen the burden of
13 ratepayers?

14 **MR. COX:** Yeah, multiple. So the insourcing of operations and maintenance is
15 an example of something we've done to take in house to lower O&M costs. We're
16 going to do targeted physical investments. So stuff like remote monitoring to lessen
17 the amount of personnel calls have to go out to go actually physically check lift
18 stations, that kind of thing. So it lowers labor cost. And remember, for ratemaking
19 purposes, every dollar of expense gets translated into a dollar of revenue
20 requirement. Whereas, you know, it's only the capital return on a remote
21 monitoring for example. So we've done remote chlorimeters for example in Eden
22 Isle. So that means instead of having to send a person seven days a week to test the
23 water to make sure it's maintaining disinfection, that's done remotely. So it

1 removes those labor costs. So those are examples of various things we've done.
2 And, also, other targeted capital investments are consolidating wastewater plants,
3 those kind of things, do preventative maintenance to lower, you know, burnout on
4 equipment failures, which reduces rate impacts. Those are various examples we
5 do.

6 **MS. CASE-BROWN:** Okay. Let's see. Am I -- I would like to reference an
7 article; is that not allowed? It's a quote from Mr. Cox and I have copies of the
8 article. Am I allowed to --

9 **JUDGE GUILLOT:** If it's just part of your question, you just ask your question.
10 If you want to introduce it, offer it like we did before, and then we'll go through
11 the --

12 **MS. CASE-BROWN:** Okay. So in an article from The Center Square dated
13 8/21/25, Mr. Cox said, quote, we've invested \$400 million in this state and not
14 pulled out \$1, end quote. So, Mr. Cox, after six years in this state and not having
15 pulled \$1 out, what is the benefit of doing business here?

16 **MR. COX:** Yeah. It's a long-term benefit. So as a utility, it's a 20-year investment
17 cycle, and that's one of the reasons why this FRP is so important. So to continue
18 to support capital formation, so the ability for outside investors to want to invest,
19 you have a stable, clear framework to future profits.

20 **MS. CASE-BROWN:** Okay.

21 **MR. COX:** So that's really the framework we're operating under.

22 **MS. CASE-BROWN:** Okay. What benefits have shareholders received?

23 **MR. COX:** From Magnolia, none.

1 **MS. CASE-BROWN:** All right. Can you explain to me the economies of scale?

2 **MR. COX:** Yeah, absolutely. So economies of scale reference the fact that we

3 can buy things in bulk. So for example, our chemical costs are lower than smaller

4 utilities because we're going to buy them at scale. When we bid RFPs for

5 construction projects, we're able to do multiple construction projects in a single

6 package, which allows more contractors to bid on it because it's a larger project, so

7 we get lower costs. Or we can buy equipment that smaller utilities couldn't afford

8 on their own because we're managing multiple utilities across a larger footprint.

9 **MS. CASE-BROWN:** Okay. So I have a graph, if you're interested, and it shows

10 that -- you know, the growth of the company and the net plant. And it's actually

11 based on the Staff's recommendation and report dated 11/3/25. So with the growth,

12 with the increase in net plant, the increase in water customers, increase in sewer

13 customers, so are the only -- the numbers for the rates keep going up. Can you

14 please explain that to me as far as how that works with the economy of scale?

15 **MR. COX:** Yes, ma'am. I believe you heard me, so the American Society of Civil

16 Engineers rated the water service in the state of Louisiana as a D. That means

17 there's numerous Fs, right? And rating the wastewater services a D+ means there's

18 numerous Fs. The systems that you all have been served by historically were Fs.

19 So the long-term capital required to bring these things back into compliance

20 necessarily needs -- it necessitates more rates in order to support those investments.

21 So without those, you get to even more catastrophic failure, which we've

22 experienced in places like Killian, we talked about earlier. So the ongoing

1 reinvestment in the system in a longer time period will actually reduce rates for
2 customers.

3 **MS. CASE-BROWN:** Okay. What cost efficiencies have CSWR's expansion into
4 Louisiana brought to customers?

5 **MR. COX:** Yeah. We've lowered -- on an annual basis, we've lowered our
6 customer service costs by, I think, 45% by changing call center providers,
7 insourcing some of that. The ongoing O&M on a per gallon basis has gone down
8 substantially. Chemical costs have gone down. Construction costs have gone down
9 on a per gallon basis relative to previous bids. So a number of ways.

10 **MS. CASE-BROWN:** What financial benefits have customers in Louisiana
11 received?

12 **MR. COX:** All the benefits of those that I just mentioned and lowering of interest
13 rates by attracting cheaper debt of all accrued to the benefit of customers.

14 **MS. CASE-BROWN:** Okay. How many bids were obtained before securing that
15 Cloud-based utility billing solution storage?

16 **MR. COX:** Ma'am, can you say that again?

17 **MS. CASE-BROWN:** How many bids were obtained before securing the Cloud-
18 based utility billing solution?

19 **MR. COX:** Which utility billing solution?

20 **MS. CASE-BROWN:** The Cloud-based utility -- that Magnolia uses as part of
21 Central States Water Resources.

22 **MR. COX:** We have multiple Cloud-based systems. I just want to be clear which
23 one you're talking about.

1 **MS. CASE-BROWN:** For the billing. For the billing -- for the billing system.

2 **MR. COX:** I don't remember. I believe it was four or five.

3 **MS. CASE-BROWN:** Okay. Do you have any of those with you?

4 **MR. COX:** I do not. It's been a while.

5 **MS. CASE-BROWN:** Okay. Can you provide any evidence to show the cost

6 savings experienced by customers?

7 **MR. COX:** Yes. We've submitted that previously as part of FRP filings.

8 **MS. CASE-BROWN:** Okay. Can you provide any evidence of measurable cost-

9 related benefits received or experienced by customers?

10 **MR. COX:** Yes. We've demonstrated that on every FRP filing we've done.

11 **MS. CASE-BROWN:** Okay. Has Magnolia produced a positive net income?

12 **MR. COX:** We have produced a positive net income I believe in the last year and

13 a half, two years.

14 **MS. CASE-BROWN:** Okay. Has Magnolia produced the cash flow necessary to

15 fund its day-to-day operations?

16 **MR. COX:** I believe now, yes, we have. The day-to-day operations, correct. Not

17 the ongoing investment, but yes, day-to-day operations.

18 **MS. CASE-BROWN:** So yes. Okay. Per Magnolia's pre-hearing brief, Magnolia

19 invested 300,994 in Greenleaves, subsequently invested an additional \$4,238,403

20 in Greenleaves. Have you brought this quantifiable data to support this claim

21 today?

22 **MR. COX:** On an ongoing -- yeah, every year, we have.

1 **MS. CASE-BROWN:** Okay. How would you say customer experience has been
2 impacted since Magnolia began operations in Louisiana?

3 **MR. COX:** Well, our 90 -- almost 92% perfect survey rates show that it's been a
4 very good impact.

5 **MS. CASE-BROWN:** Okay. And can you tell us about the strategic
6 communications initiatives with customer contact information?

7 **MR. COX:** That's kind of multi-pronged. You know, one is trying to
8 communicate with every community individually on an annual basis to talk about,
9 hey, here's the improvements that we plan for the year, here's the improvements
10 made the year before. It's doing campaigns to try and get people's email and cell
11 phone numbers so we can do automatic notifications. And then also trying to
12 increase visibility of construction projects we're doing in every community.

13 **MS. CASE-BROWN:** Okay. Are the concerns of the intervenors in this docketed
14 matter exclusive to Louisiana?

15 **MR. COX:** We don't -- we only have an -- we don't have an FRP in any other
16 state besides Mississippi.

17 **MS. CASE-BROWN:** The concerns that the customer -- the intervenors have
18 expressed in the docket.

19 **MR. COX:** You have to be specific. What concerns you mean, ma'am?

20 **MS. CASE-BROWN:** The concerns that have been presented several times, not
21 just about the rate. Are there other concern -- are these concerns that the intervenors
22 have stated in the docketed matter, are they exclusive to Louisiana?

23 **MR. COX:** What concern are you talking about?

1 **MS. CASE-BROWN:** Have you read the testimony of intervenors?

2 **MR. NICOLAS:** Your Honor, we'd like to object, operations in other states are
3 not relevant to this proceeding.

4 **JUDGE GUILLOT:** Okay. Her question -- but you are going to have to lead him
5 to your question.

6 **MS. CASE-BROWN:** Okay.

7 **JUDGE GUILLOT:** Because even I was confused about what you're talking
8 about.

9 **MS. CASE-BROWN:** Okay.

10 **JUDGE GUILLOT:** And I'm denied -- but you're going to have to -- you have to
11 lead the witness to what you're talking about.

12 **MS. CASE-BROWN:** Have you read the written testimony of intervenors
13 submitted previously as part of this docketed matter?

14 **MR. COX:** Yes, but it's been a while.

15 **MS. CASE-BROWN:** What concerns did you read about from the intervenors?

16 **MR. COX:** Ma'am, I don't recall, but if you bring up a specific concern, I'm more
17 than willing to address it.

18 **MS. CASE-BROWN:** Is it fair to say that you have not read them?

19 **MR. COX:** No.

20 **MS. CASE-BROWN:** Okay. So concerns of intervenors in this matter, in addition
21 to the rate, include health and safety concerns, transparency, imprudent spending.
22 Is it fair to say -- do these concerns that I just said, are they exclusive to the state of
23 Louisiana?

1 **MR. COX:** I haven't heard health and safety concerns because those are
2 moderated by the, you know, health and environmental regulators. So those -- I
3 mean, one thing I love about the water and sewer business is because it's objective.
4 It's the test that comes out of the tap, out of the well, and the test that comes out of
5 the end of the pipe. So those are health and safety concerns and those we pass with
6 flying colors.

7 **MS. CASE-BROWN:** Okay.

8 **MR. NICOLAS:** Your Honor, we're going to object to any line of questioning
9 that has to do with health concerns. All of the intervenors have been asked to
10 provide medical records supporting their ailments, and neither one of them -- none
11 of them could do so. And should they do so now, that would not give us the
12 opportunity to depose any of these physicians, I mean.

13 **JUDGE GUILLOT:** At this point, I haven't heard anything specifics. I heard the
14 general --

15 **MR. NICOLAS:** She's referencing health and safety concerns. Not only have
16 they not produced doctors' records, they haven't produced any kind of formal
17 analysis --

18 **MS. CASE-BROWN:** I can [CROSSTALK] concern.

19 **MR. NICOLAS:** -- evaluating these systems.

20 **JUDGE GUILLOT:** One moment.

21 **MS. CASE-BROWN:** Yes, ma'am.

22 **MR. NICOLAS:** LDH has already given these systems an A. I don't know how
23 it gets any better than that.

1 **JUDGE GUILLOT:** Mr. Cox provided testimony on his interactions with DEQ
2 and DHH on those testing things. That's what I'm putting this series of questions
3 on. I have not heard anything specific about whether -- his specific knowledge. I
4 think it is a valid questions to ask as far as Magnolia. We have not -- I haven't
5 heard anything specifics. And remember when you ask your question, to lead it
6 into the question and set baseline questions.

7 **MS. CASE-BROWN:** Okay. Intervenors in this docketed matter have submitted
8 written testimony demonstrating concerns of transparency -- financial transparency
9 and imprudent costs and excessive spending. Are these concerns in this -- that I
10 just said exclusive to the state of Louisiana?

11 **MR. COX:** Ma'am, I think you heard me testify earlier, I can't imagine a more
12 transparent company than us. The amount that we get audited, both on an annual
13 basis, by regulators, that kind of thing. So our financials are public record,
14 something we have to submit, you know, not just audits, but annual FRP filings, all
15 of that, so.

16 **MS. CASE-BROWN:** Okay. Excessive spending and imprudent costs have been
17 written in written testimony as concerns of intervenors. Are those concerns of
18 imprudent costs and excessive spending exclusive to the state of Louisiana?

19 **MR. COX:** Ma'am, in 13 years, we've never had a dollar invested not recognized
20 for ratemaking purposes because each of those investments has been considered
21 necessary and prudent every --

22 **MS. CASE-BROWN:** It's just a yes or no question, sir.

23 **JUDGE GUILLOT:** I allow my witnesses to expand on any answer they give.

1 **MS. CASE-BROWN:** Okay. Could you please answer the yes or no as well as
2 your expansion?

3 **MR. COX:** I believe I just explained it. We never had a dollar of investment not
4 recognized for ratemaking, never had a dollar considered not necessary and
5 prudent.

6 **MS. CASE-BROWN:** Okay. In Staff s pre-hearing brief, they stated that
7 Magnolia publishes its public notices as part of its website. Do proposed rate
8 increases -- are those included in these public notices on the website?

9 **MR. COX:** I don't know the answer to that, ma'am. I know we have to -- a
10 noticing requirement for rate increases that we do.

11 **MS. CASE-BROWN:** Okay. So in Staff's pre-hearing brief, they stated that
12 systems under Magnolia have no less than a B grade with the Louisiana Department
13 of Health. Can you tell me what the water grades look like prior to Magnolia
14 purchasing those systems?

15 **MR. COX:** I would -- the water grading system did not exist until 2022.

16 **MS. CASE-BROWN:** Okay.

17 **MR. COX:** I would tell you based on my experience, there'd be a lot of Cs, Ds,
18 and Fs.

19 **MS. CASE-BROWN:** Okay. Is Magnolia the only provider in Louisiana to
20 achieve an A rating?

21 **MR. COX:** No, ma'am.

22 **MS. CASE-BROWN:** Okay. So why are Magnolia's rates so much higher than
23 the other companies who received an A?

1 **MR. COX:** Because we buy failed systems and majority of those providers were
2 -- been maintaining their system for a long period of time. In addition, most of
3 those providers are public entities where -- which have grant loan programs that are
4 available to them which reduce costs for customers.

5 **MS. CASE-BROWN:** Okay. In Staff's pre-hearing brief, they stated concerns are
6 valid and Magnolia should seek to be more transparent with its customers. What
7 transparency have you provided to customers as intervenors in this matter?

8 **MR. COX:** I mean, we've complied with all requests that the Judge has deemed
9 valid to give the information you need.

10 **MS. CASE-BROWN:** Okay. So let's see. How many systems are serviced
11 through the Greenleaves wastewater treatment facility?

12 **MR. COX:** How many systems? Ma'am, when I think systems, it's utilities. So
13 there's one centralized wastewater plant for that.

14 **MS. CASE-BROWN:** There are trucks coming into that system -- or to the
15 Greenleaves wastewater treatment facility full of wastewater. They come in, they
16 unload it, and they leave. How many different systems -- how many different
17 systems are having their wastewater brought in to the Greenleaves wastewater
18 treatment facility?

19 **MR. COX:** Ma'am, there's no other wastewater that gets brought in. There might
20 be some biosolids handling, but all the wastewater is treated the individual system
21 basis. You don't truck wastewater in. You may truck biosolids in, but no
22 wastewater.

23 **MS. CASE-BROWN:** So where is that biosolid material coming from?

1 **MR. COX:** It depends. Lift stations getting pumped out in the system. I mean, I
2 don't know the answer to that question. There's various different ways that stuff
3 comes in.

4 **MS. CASE-BROWN:** So how many lift stations are being serviced through the
5 Greenleaves wastewater treatment facility?

6 **MR. COX:** You know, ma'am, I don't know that. Off the top of my head, I would
7 say 30 or 40.

8 **MS. CASE-BROWN:** Okay. What are the NARUC guidelines for maintaining
9 records?

10 **MR. COX:** Are you speaking of NARUC? The National Association of
11 Regulatory Utility Commissioners?

12 **MS. CASE-BROWN:** Uh-huh. What are their guidelines for maintaining records?

13 **MR. COX:** They have a plethora of very detailed accounting requirements.

14 **MS. CASE-BROWN:** Okay. Any certain amount of number of years to hold onto
15 receipts, bids, contracts, anything like that?

16 **MR. COX:** I don't know what the specifics of that accounting requirement are.

17 **MS. CASE-BROWN:** Okay. So per Magnolia's pre-hearing brief, and as well as
18 you've testified today, Magnolia Water received or achieved a 32.59 post-call
19 survey completion rate among customers who spoke with a live agent and achieved
20 a 91.73 perfect survey score. So my question is what happened with the 67.41% of
21 callers that did not complete the survey?

22 **MR. COX:** We don't know because they didn't take a survey.

1 **MS. CASE-BROWN:** Okay. So in Magnolia's pre-hearing brief, here's a quote,
2 no prior owner-operator of any water or sewer system acquired by Magnolia has
3 ever provided professional and sophisticated service to customers now offered by
4 Magnolia. What evidence have you brought today to support that claim?

5 **MR. COX:** Previous owner, for example, of Meadows and Eden Isle, they didn't
6 have online bill pay. You had to pay at the -- you had to pay at the mailbox. I
7 mean, there was a bunch of examples like that.

8 **MS. CASE-BROWN:** Do you have any supporting evidence for these claims?

9 **MR. NICOLAS:** Your Honor, we have no obligation to produce supporting
10 evidence for that [CROSSTALK].

11 **JUDGE GUILLOT:** I understand. She can ask the question and Mr. Cox can
12 answer it.

13 **MR. COX:** I don't have it written on me, no.

14 **MS. CASE-BROWN:** Okay.

15 **MS. NORRIS:** All right. Mr. Cox, good afternoon.

16 **JUDGE GUILLOT:** I'm sorry. Hold on.

17 **MS. NORRIS:** I'm sorry. I'm sorry.

18 **JUDGE GUILLOT:** We do these one at a time. I have to recognize everything,
19 everybody, and go through. Ms. Case-Brown, are you done with your cross-
20 examination?

21 **MS. CASE-BROWN:** Yes. Yes, Your Honor.

22 **JUDGE GUILLOT:** Okay. Ms. Norris, you now start your cross-examination.

1 **CROSS-EXAMINATION BY MS. CONNIE NORRIS**

2 **MS. NORRIS:** All right. Good -- well, good morning. Well, almost afternoon.

3 **MR. COX:** Good morning.

4 **MS. NORRIS:** I just have a few questions. One of them is related to the
5 Department of Health. I do have an exhibit and I did present the exhibits to the
6 Judge as well as one to the Reporter because I was only told I need to bring two.
7 So I don't have one for everybody, but I'll be happy to share the extra copy that I
8 have. Because in the statement, you stated that the Department of Health had not
9 given you -- Magnolia, I'm sorry, had not had any violations or anything since they
10 took over the Meadows system; am I correct?

11 **MR. COX:** Yeah. So we have no sanctions, ma'am, which means they hadn't
12 fined us or done anything like that. That is correct.

13 **MS. NORRIS:** They have had -- they have had violation. Are you aware of
14 whether or not these violations have been corrected or whether or not a lot of the
15 things that are open within the Louisiana Department of Health system, you've
16 gotten documentation confirming that they have been resolved?

17 **MR. COX:** You'd have to show me what you're talking about, ma'am, for me to
18 understand what you're saying.

19 **JUDGE GUILLOT:** Yes. If you're going to want him to talk about it and identify
20 it, he has to look at it.

21 **MS. NORRIS:** Yes. I have it labeled as Exhibit B in your packet and it's from the
22 Department of Health. It's a sample report.

1 **JUDGE GUILLOT:** So when you get up to give it to him, make sure the attorneys
2 look at it and see what they're looking at. Ms. Norris, if you would go ahead and
3 give this one to Staff so they can look at it.

4 **MS. NORRIS:** I apologize.

5 **JUDGE GUILLOT:** That's okay. And then we can -- so they can also look at it
6 at the same time. Go ahead and give that -- just give it to Mr. Cox at this point.
7 Okay. Just go back before you start answering your questions so you're in front of
8 a mic. Okay. Now you can --

9 **MS. NORRIS:** Yes. Because in the statement, it was stated that they had not
10 received any violations. And so -- and I want to correct that and they had not been
11 sanctioned for the violation, but this particular exhibit demonstrates that out clearly.
12 And this was just in 2025, so this is not anything from 2019 or 2022 -- 2020 when
13 you first acquired the system. And I have not been able, to date, and this is one of
14 the things that I motioned for, have not been able, to date, to get anything that
15 indicated that these issues have been resolved as of today. One of the issues that I
16 do have and you did make a statement regarding the carcinogens that might've been
17 in the actual system when you all acquired the Meadows system. There are a couple
18 of really bad -- well, I won't say bad. But there's some -- there's documentation
19 that there's still some of the same components within the water -- are still in the
20 water system. If Magnolia or CSWR has any information that can verify that this
21 has been cleared, then, you know, I would appreciate or we would appreciate giving
22 -- having access to that as well.

1 **JUDGE GUILLOT:** Ms. Norris, that was a lot of groundwork. I need you to ask
2 a question of Mr. Cox.

3 **MS. NORRIS:** Yeah. I'm just saying, do you have any information at this time
4 that would indicate that these issues have been resolved?

5 **MR. COX:** Are you talking about the issues you've just given in this exhibit,
6 ma'am?

7 **MS. NORRIS:** Yes.

8 **MR. COX:** Okay. So I'm going -- do you mind if I just go through it?

9 **MS. NORRIS:** No.

10 **MR. COX:** Okay.

11 **MS. NORRIS:** No, sir.

12 **MR. COX:** I just -- making sure. So for example, you got boil water notices,
13 right? Those are resolved as you get a clean sample back, so all those have been
14 resolved. So those come in, you know, there's a main break, pressure drops, you
15 do a precautionary boil water notice. Then you go back and retest it to make sure
16 you maintained disinfection, so all those have been resolved. I'm just going page
17 by page with you.

18 **MS. NORRIS:** Yes.

19 **MR. COX:** On the next page, you've got lead and copper sampling. So this lead
20 and copper sampling is actually on the service lines that run to the customers, so
21 the lines that you as customers own. So the EPA has required a lead and copper
22 survey to be completed over the next five years. So we do a statistical analysis to
23 try and figure out how many customers have lead and copper, right? And so we're

1 going to continue to test those and they come up with what percentage we think of
2 the customers' lines have lead and copper. And then what to do with that is the
3 next question, because in some states, the utility is mandated to replace those lines
4 and then those costs flow through customers, or in some states, the customer is
5 asked to resolve those issues. So that's an ongoing testing thing, so it's not a --
6 something we resolve, it's something we're categorizing. I see a sample report here
7 that says a routine sample. You've got a THM sample. Those are below the -- that
8 40 is below the federal limit. So I'm going on through. And then lead and copper
9 again, it's exactly what I talked to you about. So that's an ongoing categorization.

10 **MS. NORRIS:** On sample 3597429002, the byproducts of that is all from
11 compounded chlorine which are known carcinogens.

12 **MR. COX:** That's what I talked about disinfection byproducts, ma'am.

13 **MS. NORRIS:** Yes, sir.

14 **MR. COX:** Yes, ma'am.

15 **MS. NORRIS:** That's exactly -- and the reason I presented this is to ask the
16 question as to this -- you're saying they were resolved and brought to code, but this
17 is the legal limit -- this is over the legal limit that's recommended.

18 **MR. COX:** Yeah. That one, I don't know if that's over the legal limit, ma'am. I
19 don't remember what the legal limit is on that, so I apologize. I don't remember
20 the standard off the top of my head.

21 **MS. NORRIS:** The legal -- this is above the legal limit. The legal limit is I think
22 46.7 and I don't know if I have the number exactly right.

1 **MR. NICOLAS:** Objection, Your Honor. Ms. Norris is not qualified to speak to
2 that.

3 **JUDGE GUILLOT:** If she leads --

4 **MS. NORRIS:** I'm not qualified --

5 **JUDGE GUILLOT:** One moment. If you lead up to a question, it's good. Any
6 questioning you do is not testimony. That is another reminder. All these questions
7 are in no way testimony.

8 **MS. NORRIS:** Yes. Yes, ma'am.

9 **JUDGE GUILLOT:** They are no way evidence. You're just leading it to a
10 question.

11 **MS. NORRIS:** Yeah.

12 **JUDGE GUILLOT:** So at this point, Ms. Norris is not providing testimony. We
13 will hopefully eventually get to a question --

14 **MS. NORRIS:** Right. Well, no. The question is do you have any documentation
15 --

16 **JUDGE GUILLOT:** -- and Mr. Cox will answer it to the best of his ability.

17 **MS. NORRIS:** I'm sorry. I didn't mean to cut in. Do you have any documentation
18 indicating or of a later sample that indicates it's lower?

19 **MR. COX:** I do not have that on me, on my person, but I believe all our samples
20 are in compliance now for the system.

21 **MS. NORRIS:** Thank you. That's all for that particular exhibit.

22 **JUDGE GUILLOT:** Did you want to introduce that exhibit into the record?

1 **MS. NORRIS:** Yes. There is a -- and I'm sorry. I may have gone -- because when
2 I came in, I just was told to bring two packets. I was told to bring anything that we
3 -- according to our -- when we had the 9/23 status hearing, and then I read it just
4 said bring a copy for the Judge and a copy for the Court Reporter. I didn't bring a
5 copy for everybody and so I apologize. So there is a packet that explains all of my
6 exhibits.

7 **JUDGE GUILLOT:** I understand, but we just have to -- we have to identify them,
8 ask questions about them individually --

9 **MS. NORRIS:** Yes.

10 **JUDGE GUILLOT:** -- and go through them in case there's objections.

11 **MS. NORRIS:** Yes.

12 **JUDGE GUILLOT:** Okay. So you want to offer that packet. If I can have that
13 back, Mr. Cox.

14 **MR. COX:** Yes. Yes, Your Honor.

15 **JUDGE GUILLOT:** At this point, I'm going to identify it. We're going to call
16 this Exhibit 1. It is the first thing you've offered. It is printouts from DHH. Any
17 objections to Ms. Norris Exhibit 1?

18 **MR. NICOLAS:** We don't have any.

19 **MR. VISWANATHAN:** Judge, Staff would not have any objection. We'd just
20 like to get a copy of that.

21 **JUDGE GUILLOT:** Okay.

22 **MR. VISWANATHAN:** It doesn't have to be immediately, but at some point in
23 the near future, I would appreciate a copy.

1 **JUDGE GUILLOT:** Okay. Does the Court Reporter have the copy of this? Okay.
2 You can have this copy.

3 **MR. VISWANATHAN:** [INAUDIBLE] time to make a copy at lunch or at some
4 point, Judge.

5 **JUDGE GUILLOT:** As long as we have the Court Reporter's copy, I think I'm
6 happy. I can get it from there.

7 **MS. NORRIS:** May I ask a question?

8 **JUDGE GUILLOT:** One moment. Norris Exhibit 1, in globo, is admitted. So
9 we have that exhibit. Go ahead.

10 **MS. NORRIS:** Would you like me to get the packet that I submitted to you so that
11 they would have the entire packet?

12 **JUDGE GUILLOT:** It doesn't matter what I have. It is what I admit into the
13 record through the Court Reporter that is the official evidentiary record. So I can
14 always get it from the Court Reporter, but that's the most important thing is that the
15 Court Reporter has the full evidentiary record.

16 **MS. NORRIS:** Okay. So I don't have -- what I'm saying is I don't have a copy
17 of all of the exhibits that I have in that particular packet. May I get that back so
18 that I can give that at least to them? Thank you. The second -- I'm sorry. Mr. Cox,
19 do you recall your statement that you gave when you first -- when the application
20 was first brought before the Louisiana Public Service Commission regarding the
21 Belair and Meadows well?

22 **MR. COX:** I recall Belair and Meadows well, yes.

23 **MS. NORRIS:** Are you aware that there are -- that's two separate wells?

1 **MR. COX:** I am.

2 **MS. NORRIS:** Do you all have those -- both wells registered?

3 **MR. COX:** Registered, ma'am? I don't know what you mean.

4 **MS. NORRIS:** With the Louisiana Department of Health. The state requires that

5 each well has their own dependent number -- independent number.

6 **MR. COX:** I don't know the answer to that question, ma'am.

7 **MS. NORRIS:** In all of the -- let me just lead into that because everything is

8 referenced to the Meadows well. The Belair well is a separate well from the

9 Meadows well?

10 **MR. COX:** Correct.

11 **MS. NORRIS:** You're aware of that. We don't have -- or we have not gotten any

12 information regarding anything or any samples from the Belair well. Everything is

13 referenced to and the number -- the registration number of the Meadows well.

14 **MR. COX:** Okay.

15 **JUDGE GUILLOT:** That was not in the form of a question. You said a statement.

16 **MS. NORRIS:** Okay. Do you -- I have to -- so in other words, you all don't have

17 any documentation that you can present at this time regarding testing at the Belair

18 well itself?

19 **MR. COX:** Ma'am, I know we're in compliance with all our testing requirements,

20 that's all I can say.

21 **MS. NORRIS:** Thank you. On the -- I'll go back to the testimony in 2019, do you

22 recall that testimony?

23 **MR. COX:** That we closed on the system? Yeah.

1 **MS. NORRIS:** Yes.

2 **MR. COX:** In December of 2019.

3 **MS. NORRIS:** Regarding the things that were going on, you did give part of that

4 in your testimony and statement to --

5 **MR. COX:** Yes, ma'am.

6 **MS. NORRIS:** -- with Mr. Ezell. So as one of the -- I just want to know, are you

7 aware today of any of the issues that are still ongoing in that Meadows well system?

8 **MR. COX:** Yes. That's why we're drilling a new well there.

9 **MS. NORRIS:** The fact that -- are you aware that you have approximately 4,000

10 homes on the Belair system at this current time?

11 **MR. COX:** I'm not aware of that, ma'am. I don't know which well is feeding

12 which side at any given point.

13 **MS. NORRIS:** No, I don't have any further questions regarding that. I'm finished.

14 Thank you.

15 **JUDGE GUILLOT:** Thank you.

16 **MR. COX:** Thank you, ma'am.

17 **JUDGE GUILLOT:** Ms. Pautler, do you have any cross-examination?

18 **MS. PAUTLER:** Yes, I do. Thank you.

19 **JUDGE GUILLOT:** Okay.

20 **CROSS-EXAMINATION BY MS. ANNE PAUTLER**

21 **MS. PAUTLER:** I have a few questions. Mr. Cox, you said that every system that

22 you bought is out of compliance. After you purchase those, how are those valued

23 on your books? Are they valued at the purchase price?

1 **MR. COX:** Yes, I believe so.

2 **MS. PAUTLER:** Okay. You also said in 2019 you purchased the Meadows well.

3 It had dead-end lines, no backup generator, it was over-chlorinated, and had a

4 collapsed roof. When did you remediate those issues?

5 **MR. COX:** Yeah. So the collapse -- so just to be clear, ma'am, I was talking about

6 the water system and the wastewater system separately.

7 **MS. PAUTLER:** Okay.

8 **MR. COX:** So the wastewater system had the collapsed roof over the blower

9 building.

10 **MS. PAUTLER:** Okay. Okay.

11 **MR. COX:** So I think we immediately, you know, structurally supported the

12 blower building and then went on to do a full blower. Because the way that works,

13 I mean, you can't imagine how -- like think there's like rusted cars, and trees

14 growing through stuff, and the roof is collapsed, and it's just a mess, and the electric

15 is, you know, a danger for operators. So in that situation, I think we propped up

16 structurally the roof, got the blowers back into running operability, cleaned up the

17 electric so it's safe to work on it. And then I think it took six months or eight

18 months to do a full blower replacement, to order that equipment in, do a new blower

19 building. So I'm just giving you an example of what that looks like.

20 **MS. PAUTLER:** Okay. Okay. And then that was in the sewer system?

21 **MR. COX:** That's the sewer side. That's one of the things we improved. I mean,

22 there was a leak in the tankage of the wastewater plant that was directly discharging

23 untreated waste into that creek.

1 **MS. PAUTLER:** Yeah. Yeah, we could smell it.

2 **MR. COX:** Yeah. It was --

3 **MS. PAUTLER:** We were aware every time --

4 **JUDGE GUILLOT:** Just a reminder, ask your questions, let him finish before you

5 ask again.

6 **MS. PAUTLER:** Okay. Thanks. So you mentioned that you have spent 420

7 million in the state of Louisiana. Does that include acquisitions?

8 **MR. COX:** I believe it does.

9 **MS. PAUTLER:** You believe it does. Do you know what percentage of that 420

10 million is actually acquisitions?

11 **MR. COX:** No, ma'am. I'd venture a guess, about 5 to 8%, something like that.

12 **MS. PAUTLER:** Do you have any kind of documentation?

13 **MR. COX:** I'm just telling you from my recollection, I would say it's something

14 like that.

15 **MS. PAUTLER:** Okay. Five to eight percent. Okay.

16 **MR. COX:** That's subject to check, ma'am.

17 **MS. PAUTLER:** Okay. Okay. You also said -- I can't remember the number that

18 you threw out for the TESI capital investment.

19 **MR. COX:** The capital investment I think is almost \$34 million.

20 **MS. PAUTLER:** Thirty-four million. Okay. And of that 34 million, how much

21 of that is acquisitions?

22 **MR. COX:** None.

23 **MS. PAUTLER:** None.

1 **MR. COX:** No acquisition dollars were included in that.

2 **MS. PAUTLER:** Okay. So when the -- what action did Magnolia Water take

3 when the Belair -- do you know when the -- have you been to the Meadows website?

4 **MR. COX:** I have, ma'am.

5 **MS. PAUTLER:** Recently? In the last year, the last two years?

6 **MR. COX:** At least the last 18 months.

7 **MS. PAUTLER:** Last 18 months. And have you been to the Belair website -- or

8 well site?

9 **MR. COX:** The Belair well site, I have been there before, ma'am. I can't

10 remember the last time I was there.

11 **MS. PAUTLER:** Okay. They're not that far apart, so.

12 **MR. COX:** Yeah. They're not. I just don't remember, ma'am.

13 **MS. PAUTLER:** Okay.

14 **MR. COX:** I see a lot of water and wastewater systems when I come to Louisiana.

15 **MS. PAUTLER:** Okay. Okay. So do you recall when the Belair well went down?

16 **MR. COX:** The Belair or the Meadows well?

17 **MS. PAUTLER:** The Belair.

18 **MR. COX:** When we took it off line, ma'am? What time period are you talking

19 about?

20 **MS. PAUTLER:** I'm asking you. Do you recall when the Belair well went down?

21 **MR. COX:** I mean, we had to take the Belair well off line after -- in the --

22 **MS. PAUTLER:** Uh-huh. And when was that?

23 **MR. COX:** In the first year of operating it.

1 **MS. PAUTLER:** Okay. So the Belair well has not been -- had not been operational
2 since 2022?

3 **MR. COX:** No. That's not what I'm saying. I'm saying there was a time period
4 we had to pull it off line so we could get the water quality straight there.

5 **MS. PAUTLER:** Okay. And when did it come back on line?

6 **MR. COX:** I don't know the answer to that, ma'am.

7 **MS. PAUTLER:** Okay. I do, but --

8 **JUDGE GUILLOT:** Just remember not to testify during this portion.

9 **MS. PAUTLER:** Okay. Thanks. So let me ask you -- so when the -- let me see.
10 What was this? So you don't recall any action that you took when the Belair well
11 went off line?

12 **MR. COX:** Ma'am, I don't know which time you're talking about. We had to take
13 it off line. I remember that part. I don't --

14 **MS. PAUTLER:** And you don't recall when it was functional again? It was six
15 months, a year, two years, three years?

16 **MR. COX:** I don't remember, ma'am.

17 **MS. PAUTLER:** Yeah. Okay. I heard you talk a lot about how you have upgraded
18 your communications and that's great. When did you implement the 24-hour access
19 system?

20 **MR. COX:** We've had 24 emergency response the whole time.

21 **MS. PAUTLER:** Okay. That hasn't been my experience, but that's testimony for
22 later. So regarding interfacing with your customers and saying that you're looking

1 for more transparency, how do you relay to your customers that you are applying
2 for new acquisitions in Louisiana?

3 **MR. COX:** I think we only talk to the customers we're buying.

4 **MS. PAUTLER:** Okay. So you don't let your other customers know that you are
5 expanding in Louisiana?

6 **MR. COX:** I don't believe so, ma'am, subject to check

7 **MS. PAUTLER:** Okay. How did you let your customers know when you were
8 applying for an extension of -- as you know, the customers are a little bit upset
9 about the rates. When did you let your customers know or how did you let your
10 customers know that you were applying for an extension of the formula rate plan?

11 **MR. COX:** Ma'am, I don't know that. That's a legal question. We just follow
12 whatever notification requirements are required.

13 **MS. PAUTLER:** So you did not; is that what I'm hearing?

14 **MR. COX:** No. That's not what you're --

15 **MR. NICOLAS:** Your Honor, there is no obligation on Magnolia's part to notify
16 their ratepayers of this. They're posted in the Bulletin every month and it is the
17 ratepayers' obligation to review those Bulletins.

18 **MS. PAUTLER:** We understand --

19 **JUDGE GUILLOT:** I understand. It's a valid question. That's a legal argument
20 in response and there will be a chance for redirect on that. Obviously, Mr. Cox
21 answers it however he wishes to answer it.

22 **MS. PAUTLER:** Thank you, Your Honor. Let's see. You talked about your
23 rating -- the customers' follow up questions after they call into Magnolia and you

1 talked about that rating. Are those questions pertaining to the satisfaction of their
2 interaction with the customer service people? Are they pertaining to their
3 satisfaction with the utility company?

4 **MR. COX:** I believe it's satisfaction with their interaction and the resolution of
5 their current issue.

6 **MS. PAUTLER:** Okay. Okay. Are you familiar with any dissatisfaction from
7 your customers as far as their water quality, their sky-rocketing rates? Are you
8 aware of any of that?

9 **MR. COX:** Ma'am, I've held multiple public hearings where I've talked to my
10 customers directly about what's going on as, you know, late as February 2025, I
11 held a public hearing where I personally attended. Obviously, I have three
12 [CROSSTALK] and intervenors as well.

13 **MS. PAUTLER:** In Louisiana?

14 **JUDGE GUILLOT:** I'm sorry. He needs -- let him finish his answer.

15 **MS. PAUTLER:** Oh, yeah. Yeah. Okay.

16 **MR. COX:** I'm done, Your Honor.

17 **JUDGE GUILLOT:** Oh, okay.

18 **MS. PAUTLER:** In Louisiana?

19 **MR. COX:** In Louisiana what?

20 **MS. PAUTLER:** You said that you've held multiple meetings.

21 **MR. COX:** Correct. I had a --

22 **MS. PAUTLER:** In Louisiana?

1 **MR. COX:** Yeah. I had a whole Northshore meeting in February 2025. I can't
2 remember the big center we had it in, but I moderated the whole meeting myself.

3 **MS. PAUTLER:** Right. That was at the -- I'll tell you it was at the Bal Harbour.
4 Did I say something wrong? Okay. Do you recall what you and Mr. Skrmetta said
5 at that meeting?

6 **MR. COX:** If you have a specific question.

7 **MS. PAUTLER:** Well, at that meeting, we were told that this was for three years
8 only and then the rates would stop and be stabilized.

9 **MR. COX:** Ma'am, I don't remember saying that at all. I think what we said is
10 eventually the rates will stabilize and trend down, especially as we do more
11 acquisitions and consolidations.

12 **MS. PAUTLER:** Okay. That was not my recollection. Let me ask you, so you
13 don't have any actual data on the satisfaction of customers with the utility company,
14 only with their interface with your customer service and the resolution of the
15 conflict?

16 **MR. COX:** Just the surveys we've issued.

17 **MS. PAUTLER:** Okay. Okay. And you mentioned that there had been at least
18 one reduction for ratepayers. Can you elaborate on that? Where was that reduction
19 and which ratepayers are you speaking of?

20 **MR. COX:** Yeah. So it was water rates, so statewide water tariffs went down, but
21 for tier two, and they went down even more for tier three across the state. And that
22 was inside of our second FRP filing if I remember correctly.

23 **MS. PAUTLER:** Okay. And what year was that?

1 **MR. COX:** 2022 I believe, ma'am, but that's subject to check. Maybe it was 2023.

2 **MS. PAUTLER:** Okay. Okay. Thank you. Is the Meadows well operational

3 now?

4 **MR. COX:** The Meadows well?

5 **MS. PAUTLER:** Correct.

6 **MR. COX:** I believe it is currently operational, yes.

7 **MS. PAUTLER:** Okay. That's testimony for later for me. Okay. When did you

8 -- have you fixed the casing on the Meadows well? Is that --

9 **MR. COX:** Yes, we did.

10 **MS. PAUTLER:** You did. And when was that?

11 **MR. COX:** Oh, I mean, it was a month or something after it failed, so it was pretty

12 fast. As fast as we could get it done. It probably took three months total, maybe

13 less. I don't remember exactly, ma'am. Something like that.

14 **MS. PAUTLER:** Do you remember testifying at the B&E meeting in August in

15 Plaquemine, Louisiana that you had remediated the Meadows well?

16 **MR. COX:** I believe, yes.

17 **MS. PAUTLER:** Okay. Okay. So you mentioned that the formula rate plan would

18 not change. So I just want to have a clear understanding. The rate would increase

19 for the formula rate plan 10% each year; is that correct?

20 **MR. COX:** No, that's not correct.

21 **MS. PAUTLER:** Okay. Can you explain that to me? I'm confused.

22 **MR. COX:** Explain what part, ma'am?

1 **MS. PAUTLER:** How the formula rate plan -- your proposed extension, how that
2 would work?

3 **MR. COX:** Formula rate plan extension has nothing to do with rates, ma'am. It's
4 just a continuation of the process of submitting our costs, our financials,
5 construction justification on an annual basis.

6 **MS. PAUTLER:** I guess what I'm trying to determine is how is that going to
7 translate to the customers' bills. That's my question.

8 **MR. COX:** It depends on the amount of investments, cost efficiencies we realize.
9 All that gets baked into a revenue requirement.

10 **MS. PAUTLER:** Okay. Are the costs of compliance, the cost of filings, attorneys'
11 fees charged to the customer?

12 **MR. COX:** Can you repeat that real quick, ma'am? I'm just trying to hear
13 everything you said.

14 **MS. PAUTLER:** Sure. Are the costs of compliance, different filings, attorneys'
15 fees, are those all charged to the customers?

16 **MR. COX:** Are you talking about compliance investments, ma'am? I'm just
17 trying to understand your question.

18 **MS. PAUTLER:** Yeah.

19 **MR. COX:** Yes, that is correct.

20 **MS. PAUTLER:** Filings?

21 **MR. COX:** That is correct.

22 **MS. PAUTLER:** Attorneys' fees?

23 **MR. COX:** That is correct.

1 **MS. PAUTLER:** Okay. And what benefits -- how does that -- what benefit does
2 the customer have from -- why are they paying those fees?

3 **MR. COX:** Well, because that's what's required to be able to submit the review
4 of all the investments made to make sure they accrue to the benefit of the customer.
5 And one of the primary -- one of the -- not the primary. One of the great advantages
6 of an FRP is the significant reduction in legal filings. I mean, your legal costs are
7 probably 10X for a general rate case than they are in just a simple FRP filing.

8 **MS. PAUTLER:** Yeah. Okay. Thank you. So you did talk about the
9 communications part. I'm going to roll back to that. The opt-in notifications. How
10 many times does a customer need to opt in before they actually get any text
11 messages; do you know?

12 **MR. COX:** I believe it's an opt in for both email and text separately.

13 **MS. PAUTLER:** Yes. How many times do they need to opt in by email and by
14 texting to actually receive the emails and texts; do you know?

15 **MR. COX:** I hope once, ma'am.

16 **MS. PAUTLER:** That's my testimony for later then. When you were mentioning
17 the tier system on the sewer and you said by measuring it on a tier system for the
18 sewer. How do you actually measure sewer output if you're rolling that over to a
19 tier system?

20 **MR. COX:** You measure sewer output by the amount of waste coming out of the
21 back of a pipe. If you're asking how we'd measure sewer cost for a customer, we'd
22 use their water usage. And then if the customer had irrigation, we would ask the

1 customer to move to a separate meter for irrigation, that way you're just capturing
2 the water usage for sewer.

3 **MS. PAUTLER:** Okay. Perfect. Thank you. I think that's about it for me. Thank
4 you so much. Thank you, Judge.

5 **MR. COX:** Thank you, ma'am.

6 **JUDGE GUILLOT:** Thank you. I have several questions for Mr. Cox. I realize
7 it is 12:30. Did you want me to go -- did we want to try and address Mr. Cox now
8 on my questions and redirect prior to lunch or did you want to go to lunch first?

9 **MR. COX:** Please keep going, Your Honor.

10 **JUDGE GUILLOT:** Okay. Decline his answer for you. Okay.

11 **MS. PAUTLER:** He's on a roll.

12 **JUDGE GUILLOT:** So let's go ahead into my questions. Mr. Cox, do you have
13 your testimony in front of you?

14 **MR. COX:** Yes, ma'am. My pre-filed direct testimony.

15 **JUDGE GUILLOT:** Okay. On pages -- on page three, lines 6 through 12, you
16 discuss acquisition. What systems were the Greenleaves and Belair/Meadows
17 previously part of prior to the Magnolia acquisition?

18 **MR. COX:** Greenleaves was part of a company called H2O, I believe was the
19 name of the previous owner. And the Eden Isle Meadows owner, I cannot
20 remember what their company name was, Your Honor.

21 **JUDGE GUILLOT:** The Greenleaves and Belair/Meadows -- well, when did
22 Magnolia acquire the H2O system?

1 **MR. COX:** I believe in January 2020, Your Honor. Excuse me. That's
2 Greenleaves. The Meadows Eden Isle, Your Honor, were acquired in December of
3 '29 -- of '19, excuse me. We're not in 2029 yet.

4 **JUDGE GUILLOT:** So the H2O system was acquired in two phases?

5 **MR. COX:** No, ma'am. There were two separate owners. So Eden Isle -- so the
6 Meadows and Eden Isle were owned by an owner, and I can't remember what that
7 owner's company name was. Greenleaves was owned by a totally separate owner,
8 and that owner's company was called H2O.

9 **JUDGE GUILLOT:** Okay. So the H2O acquisition was in January of 2020; is
10 that your testimony?

11 **MR. COX:** Yes, Your Honor.

12 **JUDGE GUILLOT:** And then the unknown owner that previously had the Belair
13 and Meadows was acquired in December of 2019?

14 **MR. COX:** Yes, Your Honor.

15 **JUDGE GUILLOT:** Were those acquisitions part of docketed proceedings at the
16 Commission?

17 **MR. COX:** Yes, Your Honor.

18 **JUDGE GUILLOT:** Do you recall those docket numbers?

19 **MR. COX:** No, Your Honor, I do not.

20 **JUDGE GUILLOT:** As of today, how many waste and wastewater systems has
21 Magnolia acquired in Louisiana?

22 **MR. COX:** I know the customer count. Let me think about that. I would estimate
23 450, subject to check, ma'am.

1 **JUDGE GUILLOT:** How many of those acquired systems in Louisiana are
2 subject to a DOJ, EPA, or DEQ decree?

3 **MR. COX:** Currently, I believe there are 50-something of the TESI systems that
4 are pending removal or are scheduled to be removed on the EPA consent decree. I
5 think we've taken 200 and approximately 50 systems from LDEQ consent decrees
6 off of those, into compliance. And potentially have another 50 or 60 there in
7 progress. Those are estimates, Your Honor.

8 **JUDGE GUILLOT:** Okay.

9 **MR. COX:** In fact, Your Honor, I see now in my testimony, I can -- on line 18, to
10 date, Magnolia has brought 239 systems in regulatory noncompliance to
11 compliance.

12 **JUDGE GUILLOT:** So that testimony, you're saying 239 out of the
13 approximately 450?

14 **MR. COX:** That's correct.

15 **MR. NICOLAS:** Your Honor, that number is now 242.

16 **JUDGE GUILLOT:** I'm sorry. You cannot provide me evidence or testimony.

17 **MR. NICOLAS:** It's in the record.

18 **JUDGE GUILLOT:** You can on your redirect, point Mr. Cox to that. You
19 discussed on page 4, line 9 through 10, the letter grades. Is this -- where you say
20 Magnolia has achieved A letter grade in all the systems except one, which is -- is
21 that still current? Is that true as of today?

22 **MR. COX:** I believe that that -- the number is set to be reissued. That's 2024.
23 2025 letter grades will come in February. So I think the B grades will move up to

1 an A, and I think we bought some more systems that may be B because we
2 [INAUDIBLE]. So we'll have more systems in the total grade. But I would say,
3 Your Honor, that none of our A grades have regressed to a B.

4 **JUDGE GUILLOT:** On page four, lines 11 through 13, you talk about investment.
5 How much of that was spent on rehabilitation and improvement of Louisiana
6 systems?

7 **MR. COX:** That entire number we say there, ma'am. All that 400 -- and I testified
8 to it earlier, the 422 had been spent completely in the state of Louisiana.

9 **JUDGE GUILLOT:** And that 422 million was all on rehabilitation and
10 improvement?

11 **MR. COX:** Rehabilitation, improvement, and system acquisition would be
12 included in that.

13 **JUDGE GUILLOT:** And then I think it was your testimony you didn't know how
14 much of the 422 was spent on acquisitions?

15 **MR. COX:** That is correct, Your Honor. I just don't know of the top of my head.

16 **JUDGE GUILLOT:** How many parishes does Magnolia currently operate in?

17 **MR. COX:** Good question. A lot, Your Honor. I don't know the answer to that
18 either.

19 **JUDGE GUILLOT:** I just want to clarify, were the Greenleaves and
20 Meadows/Belair systems subject to any kind of decrees or AOCs prior to
21 acquisition?

22 **MR. COX:** No, ma'am. Your Honor, you have to get -- you have to apply to
23 LDEQ to get an agreement on consent, so they're actually just in violation. So they

1 were, you know, had tons of violation letters, they were, you know, subject to
2 LDEQ enforcement actions, those kind of things.

3 **JUDGE GUILLOT:** But the Greenleaves and Meadows wells were subject to
4 those type of violation decrees from those agencies?

5 **MR. COX:** That is correct, Your Honor.

6 **JUDGE GUILLOT:** Have you reviewed the Staff report and recommendation in
7 this matter?

8 **MR. COX:** Yes, Your Honor, I have.

9 **JUDGE GUILLOT:** Do you have that in front of you?

10 **MR. COX:** No, Your Honor, I do not.

11 **JUDGE GUILLOT:** Okay.

12 **MR. VISWANATHAN:** [INAUDIBLE]

13 **JUDGE GUILLOT:** I'm sorry?

14 **MR. VISWANATHAN:** Judge, I can provide that. I plan until Ms. Pendergrass
15 was on the stand to --

16 **JUDGE GUILLOT:** Okay. And I'm just going to ask his opinion on some of
17 these.

18 **MR. VISWANATHAN:** Yes, Judge.

19 **MR. COX:** Your Honor, can I request -- just can I borrow a copy while you ask
20 your questions?

21 **JUDGE GUILLOT:** If somebody wants to give you a copy, they can.

22 **MR. VISWANATHAN:** I can provide that, Judge.

23 **MR. COX:** Thank you, sir.

1 **MR. VISWANATHAN:** It's loose, so.

2 **MR. COX:** Oh, so it's loose. All right. Yes. Yes, sir. I'll try not to confuse your
3 order. Yes, Your Honor. I'm ready now.

4 **JUDGE GUILLOT:** If you would go to page 21, Commission Staff talks about -
5 - all the way at the top, 21 of 24. So that's the actual recommendation, not the
6 testimony.

7 **MR. COX:** Pages 21 to 24?

8 **JUDGE GUILLOT:** Twenty-one of twenty-four.

9 **MR. COX:** Twenty-one of -- Yes, Your Honor. I have it.

10 **JUDGE GUILLOT:** The Staff states that Magnolia is amenable to reviewing its
11 current rate schedule and possibly reducing the water base rate while increasing the
12 variable rate in a standalone docket. Do you agree that that is -- that you're
13 amenable to that?

14 **MR. COX:** Yes.

15 **JUDGE GUILLOT:** Has any of that been initiated in a PSC proceeding?

16 **MR. COX:** It has not yet, but we did do initial conversations with the Commission
17 Staff about a potential formula for that.

18 **JUDGE GUILLOT:** On page 19 of 24, there is the discussion, I think it's the last
19 paragraphs, providing updates to customers. It's pretty much the last line.

20 **MR. COX:** Yes, Your Honor.

21 **JUDGE GUILLOT:** Do you still agree with that? I mean, it's not really -- does
22 Staff agree that you -- are you working on your updates, on providing updates to
23 customers, on your notifications?

1 **MR. COX:** So, Your Honor, I believe that talks about when we buy these really
2 deficient systems, we're doing constant capital projects. We're moving around,
3 fixing lift stations, fixing the plants, that kind of thing. So we do an initial welcome
4 letter, but until we do a big engineering project that requires a permit, we don't do
5 the other updates to customers like here's all the work we're doing. So what the
6 Staff told us is we could be even more proactive and give regular updates on those
7 kind of triage projects where we're turning back on the blowers. And we're
8 amenable to that, so it's something we're working on. I would say, Your Honor,
9 we're the only utility in the United States that I know that provides system-specific
10 updates to customers. So it's community-based here and we own so many
11 communities, so it's a little different for us.

12 **JUDGE GUILLOT:** Okay. I'm just -- it's in the Staff report so I'm asking your
13 opinion on it.

14 **MR. COX:** Yes, Your Honor.

15 **JUDGE GUILLOT:** And then -- let's see.

16 **MR. COX:** Your Honor, can I correct something reading this, just to bring up the
17 previous question?

18 **JUDGE GUILLOT:** Yes.

19 **MR. COX:** You asked who the owner of the Eden Isle Meadows -- it was Coast
20 Waterworks was the name of that owner.

21 **JUDGE GUILLOT:** There is discussion about a customer service training I'm
22 pretty sure in Staff testimony and report. Do you remember that?

1 **MR. COX:** Could you point it to me, Your Honor? Could you point out where
2 it's at?

3 **MR. VISWANATHAN:** Judge, if I could, I believe you're addressing on page 15
4 of 24. And that would be at the bottom of the page.

5 **JUDGE GUILLOT:** Staff testified there at the bottom of 15 about some customer
6 service training. Are you aware of that? Like, are you aware of the customer
7 service that would happen?

8 **MR. COX:** Yes, ma'am.

9 **JUDGE GUILLOT:** Okay.

10 **MR. COX:** Yes, Your Honor.

11 **JUDGE GUILLOT:** Do you know -- or my question to you is who ordered that
12 customer service training? Like, who required that of you?

13 **MR. COX:** That was LDH that asked us to do additional customer service.

14 **JUDGE GUILLOT:** Are you reporting -- have you reported to them the status of
15 that?

16 **MR. COX:** I believe we did. I believe we closed that, Your Honor.

17 **JUDGE GUILLOT:** You testified to this, I just didn't catch it. The Meadows
18 sewer rate at acquisition? I caught the water one.

19 **MR. COX:** I believe, Your Honor, the sewer rate acquisition was a flat \$15.

20 **JUDGE GUILLOT:** I'm sorry. Repeat that again.

21 **MR. COX:** A flat \$15.

22 **JUDGE GUILLOT:** Fifteen flat. In your live testimony, you talked about cheaper
23 debt when a company is under a formula rate plan. How much of a magnitude of

1 difference in cost of debt is there on a formula rate plan versus being ordered to do
2 rate cases?

3 **MR. COX:** Your Honor, I would testify, especially in the early years of Magnolia,
4 you would not be able to obtain debt at all. So it would be all equity. In fact, when
5 we first came to the state and invested, it was all equity because no debt provider
6 will provide debt to, you know, environmentally and health distressed utilities with
7 negative cash flows. So the FRP is absolutely crucial just to obtain debt. And then
8 as the formula rate plan plays out, the magnitude of debt, I mean, we're talking
9 from distressed debt levels, think of the, you know, 9, 10% level, down to kind of
10 standard commercial rates where we're at now, the 6.5, you know, range.

11 **JUDGE GUILLOT:** So as you go along under the formula rate plan, your debt
12 goes -- this is an approximation, from 9 to 10, to about 6.5?

13 **MR. COX:** Yes, Your Honor.

14 **JUDGE GUILLOT:** Okay. There was a discussion of biosolids versus
15 wastewater. What is the difference?

16 **MR. COX:** Yeah. So for example, so lift stations. So lift stations are these
17 pumping stations where gravity can't convey the waste to the wastewater plant
18 because there's a change in topography. So you get all this water that -- you know,
19 water and, you know, think sewer has got everything in it, Your Honor. You know,
20 toilet paper, everything people flush down in the toilet. So then, you know, that
21 stuff gets -- you know, a cage catches it. You know, the pumps got these grinder
22 pumps, are these, you know, shredding pumps that shred up all the stuff to put it in
23 the system. But it's still the bottom of those wastewater wet wells, the concrete,

1 you know, structure. Solids accumulate, biosolids accumulate. You pump that out
2 and you put it through a process at the wastewater plant to treat it.

3 **JUDGE GUILLOT:** Thank you. That's all the questions I have. Redirect?

4 **REDIRECT EXAMINATION BY MR. ANDY EZELL**

5 **MR. EZELL:** Thank you, Your Honor. Mr. Cox, does the acquisition of
6 additional systems inure to the benefit of ratepayers?

7 **MR. COX:** I believe it does. It increases your economies of scale, gives you a
8 larger denominator, and spreads those costs out over a larger base.

9 **MR. EZELL:** So it increases the number of customers divided into your operating
10 and administrative expenses, which ultimately leads to lower cost per customer?

11 **MR. COX:** That is correct.

12 **MR. EZELL:** Are you aware of any obligation that Magnolia has to notify existing
13 customers of its acquisition of additional systems?

14 **MR. COX:** No, I am not.

15 **MR. EZELL:** Are you aware that the Public Service Commission has a method
16 of informing the public of such filings?

17 **MR. COX:** I believe there is. I believe that's a standard process here in the state.

18 **MR. EZELL:** Thank you. I have no further questions, Your Honor.

19 **JUDGE GUILLOT:** Thank you.

20 **MR. EZELL:** Your Honor, I would like, as an abundance of caution, pursuant to
21 the rules, would like to incorporate by reference all of the attachments that were
22 included with our pre-hearing briefs.

1 **JUDGE GUILLOT:** If you would like to -- those should have been identified by
2 Mr. Cox on direct.

3 **MR. EZELL:** No. I'm talking about --

4 **JUDGE GUILLOT:** I understand what you're talking about.

5 **MR. EZELL:** Yeah. Okay.

6 **JUDGE GUILLOT:** The only thing I'm basing my recommendation on is what
7 is entered into the record today. And therefore, it would have to be identified by
8 Mr. Cox and then admitted into the record.

9 **MR. EZELL:** That'll be the way it's done.

10 **JUDGE GUILLOT:** I don't --

11 **MR. EZELL:** That'll be the way it's done, Your Honor.

12 **JUDGE GUILLOT:** Yes. So anything else with Mr. Cox that we're aware of
13 right now?

14 **MR. VISWANATHAN:** Nothing from Staff.

15 **JUDGE GUILLOT:** I'm sorry. You're going to have to speak in the microphone.

16 **MS. NORRIS:** I'm sorry. Are we allowed to ask any other questions?

17 **JUDGE GUILLOT:** That should've been done on your cross-examination.

18 **MS. NORRIS:** I'm just asking.

19 **JUDGE GUILLOT:** Okay. Generally not, unless you can give me an argument
20 for re-cross and then it would be redirect, too.

21 **MS. NORRIS:** Well, the argument is regarding the money that Magnolia stated
22 they took in and the money that was reinvested. And I did not -- when I -- the sheet
23 was covered under something else. Let me just make honest -- tell honestly what

1 happened. So when I looked at the sheet, I realized that I had not asked a question
2 regarding the money that Magnolia collected versus what they put into the system.
3 **JUDGE GUILLOT:** Okay. My recollection that Ms. Case-Brown also asked on
4 that topic, so the topic was not new. So at this point, I would not open up re-
5 questioning for something.
6 **MS. NORRIS:** Okay.
7 **JUDGE GUILLOT:** You have to be thorough on your cross, so.
8 **MS. NORRIS:** Yes.
9 **JUDGE GUILLOT:** And that's not necessarily a new topic that I brought up with
10 my questions.
11 **MS. NORRIS:** Okay. Thank you.
12 **JUDGE GUILLOT:** Okay.
13 **MS. PAUTLER:** Can I ask a quick question?
14 **JUDGE GUILLOT:** Yes.
15 **MS. PAUTLER:** And you can let me know -- Mr. Cox had stated that he was --
16 he said that no one was employed by Magnolia Water that was -- that had sold him
17 a failing system. And then he just said that he purchased Meadows from Coastal
18 just now. So do you know who the owner of Coastal was prior to --
19 **JUDGE GUILLOT:** I'm not going to let Mr. Cox answer that question. The --
20 **MS. PAUTLER:** I think it was Mr. Ernst was the --
21 **JUDGE GUILLOT:** Mr. Ezell --
22 **MS. PAUTLER:** Because [CROSSTALK] here.

1 **JUDGE GUILLOT:** And his cross was on topics that were asked about by both
2 the intervenors and so there was a question by Ms. Case-Brown on employee count.
3 So if you had a question about that, you would've still -- in your cross, you had
4 opportunity to clarify anything else brought up on cross.
5 **MS. PAUTLER:** Okay.
6 **JUDGE GUILLOT:** It is what it is. All righty then. At this point, we are done
7 with Mr. Cox's testimony. Thank you for your testimony. At this point, you're
8 excused. Obviously, if Magnolia wants to recall you, that is up to them. But at this
9 point, you're excused.
10 **MR. COX:** Thank you, Your Honor.
11 **JUDGE GUILLOT:** At this point, we're going to take a lunch break. It is 12:50.
12 We're going to take an hour, unless the parties want less time.
13 **MR. VISWANATHAN:** An hour is good, Judge.
14 **JUDGE GUILLOT:** So we're going to take one hour for lunch and we'll be back
15 at 1:50. So we will go off the record for now. Thank you very much.
16 **[OFF THE RECORD]**
17 **[BACK ON THE RECORD]**
18 **JUDGE GUILLOT:** Okay. We are reconvening the hearing in Docket U-37584.
19 Anything we need to address before we call the next witness?
20 **MR. VISWANATHAN:** No, Judge.
21 **JUDGE GUILLOT:** All righty then. I think the next witness is Ms. Pendergrass;
22 is that correct?

1 **MR. VISWANATHAN:** Judge, I would ask if we could have the -- pursuant to
2 every other Commission hearing we've had, the intervenors would go before Staff.
3 So I'd ask if we could go through the intervenor's witnesses before we go to Ms.
4 Pendergrass.

5 **JUDGE GUILLOT:** Okay. Any objection or comment on that?

6 **MS. CASE-BROWN:** And whatever you [INAUDIBLE].

7 **JUDGE GUILLOT:** All righty then. Any input on that from Magnolia?

8 **MR. NICOLAS:** No objection.

9 **JUDGE GUILLOT:** Then we will move to Ms. Case-Brown; is that correct?
10 You're first on the list.

11 **Cindy Case-Brown came forth as a witness; and, after having been duly sworn,**
12 **testified as follows:**

13 **JUDGE GUILLOT:** For convenience, I'm going to let you stay there.

14 **MS. CASE-BROWN:** Okay. Thank you.

15 **JUDGE GUILLOT:** So then, Ms. Case-Brown, you may do your direct, which is
16 present your testimony, whatever you want to present.

17 **MS. CASE-BROWN:** Okay. Okay. Okay. So thank you for being patient with
18 me. All right. So, first, I would like to address the issues regarding the materials
19 to produce. According to, you know, Order Number 27458, reasonable evidence is
20 to be more than just expert testimony. Reasonable evidence must also be
21 documented, verifiable, and beneficial or necessary to ratepayers. LPSC
22 determined evidence was reasonable only if it was documented, audited, or
23 verifiable, forward-looking, consistent with regulatory law, beneficial or necessary

1 to ratepayers, and supported by expert testimony. Capital structure supported by
2 regulatory precedent was 50/50 for debt equity. Evidence became reasonable in
3 this case only after Staff corrected misclassified expenses, capital items improperly
4 expensed, depreciation errors and prior period cost. Evidence determined not
5 reasonable include franchise fee settlements, and they were rejected because the
6 company had already collected franchise fees in rates. Ratepayers do not need to
7 pay that again. And return on equity increased without a cost study. The
8 comparison to another utility was unsupported and partly incorrect. So then
9 according to Order 33740, sufficient evidence means enough reliable evidence to
10 make the claimed fact more likely than not and to survive rebuttal. In 35822,
11 applicant and Commission agreed to recovery of prudently incurred costs, and
12 inclusion of any and -- the quote, and all receipts and invoices related to any and
13 all expense allocations from its parent or other subsidiary, and a detailed
14 explanation of each expense. In Docket 37584, Judge Guillot's ruling, evidence is
15 relevant if it has any tendency to make the existence of any fact that is of
16 consequence to the determination of the action more probable or less probable than
17 it would be without the evidence. The requested information relating to certain
18 expenditures is certainly relevant to a proceeding that seeks to establish or renew a
19 ratemaking device, the FRP. In the motion to compel on 9/24/25, it included the
20 2024 -- 2022 to 2024 financial audits of Magnolia; '22 to '24 tax returns of
21 Magnolia; all documents including all invoices; bids, work orders, change orders,
22 purchase orders, project schedules, contracts, and receipts relating to repair, update,
23 work to not just Greenleaves, but also the state; any other projects, improvements,

1 and/or constructions on properties owned and/or operated by Magnolia or otherwise
2 related to Magnolia's water, wastewater and/or sewerage operations in Louisiana
3 from '21 to '25. In the report of status conference on 1/22/26, the Tribunal clarified
4 that Magnolia is only obligated to bring to the hearing the materials outlined in the
5 ruling on motions to compel on 9/24/25. The Tribunal further explains that the
6 admissibility of any evidence or testimony will be addressed at the hearing. So per
7 9/24/25 ruling, I requested various documents. I have it print out again or I know
8 it's already in the record. With the tax transcripts, reconciliation schedules, work
9 completed in Louisiana '21 through 2025, supporting analysis or studies --
10 determination that proposed depreciation lives. In addition, I also asked for asked
11 for supporting documentation used to substantiate total accounts receivable;
12 supporting documentation used to substantiate PSI engineering, PSI legal, common
13 stock issued, unappropriated retained earnings; total long-term debt; total payable
14 to associated companies; outside service legal fees; outside service audit
15 accounting; outside service management consulting; miscellaneous income
16 deductions; miscellaneous general expense amounts on the company income
17 statements; miscellaneous expense amounts on company income statements for the
18 years '22 through '24; administrative expenses transferred amounts on company
19 income statements for years ending '22 through '24; supporting documentation
20 used to substantiate uncollectable accounts; contracts referenced on page five of
21 Staff's report and recommendation filed on November 3; invoices, receipts,
22 calculations referenced on page 13 of Staff's report and recommendation;
23 documentation referenced on page 18 of Staff's report and recommendation filed

1 on November 3 of the post, note cards for unreadable meters; bids relating to any
2 other projects, improvements, and/or constructions on properties owned and/or
3 operated by Magnolia, or otherwise related to Magnolia water, wastewater, and/or
4 sewage operations in Louisiana from '21 through '25; contracts relating to any
5 other projects, improvements, and/or constructions on properties owned and/or
6 operated by Magnolia, or otherwise related to Magnolia's water, wastewater, and/or
7 sewage operations in Louisiana from '21 through '25. So I requested all of this
8 information and more. Applications submitted by Magnolia Water UOC for any
9 federal or state grants from '21 through '25; all documents showing payments for
10 operating lease of office space for Central States Water Resources, LLC and
11 subsidiaries; all documents showing payments for operating waste. I apologize for
12 the repeated. All document showing intercompany eliminations and deferred
13 expenses aligning book to tax adjustments; all transfer pricing disclosures showing
14 verifying IRS rules of arm's length pricing. So in conclusion, in this matter, with
15 the materials requested, when any public utility seeks to increase an existing rate,
16 the utility has the burden of proof to show such an increase is just and reasonable.
17 Magnolia has failed to meet its burden of proof due to missing, inaccurate, and
18 inconsistent documentation due to the deficiencies in their books and
19 recordkeeping.

20 **MR. NICOLAS:** Your Honor, we'd like to object to that. This has already been
21 dealt with multiple times. You know, I don't know how many more times we have
22 to go over this. Magnolia has produced everything that you have ordered us to that
23 is not equally accessible by the intervenors, period.

1 **JUDGE GUILLOT:** Okay. I'm going to deny the objection at this point. Nothing
2 has been requested of me besides Ms. Case-Brown providing a history, which she
3 can -- as long as it's relevant, I'm going to let her testify and we're going to all
4 listen to whatever she wants to give us as far as how she frames her testimony. So
5 nothing -- no request has been put to me. I'm just listening to testimony at this
6 point, and to be honest, it's been all procedural history at this point. So I'm going
7 to deny. Continue.

8 **MS. CASE-BROWN:** Okay. So -- okay. So they continue to withhold
9 information despite multiple rulings by Administrative Law Judge Guillot.
10 Reliance on expert testimony alone is not enough. Excessive investment,
11 significant capital spending, and wasteful duplication is not in the interest of the
12 public. If the company cannot meet its burden of proof, proposed rates or the
13 extension of the formula rate plan should be rejected and possibly rates could be
14 reduced. Despite Administrative Law Judge Guillot's ruling that certain records
15 were relevant on 11/21/2025, Counsel re-urged its objection to production of bids
16 and contracts claiming, quote, it is not only ridiculous, but unreasonable, unduly
17 burdensome, and expensive given the needs of the case, end quote. Either these
18 documents do not exist or Counsel is engaging in willful misconduct. Applicant
19 has provided insufficient and unverifiable data. Extensive narrative does not meet
20 burden of proof. Quantitative evidence is required to determine financial claims.
21 Rate structures should be determined accurately and support the precedent of 50/50.
22 Magnolia must provide sufficient information to establish that expenses resulted in
23 a direct material benefit to the customer. Applicant is wholly incapable of

1 producing sufficient evidence to support their claims. It is unfathomable that
2 Magnolia, which presents itself as a professional operator, would fail to appreciate
3 the importance of proper recordkeeping. And to substantiate my claim, and I
4 marked it confidential, I made a detailed list of everything I saw whenever that --
5 was it October? And I have copies. Would you like me to --

6 **JUDGE GUILLOT:** It's a question if you want to introduce it as an exhibit for
7 me to --

8 **MS. CASE-BROWN:** I would like to -- I would like to introduce Exhibit A. This
9 is just the procedural history as well as the materials that were requested. And then
10 this is -- and then I would like to admit Exhibit B, is a verifiable evidence -- it's a
11 financial detail from the records review, verifiable evidence of intervenor's stated
12 concerns regarding applicant's financials and applicant's ongoing refusal to comply
13 with order.

14 **JUDGE GUILLOT:** Okay. Let's do those one at a time. Give me Exhibit A.
15 Show the Counsel what you're talking about as far as Exhibit A.

16 **MR. VISWANATHAN:** Ms. Case-Brown, do you have a copy -- more copy?
17 Thank you, ma'am. Are all the copies there? Andy, could you -- yeah.

18 **JUDGE GUILLOT:** And you can go ahead and give me my copy and so we'll --

19 **MS. CASE-BROWN:** This is that awful list I just said and then --

20 **JUDGE GUILLOT:** Hold on one moment. We haven't moved on yet. Feel free
21 to take a seat. Have the parties reviewed Ms. Case-Brown's Exhibit A, in globo?
22 It's actually just Exhibit A.

23 **MR. NICOLAS:** Yes, Your Honor.

1 **JUDGE GUILLOT:** You've reviewed it?

2 **MR. NICOLAS:** We've taken a look at it and it wholly misinterprets your ruling
3 on the motions to compel.

4 **JUDGE GUILLOT:** So you're objecting to the introduction of the exhibit?

5 **MR. NICOLAS:** Absolutely.

6 **JUDGE GUILLOT:** Okay.

7 **MR. NICOLAS:** The fact that she requested materials doesn't make them subject
8 to your ruling on motion to compel.

9 **JUDGE GUILLOT:** So that's just the basis of your objection? Okay.

10 **MR. NICOLAS:** Absolutely.

11 **JUDGE GUILLOT:** Staff?

12 **MR. VISWANATHAN:** Judge, I'm just wondering if, in the alternative, we could
13 have the Court -- the Tribunal take judicial notice of the procedural history of this
14 docket that is in the record? It may not mirror this exactly, but what is in the record
15 is what's in the record. I don't have an objection. I'm just putting it as an
16 alternative.

17 **JUDGE GUILLOT:** I don't think I need for me to take notice of the procedural
18 history. I don't need to take judicial notice of that. It is what it is, as are the rulings.
19 I'm going to admit this. It is what it is. I had previously admitted brief from
20 Magnolia, so we are the same vein of providing positions. So it is -- we're going
21 to do Ms. Case-Brown exhibit -- we're just going to call it Case-Brown Exhibit 1
22 is admitted. Parties are reminded that I will weigh all the evidence and give it

1 whatever weight I feel appropriate. So that's admitted. Moving on, you had
2 another one?

3 **MS. CASE-BROWN:** Yes, Your Honor. Per your order, I have not shared this
4 information with anyone. I mean, it's marked confidential. I would like to enter
5 into it as Exhibit B, the financial details from the records review.

6 **JUDGE GUILLOT:** Show the parties or give them a copy. The Case-Brown
7 Exhibit 1, we're just going to call this summary, just so it has a title. All righty
8 then. Have the parties reviewed Exhibit B? What is this? Notes you took?

9 **MS. CASE-BROWN:** Yes, Your Honor.

10 **JUDGE GUILLOT:** Okay. So it is -- Exhibit B, right now, what I have in front
11 of me is your notes. Okay.

12 **MS. CASE-BROWN:** And there's a total on the final page.

13 **JUDGE GUILLOT:** Any objections to Ms. Case-Brown's Exhibit B? Which
14 would actually be 2.

15 **MR. VISWANATHAN:** Judge, from Staff, I think no objections. But we would
16 ask that if this is admitted, it is filed under 12.1, confidential.

17 **JUDGE GUILLOT:** Any objections from Magnolia on this exhibit?

18 **MR. NICOLAS:** Just concur with Staff on the --

19 **JUDGE GUILLOT:** Any objections to this being marked as confidential?

20 **MS. CASE-BROWN:** Whatever -- your original order said to not say anything so
21 I haven't said anything. I will respect whatever choice you make, Judge.

22 **JUDGE GUILLOT:** Okay. Then we're going to accept Case-Brown Exhibit 2.
23 It's a confidential exhibit, therefore it is admitted under seal. That includes if you

1 talk about any of these numbers, prior to doing that, let me know, so that we can
2 handle that at that point.

3 **MS. CASE-BROWN:** I've kept everything --

4 **JUDGE GUILLOT:** Well, the hearing is where we talk about things. We just
5 handle it a certain way. So if we want to talk about these numbers, you just have
6 to let me know because then I will clear the room --

7 **MS. CASE-BROWN:** Okay.

8 **JUDGE GUILLOT:** -- and we will talk about it.

9 **MS. CASE-BROWN:** Yes, Your Honor.

10 **JUDGE GUILLOT:** We can talk about confidential matters, there's just a process
11 for how to talk about them.

12 **MS. CASE-BROWN:** Okay.

13 **JUDGE GUILLOT:** So 2 is admitted and it is Ms. Cindy Case-Brown's notes
14 about Magnolia's financials. Okay. And it's admitted under seal. You may
15 continue.

16 **MS. CASE-BROWN:** So it is my belief that I did not -- I was not provided all of
17 the documents that were ordered. I think that's evident when you look at the total
18 in the sealed document.

19 **MR. NICOLAS:** Your Honor, we object to that. This has already been ruled on.
20 This has already been documented. Her obligation was to bring any deficiencies to
21 your knowledge, which she did not do. In fact, the one time she did, was in response
22 to our objection to her list of materials. And all she said was that we didn't produce

1 any documentation relating to federal or state grants because we didn't receive any,
2 as we stated in our responses to her data request.

3 **JUDGE GUILLOT:** Okay. The objection's denied. All I'm hearing is her
4 opinion on the request. Again, no request of me or the Tribunal or the Commission.
5 And so she can tell us all her opinions about any topic that is relevant, and it will
6 be considered as to its weight and relevance. Okay.

7 **MS. CASE-BROWN:** Okay. So moving on to accuracy and legitimacy. I believe
8 that the true scope of a company's operation should be considered, not simply the
9 capital projects in Louisiana. Regulatory compliance exists in order to protect
10 ratepayers. When the company is a utility monopoly, ratepayers are due extra
11 protection. So the rulings that I've used, South Central Bell, the Court has
12 recognized the obligation of regulatory agencies to investigate carefully the
13 transactions between operating companies and their affiliated interests to be sure
14 that no unwarranted overcharges are passed on to the ratepayers via charges for
15 utility services. The customer should receive the benefit of the method of financing
16 chosen by the real owner of the enterprise. This is an unfair -- this is from this case.
17 This is an unfair burden for Louisiana ratepayers. The company wholly failed to
18 demonstrate the needed justifications for the use of accumulated equity for
19 improvements. Concerns from this case include inadequacy of services,
20 dissatisfaction statewide, determination of rate base and actual end of year figures.
21 The LPSC determined regarding cash, quote, to the extent that investors must
22 supply these funds, it is proper to include them in the rate base. The portion of
23 working capital which is provided by ratepayers should not be included in rate base.

1 The effect of not deducting customer deposits from the rate base is to require that
2 ratepayers pay investors a return on capital that they have not supplied. And
3 customer advances and aid of construction shall also be removed. In the Peoples
4 Water Service Company of Louisiana, this denial was based on several issues,
5 including insufficient evidence of expenses and errors in recordkeeping. For
6 example, debt financing has tax advantages that shall further reduce the cost to the
7 taxpayer. Peoples failed to meet its burden of proof as to necessity of expenditures,
8 existence of imprudent expenses, and, quote, cash in bank and petty cash should be
9 removed from rate base. In the Peoples Water Service decided -- on remand,
10 decided in '98, the utility company was attempting to recover money prior to it
11 being used to serve those ratepayers. The facilities did not yet exist. LPSC
12 determined this is simply not fair nor is such treatment traditionally permitted. The
13 Court found that denial of rate increase was justified by the current high rates.
14 Some improvements were proven to be unnecessary. Improperly reported
15 operating expenses. A, quote, reasonable rate of return is not supported by the facts
16 in the record. And, quote, Peoples' decision to finance its operation entirely with
17 equity unfairly penalizes customers by artificially inflating its acquired rate of
18 return. According to Order 24758, this order determined reasonable evidence to be
19 more than just, again, expert testimony. Reasonable evidence must also be
20 documented, verifiable, and beneficial or necessary to ratepayers. NARUC, this
21 account shall -- this is the quote, this account shall include amounts owing to
22 associated companies on notes, drafts, or other similar evidence of indebtedness
23 payable on demand. And the LPSC letter to applicant in 2019, quote, applicant is

1 subject to the following terms and conditions: They must seek the lowest cost
2 market rate for debt financing, explore state funding, grants, and seek and obtain
3 multiple bids for the performance of work in making all capital improvements. All
4 capital improvements should be reviewed for prudence. In Order 35297, which
5 was actually the H2O acquisition, so I actually have -- there's the docket number
6 for that case. Applications for acquisition include the understanding that Magnolia
7 shall seek the lowest cost market rate for financing. Magnolia shall seek and obtain
8 multiple bids for the performance of S-35297 work in making all capital
9 improvements. The company shall file proof of its due diligence in obtaining and
10 evaluating bids. All improvements shall be reviewed for prudence. All capital
11 projects should be scrutinized to ensure all construction projects are to maintain
12 functionality and ensure wasteful spending does not occur. Order Number 35822,
13 quote, Magnolia is authorized to recover prudently incurred costs, end quote.
14 Another quote, annual FRP filings shall be developed from independently audited
15 financial statements maintained in accordance with the NARUC chart of accounts
16 for class A water and wastewater companies. The said application must comply
17 with all Commission rules and regulations applicable to rate cases, and be filed on
18 or before March 1, 2025. The application in 37584 was filed after March 1, 2025.
19 The Staff asserted that a three-year term is sufficient time to allow both the
20 Commission and the company to review the test year financials and the mechanisms
21 of the FRP. Furthermore, a three-year term will allow the Commission to conduct
22 thorough reviews. We've met that three-year mark. Staff also recommended that,
23 quote, Magnolia seek out the debt issuance to move the capital structure to the 50/50

1 debt to equity position by the time the first FRP annual report filing is made. The
2 FRP rider attached to the original FRP states all fines and penalties should be
3 excluded from expenses. Regarding disputes, parties and the company shall work
4 together in good faith to resolve such disputes, and clearly describe the process and
5 timeline for clarifying any disputes. The parties may request clarification and
6 additional supporting data. The response to any request for clarification or
7 additional supporting data shall be provided within 15 calendar days of the request.
8 Intervenor have gone above and beyond our due diligence and are still waiting for
9 documentation to review. Net income will be based on actual test year result and
10 adjusted for any known and measurable changes, subject to Staff's review.
11 Magnolia shall provide the total amount of Docket Number 35822 rate case
12 expenses for which it is seeking recovery, a complete accounting of same and
13 supporting documentation. These expenses will be reviewed for prudence. In
14 37584, again, Judge Guillot said evidence is relevant if it has any tendency to make
15 the existence of any fact that is of consequence to the determination of the action
16 more probable or less probable than it would be without the evidence. So billing -
17 - my analysis, billing and recording errors identified -- this might be -- this is going
18 to be some specifics from that confidential document.

19 **JUDGE GUILLOT:** Okay. We're going to mention confidential numbers. Is that
20 what we're about to go into?

21 **MS. CASE-BROWN:** It's not numbers. It's just business names and specific
22 concerns.

1 **JUDGE GUILLOT:** Okay. Is Magnolia worried about the business names and
2 concerns associated therewith? Do we want to keep that confidential or are we just
3 worried about numbers?

4 **MR. EZELL:** We have no concerns.

5 **JUDGE GUILLOT:** Okay. So you may go ahead. If at any point, anything is
6 said that does raise your concerns, please speak up as soon as possible.

7 **MS. CASE-BROWN:** I will speak slowly. Okay. Billing and reporting --

8 **JUDGE GUILLOT:** Just before you start --

9 **MS. CASE-BROWN:** Yes, ma'am.

10 **JUDGE GUILLOT:** -- I would definitely let me know before you mention any
11 numbers.

12 **MS. CASE-BROWN:** Okay. Yes. Absolutely. I don't have any numbers written
13 down.

14 **JUDGE GUILLOT:** Okay.

15 **MS. CASE-BROWN:** Billing and reporting errors identified include ambiguous
16 or improperly labeled expenses; missing information from multiple invoices and
17 receipts, for example, system, purpose, amount; duplicate invoices and receipts;
18 repeated use of companies; and withholding of records raises concerns regarding
19 bids, contract negotiations, etcetera. Specifically KLS Group, High Tide
20 Technologies, RonCo Electric, Asher Construction, David Huvals Trucking
21 Company, Construct Innovations of Picayune, and 21 Design, etcetera -- 21 Design.
22 Recurring themes -- and I'm aware that this is -- you will not accept this, but this
23 stack is the list of concerns from other states. Just one, two, three, four, five --

1 seven, seven states. So recurring themes across states include executive salaries,
2 that's in Kentucky and Texas; business development, that's in Kentucky and Texas;
3 billing and reporting errors, that is in Louisiana, Texas, Mississippi, South Carolina,
4 and Tennessee; legal expenses, that's in Florida and Texas; depreciation and fair
5 value purchased price of systems not equal to the net book value, that's in Texas
6 and Tennessee; unnecessary expenses, that is in Florida, Mississippi, and
7 Louisiana; poor quality of service and management, which could reduce the return
8 of equity, that was in Texas, Mississippi, Louisiana, Kentucky, and South Carolina;
9 astronomical increases, this is from Mississippi, Louisiana, and Tennessee; lack of
10 transparency, this is in Louisiana, Mississippi, and Tennessee; and then DEQ
11 concerns, and that was in Louisiana and Texas. Applicant has demonstrated the
12 inability to follow protocols within their own company as well. The auditing
13 company of CSWR and all subsidiaries, RSM US LLP. I would like to enter in an
14 exhibit.

15 **JUDGE GUILLOT:** You're offering this exhibit?

16 **MS. CASE-BROWN:** Yes, Your Honor.

17 **JUDGE GUILLOT:** Okay. Please identify it, tell me what it is.

18 **MS. CASE-BROWN:** Okay. This is evidence of regulatory noncompliance from
19 the auditing company for both Magnolia and CSWR.

20 **JUDGE GUILLOT:** That's your purpose for doing it.

21 **MS. CASE-BROWN:** Correct.

22 **JUDGE GUILLOT:** I need to know exactly what it is. It's a printout from
23 NARUC, is it a report -- from where it is --

1 **MS. CASE-BROWN:** So this is an independent auditor's report that came from a
2 Florida company available on the public service commission website in Florida,
3 just detailing when it began auditing Central -- or when it -- I'm not sure about the
4 begin date, but specific dates and years where they did audit the financial statements
5 of CSWR and subsidiaries.

6 **JUDGE GUILLOT:** So it's a Florida Public Service Commission report, or?

7 **MS. CASE-BROWN:** Correct.

8 **JUDGE GUILLOT:** Okay.

9 **MS. CASE-BROWN:** That's just the auditing statement, I apologize.

10 **JUDGE GUILLOT:** One moment. So we just have -- so this is just the --

11 **MS. CASE-BROWN:** The first several pages are information that came from
12 Microsoft Copilot. I just ran them through to get my dumbed-down version in
13 simple terms.

14 **MR. NICOLAS:** Your Honor, none of this is certified or authenticated, therefore
15 --

16 **MS. CASE-BROWN:** There's more.

17 **MR. NICOLAS:** Certified by a court? Certified by a public service commission?

18 **JUDGE GUILLOT:** I'm going to address that. First, need to figure out what I
19 got in front of me. So --

20 **MS. CASE-BROWN:** Some of it --

21 **JUDGE GUILLOT:** Your first one, two, three, four, five, six, seven pages are
22 your summary of sorts?

23 **MS. CASE-BROWN:** Yes.

1 **JUDGE GUILLOT:** Your AI summary?

2 **MS. CASE-BROWN:** Yes.

3 **JUDGE GUILLOT:** And then the next thing is -- it just says RSM independent
4 auditor's report dated March 31, 2022.

5 **MR. NICOLAS:** Your Honor, we would also like to object to anything that was
6 created by AI. They're simply not trustworthy.

7 **JUDGE GUILLOT:** Yeah. I think we're going to have to break these up because
8 these are very different things.

9 **MS. CASE-BROWN:** Absolutely.

10 **JUDGE GUILLOT:** So let's first address this. So we have the summary.
11 Magnolia, what's the basis for your objection of those first --

12 **MR. NICOLAS:** AI generated content is not -- I mean, these things are subject to
13 hallucinations. God knows what's in here.

14 **JUDGE GUILLOT:** Does Staff have any objections to that first exhibit?

15 **MR. VISWANATHAN:** Yes, Judge. Fundamentally, the same objection in that
16 it is an AI-produced summary. It is not any verifiable testimony that any person
17 can attest to what is here and how this was generated.

18 **JUDGE GUILLOT:** I'm going to have to agree not to admit this. It is not your
19 summary nor another witness's summary. We have no way of checking who did
20 this summary and you're saying that it was AI.

21 **MS. CASE-BROWN:** Absolutely.

22 **JUDGE GUILLOT:** And that has not been shown to be reliable. There's no
23 testimony in the record showing that AI can be relied upon.

1 **MS. CASE-BROWN:** Correct.

2 **JUDGE GUILLOT:** So I'm not going to admit this.

3 **MS. CASE-BROWN:** Okay.

4 **JUDGE GUILLOT:** The next thing in front of me is a two-page RSM independent
5 auditor's report, dated March 31, 2022. It appears to be a letter from RSM. Any
6 objections to this two-page exhibit? Anything from the parties? Are we objecting
7 to this one?

8 **MR. NICOLAS:** I'm still looking.

9 **JUDGE GUILLOT:** Okay.

10 **MR. EZELL:** We don't have any objection to that submission.

11 **JUDGE GUILLOT:** Staff, the two-page letter?

12 **MR. VISWANATHAN:** No, Judge.

13 **JUDGE GUILLOT:** So the two-page, it's a letter from RSM dated March 31,
14 2022, that will be exhibit Case-Brown Exhibit 3, and that is admitted. Next thing
15 in the stack is --

16 **MS. CASE-BROWN:** Just my responses. These are already on record.

17 **JUDGE GUILLOT:** I have nothing in the record.

18 **MS. CASE-BROWN:** Okay.

19 **JUDGE GUILLOT:** Reminder. The intervenors' responses to first set of data
20 requests from Connie Norris. It's three pages. Make sure I have that. I just have -
21 - the last page being a -- any objections to a copy of the data request and response?

22 **MR. VISWANATHAN:** Judge, I have an objection. This was generated in
23 response to your ruling on a motion to strike related to the cross-answering

1 testimony of Donna Dardar, and everything thereafter is SEC filings, which were
2 sought to be entered via that route. This is just a way around it. So we're objecting
3 because this has already been ruled upon.

4 **MS. CASE-BROWN:** Your Honor, the name RSM came from Robin Pendergrass
5 and that's in a report and recommendation. Or maybe in direct testimony or written
6 testimony.

7 **JUDGE GUILLOT:** One moment.

8 **MS. CASE-BROWN:** Yes, Your Honor.

9 **JUDGE GUILLOT:** Does Magnolia have an objection?

10 **MR. EZELL:** Yeah. This seems to be listing testimony that Ms. Norris should be
11 able to deliver herself. There's a response here that their concerns in the current
12 docketed matter include willful misconduct, pervasive accounting errors, fiscal
13 responsibility, disregard of prudent expenses, and neglect of public interest. That
14 sounds like the response of an expert. I don't think Ms. Norris is an expert in
15 accounting, or regulatory practice, or law, or procedure. And I'm going to object
16 to it simply on that basis. It really is nothing more or less than opinion that she has
17 no credible ability or credential to provide to the Court.

18 **MS. CASE-BROWN:** So those were my responses to Ms. Norris.

19 **JUDGE GUILLOT:** Ms. Case-Brown.

20 **MS. CASE-BROWN:** Yes, Your Honor.

21 **MR. EZELL:** There may very well be your responses.

22 **JUDGE GUILLOT:** And what I've heard so far is those are weight arguments,
23 not necessarily admissibility. They might not have any weight and they might have

1 a lot of weight, but that doesn't mean they're not admissible. So considering the
2 objections I've been given, at this point, I'm going to admit this. This is a one, two,
3 three pages with no attachments. Which is just -- it is what it is. I evaluate all
4 evidence as to what weight I will give it and that is done after the fact. So at this
5 point, this will be Case-Brown Exhibit 4. That's admitted. Next thing in this packet
6 is -- looks like a Security and Exchange Commission -- what is this? Is this a filing?
7 Is this a decision?

8 **MS. CASE-BROWN:** This is a decision. This is a ruling.

9 **JUDGE GUILLOT:** So United States of America before the Securities and
10 Exchange Commission, Administrative Proceeding, File Number 3-18542. Looks
11 like we have several of these. I think we're at -- there's three; is that correct? Is
12 there three of them?

13 **MS. CASE-BROWN:** Yes, Your Honor.

14 **JUDGE GUILLOT:** So there's three. Look like they're all order instituting public
15 administrative proceedings pursuant to Section 4C of the Securities Exchange Act
16 of 1934 and Rule 102(e) of the Commission's Rules of Practice, Making Findings
17 and Imposing Remedial Sanctions. Any objections to that exhibit?

18 **MR. EZELL:** We don't have any objection to that exhibit as long as
19 [INAUDIBLE] --

20 **COURT REPORTER:** Excuse me, microphone.

21 **JUDGE GUILLOT:** Microphone. Court Reporter's not picking you up.

1 **MR. EZELL:** We don't have any objections to this exhibit, but we'd like to know
2 what the exhibit is. I believe the exhibit ends at a page number 36; is that correct?
3 Because after that, there's something that I do object to.

4 **JUDGE GUILLOT:** Let's see. It is on, I think -- so all of these are just the one,
5 two, three -- oh, there's another one, four, and they all say the same thing. These
6 are just the items that look to be on Security and Exchange Commission letterhead
7 of some sort. All signed by various secretaries. That's what I'm looking at now.
8 There is something next that's entitled 2022 Inspection RSM US LP. We have not
9 gotten to that yet. So any objections to just the SEC filings?

10 **MR. EZELL:** No objections, Your Honor.

11 **MR. VISWANATHAN:** Judge, I have an objection from the grounds that in this
12 matter, there's pre-filed testimony filed. This was not a part of any pre-filed
13 testimony. This was introduced well after any testimony deadline as is indicated in
14 the -- in page -- or Exhibit 4. It was filed after that. So I do have an issue, Judge,
15 with it being included on those grounds.

16 **JUDGE GUILLOT:** On those grounds. What's your response on those grounds?

17 **MS. CASE-BROWN:** We can remove the intervenors' response to first data
18 request from Connie Norris, three pages, and I can --

19 **JUDGE GUILLOT:** All I'm asking about now, because that has been admitted,
20 I'm asking about the SEC filings that you are trying to submit.

21 **MS. CASE-BROWN:** I think they should -- they should absolutely be admitted.
22 They illustrate the very legitimate concerns that were found within the auditing

1 agency that Central States Water Resources and Magnolia uses. Those numbers
2 then are put into a form which Ms. Pendergrass reviews.

3 **MR. NICOLAS:** Your Honor, past fines are not indicative of wrongdoing in
4 Magnolia's financial records.

5 **JUDGE GUILLOT:** And that's an analysis of the weight of the document, but I
6 think Mr. Viswanathan is saying that this was not part of your direct, it has not been
7 attached to any testimony. And so therefore, procedurally, this is the first instance
8 of a review of this without it being attached, and therefore not allowing for a
9 response of this. So this is in the procedural course, that this is getting attached at
10 the last minute. That's if I'm summarizing your argument correctly?

11 **MR. VISWANATHAN:** Yes, Judge.

12 **JUDGE GUILLOT:** Okay. That's the argument and so that's the argument that
13 I need a response to.

14 **MS. CASE-BROWN:** I think I'm offering a lot of things today. I think the
15 applicant made a filing today that wasn't submitted in this matter previously. Why
16 would he be admitted to file something, but I wouldn't --

17 **MR. NICOLAS:** Your Honor, that was a pre-hearing brief.

18 **JUDGE GUILLOT:** Which is why I ask for objection on every single exhibit, and
19 I get everybody's objections, and I decide not to take it or to take it, so that's --

20 **MS. CASE-BROWN:** I do not agree with their objections. This is relevant. I'm
21 filing it now as an exhibit today. It has not been on the -- it has been in the record
22 prior to this moment. I'm asking for it to be filed as an exhibit in this very moment.
23 It is a publicly available document through the United States Securities and

1 Exchange Commission. It is relevant to the matter, and it is relevant to ratepayers,
2 and it is the public interest that this information be admitted.

3 **MR. NICOLAS:** None of which has been certified by a custodian of SEC records.

4 **JUDGE GUILLOT:** I understand. It is what it is. We're not going to make any
5 inferences on what it is or is not. On the face of it, I'm going to admit it under the
6 -- we're in an administrative hearings process. We are here to gather information
7 to present to the Commissioners, so they have a full picture based on my
8 recommendation. Whatever weight this has or doesn't have --

9 **MS. CASE-BROWN:** Yes, Your Honor,

10 **JUDGE GUILLOT:** -- I will decide later. And so it is what it is, and Mr. Nicolas
11 is correct that I have no idea if this is correct or not.

12 **MS. CASE-BROWN:** Right.

13 **JUDGE GUILLOT:** But just on its face, we're going to accept it as your Exhibit
14 5. It's in globo. In globo simply means there are multiple parts to it.

15 **MS. CASE-BROWN:** Yes, ma'am.

16 **JUDGE GUILLOT:** And you can make argument about its weight or anything
17 that gets admitted today in your post-hearing briefing. Moving on, we have a 2022
18 inspection RSM US LLP report dated November 7, 2023. I'm not sure how many
19 pages this is. Is it the rest of that exhibit?

20 **MS. CASE-BROWN:** Your Honor, there are three separate.

21 **JUDGE GUILLOT:** Okay. Got it. Okay. This is the 2022 inspection RSM US
22 LLP. It's a report dated November 7, 2023. Okay. Any objections to that?

1 **MR. NICOLAS:** Yes, Your Honor. We object to it in the same vein as Staff's
2 prior objection. This has not been a part of any filings made by intervenor to date.
3 We haven't had a chance to cross-examine whoever it is that prepared this, and
4 we've got no assurances as to the authenticity of this document.
5 **JUDGE GUILLOT:** Any objections from Staff?
6 **MR. VISWANATHAN:** It is the same objection as before, Judge.
7 **JUDGE GUILLOT:** Okay. I'm going to admit it with those notations that you
8 question its authenticity and inability to cross-examine the author. So that's
9 admitted. That will be 6. The next item is a 2023 inspection RSM US LLP dated
10 June 12, 2024. Any objections to that?
11 **MR. VISWANATHAN:** Same objection, Judge.
12 **JUDGE GUILLOT:** Magnolia?
13 **MR. NICOLAS:** Same objection as well.
14 **JUDGE GUILLOT:** Noting the objections, I will admit it with the same caveats
15 that were previously cited, and that will be Number 7. And then we have the 2024
16 inspection RSM US LLP dated May 22, 2025. Any objections to the 2024
17 inspection RSM US LLP report dated May 22, 2025?
18 **MR. NICOLAS:** Same objections, Your Honor.
19 **MR. VISWANATHAN:** Same, Judge.
20 **JUDGE GUILLOT:** Noting those objections, I'm admitting it as Number 8, with
21 all the same caveats. Okay. Then next we have -- looks like a printout.

1 **MS. CASE-BROWN:** Yes, Your Honor. Just so I could demonstrate where the
2 information came from. It was a publicly accessible document on the U.S.
3 Securities and Exhibit Commission -- their website. It's all --

4 **JUDGE GUILLOT:** I have a printout from the Public Company Accounting
5 Oversight Board.

6 **MS. CASE-BROWN:** Okay. Well, that's just another -- I wanted to be able to
7 show you where I got the information from, the publicly available public record.

8 **JUDGE GUILLOT:** The printout from the Public Company Accounting
9 Oversight Board website titled Registered Firms. Any objections?

10 **MR. NICOLAS:** Same objections, Your Honor.

11 **MR. VISWANATHAN:** And I object, Judge. I want to be sure we're talking
12 about this SEC [INAUDIBLE]?

13 **JUDGE GUILLOT:** No. We're talking about something that says registered
14 firms. It is a -- not even a one-page printout from the pcaobus.org, oversight
15 registration, registered firms.

16 **MR. VISWANATHAN:** No objection to this, Judge.

17 **JUDGE GUILLOT:** Okay. I'm going to admit it.

18 **MR. NICOLAS:** Would this be the PCAOB registered firms?

19 **JUDGE GUILLOT:** Yes. It says PCAOB registered firms.

20 **MR. NICOLAS:** We'll object to that as well.

21 **JUDGE GUILLOT:** Okay.

22 **MR. NICOLAS:** Same objections. It's the first we've seen of it.

1 **JUDGE GUILLOT:** I'm going to admit it with the same objections noted and
2 with the same caveats. And I think we're on to Number 9, Exhibit 9. It's just a
3 printout from Public Company Accounting Oversight Board registered firms. And
4 then I have some kind of printout. It's got no title and it's got no header. It says
5 mission, vision, and values.

6 **MS. CASE-BROWN:** That's from the --

7 **JUDGE GUILLOT:** I'm going to reject that one. I have no clue where this is --
8 I don't have a header. I don't know what website. I don't even know if it's a
9 printout. I can't even identify this.

10 **MS. CASE-BROWN:** No objection.

11 **JUDGE GUILLOT:** So we're not going to admit that. And then, lastly, looks like
12 a printout of a press release from the U.S. Securities and Exchange Commission
13 dated September 30, 2022, or it says last reviewed or updated. Any objections to
14 the -- actually we're going to call this press release 2022-180 from the U.S.
15 Securities and Exchange Commission. Any objection?

16 **MR. NICOLAS:** Same objections, Your Honor.

17 **JUDGE GUILLOT:** Noted. Staff?

18 **MR. VISWANATHAN:** No objection from Staff.

19 **JUDGE GUILLOT:** None?

20 **MR. VISWANATHAN:** No, Judge.

21 **JUDGE GUILLOT:** Okay. So I will admit this as Case-Brown Exhibit 10 as a
22 printout of a U.S. Securities and Exchange Commission press release numbered
23 2022-180. Those are admitted. Okay.

1 **MS. CASE-BROWN:** All right. The rules governing delinquency are outlined in
2 the application for wastewater and water authorities signed by applicant CEO
3 Josiah Cox on May 28, 2019. According to these rules, any fees or bills for service
4 after the 26th day should be removed from uncollectable accounts under expenses.
5 Other discrepancies identified include any acquired systems lacked proper
6 customer records after initial stability, over 6,000 disconnect notices were sent in
7 two weeks prior to the meeting, and the company began notifying customers of
8 their balance just prior to the meeting. Whether disconnection causes hardship for
9 delinquent customers or the applicant is not the responsible of nondelinquent
10 customers and ratepayers. I would also like to, at this time, introduce the exhibit I
11 gave you earlier, the emails.

12 **JUDGE GUILLOT:** Is that these?

13 **MS. CASE-BROWN:** Yes, Your Honor.

14 **JUDGE GUILLOT:** Do you have it listed as O? Okay.

15 **MS. CASE-BROWN:** I'm sure that's changed.

16 **JUDGE GUILLOT:** Yes, yes. I haven't gone with the letters.

17 **MS. CASE-BROWN:** Thank you for your patience.

18 **JUDGE GUILLOT:** So let's see. We have a series of emails. I'm making sure
19 that's everything in here before we talk about this. All emails to and from a variety
20 of people. So as a whole, any objections to this stack of emails?

21 **MR. VISWANATHAN:** Judge, yes. One, the pictures in these photos -- or in
22 these emails aren't clear. But, two, there are multiple communications regarding
23 other dockets as well, which, at this time, have not been incorporated into this

1 docket and are final orders. Staff would further object to the relevance of emails
2 regarding the rate case itself and what it seeks to gather. It'd provide nothing of
3 probative value to this hearing.

4 **MR. NICOLAS:** We object on those same grounds in addition to the fact that
5 none of these photographs were authenticated. We don't know what these are
6 photographs of.

7 **JUDGE GUILLOT:** Okay. Is that the basis for all your objections on these
8 emails? Just making sure we have them all on the record. Okay. I'm going to
9 admit the emails, numerous emails. My acceptance of an exhibit and an email in
10 no way validates it or states that it says what it is because nobody's explained it to
11 me.

12 **MS. CASE-BROWN:** Correct.

13 **JUDGE GUILLOT:** And they have pointed out a problem with it, and so that's a
14 valid issue to point out. I'm accepting it purely for the information gathering, but
15 if somebody doesn't explain it to me, I can't use it in my decision-making process.

16 **MS. CASE-BROWN:** The correspondence show my due diligence as a customer
17 and as an intervenor. The initial email to Commissioner Skrmetta is the last page
18 and I believe it's from 2024. The most recent email is from yesterday. It establishes
19 ongoing concerns and, again, my due diligence, above and beyond what is
20 necessary to establish these concerns.

21 **JUDGE GUILLOT:** Okay. So we're going to admit that as exhibit Case-Brown
22 Exhibit 11. It is the series of emails. Okay.

1 **MS. CASE-BROWN:** Okay. Okay. I have more. I'm sorry. All right. My next
2 exhibit is the LDH 2025 report for my neighborhood, so Greenleaves, where Mr.
3 Cox previously said there were no concerns.

4 **JUDGE GUILLOT:** I have in front of me what -- it looks like printout from
5 Louisiana Department of Health Engineering Services. It's an in globo exhibit with
6 a date at the bottom of January 2026 and December 16, 2025. Any objections to
7 Case-Brown Exhibit 12, in globo?

8 **MR. NICOLAS:** Your Honor, we don't object, but we would like to point out that
9 these are merely complaints written in by citizens. This is not test results, nor for
10 that matter, have they been authenticated by LDH. In fact, I believe there's a bit of
11 a lag time in between the time LDH is notified of something and the time that they
12 actually remove it from their list of complaints.

13 **JUDGE GUILLOT:** Staff?

14 **MR. VISWANATHAN:** We have no objection, Judge.

15 **JUDGE GUILLOT:** Okay. Twelve is admitted, noting the objection. I don't
16 know what anything is until someone explains it to me on the record. There are no
17 assumptions at this point. And that's also for you, I don't know what anything is
18 until you explain it to me or you point things out.

19 **MS. CASE-BROWN:** These were -- I did a public records request on two
20 occasions and these are what I paid for. And I can submit the receipts as well, so I
21 have proof of where the documentation came from. I've submitted the --

22 **JUDGE GUILLOT:** Okay.

23 **MS. CASE-BROWN:** Yes.

1 **JUDGE GUILLOT:** I can't tell you if your explanation is sufficient or not. It is
2 what it is.

3 **MS. CASE-BROWN:** I said it's -- that is my explanation.

4 **JUDGE GUILLOT:** I can't tell you if anything is sufficient.

5 **MS. CASE-BROWN:** Okay.

6 **JUDGE GUILLOT:** So.

7 **MS. CASE-BROWN:** Okay. My --

8 **MR. NICOLAS:** Your Honor, it's our understanding that public records request
9 documents produced in response to a public records request should be certified by
10 the custodian, and these don't appear to be.

11 **JUDGE GUILLOT:** All I have is printouts with a title on them. That's what I've
12 admitted and they are what they are.

13 **MS. CASE-BROWN:** Okay. My next exhibit is the current Better Business
14 Bureau rating of F. This is just another documentation of the concerns of
15 customers, ratepayers, and illustrates the customer service.

16 **JUDGE GUILLOT:** All righty then. I have in front of me a print -- yes. Looks
17 like a printout from BBB, entitled Information and Alerts. And at the top it says
18 business profile, utility water company, Magnolia Water. This would be Number
19 13. Any objections to Case-Brown Exhibit 13?

20 **MR. VISWANATHAN:** None from Staff.

21 **JUDGE GUILLOT:** Anything --

22 **MR. NICOLAS:** Your Honor, yes, we object. Magnolia is not subject to
23 regulation by the Better Business Bureau. This grade seems to relate to two

1 unresolved complaints that may or may not have been resolved. I mean, people
2 tend to complain about things rather than talk about how high-quality the service
3 they're receiving is.

4 **JUDGE GUILLOT:** Okay. Making note of those objections, I'm going to admit
5 Exhibit 13. It is the printout from BBB is admitted.

6 **MS. CASE-BROWN:** All right. My next exhibit is an email from our St.
7 Tammany Parish Council Representative Maureen O'Brien. Maureen O'Brien
8 directly sent an email to Commissioner Skrmetta in order to document the concerns
9 of St. Tammany Parish residents.

10 **JUDGE GUILLOT:** All righty then. In front of me I've got a printout of a Gmail
11 email from Kristine S. Sherer to Cindy Y-A dot Case at Gmail, CC Maureen
12 O'Brien. It's a one-page email. Any objections to the one-page email? It is dated
13 Friday, October 24, 2025.

14 **MR. VISWANATHAN:** Judge, Staff would object to this being hearsay. It's all
15 out of Court statement made by no party who can testify here today.

16 **JUDGE GUILLOT:** From Magnolia?

17 **MR. NICOLAS:** We agree with that objection, Your Honor.

18 **JUDGE GUILLOT:** Making note of the objection and our hearsay rules, at this
19 point, I don't know if it's competent evidence. I'm going to admit it. I think it's
20 your burden to cross-examine on all exhibits that are entered through a particular
21 witness to attack any relevance or credibility or weight issues. So that would be
22 14, Exhibit 14, Case-Brown 14. It's admitted.

1 **MS. CASE-BROWN:** The next exhibit, Your Honor, is the St. Tammany Parish
2 Council resolution, which again documents the concerns of customers. The years
3 were 10 and the days were 3. This was in August.

4 **JUDGE GUILLOT:** I have in front of me what is a -- appears to be a St. Tammany
5 Parish Council resolution, Resolution Council Series Number C-7151AA, dated the
6 seventh day of August, 2025. Any objections to Exhibit 15?

7 **MR. VISWANATHAN:** No objection.

8 **MR. EZELL:** Your Honor, this relates to a resolution calling for state legislatures
9 and state agencies to address outstanding issues with private water systems in St.
10 Tammany Parish. It's not specific to Magnolia. In fact, the resolution was directed
11 to all water systems in the parish. Not simply to Magnolia. With that said, we have
12 no objection to it being admitted.

13 **JUDGE GUILLOT:** Case-Brown Exhibit 15 is admitted. Okay.

14 **MS. CASE-BROWN:** Okay. The next item is an article from The Center Square
15 dated 8/21/25. I mentioned it previously. Where Mr. Cox stated that they've
16 invested \$400 million in the state and not pulled one out.

17 **JUDGE GUILLOT:** I have in front of me a printout, looks like from a website
18 called thecentersquare.com, titled Magnolia Water Defends Rate Hikes Citing
19 Costly Compliance Projects, with a name Nolan McKendry listed as the reporter at
20 the bottom. Any objections to Case-Brown Exhibit 16, which is a printout from
21 thecentersquare.com?

22 **MR. VISWANATHAN:** No objections from Staff.

23 **MR. EZELL:** No objection, Your Honor.

1 **JUDGE GUILLOT:** Case-Brown Exhibit 16 is admitted.

2 **MS. CASE-BROWN:** Okay. The next is a petition from change.org. I believe it

3 demonstrates concern across the state. And as of the printing, it was 3,868

4 signatures.

5 **JUDGE GUILLOT:** Just want to note for the record at this point, what I have

6 admitted, all of which contains cover sheets. I have not admitted the cover sheets.

7 So like on the last exhibit, it is just the article. It is not the cover sheet provided by

8 Ms. Case-Brown. So I just want to be clear on that on all these exhibits, the cover

9 sheet is not included in the exhibit, and that's for the Court Reporter to note, too.

10 Next, I am looking at -- were you saying this is a printout from a website?

11 **MS. CASE-BROWN:** Yes, Your Honor.

12 **JUDGE GUILLOT:** It's entitled Petition re CSWR/Magnolia Water Rate

13 Increases, Service Quality and Regulatory Oversight. Seems to be -- we're going

14 to call it petition. Can't think of a better title. Any objections to this, which would

15 be 17?

16 **MR. VISWANATHAN:** Judge, I --

17 **MR. EZELL:** In light of the fact that there are only 3,800 signatories out of 70,000

18 customers, I think this is a fairly good presentation of Magnolia's ability to do what

19 it says it's going to do, so we'll not object to it.

20 **MR. VISWANATHAN:** Judge, I do have an objection as to the relevance of this

21 document due to the fact that there is no verification of who the individuals are who

22 signed this petition. While I understand the basis for the petition, a person from

1 Georgia or West Virginia signing a petition for a water company in Louisiana has
2 no bearing on this hearing and the Commission's decision.

3 **JUDGE GUILLOT:** I'm going to admit it. I agree that there is issues knowing
4 what all of this is. However, that is a weight determination and those are valid
5 concerns as far as the weight of the document. But it's admitted.

6 **MS. CASE-BROWN:** All right. The next exhibit is the Greenleaves 2025 report,
7 and I would like to note that it begins in August of 2025. And this just demonstrates
8 ongoing concerns in the neighborhood as well as our due diligence with reaching
9 out to the company and reaching out to local legislators for help.

10 **JUDGE GUILLOT:** Okay. I have -- you just described something. You're going
11 to have to describe it again.

12 **MS. CASE-BROWN:** Okay.

13 **JUDGE GUILLOT:** Because the two don't connect with what I have in front of
14 me.

15 **MS. CASE-BROWN:** Okay. It is a spreadsheet with -- I marked out -- I did
16 identifiable information -- personal information in order to protect the people
17 reporting the issues. This is individuals living in the Greenleaves neighborhood
18 and what their reports have been for the 2025 year. So I would just like for it to be
19 documented that they range from discoloration, water pressure, odor, boil water
20 advisories, and high bills. And this also demonstrates our due diligence as far as
21 communicating the concerns with Magnolia, and with the Public Service
22 Commission, and with our local representatives.

1 **JUDGE GUILLOT:** What I have in front of me is a chart with names, addresses,
2 and some notations, as in X marks.

3 **MS. CASE-BROWN:** Correct. These are all --

4 **JUDGE GUILLOT:** Okay.

5 **MR. VISWANATHAN:** Judge, Staff would object to this. I mean in the end, Ms.
6 Case-Brown just testified to what is in this document, what the due diligence they
7 have done. This document has no probative value going forward. Also, it requires
8 a immense amount of context to begin to understand what this spreadsheet is. So
9 we would object.

10 **JUDGE GUILLOT:** Magnolia?

11 **MR. NICOLAS:** We agree with that objection, but we also object on the grounds
12 that some of these things, discolored water, pressure, would require expert
13 testimony to show that it fell below -- that it was substandard as far as regulations
14 go.

15 **MR. EZELL:** Your Honor, my understanding was that the intervenor was
16 proceeding pro se. Does she have legal counsel representing her? If so, they need
17 to refrain from doing so unless they're admitted by this Court.

18 **JUDGE GUILLOT:** I'm not going to entertain that objection. I don't ask who
19 you are talking to and what their legal status is. So at this point, nobody has testified
20 except for Ms. Case-Brown, so. I have a lot of questions about the probative value
21 of this --

22 **MS. CASE-BROWN:** Okay.

1 **JUDGE GUILLOT:** -- with no backing of it. I'm going to admit it, but it is -- it
2 only says what it says, so I don't know if I can necessarily infer everything you've
3 put onto it. But we're going to admit it just for completeness of record, but it's a
4 chart with names and -- names, addresses, and Xs.

5 **MS. CASE-BROWN:** Okay.

6 **MR. VISWANATHAN:** Before you go, I'm sorry, I just wanted to make sure I
7 have the right number for this exhibit, Judge.

8 **JUDGE GUILLOT:** Eighteen.

9 **MR. VISWANATHAN:** Eighteen, thank you.

10 **JUDGE GUILLOT:** Eighteen.

11 **MR. VISWANATHAN:** I'm sorry.

12 **MS. CASE-BROWN:** Okay. So the next exhibit is the press release from the
13 Mississippi Public Service Commission, and this demonstrates, again, the shared
14 issues and concerns across the states, and also demonstrates that they worked with
15 the company, they initially denied the rate increase that then came to an agreement,
16 so.

17 **JUDGE GUILLOT:** I have in front of me -- it says press release -- well, it says
18 Mississippi Public Service Commission press release Commissioner Wayne Carr,
19 June 18, 2025. Any objections to the Mississippi Public Service Commission press
20 release of Commissioner Wayne Carr dated June 18, 2025?

21 **MR. VISWANATHAN:** Judge, the context in the actual docket of the Mississippi
22 Public Service Commission is not at odds in this docket. Therefore, we would

1 object that there is no probative value to a press release regarding a Mississippi
2 determination, not a Louisiana determination.

3 **MR. NICOLAS:** Your Honor, we object on the grounds that it's irrelevant. A
4 public service commission docket in another state has no bearing on the instant
5 docket, notwithstanding the fact that this seems to paint Central States Water
6 Resources in a good light.

7 **JUDGE GUILLOT:** Noting your objections, I'm going to admit it. It is going to
8 be Case-Brown Exhibit 19. It is a press release.

9 **MS. CASE-BROWN:** All right. The next exhibit is my personal bills. I was
10 previously accused of excessive water use for 8,000 gallons. I would like it to be
11 on record that the majority of the bill actually comes from the base rate for tier two
12 sewer.

13 **JUDGE GUILLOT:** I have in front of me -- it is a Magnolia Water UOC, LLC
14 bill.

15 **MS. CASE-BROWN:** Correct.

16 **JUDGE GUILLOT:** Looks like I have -- let's see, one, two, three, so an in globo
17 exhibit. A bill. Three separate exhibits with the -- to Ms. Cindy Case-Brown --
18 just Cindy Case-Brown. Does any of this information need to be redacted?

19 **MS. CASE-BROWN:** No, Your Honor.

20 **JUDGE GUILLOT:** Okay. Any objections to Case-Brown Exhibit 20, in globo?

21 **MR. VISWANATHAN:** Nothing from Staff.

22 **MR. NICOLAS:** None from us, Your Honor.

23 **JUDGE GUILLOT:** Exhibit Case-Brown Exhibit 20, in globo, is admitted.

1 **MS. CASE-BROWN:** Okay. Only two left. Okay. So this next one is a published
2 article from the International Journal of Financial Studies, and it is titled
3 Comparison of the CAPM and Multi-Factor Fama-French Models for the
4 Evaluation of Assets in the Industries with the Highest Number of Transactions in
5 the U.S. Market. This article demonstrates the limitations of CAPM and possibly
6 provides more accurate methods to determine the rate of equity.

7 **JUDGE GUILLOT:** I have -- let me make sure. I have in front of me an article
8 from International Journal of Financial Studies entitled Comparison of the CAPM
9 and Multi-Factor Fama-French Models for the Evaluation of Assets in the
10 Industries with the Highest Number of Transactions in the U.S. Market. It's a
11 printout. It just says 2025. That's how we're going to -- 2025 article. Any
12 objections to this article from the International Journal of Financial Studies?

13 **MR. VISWANATHAN:** No, Judge.

14 **JUDGE GUILLOT:** I'm sorry?

15 **MR. VISWANATHAN:** No, none from Staff.

16 **JUDGE GUILLOT:** No? Okay.

17 **MR. NICOLAS:** We object on the relevance grounds, Your Honor. First of all,
18 this is the first we've seen this and we can't cross-examine any of these people.
19 And once again, this just has absolutely no relevance to the instant docket.

20 **JUDGE GUILLOT:** Okay. I do consider it relevant to the instant docket. You're
21 free to cross-examine Ms. Case-Brown on the article.

22 **MR. NICOLAS:** If Ms. Case-Brown can understand this, we will do so.

1 **JUDGE GUILLOT:** That's a question you need to ask. So this would Exhibit 21
2 and we're going to admit it, with objections noted.

3 **MS. CASE-BROWN:** Okay. And the last one. This is a printout, and I changed
4 the names of the company. I just assigned letters to the companies that were used
5 in the proxy study in the Staff's recommendation and report. And I also did
6 research and found the exact number of customers for those companies, so you
7 could see the difference in the companies that were used to determine debt and
8 equity ratio for Magnolia in Louisiana.

9 **JUDGE GUILLOT:** At this point, I'm just looking at it, I'm not going to admit
10 this. However, you are free to discuss it when cross-examining Ms. Pendergrass as
11 it seems to be related to her. At this point, I'm not admitting this. I have no frame
12 of reference for any of it.

13 **MS. CASE-BROWN:** Okay.

14 **JUDGE GUILLOT:** So we're not admitting that.

15 **MS. CASE-BROWN:** So those are all my exhibits. In conclusion, the true scope
16 of company's operation should be considered, not simply the capital projects in
17 Louisiana. Regulatory violations pose a legitimate threat of harm to ratepayers.
18 Accounting manual would be beneficial in order to establish and formalize
19 accounting practices in order to define or explain how a company follows the
20 standards. In light of applicant's request to extend the current formula rate plan, all
21 uncollectable accounts from previous years should also be reviewed. Any expenses
22 improperly labeled as uncollectable must be reimbursed to ratepayers. Applicant
23 has demonstrated how their policies or inability to follow written policies causes

1 hardship to customers. Despite Administrative Law Judge Guillot, that certain
2 records were relevant, again, Counsel has re-urged its objection to production of
3 bids and contracts claiming it is not only ridiculous, but unreasonable, unduly
4 burdensome, and expensive given the needs of the case. Intervenors would argue
5 that what we have done has been unreasonable for us, unreasonable for our families,
6 unreasonable in addition to our full-time jobs. The burden has been on the
7 intervenors, the customers of the company, and the expense that we have incurred.
8 Either the documents that we're asking for, they don't exist, or Counsel is engaging
9 in willful misconduct. Applicant has provided insufficient and unverifiable data,
10 continues to withhold information. The intervenors were -- did not receive enough
11 time to review records. We were denied that time. We were denied access to
12 thousands of documents. Extensive narrative does not meet the burden of proof.
13 Quantitative unbiased evidence is required to determine financial claims.
14 Applicant is wholly incapable of producing sufficient evidence to support their
15 claims. And again, it is unfathomable that Magnolia, which presents itself as a
16 professional operator, would fail to appreciate the importance of proper
17 recordkeeping.

18 **JUDGE GUILLOT:** Is that the end of your direct?

19 **MS. CASE-BROWN:** Yes, Your Honor.

20 **JUDGE GUILLOT:** All righty then. Moving on to cross-examination of Ms.
21 Case-Brown. Staff?

1 **CROSS-EXAMINATION BY MR. ARVIND VISWANATHAN**

2 **MR. VISWANATHAN:** Ms. Case-Brown, when it comes to imprudent costs, you

3 would want documentation, right?

4 **MS. CASE-BROWN:** Yes.

5 **MR. VISWANATHAN:** Yeah. And you'd want that documentation to be

6 approved by an agency who was competent, right?

7 **MS. CASE-BROWN:** Yes.

8 **MR. VISWANATHAN:** Okay. So coming to, say, something like an LDH

9 permit, would that be an appropriate cost?

10 **MS. CASE-BROWN:** Say that again, please.

11 **MR. VISWANATHAN:** So when it comes to like LDH, as Mr. Cox testified

12 earlier, right?

13 **MS. CASE-BROWN:** Right.

14 **MR. VISWANATHAN:** Okay. Before they have a project, they have to seek

15 LDH approval, correct?

16 **MS. CASE-BROWN:** I don't know the process. I cannot --

17 **MR. VISWANATHAN:** I understand. But to what you heard, that is what he

18 presented, correct?

19 **MS. CASE-BROWN:** I don't recall.

20 **MR. VISWANATHAN:** You don't recall?

21 **MS. CASE-BROWN:** I don't recall.

22 **MR. VISWANATHAN:** Okay. Sure. And if Magnolia provided LDH permitting

23 documentation, would you deem that an acceptable cost?

1 **MS. CASE-BROWN:** I do not know. It would require more than just proper -- it
2 would require more analysis.

3 **MR. VISWANATHAN:** Okay. What type of analysis?

4 **MS. CASE-BROWN:** By somebody with an unbiased view. Multiple --

5 **MR. VISWANATHAN:** Is LDH biased?

6 **MS. CASE-BROWN:** I don't know.

7 **MR. VISWANATHAN:** Okay. In all your emails --

8 **MS. CASE-BROWN:** [CROSSTALK] LDH.

9 **MR. VISWANATHAN:** Exhibit 11, did you file a complaint with LDH?

10 **MS. CASE-BROWN:** I have.

11 **MR. VISWANATHAN:** Okay. Did you file a complaint with LDEQ?

12 **MS. CASE-BROWN:** I have.

13 **MR. VISWANATHAN:** Okay. Did you introduce that into the exhibits?

14 **MS. CASE-BROWN:** There are lots of complaints that I did not submit.

15 **MR. VISWANATHAN:** I understand, but are those complaints in these exhibits?

16 **MS. CASE-BROWN:** I would have to go through and see.

17 **MR. VISWANATHAN:** Please, would you look at Exhibit 11 and let me know if
18 they are in there?

19 **MS. CASE-BROWN:** Sure. The 2025 LDH complaints?

20 **MR. VISWANATHAN:** No, ma'am. Your emails that were --

21 **MS. CASE-BROWN:** I don't think I have a copy of my own emails. I gave them
22 all out.

23 **JUDGE GUILLOT:** What exhibit number are we referring to?

1 **MR. VISWANATHAN:** It was Exhibit 11, but I believe Ms. Case-Brown had it
2 labeled on the cover page Exhibit 0.

3 **MS. CASE-BROWN:** Okay. Correspondence with LPSC and St. Tammany
4 Parish Council?

5 **MR. VISWANATHAN:** Yes.

6 **MS. CASE-BROWN:** Okay.

7 **MR. VISWANATHAN:** I just need -- let me know when you sent an email to the
8 Department of Health or the Department of Environmental Quality.

9 **MS. CASE-BROWN:** The Louisiana department -- well, department of equality
10 -- I mean, environmental quality, they have an online portal where you submit
11 complaints and then somebody goes out. So that's how that was submitted.

12 **MR. VISWANATHAN:** Okay. Why --

13 **MS. CASE-BROWN:** I did not have a contact.

14 **MR. VISWANATHAN:** As it relates to Department of Health?

15 **MS. CASE-BROWN:** As it relates to the Department of Health, yes, and if you
16 look on the first page, Angela Gomez, Jennifer Dewitt, those are people with the
17 Louisiana Department of Health.

18 **MR. VISWANATHAN:** I don't know who those people are, that's why I'm
19 asking, Ms. Case-Brown.

20 **MS. CASE-BROWN:** Those are -- and Mr. Joubert as well, with the --

21 **MR. VISWANATHAN:** Okay.

22 **MS. CASE-BROWN:** Those people and -- right there, those are the people with
23 the Louisiana Department of Health.

1 **MR. VISWANATHAN:** So this email dated February 2026.

2 **MS. CASE-BROWN:** Yesterday.

3 **MR. VISWANATHAN:** Okay.

4 **MS. CASE-BROWN:** Or the day before yesterday -- yesterday, uh-huh.

5 **MR. VISWANATHAN:** Yes, ma'am.

6 **MS. CASE-BROWN:** Sunday, February 8, 2026.

7 **MR. VISWANATHAN:** Okay. And then your emails dated January 19, 2026.

8 **MS. CASE-BROWN:** Angela Gomez, Steven Joubert, Jennifer Dewitt, all those

9 people are from the Louisiana Department of Health.

10 **MR. VISWANATHAN:** Okay.

11 **MS. CASE-BROWN:** January 17, Angela Gomez, Jennifer Dewitt, Steven

12 Joubert, all those individuals are with the Department of Health.

13 **MR. VISWANATHAN:** Sure. Are there any others?

14 **MS. CASE-BROWN:** I'm sure there are. I think I've proven that I've

15 communicated with individuals from the Louisiana Department of Health.

16 **MR. VISWANATHAN:** In 2026?

17 **MS. CASE-BROWN:** Absolutely.

18 **MR. VISWANATHAN:** Okay. When you say you want a full review of someone

19 who is not biased, in your evaluation, Staff is biased?

20 **MS. CASE-BROWN:** In my opinion --

21 **MR. VISWANATHAN:** Yes, ma'am.

22 **MS. CASE-BROWN:** -- some of the phrasing has shown to be not objective.

1 **MR. VISWANATHAN:** Could you give me an example of what phrasing you're
2 referring to?

3 **MS. CASE-BROWN:** Specifically, Robin Pendergrass referring to my excessive
4 water consumption as the reason for my high bill.

5 **MR. VISWANATHAN:** Okay. Outside of your water bill, right, and I understand
6 that you take issue with the phrase excessive, what other issues lead you to believe
7 that Staff is unbiased in this review?

8 **MS. CASE-BROWN:** The fact that you won't respond to my emails when I'm
9 asking for help, that's another indication. The body language that you guys have
10 with each other. The interactions you have with each other in Courts.

11 **MR. VISWANATHAN:** Can I ask you a question? When you say you --

12 **MS. CASE-BROWN:** You --

13 **MR. VISWANATHAN:** Me particularly?

14 **MS. CASE-BROWN:** -- and them, the way that you all interact with each other,
15 it is indicative of a healthy working relationship that is not benefiting customers or
16 ratepayers.

17 **MR. VISWANATHAN:** Well, Ms. Case-Brown, when you say them, so I just --
18 because we're at a hearing --

19 **MS. CASE-BROWN:** Staff.

20 **MR. VISWANATHAN:** I understand.

21 **MS. CASE-BROWN:** Staff.

22 **MR. VISWANATHAN:** But you said them and I believe you were referring to
23 Mr. Ezell; is that right?

1 **MS. CASE-BROWN:** Applicant, applicant's counsel, employees of Magnolia,
2 and LPSC Staff.

3 **MR. VISWANATHAN:** Okay. And because of how we interact, that is giving
4 you the belief that --

5 **MS. CASE-BROWN:** The feeling. I cannot -- I have no evidence of that.

6 **MR. VISWANATHAN:** Okay.

7 **MS. CASE-BROWN:** Other than the phrasing used in the reports.

8 **MR. VISWANATHAN:** Sure. But in what we do, it's all mathematically based,
9 right?

10 **MS. CASE-BROWN:** I don't know.

11 **MR. VISWANATHAN:** Okay.

12 **MS. CASE-BROWN:** I am not an employee of Louisiana Public Service
13 Commission.

14 **MR. VISWANATHAN:** Sure.

15 **MS. CASE-BROWN:** I do not know.

16 **MR. VISWANATHAN:** Okay. So based upon excessive water usage and our
17 overall general vibe, is there anything else?

18 **MS. CASE-BROWN:** I would object to the way that you said that, the general
19 vibe.

20 **MR. VISWANATHAN:** Judge, I don't know you if you wanted to make a ruling
21 on that.

22 **JUDGE GUILLOT:** I'm going to allow the attorneys to ask the questions they
23 want to ask in their cross-examination. How you answer it is fully up to you, but it

1 is a question. It's a valid question however you want to answer it. Much like they
2 had objections to how other questions were asked.

3 **MS. CASE-BROWN:** Right.

4 **JUDGE GUILLOT:** The term is not offensive nor derogatory.

5 **MS. CASE-BROWN:** Okay.

6 **JUDGE GUILLOT:** It is a characterization and so it's up to you to answer.

7 **MS. CASE-BROWN:** I would like to say that the phrasing used in reports is
8 favorable to applicant, and not intervenors or customers or ratepayers.

9 **MR. VISWANATHAN:** In a scenario where Staff has reviewed the application,
10 right, it is your belief that we should say that they're not operating correctly?

11 **MS. CASE-BROWN:** If upon review of all the documentation, if they are not
12 operating correctly, then you should say that they are not operating correctly.

13 **MR. VISWANATHAN:** And if they are, do we have to say they're not operating
14 correctly?

15 **MS. CASE-BROWN:** Absolutely not.

16 **MR. VISWANATHAN:** Okay. Ms. Case-Brown, is there a scenario where you
17 could see or you would agree with Magnolia actually receiving a rate increase?

18 **MS. CASE-BROWN:** I think that the records requested by intervenors were
19 legitimate. We should've had access, per the Judge's ruling, to all of those records,
20 and we were denied that by applicant. I do not think that there needs to be any more
21 increases until there is a fair, thorough examination of records.

22 **MR. VISWANATHAN:** But that wasn't my question. My question was is there
23 a scenario where you could agree with Magnolia receiving a rate increase?

1 **MS. CASE-BROWN:** Yes.

2 **MR. VISWANATHAN:** Okay. I have no further questions at this time. Thank
3 you, Ms. Case-Brown.

4 **JUDGE GUILLOT:** Cross by Magnolia?

5 **CROSS-EXAMINATION BY MR. ANDY EZELL**

6 **MR. EZELL:** Ms. Case-Brown, can you explain the regulatory compact?

7 **MS. CASE-BROWN:** No.

8 **MR. EZELL:** Do you know what it is?

9 **MS. CASE-BROWN:** No.

10 **MR. EZELL:** You've been arguing against it this entire hearing, so you should
11 know what the regulatory compact is.

12 **MS. CASE-BROWN:** Why?

13 **MR. EZELL:** That's for you to tell me. I'm asking the questions. Not you.

14 **JUDGE GUILLOT:** I didn't hear a question in that last one.

15 **MR. EZELL:** Do you know what the regulatory compact is?

16 **MS. CASE-BROWN:** No.

17 **MR. EZELL:** Okay. Let me ask you about this exhibit, which is the published
18 article from the International Journal of Financial Studies, and the comparison of
19 CAPM and multi-factor Fama-French models for the evaluation of assets in the
20 industries with the highest number of transactions in the United States market. Did
21 you read this?

22 **MS. CASE-BROWN:** I read it to the best of my ability.

1 **MR. EZELL:** Okay. So can you explain the methodologies that were used and
2 the findings in the report? Can you do that?

3 **MS. CASE-BROWN:** I can tell you that the article says that there are different
4 ways to determine debt and equity, and that CAPM is not without its flaws, and
5 there are other options for utility companies.

6 **MR. EZELL:** But it didn't say that CAPM is not a reasonable method?

7 **MS. CASE-BROWN:** It said that it had its inefficiencies.

8 **MR. EZELL:** Did it say that any of the other methods had deficiencies?

9 **MS. CASE-BROWN:** Absolutely, because that's what is all the article does.
10 Absolutely.

11 **MR. EZELL:** But you really can't provide any testimony to explain to the Court
12 anything in here?

13 **MS. CASE-BROWN:** I read it and I can tell you that the CAPM method has its
14 deficiencies, and that there are other models available more appropriate to utilities
15 in determination of debt and equity ratios.

16 **MR. EZELL:** We have no further questions, Your Honor.

17 **JUDGE GUILLOT:** Is there any cross from Ms. Norris or Ms. Pautler on Ms.
18 Case-Brown?

19 **MS. NORRIS:** I have a couple questions.

20 **JUDGE GUILLOT:** Okay. Then we're going to do cross by Ms. Norris.

21 **CROSS-EXAMINATION BY MS. CONNIE NORRIS**

22 **MS. NORRIS:** Ms. Brown, what materials were provided for you at the review of
23 the records at Mr. Ezell's Law Firm?

1 **MS. CASE-BROWN:** May I say the names of the companies, but not the specific
2 amounts?

3 **JUDGE GUILLOT:** Go ahead and start.

4 **MS. CASE-BROWN:** Okay. I was provided multiple bills for repeated
5 companies. I was provided some of the tax returns and had to go back on a second
6 date to go see the missing items. I was provided --

7 **MR. NICOLAS:** Your Honor, she was provided with every single tax return that
8 you ordered us to produce as well as our financial statements.

9 **MS. CASE-BROWN:** I just said [CROSSTALK] --

10 **JUDGE GUILLOT:** I understand. I'm letting her answer the question how she
11 wants to answer it from Ms. Norris.

12 **MS. CASE-BROWN:** I went back on a second date, when they did provide me
13 with the rest of the tax documents. I did review audited financial statements and
14 bills totaling not near what they should've been.

15 **MS. NORRIS:** Can you elaborate on bills being -- I want to make sure I understand
16 what you're saying.

17 **MS. CASE-BROWN:** If I'm going to list a total amount, Judge Guillot --

18 **MS. NORRIS:** Not -- I'm sorry. Not the amount. Just in that whether the bills
19 were descriptive of the services?

20 **MS. CASE-BROWN:** The review of records that were missing a lot of
21 information, some of them were from a Home Depot, some of them were from a
22 hotel in Tennessee. So it is my belief that there was information that should not
23 have been provided and then there was absolutely multiples.

1 **MS. NORRIS:** Were the financials -- the audited financials that you had access
2 to, were they certified and confirmed by any particular agency or company?

3 **MS. CASE-BROWN:** The company on the audited financial was RSM. There
4 was a company signature on the document. There was no individual signature. I
5 don't know what the qualifications are for signing an audit.

6 **MS. NORRIS:** So there was not a CP or anyone that certified those documents?

7 **MS. CASE-BROWN:** There was a name of a company in the signature.

8 **MS. NORRIS:** My next question is were the records that were provided, were they
9 complete to and as to what you originally requested? Were they complete -- the
10 complete documents or were they just bits and pieces?

11 **MS. CASE-BROWN:** It is my understanding that the total would be close to 400
12 million and it was not anywhere near 400 million. It is my understanding that the
13 records provided were deficient.

14 **MS. NORRIS:** Are you aware of the concerns -- well, we talked about that --
15 shared in any other states? I think you provided that --

16 **MS. CASE-BROWN:** Yes.

17 **MS. NORRIS:** -- in one of your --

18 **MS. CASE-BROWN:** Florida, South Carolina, Mississippi, Texas, Tennessee,
19 and the themes across the states include executive salaries, business development,
20 billing and recording errors, legal expenses, depreciation, fair value purchased price
21 of systems not equal to the net book value, unnecessary expenses, poor quality of
22 service and management, astronomical increases, and lack of transparency.

1 **MS. NORRIS:** I just want to confirm one question. So in those documents, were
2 you able to have access to employee expenses?

3 **MS. CASE-BROWN:** I have no idea what the items were. There were receipts
4 for nine-volt batteries. There were -- I don't -- there was no rhyme or reason
5 [CROSSTALK] --

6 **MS. NORRIS:** Was there anything specifically or any -- any of the financial
7 statement, anything on there that particularly stated that it was employee salaries,
8 employees --

9 **MS. CASE-BROWN:** I did not see anything with a salary. No employee salaries,
10 no contracts, no bids. Nothing along those lines.

11 **MS. NORRIS:** Was anything specifically -- any documentation provided that
12 identified specific projects and their costs? For instance, if Magnolia had done a
13 project in Greenleaf, were you given any documentation that supported --

14 **MS. CASE-BROWN:** Some of the receipts had a system name, some of the
15 receipts had no system name whatsoever, and some of the receipts had multiple
16 systems listed or just said multiple systems.

17 **MS. NORRIS:** Lastly, what has been your personal experience with Magnolia
18 Water?

19 **MS. CASE-BROWN:** I have had a disruption in quality of service. The drinking
20 water currently through the filter in my refrigerator is adequate. The most recent
21 concern was the boil water advisory and whenever that cold weather happened in
22 December. My current concern is the gate that is open that leads to the wastewater
23 treatment facility. It is my understanding -- I could fit through the gate. I'm not

1 touching the gate because I'm not trespassing. But if a child gets through there or
2 -- they could drown and that would be on the company. The company has paid for
3 a beautiful fence and it needs to be maintained, and it needs to be safe, and in
4 compliance. The rate is my biggest concern. The fact that the company has
5 expanded to eight states after beginning service in Louisiana just tells me that the
6 math is not mathing when they say that they're not making any money. I would
7 also like to point out the fact that Mr. Cox actually said that they did make money
8 in the past year and a half, two years. So there's a lot of discrepancies that validate
9 my concerns.

10 **MS. NORRIS:** Thank you.

11 **JUDGE GUILLOT:** Ms. Pautler.

12 **CROSS-EXAMINATION BY MS. ANNE PAUTLER**

13 **MS. PAUTLER:** I just have a quick question. Ms. Case-Brown, you submitted
14 into evidence a resolution passed by the St. Tammany Council.

15 **MS. CASE-BROWN:** Correct.

16 **MS. PAUTLER:** When that resolution was first drafted, do you remember how it
17 was worded?

18 **MS. CASE-BROWN:** Yes.

19 **MS. PAUTLER:** Can you tell the Court how it was worded prior to it being altered
20 to general utilities?

21 **MS. CASE-BROWN:** The purpose of the resolution was specifically due to the
22 high amounts of complaints from Magnolia specifically and I believe it still says
23 Magnolia. Then they revised it to extend it -- it says right here, there have been

1 significant and continuous complaints and concerns raised by St. Tammany Parish
2 residents regarding Magnolia Water operated by Central States Water Resources.
3 After that meeting, they extended it to include the resolution for all private.
4 **MS. PAUTLER:** And who appealed that wording? Do you remember who did
5 that? Could it have been the Counsel?
6 **MS. CASE-BROWN:** Who appealed it?
7 **MS. PAUTLER:** Could it have been --
8 **MS. CASE-BROWN:** I can say that at that meeting, which is public record, it's
9 recorded that Mr. Ezell and Mr. Ernst spoke on behalf of Magnolia at that meeting.
10 **MS. PAUTLER:** And they are the ones who requested that the wording be
11 changed to include all utility companies?
12 **MS. CASE-BROWN:** They expressed concern over being picked out and
13 targeted, and so the St. Tammany Parish Council extended it.
14 **MS. PAUTLER:** Okay. Very good. I do have a couple of questions because you
15 expressed some -- with Mr. Viswanathan in saying that you felt that there was
16 maybe not as much reception -- or they were not as receptive to the intervenors, in
17 Ms. Pendergrass's testimony, and just in general, vibes, we'll call it. Do you think
18 the word -- if I was to say Ms. Case-Brown contends that there is a problem with
19 the water, does that sound adversarial?
20 **MS. CASE-BROWN:** No.
21 **MS. PAUTLER:** If I was to say Ms. Case-Brown alleges that there's a problem
22 with the water, does that sound a little adversarial to you?
23 **MS. CASE-BROWN:** [NO AUDIBLE RESPONSE]

1 **MS. PAUTLER:** Because -- okay. I don't know [INAUDIBLE].

2 **JUDGE GUILLOT:** And just for the record, I'm only going to pick up what was

3 actually said. So any other mannerisms will not be part of the record. So if you

4 want to answer the question, you have to answer it verbally.

5 **MS. CASE-BROWN:** I have not answered it. I have not. I'm just sitting here.

6 **MS. PAUTLER:** Does the word allege connote something different than

7 contend to you?

8 **MS. CASE-BROWN:** Alleging is -- kind of discounts the credibility --

9 **MS. PAUTLER:** Right.

10 **MS. CASE-BROWN:** -- of ratepayers and customers.

11 **MS. PAUTLER:** Okay.

12 **MS. CASE-BROWN:** And I think in conjunction with us being removed from a

13 previous a docket without our knowledge or consent, we have a distrust, and it does

14 seem that some language is accusatory and biased.

15 **MS. PAUTLER:** Okay. All right. Okay. I think that's all. Thank you.

16 **JUDGE GUILLOT:** Ms. Case-Brown, I do have some questions for you.

17 **MS. CASE-BROWN:** Yes, ma'am.

18 **JUDGE GUILLOT:** In your response, we're going to call this cross-answering

19 testimony filed November 5, 2025, I think you entitled it Opposition to Staff's

20 Report and Recommendation and Testimony of Robin Pendergrass. In paragraph

21 nine, which is on page three, you stated failure to use independently audited

22 financial statements as a means of objectively evaluating rates has a negative

23 impact on public interest and ratepayers. You remember that?

1 **MS. CASE-BROWN:** If I wrote it, I -- can I look at it? I'm more of a visual --

2 **JUDGE GUILLOT:** Well, you can't look at my copy.

3 **MS. CASE-BROWN:** Okay. All right.

4 **JUDGE GUILLOT:** You should have a copy of your testimony you filed in the

5 docket.

6 **MS. CASE-BROWN:** Okay. Go ahead with your question. I'm sorry. I don't

7 have a copy.

8 **JUDGE GUILLOT:** So you're just -- are you agreeing that I read that sentence

9 correctly?

10 **MS. CASE-BROWN:** Yes.

11 **JUDGE GUILLOT:** Okay. Is it your contention that Magnolia was failed to be

12 audited or that you disapprove of their auditor?

13 **MS. CASE-BROWN:** I believe that they were audited and I believe that the

14 company selected to audit them, or Central States Water Resources and all the

15 subsidiaries, I think that there's some credibility issues with the actual audit. I

16 believe that Ms. Pendergrass reviewed the document that was brought to her that

17 was previously audited.

18 **JUDGE GUILLOT:** That's the only question I had. Did you want to present

19 anything on redirect? That means readdress anything that was asked of you, clarify

20 anything that was asked of you in cross-answering?

21 **MS. CASE-BROWN:** No, Your Honor.

22 **JUDGE GUILLOT:** Okay. Then we have completed your testimony. The next

23 person on the pre-hearing statement is Chelsey Colleen Hankins.

1 **MS. CASE-BROWN:** Yes, Your Honor.

2 **JUDGE GUILLOT:** Okay. Please take the stand.

3 **MR. VISWANATHAN:** Judge, would this be the appropriate time to make an
4 objection to this witness's testimony?

5 **JUDGE GUILLOT:** This would be the appropriate time to object to a witness.

6 **MR. VISWANATHAN:** Judge, while I don't doubt Ms. Hankins in any way, in
7 this docket, she is: 1) Not an intervenor; and 2) Has not provided any testimony
8 for anyone to be prepared for. So, further, it looks as though she has a photo. No
9 one has ever seen this photo before. Just because that she or her bills were an
10 exhibit at a hearing a while ago does not make grounds for someone to be testifying
11 at this hearing. In essence, Judge, it is tantamount to a surprise witness.

12 **MR. EZELL:** We concur with that objection.

13 **JUDGE GUILLOT:** Okay.

14 **MR. EZELL:** She is not an intervenor, she's provided no testimony, no pre-filed
15 testimony. I think that she is disqualified from testifying in the matter.

16 **JUDGE GUILLOT:** Any response? Does anybody want to -- I can ask Ms.
17 Hankins, but it was Ms. Case-Brown and Ms. Anne Pautler that listed her. So any
18 response to those arguments from either Ms. Case-Brown or Ms. Pautler? Ms.
19 Case-Brown?

20 **MS. CASE-BROWN:** This is a customer. This is a Greenleaves resident. This is
21 somebody who has considerable concerns, and her voice as a customer and as a
22 ratepayer does matter. She is absolutely relevant to the matter.

23 **JUDGE GUILLOT:** And response? Yes.

1 **MS. PAUTLER:** Yeah. I'll just say that she was listed on the witness list. They
2 could've objected earlier.

3 **JUDGE GUILLOT:** This is the point to object.

4 **MS. PAUTLER:** Oh, okay.

5 **JUDGE GUILLOT:** Because it was on the pre-hearing statement, this is the
6 appropriate time to object to somebody on the witness list.

7 **MS. PAUTLER:** Oh, okay. Okay.

8 **JUDGE GUILLOT:** So any other response? [NONE HEARD] Okay. Ms.
9 Hankins, I'm going to disallow your testimony. You did not -- you are not an
10 intervenor, you didn't file testimony. There is probably a proper procedural way
11 for Ms. Hankins to testify. However, you did not articulate those arguments and it
12 is not anybody's job here to articulate the proper legal arguments for you.

13 **MS. CASE-BROWN:** Correct. She could be -- public comment could be
14 admitted.

15 **JUDGE GUILLOT:** This is not the time for our public comment. We have some
16 structure for these hearings.

17 **MS. CASE-BROWN:** Yes, Your Honor.

18 **JUDGE GUILLOT:** And so we will not be taking testimony from Ms. Hankins
19 at this hearing. That does not mean Ms. Hankins cannot talk to the Commissioners
20 or talk at the Business and Executive Session.

21 **MS. CASE-BROWN:** Okay.

22 **JUDGE GUILLOT:** However, in this hearing, I will not be taking your testimony.

23 **MS. CASE-BROWN:** Okay.

1 **JUDGE GUILLOT:** Okay. Thank you.

2 **MS. CHELSEY COLLEEN HANKINS:** Thank you.

3 **JUDGE GUILLOT:** The next name on the list was Chase Melancon. Do we want
4 to call them?

5 **MS. CASE-BROWN:** This is going to be the same objection from them.

6 **MR. VISWANATHAN:** It is going to be the same objection.

7 **JUDGE GUILLOT:** Same objection?

8 **MR. VISWANATHAN:** Yes, Judge.

9 **JUDGE GUILLOT:** Okay. I'm also not going to allow --

10 **MR. CHASE MELANCON:** [INAUDIBLE]

11 **JUDGE GUILLOT:** I'm sorry?

12 **MS. CASE-BROWN:** Oh, he said good thing he made it here at 10:00. He made
13 it a point to be here on -- yeah.

14 **JUDGE GUILLOT:** Mr. Melancon was not an intervenor, he did not file
15 testimony; and therefore, at this stage of the proceeding, I will not be taking his
16 testimony. However, he is free to talk to the Commissioners or talk at the Business
17 and Executive Session. It is just in this -- in this hearing that I will not be taking
18 direct testimony from Mr. Melancon.

19 **MS. CASE-BROWN:** Yes, Your Honor.

20 **JUDGE GUILLOT:** Moving on. The next witness on the list is Connie Norris.
21 Are we ready to proceed with that? That means I need to swear you in. You can
22 stay where you are if you want to.

23 **MS. NORRIS:** Thank you.

1 **JUDGE GUILLOT:** All right. Ms. Norris, present me your direct testimony.

2 **Connie Norris came forth as a witness; and, after having been duly sworn,**

3 **testified as follows:**

4 **MS. NORRIS:** Yes. My name is Connie Norris and I am a ratepayer, a customer

5 of Central States Water. Also, an intervenor and an advocate. Very involved in

6 this case for about two years. Even before it became relevant that we were going

7 to protest it -- the rate increase. I'll start with that I moved into the subdivision --

8 Belair subdivision in 2020. At the time that I moved into the subdivision, I didn't

9 have any issues with my water company at all. At that time, it was Coastal --

10 Coastal, I don't want to mispronounce the name. I want to say within a few months,

11 we started receiving or seeing signs that Magnolia Water would be the company

12 that was going to take over everything for the water. At that time, our bill was I

13 think somewhere around \$26, close to 30 maybe. Within a few months, that bill

14 jumped I want to say about 100, 150%. Then another few months it jumped about

15 another 150%. Right now, my bill is somewhere around 136. Having -- sometimes

16 I'm not home -- a lot. Have no children, no dogs, no pets, no cats, no nothing. So

17 I was very concerned about that and the quality of my water. Somewhere around

18 '21, maybe middle -- I started having problems. We started having low water

19 pressure, started having strange things in our water, and I started having health

20 problems, let me just say that. And I won't get into anything specific at this

21 particular point. I resign that -- I reserve that because of HIPPA. But I can clearly

22 say that my water quality has just dramatically decreased. I've contacted Magnolia.

23 I've tried on several occasions. A couple occasions I did get a response, but it

1 wasn't anything offering or even wanting to know or get any information that --
2 you know, relevant to what was actually going on. I tested my water at home with
3 various types of home testing tests that are EPA certified, as well as gotten -- I've
4 gotten a couple of plumbers and a couple of companies that tested. There are -- and
5 every time they test it, unless I run it through my reverse osmosis, it has abnormal
6 amounts of contaminants. Several times it has been -- I've tested it, including on
7 December 17, when I traveled to Natchitoches to speak on the docket. My water
8 had bacteria in it. The test came back, it was positive for bacteria. My concern is
9 there was a statement that was given -- let me put it this way. Mr. Cox testified,
10 and I did go back to his original testimony, and it appears that the same identical
11 problems that existed at that time still exist today. On the way here, we passed the
12 site where the new well is being built. Some of the issues -- the main issue that I
13 have is that, initially, when 35822, the application, was approved, that was an
14 automatic \$10 billion -- I want to -- I'm trying to see the right words to say. They
15 were given a \$10 billion -- I mean, 10 million, I'm sorry, adjustment. When you
16 look at everybody billed, and I've had this conversation with a number of my
17 neighbors, everybody's bill has increased at least 100 to \$150. If you take just the
18 4,000 people in my neighborhood with the money that Magnolia is saying that
19 they've invested, they made enough to pay for or have been paid for the
20 adjustments, or the repairs that they're making, or remediation. At my home alone,
21 I've had to make at least somewhere close to \$10,000 in modifications to my home
22 because I have to have clean water. One of the issues that I have is that the water
23 is free. They don't have to buy the water in our -- we have a aquifer. We pay them

1 to service the water, make sure that it's clean, drinkable, and potable. There are
2 DEQ, as well as EPA, and even Louisiana Department of Health regulations that I
3 have concerns about. That in one of the requests, I think I asked if Magnolia had
4 acquired what's called a health survey, because all of the wells in a system should
5 have a health survey. And what that does is identify whether or not the system
6 operates within everything that's considered healthy for the environment. I have
7 not received not one phone call from anybody. I filed the complaint with the Better
8 Business Bureau. I've called Magnolia Water's -- well, not Magnolia Water
9 because it's CSWR. I've made complaints on their website. I've called into
10 customer service, and I want to say I didn't get an amicable or anything offering to
11 even come out and test my water or whatever. I mean, I know they're not obligated
12 to do it or even look at the results. I do have results from numerous homes in my
13 neighborhood. They have the same problem. It's testing the same rate, positive for
14 abnormal amounts of contaminant, positive -- and they're having issues. The water
15 meters are under water, most of them, or they have mud on them. So we're trying
16 to find out, you know, how you're reading, you know, these meters. Yet the bill
17 says actual. So I have -- you know, I didn't bring a copy of my bill, but the bills
18 actually say that's a actual reading. So I have some concerns about that. So is it
19 an actual reading or are you just charging me a base rate? So there's a little bit of
20 a controversy on the actual bill itself. Those are some of the concerns. I have an
21 exhibit. I don't know if this is the right time. I have some exhibits I'd like to enter
22 into the record if possible, related to some letters that I received. Particularly one
23 from the Belair Homeowners Association that they wrote to Magnolia concerning

1 the Belair well itself. There's two wells in our area. The Meadows well was
2 originally designed to service the Meadows, Bradford Place, and there's several
3 other areas. Before -- I don't want to -- is it country?

4 **JUDGE GUILLOT:** Ms. Norris, you can't ask questions of others. It's whatever
5 your testimony --

6 **MS. NORRIS:** No, no. There was a new subdivision that was going to be
7 developed. We went to the meeting before DEQ and talked to EPA. I think
8 everybody was at that meeting. And we had a concern at that time because we were
9 experiencing low water pressure. So we knew there would be issues once that new
10 system -- I mean, that new subdivision came on line because you're going to add
11 additional stress to an already limping -- and this is in the words -- this is exact
12 words of the city -- our St. Tammany Parish Council person at that time. So when
13 that new subdivision was put on that, it strained that system. Eventually, it broke.
14 And so for some days, we were left without water, and lot of us had to -- you know,
15 it was a trying time. It was a really stressful time for us. They didn't offer not one
16 single penny. They didn't cut our bills. They didn't offer us anything. And still to
17 date, a number -- I want to say at least 60 to 70% of the people in that subdivision
18 buy their water. They don't drink the water. And so, you know, it's kind of
19 disheartening that we would have a system that -- or we would have a company that
20 is continuing to expand, yet they have not even remediated stuff that -- some of the
21 things -- at least bare minimum of the issues are resolved that, you know, almost
22 six years ago they promised us in that initial application that they would take care
23 of. I don't -- I'm not an engineer, but I do know mathematics, I can say that. Basic

1 math. And so the concerns that we have as consumers and customers in my
2 particular area is that, for six years, we paid for something to be remediated that's
3 not remediated yet. The promise was the well would be finished in December.
4 We're close to March, and I don't know -- I don't know if that's going to be
5 resolved in a couple of months. Also, I would like to -- we're still trying to figure
6 out, especially in Belair, what is actually going on with the Belair well because that
7 well is -- it's not the Meadows well. It was designed as an emergency backup only,
8 yet that well has been -- being used since last year. And you have -- you can tell
9 that it's stressed because, like, sometimes you turn the water on and we don't have
10 -- you know, it just trickles out. It comes -- it goes and comes and there are some
11 other issues. I just -- I have some real serious concerns about the operations. Also,
12 I -- there was a request -- there was a data request, requested information about the
13 budgets as well as the operational logs, as well as -- and I want to make sure that
14 I'm saying specifically what was asked in that particular data request. When I was
15 allowed to see the information that was presented to me, it was given to me and
16 said that was all they had. And that was -- those were notarized financial
17 statements. Some pages were blank. I did not get -- I did not get most of the
18 information that was requested in my particular petition and, to date, we don't have
19 it. I was a little -- and I'm still a little concerned about the fact that Magnolia has
20 been allowed to submit a application for an extension when 35822 does not allow
21 that and if -- unless I -- and I'm quite sure I didn't read it wrong. You know, just
22 having -- just to have experienced what I've experienced from the whole experience
23 has been very disheartening to me, especially as a paying customer of such a large

1 company, as well as just the experience of the Louisiana Public Service
2 Commission itself. It's elected to at least try to represent us. And this is my
3 personal opinion. I take -- you know, I can't speak for everybody, but for me, as a
4 customer, I feel very sad and I feel let down by it because some of the things that I
5 -- even as an intervenor who is not one who -- prior to actually becoming an
6 intervenor, I had very little knowledge of what was going on and how the system
7 worked. And so at this particular time, you know, I want clean water. That's what
8 it -- and I would like to be acknowledge as someone who actually has taken their
9 hard-earned money and they pay for services that they are not receiving. And
10 that's, you know, my, you know -- you know, my particular position and that's my
11 testimony.

12 **JUDGE GUILLOT:** You said you wanted to introduce some exhibits?

13 **MS. NORRIS:** Yes, ma'am.

14 **JUDGE GUILLOT:** Okay.

15 **MS. NORRIS:** I'd like to enter Exhibit A, which is the actual letter from, and I'm
16 going to read them -- if it's okay, can I read them all and then I'll just give the
17 packet, or do you want me to do them one at a time?

18 **JUDGE GUILLOT:** How many do you have?

19 **MS. NORRIS:** It's only five.

20 **JUDGE GUILLOT:** Okay. Read through your whole list and then we'll address
21 them individually. But you go ahead and read them all.

22 **MS. NORRIS:** Yes, ma'am. So the Exhibit A is a letter from Belair Homeowners
23 Association, which is dated February 20, 2024. Exhibit B is the certified laboratory

1 results we -- I also presented already and Mr. Cox has had -- when Mr. Cox was
2 testifying. My other Exhibit C is the documentation from the Secretary of State's
3 Office that identified all of the companies associated with Magnolia Water. And
4 the relevance is that -- the financials that we received were from Magnolia Water,
5 not from each individual company. Exhibit D is copies of the results and some of
6 the results of the water problems we've had, as well as -- in that document also, the
7 physical harm to -- the water has caused to the property and some of the other test
8 results outside of the Louisiana public service -- I mean, I'm sorry, the Louisiana
9 Department of Health. Also, the pictures of the meters and their current condition.
10 Exhibit E is the Better Business Bureau complaint that I filed and Magnolia -- it's
11 a copy of Magnolia's response as well as the Texas -- I mean, the Texas better --
12 just a few of the Texas Better Business Bureau complaints.

13 **JUDGE GUILLOT:** Ms. Norris, do you just have that one copy?

14 **MS. NORRIS:** Unfortunately, I had [INAUDIBLE] --

15 **JUDGE GUILLOT:** I'm sorry. Get by a mic.

16 **MS. NORRIS:** I'm sorry. I didn't -- I was -- I'm sorry. I was only told to bring -
17 - I was following your order on the 23rd that I only had to bring two copies. One
18 for you and you for the Court -- maybe I'm --

19 **JUDGE GUILLOT:** Do you have that second copy?

20 **MS. NORRIS:** The Court --

21 **JUDGE GUILLOT:** Oh, okay. Go ahead and pick it up again, and so Staff can
22 look at it at the same time. Okay. Let me first look at these. The cover sheet, I'm
23 not including. So we have exhibit -- this is going to be Norris Exhibit 1, let's just

1 stick on the -- what we're doing. Belair Homeowners Association correspondence
2 dated February 20, 2024. Any objections to Norris Exhibit 1?

3 **MR. VISWANATHAN:** No objection.

4 **MR. NICOLAS:** Your Honor, we object to the LDH test in there. She alleges it's
5 certified and we don't see a certification. Also, she references some kind of a water
6 test. Where she got that we don't know.

7 **JUDGE GUILLOT:** Okay. We haven't gotten to that one. I'm just talking about
8 the Belair Homeowners Association letter. It's a three-page letter.

9 **MR. NICOLAS:** Oh, I apologize. I thought you asked for all of them.

10 **JUDGE GUILLOT:** No. We're going through these one by one to be clear. So
11 any objections to the Belair Homeowners Association letter dated February 20,
12 2024?

13 **MR. NICOLAS:** No, Your Honor.

14 **JUDGE GUILLOT:** Okay. Then Norris Exhibit 1 -- any objections from either
15 of the two intervenors? [NONE HEARD] Okay. Then Norris Exhibit 1 is
16 admitted. The Norris Exhibit 2 was the DHH printouts, but there was some
17 confusion if that had already been admitted.

18 **MR. VISWANATHAN:** And, Judge, I believe my notes do indicate that it had
19 been previously admitted under Mr. Cox.

20 **JUDGE GUILLOT:** Okay. So we don't -- so it is both the Court Reporter and
21 Mr. Viswanathan's recollection that this has already been admitted. We're just
22 going to -- I don't have note of it, so we're going to call it Norris 2. You had an
23 objection that you wanted to get on the record?

1 **MR. NICOLAS:** Yes, ma'am. We object to that. It's not certified, not
2 authenticated, don't really know anything about it, and whether or not the issue has
3 been resolved.

4 **JUDGE GUILLOT:** Noting your objections, we're going to admit it again. Norris
5 2, it is -- we're going to title this Louisiana Department of Health Engineering
6 Services printouts, in globo, as there are several. Norris Exhibit 3, it is a printout
7 from the Louisiana Secretary of State for Magnolia Water Services Group, LLC
8 from their corporation's website. It is for -- it's an in globo exhibit. It has a printout
9 for Magnolia Water Services Group, LLC, Louisiana Central States Water
10 Resources, LLC, Magnolia Water Utility Operating Company, LLC, and Magnolia
11 Water Utility Holding Company, LLC. So any objections to Norris Exhibit 3,
12 which is the Secretary of State printouts?

13 **MR. VISWANATHAN:** No objection.

14 **MR. NICOLAS:** No, Your Honor.

15 **JUDGE GUILLOT:** Norris Exhibit 3 is admitted. The next one was Norris 4,
16 which is a series of photos. It's just a series of photos. So this would be labeled as
17 Norris 4. Any objections?

18 **MR. NICOLAS:** Is one of those a purported photo of a laboratory test?

19 **JUDGE GUILLOT:** It does.

20 **MR. NICOLAS:** We do object to that.

21 **JUDGE GUILLOT:** Okay.

1 **MR. NICOLAS:** We don't know the reliability of the test, how it was
2 administered. Simply put, it's not admissible, but that's a determination for you to
3 make.

4 **JUDGE GUILLOT:** Any other objections to the photos?

5 **MR. VISWANATHAN:** Judge, I don't know when these photos were taken and
6 no foundation has been laid as to when these photos were taken. And it purports to
7 show some damage, but there is no indication of what the items look like prior to
8 however -- that would be Staff's objection.

9 **JUDGE GUILLOT:** Your objections are noted. They are correct. There is no
10 time reference on any of these photos. So I'm going to admit them for completeness
11 of record. But they are just photos with no reference otherwise. So Norris 4 is
12 admitted, series of photos. And Norris 5, this is an in globo exhibit that Ms. Norris
13 has testified is a Better Business Bureau complaint. It does state at the top Magnolia
14 Water BBB Complaint Response - Connie Norris, with a date at the top of June 5,
15 2025. Any objections to Norris 5, in globo?

16 **MR. VISWANATHAN:** No objection.

17 **MR. NICOLAS:** No objection, Your Honor.

18 **JUDGE GUILLOT:** Then that is admitted. All righty then. Any other testimony
19 for you to add?

20 **MS. NORRIS:** [NO AUDIBLE RESPONSE]

21 **JUDGE GUILLOT:** Okay. Moving on to cross-examination. I let Staff go first
22 the last time. Magnolia, any cross-examination?

23 **MR. NICOLAS:** Nothing, Your Honor.

1 **JUDGE GUILLOT:** Staff?

2 **CROSS-EXAMINATION BY MR. ARVIND VISWANATHAN**

3 **MR. VISWANATHAN:** Ms. Norris, is it safe to say your biggest concern is water

4 quality?

5 **MS. NORRIS:** Excuse me?

6 **MR. VISWANATHAN:** Is it safe to say one of your -- and I should say that a

7 little more carefully -- one of your biggest concerns is water quality?

8 **MS. NORRIS:** No. My biggest concern is customer service --

9 **MR. VISWANATHAN:** Customer service. Okay.

10 **MS. NORRIS:** -- of this company and that the water quality is -- it's really --

11 they're about the same, let me just say that.

12 **MR. VISWANATHAN:** One and 1-A kind of?

13 **MS. NORRIS:** Yes, sir.

14 **MR. VISWANATHAN:** Okay. One of the things that came up in the testimony

15 today is that Magnolia has a notification system on their website. Are you aware

16 of that?

17 **MS. NORRIS:** Yes, I am.

18 **MR. VISWANATHAN:** Okay.

19 **MS. NORRIS:** And that, I will say from my personal experience, has not been

20 beneficial for me.

21 **MR. VISWANATHAN:** Okay.

1 **MS. NORRIS:** I've looked on it sometimes, in a number of cases, the actual
2 system had -- I got the information through a neighbor or a phone call from
3 someone else before I got it or it was visible on the site.

4 **MR. VISWANATHAN:** So Magnolia wasn't responding, I guess, swiftly
5 enough? Is that a fair way to categorize what you said?

6 **MS. NORRIS:** Well, in a case where you have a boil water advisory, two seconds
7 is too long.

8 **MR. VISWANATHAN:** I understand. One of the other things that came up was
9 that Magnolia has email and Textcaster kind of situation. Have you signed up for
10 that?

11 **MS. NORRIS:** I was not aware that you needed to sign up because they email my
12 bill every month.

13 **MR. VISWANATHAN:** Right.

14 **MS. NORRIS:** So they didn't provide the correct information to let us know as
15 customers that we needed to sign up for it. I mean, I think that, you know, if you
16 can -- if you're emailing my bill, I should be notified if you're having an issue.

17 **MR. VISWANATHAN:** Is that something you'd like to see them do on, like, your
18 next bill to provide kind of a little mailer that says, hey, if you would like this, you
19 have to sign up for it?

20 **MS. NORRIS:** I mean, I'm already in the system.

21 **MR. VISWANATHAN:** Okay.

1 **MS. NORRIS:** I mean, I've done everything that I could to find out or sign up for
2 whatever. It's just that during the time that all this occurred it was not in a timely
3 manner.

4 **MR. VISWANATHAN:** Do you think it would be beneficial to other ratepayers
5 going forward?

6 **MS. NORRIS:** Yes, it would be.

7 **MR. VISWANATHAN:** Okay.

8 **MS. NORRIS:** That if they -- if they knew or notified us of everything that's going
9 on within the system, like even when they're -- you know, this might be a little bit
10 off the -- what you're asking, but we just don't get enough information regarding
11 the activities or anything that's going on within the Magnolia system. Even with
12 notifying us that they're going to even get a system. I mean, it's in the paper or
13 something that we don't even know about. So I think --

14 **MR. VISWANATHAN:** Can I ask you what sort of examples of notifications are
15 you seeking? Like, I understand generally what you're -- what you're saying, but
16 I just want to want to make sure I have a clear understanding.

17 **MS. NORRIS:** Yes, sir. So when Magnolia or any other company, I won't just
18 use Magnolia, is about to acquire a system or do anything within the Louisiana
19 Public Service Commission regulatory area, it's usually publicized in a small paper
20 or paper that no one normally reads. So if they come back and ask for a shortened
21 time for the acquisition or whatever that they're doing, before we even know the
22 paper or seen it -- I mean, I want to say at least 90% of the people that I've talked
23 to, they don't know about any of the publications that it was advertising. So maybe

1 go to the public or, you know, send -- because I never got a letter notifying they
2 were coming into my neighborhood. I just saw a sign.

3 **MR. VISWANATHAN:** I want to circle back to, you know, you had mentioned
4 some things about quality. We've been talking about that. Have you kind of made
5 a complaint with LDH or LDEQ?

6 **MS. NORRIS:** Yes. I made a complaint with the department -- I talked to the
7 Department of Environmental Quality. I made a complaint with the Secretary of -
8 - well, no, the Attorney General's office. I made a complaint with -- I'm trying to
9 think of every -- I'm going down the chain and --

10 **MR. VISWANATHAN:** Let me see if I can run through a couple.

11 **MS. NORRIS:** Yeah.

12 **MR. VISWANATHAN:** Department of --

13 **MS. NORRIS:** I made a complaint with every regulatory --

14 **MR. VISWANATHAN:** Let me just try and see if I can help. Environmental
15 Quality?

16 **MS. NORRIS:** Yes. I made complaints. I've called Department of -- DEQ as
17 well.

18 **MR. VISWANATHAN:** Okay. Department of Health?

19 **MS. NORRIS:** And emailed.

20 **MR. VISWANATHAN:** Okay. And Department of Health?

21 **MS. NORRIS:** Department of Health, numerous times.

22 **MR. VISWANATHAN:** Surgeon General?

23 **MS. NORRIS:** Surgeon -- no, not the Surgeon General.

1 **MR. VISWANATHAN:** Okay. I know you're here at the LPSC. EPA?

2 **MS. NORRIS:** Yes. I think did I submit a complaint or copy, Cc of the EPA.

3 **MR. VISWANATHAN:** Have they followed up with you at all? Have those

4 agencies followed up with you at all?

5 **MS. NORRIS:** I've gotten notifications that they received the complaints.

6 **MR. VISWANATHAN:** Okay. But nothing further?

7 **MS. NORRIS:** They haven't followed up. They just said they'll review it and,

8 you know, get back to me.

9 **MR. VISWANATHAN:** I got you. One of the things you mentioned in your

10 testimony was that you saw that there was a new well being built? In the

11 Belair/Meadows area, there's a new well being built?

12 **MS. NORRIS:** Yes.

13 **MR. VISWANATHAN:** Okay. You observed them building a new well?

14 **MS. NORRIS:** Yeah. I observed them building the new well six years later. The

15 well has been down for six years. We've had issues coming in -- 2020 -- I want to

16 say somewhere around December of 2020 is when the problems first started, so.

17 **MR. VISWANATHAN:** You know, one of the things is that the Department of

18 Health has given, I believe, your region, I believe, is an A grade. Do you disagree

19 with that?

20 **MS. NORRIS:** I'm aware of the A grade. I'm aware that they changed the policy

21 in 2022 as to the way they grade it. And, unfortunately, water quality and some of

22 the way that some of the other things that were originally in that grade rating system

23 was removed. And some of the stuff I don't think that people just know exactly

1 where to file complaints to really handle that. I don't know that -- and that's one
2 of my concerns as well.

3 **MR. VISWANATHAN:** Okay. Your concern is that LDH is not appropriately
4 doing their job?

5 **MS. NORRIS:** Yes, yes, yes. Because there are laws with the Louisiana public
6 health department, Clean Water Act that states that those -- even if a well is
7 reworked or anything is going to be done to that well and certain other processes,
8 that there should be what's called a survey done by the department of -- the
9 Louisiana Department of Health, public -- no, the Louisiana Department of Health.
10 I had to get it right. It's several departments.

11 **MR. VISWANATHAN:** Right.

12 **MS. NORRIS:** Safe water folks, they're supposed to come out and do a survey.

13 **MR. VISWANATHAN:** Okay.

14 **MS. NORRIS:** And make sure that that water -- and I've written and I've emailed
15 and no one seems to know what -- the surveys don't exist.

16 **MR. VISWANATHAN:** Any response --

17 **MS. NORRIS:** They say they don't have them -- they don't have them on file.

18 **MR. VISWANATHAN:** Thank you. I have no further questions.

19 **JUDGE GUILLOT:** Ms. Norris, you made the same complaint. I read Ms. Case-
20 Brown a statement, failure to use independently audited financial statements as a
21 means of objectively evaluating rates is a negative impact on public interest and
22 ratepayers. Did that in your joint comment to testimony of Robin Pendergrass.

1 Question to you is did Magnolia fail to audit its financial statements or is your issue
2 with the auditing -- with the auditor that did it?

3 **MS. NORRIS:** My issue is the fact that -- and if can be perfectly candid about
4 this, my issue with the financial part of it is the fact that on September 23, I attended
5 a oral argument. And unless I'm misunderstanding or misinterpreting that audit --
6 I mean, that particular oral argument, a statement was made that the financials had
7 not been received. And I read the actual transcript again to make sure that I
8 understood what was stated. And, also, even in -- with the information that was
9 compelled or ordered to be provided, it still was not complete financial information.

10 **JUDGE GUILLOT:** Okay. That's not the question --

11 **MR. NICOLAS:** Your Honor, we object to that.

12 **JUDGE GUILLOT:** I'm sorry. I'm not going to entertain it. That is not the
13 question I asked you. I asked you in your statement, you said there was a failure to
14 use independently audited financial statements. And so my question to you was
15 was there a failure to use -- to have the financial statements audited or was your
16 concern with the auditor who did the auditing of the financial statements?

17 **MS. NORRIS:** Both.

18 **JUDGE GUILLOT:** So you're alleging that Magnolia's financial statements were
19 not audited?

20 **MS. NORRIS:** From what I -- what I saw -- I'm not saying they weren't, but I'm
21 just saying they weren't audited according to what 35822 stipulates that it should
22 be -- how it should be audited.

1 **JUDGE GUILLOT:** Okay. Thank you. Is there anything else you would like to
2 tell us at this point?

3 **MS. NORRIS:** I think I've pretty much said all I need to say. Thank you for the
4 opportunity.

5 **JUDGE GUILLOT:** Thank you for your testimony. We have two more witnesses
6 on the intervenor pre-hearing statement, and then we still have Ms. Pendergrass's
7 testimony. So my question to you is do you want to try and go forward with the
8 intervenors' testimony and Ms. Pendergrass, or would you like to adjourn for today
9 and come back tomorrow?

10 **MR. VISWANATHAN:** I'm --

11 **JUDGE GUILLOT:** Okay. Staff?

12 **MR. VISWANATHAN:** Your Honor, I'm comfortable going through. I wouldn't
13 want the intervenors to have to drive back a second day to -- if we can get through
14 it all today, I think we should get through it all today.

15 **JUDGE GUILLOT:** Ms. Case-Brown?

16 **MS. CASE-BROWN:** I have no objections to powering through today. And, also,
17 Mr. Ronquille that's listed --

18 **JUDGE GUILLOT:** Yes.

19 **MS. CASE-BROWN:** He is ill. I have -- so he's not here.

20 **JUDGE GUILLOT:** Okay. I will call just to make sure to get that on the record.
21 And any other objections from this side? Magnolia?

22 **MR. EZELL:** We concur.

1 **JUDGE GUILLOT:** Okay. However, we will take now a five-minute break just
2 for a restroom break at this point. And so it is 4:22, so at 4:27, back. And then I
3 will reconvene the hearing.

4 **[OFF THE RECORD]**

5 **[BACK ON THE RECORD]**

6 **JUDGE GUILLOT:** Let's reconvene the hearing in Docket U-37584. And next
7 we are going to call Anne Pautler, correct?

8 **MS. PAUTLER:** Correct.

9 **JUDGE GUILLOT:** Okay. Ms. Pautler, present your direct.

10 **Anne Pautler came forth as a witness; and, after having been duly sworn,**
11 **testified as follows:**

12 **MS. PAUTLER:** Okay. First of all, I don't have a lot of intro, but what I would
13 like to say is that, as you can see by --

14 **JUDGE GUILLOT:** Hold on one moment.

15 **MS. PAUTLER:** I need to turn my mic --

16 **JUDGE GUILLOT:** The Court Reporter -- yes.

17 **MS. PAUTLER:** Okay. Ding. Okay. Here we go. I would like to say that, you
18 know, throughout all of this testimony, and I've heard the Counsel say, oh, there's
19 only three intervenors, but we have, you know, thousands of people that I've seen
20 sign the petition. I talked to people all over my -- our area about all the problems
21 that we have with Magnolia with -- not just with the rates, but with the cleanliness.
22 In fact, I was at the store yesterday getting water when the person behind me was
23 also getting water, you know, when you fill up your big jugs. And I said, oh, you

1 must have Magnolia. She said, yeah, I do. And I heard about her daughter's
2 illnesses, which they believe stem from that. But I digress, you know, the problem
3 is is that we have had Magnolia for five and a half, six years now. It has -- they
4 have overpromised and underdelivered in every arena. You know, with the Belair
5 wells, you know, it was having sediment and it went down years ago. Literally
6 years ago. And they just rolled everybody over to the Meadows well, and the
7 Meadows well got overburdened, and then it failed. And for 10 days, we had
8 nothing except for mud coming out of the taps. Only then -- so then they remediated
9 the Meadows well. Took everybody off the Magnolia well. Then put everybody
10 on Belair. And it's just this -- like this shell game constantly, until we finally said
11 enough, started intervening, found out about this nonsense, and started doing
12 something about it. And now, you know, they've been charging as if it's
13 champagne coming out of these faucets for the last five years. But yet, they are just
14 now -- in November is when they started to put a new well in. November, so three
15 months ago. So at this point, it's rate increases. I mean, clean, reliable, safe
16 drinking water comes before rate increases. They do -- it does not warrant a rate
17 increase. And so anyway, I'll just say that and -- or an extension, I should say, of
18 the formula rate plan. Let me see. I do have some exhibits. Do you want me to go
19 individually with those, or?

20 **JUDGE GUILLOT:** How many do you have?

21 **MS. PAUTLER:** I'm going to think close to 10.

22 **JUDGE GUILLOT:** Okay. Then we're going to do them individually.

23 **MS. PAUTLER:** Okay.

1 **JUDGE GUILLOT:** So describe what you have, pass it out, and then we'll talk
2 about it.

3 **MS. PAUTLER:** Okay. And as we stated in the January -- I only brought two
4 copies. One for you, one for -- but, you know, Staff has a lot of this because a lot
5 of it was submitted in the data request. So I will give the entire thing to -- okay.
6 So let me put these little readers on here. Okay. My first exhibit is evidence that
7 the intervenors were denied due process in 37570. And that is email
8 correspondence between Mr. Braeden Smith and myself after learning we were
9 removed from that docket. That docket was in conjunction with 3757 -- 37584 and
10 the night that we had the meeting at the St. Tammany Parish Council, I met Ms.
11 Case-Brown, and she's like why didn't you turn in your data request? I'm like what
12 are you talking about? And she said there was a data request for Docket 37570. I
13 said I don't know anything about it. So the very next morning, crack of dawn, this
14 was on a Thursday that that was -- on Friday morning, I called Mr. Braeden Smith.
15 Mr. Smith said I don't know, let me find out. He put me on hold for 13 minutes
16 and then came back and said, oh, it must've got lost in the mail. We'll just put you
17 on 37584. And I'm like I don't think that's fair. We were denied -- you know, I
18 mean, they had -- we had received mail from them before. I understand now that
19 their preferred method is email, but prior to that, they had mailed everything. Then
20 they said, oh, well -- you know, but, anyway, that's my first exhibit. You ready for
21 --

22 **JUDGE GUILLOT:** Okay. Go ahead and let the Counsel see.

1 **MS. PAUTLER:** I think they've seen it, but I will absolutely -- let's see. And,
2 also, it is --

3 **JUDGE GUILLOT:** Wait, hold on. Pass it out and then go back to a mic.

4 **MS. PAUTLER:** Okay.

5 **JUDGE GUILLOT:** Okay. I just need to see it -- well, I need a copy.

6 **MS. PAUTLER:** Okay. [INAUDIBLE].

7 **JUDGE GUILLOT:** Okay. Go back to a microphone. Does the Court Reporter
8 have a copy? Okay.

9 **MS. PAUTLER:** Did you get a copy? Oh, here you go.

10 **JUDGE GUILLOT:** The Court Reporter does need a copy.

11 **MS. PAUTLER:** I would also like it noted that in -- hang on a second. In that
12 correspondence --

13 **MR. VISWANATHAN:** Judge, before we -- before we go into that exhibit can
14 we deal with the exhibit itself?

15 **JUDGE GUILLOT:** I have -- yes, we can. I have in front of me four emails, a
16 letter from Mr. Ezell to Ms. Abel, and then a motion. So these we're going -- we're
17 going to divide these up anyway. So, first, let's discuss the four emails.

18 **MS. PAUTLER:** Okay.

19 **MR. VISWANATHAN:** Judge, Staff's going to object to those because they are
20 based around Docket 37570, which has already been voted upon. It is a closed
21 docket.

22 **MS. PAUTLER:** There have been filings in 37570 after it was closed though.

23 **MR. NICOLAS:** Those filings are revised tariffs, which we're required to file.

1 **JUDGE GUILLOT:** I understand. I have in front of me emails that mention both
2 that docket and the current docket. So they do look to be -- not the last email. So
3 the first three emails mention both dockets. One moment.

4 **COURT REPORTER:** I just want to make sure I have the right copy. I have --
5 it's highlighted on and notated on.

6 **JUDGE GUILLOT:** Yes. I'll make note of that. So those emails are also
7 highlighted and notated on. So was your objection just the -- it's the wrong docket,
8 or was there another objection from Staff?

9 **MR. VISWANATHAN:** Judge, it's that and it's relevance.

10 **JUDGE GUILLOT:** I'm sorry?

11 **MR. VISWANATHAN:** It's relevance.

12 **JUDGE GUILLOT:** Any objection from Magnolia?

13 **MR. NICOLAS:** We concur with Staff's objections.

14 **JUDGE GUILLOT:** I'm going to admit them for her explanation of not receiving
15 data requests only in -- are you testifying that you didn't receive data requests in
16 this docket, 37584?

17 **MS. PAUTLER:** That's correct.

18 **JUDGE GUILLOT:** Okay.

19 **MS. PAUTLER:** And I would say by excluding intervenors, it -- because Mr.
20 Smith wrote on Tuesday the 12th, he said, further, Staff does not have the authority
21 to alter the status of any party in these proceedings. But by excluding us as
22 intervenors, that is altering our status, and, I mean, he could've issued a motion to

1 compel if he didn't hear anything from us. I don't think Staff practiced due
2 diligence in contacting the intervenors --

3 **MR. VISWANATHAN:** Judge, this is getting --

4 **JUDGE GUILLOT:** I'm sorry?

5 **MR. VISWANATHAN:** This is getting argumentative.

6 **JUDGE GUILLOT:** It is. You're arguing it and you're inferring things from your
7 emails, and so -- and all of that is for a later stage.

8 **MS. PAUTLER:** Okay.

9 **JUDGE GUILLOT:** The emails say what they say.

10 **MS. PAUTLER:** Okay. Okay.

11 **JUDGE GUILLOT:** And --

12 **MS. PAUTLER:** I would also like to say on the last email from Andrew Nicolas,
13 on the intervenor list, it looks as if he just faked all the email addresses because
14 there -- it says magnoliawatercustomers@gmail and there's several of those listed
15 when he didn't have the -- I guess if he didn't have their email address.

16 **JUDGE GUILLOT:** Let me not address that one. So the first three emails we're
17 going to make Pautler Exhibit 1 --

18 **MS. PAUTLER:** Okay.

19 **JUDGE GUILLOT:** -- in globo. The emails say what they say. We will not in
20 any way be considering any of the notations on the emails.

21 **MS. PAUTLER:** Okay.

22 **JUDGE GUILLOT:** Only the emails and they are what they are. So this is Pautler
23 Exhibit 1, three emails dated August 11 and August 12, 2025. The last email looks

1 to be in reference to just Docket 3750. I agree from the face of it, this is not in
2 reference to the current proceeding we are in front of.

3 **MS. PAUTLER:** Right.

4 **JUDGE GUILLOT:** And so if you have some other kind of argument to present
5 --

6 **MS. PAUTLER:** Well, they were --

7 **JUDGE GUILLOT:** -- why it's relevant to the current proceeding?

8 **MS. PAUTLER:** Well, they were filed together and 37570 directly relates to
9 37584.

10 **JUDGE GUILLOT:** That's a legal argument. Just --

11 **MS. PAUTLER:** Okay.

12 **JUDGE GUILLOT:** They are two separate proceedings here at the Commission
13 and so we -- they are separate so --

14 **MR. NICOLAS:** And they were not filed together, Your Honor.

15 **JUDGE GUILLOT:** The date of those filings is public record. I can take notice
16 of when each one was filed. But -- so at this point I haven't heard you articulate
17 anything for me to accept this email, the 37570 email.

18 **MS. PAUTLER:** Okay.

19 **JUDGE GUILLOT:** So I'm not going to accept that --

20 **MS. PAUTLER:** Okay.

21 **JUDGE GUILLOT:** -- with the current argument.

22 **MS. PAUTLER:** Okay.

1 **JUDGE GUILLOT:** The next one was a letter from Ezell Law Firm to Ms. Abel,
2 Krys Abel here at the Louisiana Public Service Commission. This is also in
3 reference to 37570. I haven't heard an argument that --
4 **MS. PAUTLER:** I would --
5 **JUDGE GUILLOT:** -- that docket is relevant to this proceeding.
6 **MS. PAUTLER:** Well, Mr. Braeden Smith said that they were one and the same,
7 so.
8 **JUDGE GUILLOT:** Well, this is your exhibit.
9 **MS. PAUTLER:** I know he's no longer here.
10 **JUDGE GUILLOT:** This is your exhibit. I know we allow hearsay, but I'm not
11 going to that -- the same thing with the other filing, the motion pursuant to Rule 57
12 filed in that docket on August 6, I'm not going to accept it. That was a filing in
13 another docket.
14 **MS. PAUTLER:** All right.
15 **JUDGE GUILLOT:** So I'm not going to accept those.
16 **MS. PAUTLER:** Okay.
17 **JUDGE GUILLOT:** You are always free to argue whatever you want to in post-
18 hearing briefs.
19 **MS. PAUTLER:** Okay.
20 **JUDGE GUILLOT:** But as far as accepting those exhibits, I'm not accepting
21 them. Okay. Next.
22 **MS. PAUTLER:** Okay. Next is -- let me give this to you. The LPSC jurisdictional
23 residential and commercial sewer rate comparison.

1 **JUDGE GUILLOT:** Be sure to show it to them first. Court Reporter, were you
2 clear which ones I accepted? Okay. Thank you. So in front of me, whatever the
3 cover page is, that's not what you've identified, so I don't know what this is.

4 **MS. PAUTLER:** Okay.

5 **JUDGE GUILLOT:** And you didn't tell me --

6 **MS. PAUTLER:** Oh, that's just my personal notes.

7 **JUDGE GUILLOT:** Okay.

8 **MS. PAUTLER:** So in this --

9 **JUDGE GUILLOT:** One moment. You're not in front of a mic.

10 **MS. PAUTLER:** So it has been Magnolia's contention all along that the more
11 connections they have, the lower and more stable our rates are going to be. So
12 when looking at this sewer -- the sewer rate comparison, still you can see Magnolia
13 has the most connections of all in -- of private equity firms or private equity water
14 utilities, yet they still have the highest residential rate. Oh, I'm too close?

15 **JUDGE GUILLOT:** You're too close, that's the assumption we're going on.

16 **MS. PAUTLER:** So they still have the highest residential sewer rate connection
17 rate. The second highest is -- the next highest is like -- it's still 32% higher than
18 the next highest, and they are 630% higher than the lowest. And yet they have the
19 most number of connections. So their contention that the more -- you know, the
20 more we have, the less your -- or the more stable your rates are going to be, that
21 just hasn't panned out to be true, and that's why I submitted that.

22 **JUDGE GUILLOT:** I have in front of me it's a four-page exhibit. It is identified
23 as Pautler Exhibit 2. It is the LPSC jurisdictional residential and commercial sewer

1 rate comparison. It's a printout purporting to be that and it says updated September
2 1, 2025. Any objections to this?

3 **MR. VISWANATHAN:** Judge, very quickly, can I have one quick look at that
4 document?

5 **JUDGE GUILLOT:** And it has notations on it, and I would not consider any
6 notations. Okay.

7 **MR. VISWANATHAN:** Judge, under the date, it does contain -- this document
8 does contain a disclaimer that the Commission does not attest to the accuracy of the
9 information provided. So based upon the fact that this is provided for informational
10 purposes, but is not for the truth of the matter asserted, Staff would object to this
11 exhibit being placed into evidence.

12 **JUDGE GUILLOT:** Magnolia?

13 **MR. NICOLAS:** We concur with Staff's objection.

14 **MS. PAUTLER:** Wow. And you wonder why --

15 **JUDGE GUILLOT:** I am still contemplating it.

16 **MS. PAUTLER:** Okay.

17 **JUDGE GUILLOT:** I haven't asked for any more argument. I am going to have
18 to agree with them. The disclaimer put on there by whoever put this together very
19 specifically states that it should not hold -- should not hold no -- which is
20 grammatically incorrect -- should hold no evidentiary weight. And so whoever put
21 this together, that -- I think that's a problem, being as you don't know, and nobody's
22 identified it, and it's told me that I shouldn't consider it, give it any evidentiary
23 weight. So I do have a problem with that. So I'm not going to admit this.

1 **MS. PAUTLER:** All right.

2 **JUDGE GUILLOT:** The rest of your testimony in regards to that will simply be
3 your opinion.

4 **MS. PAUTLER:** Okay. Okay. My next exhibit is the testimony of Mr. Josiah
5 Cox asserting that the Meadows well had been remediated, and then a photo of that
6 Meadows well several weeks later after his testimony where it had not been
7 remediated. So let me just give you that.

8 **JUDGE GUILLOT:** Okay. Okay. Let's do -- we're going to do these two
9 separately. The first thing in front of me, which would be Pautler Exhibit 2, is
10 LPSC B&E Open Session August 20, 2025, Plaquemine, Louisiana, page 109 of
11 the transcript. Any objections to that?

12 **MR. VISWANATHAN:** Judge, while I don't have an objection to the transcript,
13 I would ask that, at least, as it pertains to that exhibit on the B&E, if the Court could
14 take judicial notice of the entire transcript, I think that providing all the context for
15 that conversation would be useful.

16 **JUDGE GUILLOT:** Okay. So we would make -- I'm trying to decide whether to
17 take judicial notice of the transcript or just admit it into the record. I think we're
18 going -- I'm not going to admit this. But what I'm going to do is I'm going to take
19 notice of the Public LPSC Open Session transcript for August 20, 2025 for the
20 Business and Executive Session of Louisiana Public Service Commission. So I will
21 take notice of that whole transcript. So we won't need just this page. And so for
22 completeness, I'll take notice of the whole transcript. The other potential exhibit is

1 a photo. It looks to be September 12, 2025. It's got notations on it, too. Any
2 objections to the photograph?

3 **MR. NICOLAS:** Yes, Your Honor, we object to it. It's not what intervenor alleges
4 it is. That is a waste line used for flushing. The repairs that Mr. Cox is referring to
5 related to the well casing, which is located below ground.

6 **JUDGE GUILLOT:** Staff.

7 **MR. VISWANATHAN:** No objection from Staff.

8 **JUDGE GUILLOT:** Okay. Ms. Pautler, your response to that objection?

9 **MS. PAUTLER:** Yes. That casing, they started working on that casing September
10 23, so.

11 **JUDGE GUILLOT:** That really doesn't address that what you're saying this is is
12 not what it is and Magnolia's objection.

13 **MS. PAUTLER:** That's the condition -- that's the condition of the wellsite. That's
14 -- that big blue thing is leaking.

15 **JUDGE GUILLOT:** I'm going to accept this photo. It is simply a photo. I draw
16 no inferences from the photos. And so, obviously, I'm not going to include the
17 notations at the top. You've made allegations about the photo, and Magnolia
18 alleges that that's not what that is. So with those objections noted, we'll admit it
19 as Exhibit 2.

20 **MS. PAUTLER:** Okay. Thank you. I also have a copy of the online petition
21 request that Ms. Case-Brown had submitted. I think I printed mine a few days
22 earlier because I only had 3,600 signatures. But there's also several testimonials in
23 here from people who have Magnolia Water. And I guess this is just to say that,

1 you know, Mr. Ezell said, oh, well, we've got 70,000 customers, and this is only
2 3,600 people or 3,900 people. But my contention is that this was circulated in our
3 area. It wasn't -- to my knowledge, it was not circulated throughout Louisiana, and
4 I would, you know, challenge them to find even 1% of their customers or one-tenth
5 of the percent who would come in and be happy. So would you like this?

6 **JUDGE GUILLOT:** Is this a different exhibit than what Ms. Case-Brown --

7 **MS. PAUTLER:** No, no, no. I don't think, unless it's different testimonials. I
8 don't know. Did she submit testimonials?

9 **MR. VISWANATHAN:** She did.

10 **MS. PAUTLER:** Pardon me?

11 **MR. VISWANATHAN:** Yes, she did.

12 **MS. PAUTLER:** She did?

13 **MR. VISWANATHAN:** Yes, ma'am. And I'll double check just to verify.

14 **JUDGE GUILLOT:** It is --

15 **MS. PAUTLER:** Okay. Different testimonials. I can submit them.

16 **JUDGE GUILLOT:** It is -- it is what it is.

17 **MS. PAUTLER:** So --

18 **JUDGE GUILLOT:** It is simply a petition entitled Petition re CSWR/Magnolia
19 Water Rate Increases, Service Quality and Regulatory Oversight with some
20 comments.

21 **MR. VISWANATHAN:** And, Judge, Ms. Case-Brown's exhibit does have
22 comments from Karen from Metairie, John from Slidell. I don't know if there are
23 any more.

1 **JUDGE GUILLOT:** One, two --

2 **MS. PAUTLER:** [INAUDIBLE] than any [INAUDIBLE] --

3 **COURT REPORTER:** [INAUDIBLE] microphone?

4 **MS. PAUTLER:** [INAUDIBLE] I'm bad about that. Curtis, Elton, Rachel,

5 Nancy, Margorie, Dan, Amy, Sarah, Gary. Any of those names look

6 [INAUDIBLE]?

7 **MR. VISWANATHAN:** Yeah. It doesn't seem to have all of those. So I guess,

8 in that regard, it's a little different.

9 **MS. PAUTLER:** Pardon me?

10 **JUDGE GUILLOT:** If it's different --

11 **MR. VISWANATHAN:** In that regard, it's different.

12 **MS. PAUTLER:** Okay.

13 **MR. VISWANATHAN:** There do seem to be more.

14 **JUDGE GUILLOT:** Okay. I'll just -- give it to me. If you have an extra copy --

15 is that the other copy?

16 **MS. PAUTLER:** No [INAUDIBLE].

17 **JUDGE GUILLOT:** No. Okay. So this is very different from what Ms. Case-

18 Brown gave me. I'm going to give it back to you. I'm not accepting this because

19 it has no header, no footer. I don't know where this is from.

20 **MS. PAUTLER:** Well --

21 **JUDGE GUILLOT:** I'm not even sure if it's from a website at this point.

22 **MS. PAUTLER:** This was my first page. I printed this all on 1/20/2026, so this

23 was the page.

1 **JUDGE GUILLOT:** If you intended to offer that with this exhibit, you had to give
2 it to me with that page.

3 **MS. PAUTLER:** I thought that you already had it from her, so that's why --

4 **JUDGE GUILLOT:** This is not what Ms. Case-Brown gave me. That's the first
5 thing I said.

6 **MS. PAUTLER:** Okay. Well, the Court Reporter has the complete one with this
7 in it.

8 **JUDGE GUILLOT:** Hand that one to Magnolia for them to review, and also Staff
9 can look at it. I do see a problem. All these -- this page very clearly is a printout
10 from a website with that header on it, and these other pages do not have a header,
11 and in no way indicate to me that the two are connected. So it's hard for me to
12 make any frame of reference on this. I can't even tell whether the two actually
13 come from the same source.

14 **MS. PAUTLER:** Do they reference Magnolia Water?

15 **JUDGE GUILLOT:** I mean -- but I have no idea where this is -- the problem is
16 is, like, I can admit this as something you typed up. But if you're going to testify
17 it's typed up, you're testifying that this comes off of a website, but I can't make
18 that inference off of that. So as far as I know, when I'm going to weigh the weight
19 of this evidence, I have nothing on here to connect the two. And so, unfortunately,
20 it almost looks like somebody just typed this up because it has no header and no
21 footer on it. So you can take that back, I'm not going to admit that. I do need some
22 kind of frame of reference in order to make a judgement call on any weight.

1 **MS. PAUTLER:** Man, I'm getting shot down. Let's see. You already received
2 the resolution from the St. Tammany Parish Council, so we'll skip over that. I do
3 have photos from the Meadows well site and photos -- and these are all submitted
4 to Staff, and I think Mr. Ezell saw them as well. Submitted in August -- most of
5 them were submitted in August when they asked for the data request. So I can --
6 there is one that was taken in January of an unread meter. Would you like those?
7 **JUDGE GUILLOT:** Let the Counsel see it and then you can give it to me. Okay.
8 I have in front of me four pages of photographs with notations. Any objections to
9 this exhibit?
10 **MR. VISWANATHAN:** No objection from Staff.
11 **MR. NICOLAS:** No objections, Your Honor.
12 **JUDGE GUILLOT:** Okay. It will be marked as Pautler Exhibit 3. It has notations
13 on it.
14 **COURT REPORTER:** Judge.
15 **JUDGE GUILLOT:** I'm sorry.
16 **COURT REPORTER:** The copy I have has five pages of photos [INAUDIBLE]
17 what is to be admitted.
18 **MS. PAUTLER:** I do have one more page that has something else that goes with
19 it.
20 **JUDGE GUILLOT:** Okay. Don't use those. So all my -- I have right now is four
21 pages of photographs, and that's what the parties saw and was handed to me, so
22 that's what we're going to make Exhibit 3. So whatever else was handed to the

1 Court Reporter at that point is not admitted at this point because I don't know what
2 it was.

3 **MS. PAUTLER:** Okay. Okay. So my last page is sediment in the tub and in the
4 sink. The flooded area behind the well. And I was doing it just to consolidate as
5 far as pictures go. And I know Mr. Cox says that they're trying to be responsive
6 about customer complaints. So there's the last -- or one of the exhibits I have is --
7 I had sent a complaint in and it was received on the second. On July 8, they sent
8 me -- they called me on July 8 at 4:37 P.M., and that's what this other picture is of.
9 And at 4:51, 13 minutes later, they sent a resolution document saying that they've
10 closed it, and they are -- gave a big song and dance as to why, you know, it's closed,
11 and that I did not respond to their calls. So that's that.

12 **JUDGE GUILLOT:** Okay.

13 **MS. PAUTLER:** Would you like that?

14 **JUDGE GUILLOT:** If you want to admit it --

15 **MS. PAUTLER:** I do.

16 **JUDGE GUILLOT:** -- show it to Counsel and then hand it to me.

17 **MS. PAUTLER:** Okay. Let me see if I -- I think there's one more page of it.

18 **JUDGE GUILLOT:** I have been handed I think two separate -- I have
19 photographs, and then I have email, and then I have something called response.
20 Are you saying that those photographs were some -- attached to one of these?

21 **MS. PAUTLER:** The photograph in the bottom right-hand corner, I -- you know,
22 Magnolia talks about their responsiveness, and I filed a complaint, and it was
23 received on the second I think. And they responded on, what? The seventh, which

1 is fine. But they called me at 4:35; is that right? And didn't -- you know, I didn't
2 see the call. And then 13 minutes later, I received an email from them saying that
3 they've closed the concern.

4 **JUDGE GUILLOT:** Okay. So these photos are not attached to either document?

5 **MS. PAUTLER:** Which photos?

6 **JUDGE GUILLOT:** The photos you -- the one page, the four photographs that
7 you handed me. Were those photographs attached to either the response or the
8 email?

9 **MS. PAUTLER:** The bottom right-hand one was showing when they called me,
10 and then when they emailed me.

11 **JUDGE GUILLOT:** Okay.

12 **MS. PAUTLER:** The other three were sort of -- were just more pictures of the
13 mess in the sink, the sediment in the tub, and the well -- the water behind the well
14 that's been leaking.

15 **JUDGE GUILLOT:** Exhibit 4 we're going to call the Magnolia Water PSC
16 Complaint Response - Anne Pautler, with a date at the top of July 2, 2025. It is a
17 four-page document. Any objections to that being admitted, just the four-page
18 document, as Exhibit 4?

19 **MR. VISWANATHAN:** No, Judge.

20 **JUDGE GUILLOT:** Anything from Magnolia?

21 **MR. NICOLAS:** No objection, Your Honor.

22 **JUDGE GUILLOT:** Then Exhibit 4, which is a four-page document entitled
23 Magnolia Water PSC Complaint Response - Anne Pautler, with a date of July 2,

1 2025. Then we have an email entitled -- well, it's just an email from Joanna Fox to
2 someone. Any objections to the email? It is dated July 8, 2025. Printout of the
3 email.

4 **MR. VISWANATHAN:** No, Judge.

5 **MR. NICOLAS:** No objection, Your Honor.

6 **JUDGE GUILLOT:** Then that will be admitted as Exhibit 5. Okay. Back to the
7 pictures. This is all on one page. That's my problem I have with it right now. Even
8 for identification purposes because you're saying the bottom one goes with the --
9 those exhibits, but then the three other pictures are not -- were not attached to those,
10 were not emailed to those. And so with it all being on one page, this is the problem,
11 I can't just cut off the bottom page as your exhibit and so --

12 **MS. PAUTLER:** I mean, those are -- I guess I did it for space-saving purposes.
13 And so those other three photos were more examples of what was coming out of
14 the faucet.

15 **JUDGE GUILLOT:** I'm not going to accept this one because it's just -- you're
16 telling we what the one at the bottom is.

17 **MS. PAUTLER:** Sure.

18 **JUDGE GUILLOT:** And the other three are clearly another exhibit, and I can't
19 really take those apart here.

20 **MS. PAUTLER:** Okay.

21 **JUDGE GUILLOT:** And that's my problem. Plus, all of the notations that I
22 would not consider. So at this point, I'm just -- you've testified about the phone
23 calls and the times.

1 **MS. PAUTLER:** Okay.

2 **JUDGE GUILLOT:** So just not going to accept that one.

3 **MS. PAUTLER:** Okay. My last one is Order U-35822. On page five -- I think

4 it's page five.

5 **JUDGE GUILLOT:** You don't need to read the order. I can just take notice of

6 Order 35822.

7 **MS. PAUTLER:** Okay.

8 **JUDGE GUILLOT:** It is what it is. It says what it says. I don't need you to read

9 it.

10 **MS. PAUTLER:** Okay.

11 **JUDGE GUILLOT:** So I can --

12 **MS. PAUTLER:** Well --

13 **JUDGE GUILLOT:** Unless you want to point something specific out, but --

14 **MS. PAUTLER:** I do.

15 **JUDGE GUILLOT:** Okay. What are we pointing out?

16 **MS. PAUTLER:** Number 12, it says should the company seek Commission

17 approval to renew or extend its FRP beyond the initial three-year term, Magnolia

18 shall make a separate application apart from its annual FRP filing. Said application

19 must comply with all Commission rules and regulations applicable to rate cases and

20 be filed on or before March 1, 2025. And their application for the extension of the

21 formula rate plan was received May 16. That's six weeks -- yeah. Pardon me? Six

22 weeks after.

1 **JUDGE GUILLOT:** And, Ms. Pautler, just your testimony. Nobody else's and
2 no --

3 **MS. PAUTLER:** Okay. So it was received six weeks after the order and I can
4 bring that to you.

5 **JUDGE GUILLOT:** I don't need a copy of the order.

6 **MS. PAUTLER:** Okay. Do you --

7 **JUDGE GUILLOT:** I definitely can take notice of any Commission issued orders
8 and what they say. So for notification purposes, I'm going to take judicial notice
9 of Order 35822. But I take notice of all Commission orders, whether they're
10 mentioned or not.

11 **MS. PAUTLER:** Okay.

12 **JUDGE GUILLOT:** So --

13 **MS. PAUTLER:** Okay. Well --

14 **JUDGE GUILLOT:** So you don't need to admit it. You can reference it, you can
15 talk about it, but --

16 **MS. PAUTLER:** Okay. Well, they filed six weeks after what the Commission
17 order said.

18 **JUDGE GUILLOT:** Okay. That's your testimony?

19 **MS. PAUTLER:** It is.

20 **JUDGE GUILLOT:** Okay.

21 **MS. PAUTLER:** I mean, that is not in compliance; is it?

1 **JUDGE GUILLOT:** That is a conclusion and every -- all my conclusions will be
2 in a proposed recommendation that will be written and sent to all parties. I'm not
3 making any conclusions or drawing any references today.

4 **MS. PAUTLER:** Okay. Okay. Well, I --

5 **JUDGE GUILLOT:** It's just your opportunity to present everything to me.

6 **MS. PAUTLER:** Okay. I know we've been told to follow procedure, and I'm just
7 saying, you know, maybe somebody else should follow procedure. Just saying.

8 **JUDGE GUILLOT:** Any more testimony?

9 **MS. PAUTLER:** I don't think so. I think that's good.

10 **JUDGE GUILLOT:** Okay. Moving on to cross. Staff?

11 **MR. VISWANATHAN:** No cross-examination.

12 **JUDGE GUILLOT:** Magnolia?

13 **MR. NICOLAS:** No cross, Your Honor.

14 **JUDGE GUILLOT:** I have one question for you, Ms. Pautler. In your joint
15 comment to testimony of Robin Pendergrass, which you signed, it states failure to
16 use independently audited financial statements as a means of objectively evaluating
17 rates, has a negative impact on public interest and ratepayers. Are you saying that
18 Magnolia's financial statements were not audited, or is that you are -- take issue
19 with the actual auditor?

20 **MS. PAUTLER:** You know, that's a good question because when we were at the
21 September 23 oral arguments, and I think you asked if they had the audited
22 financials, Braeden Smith said no, and then Mr. Ezell said no. And then, later, Mr.

1 Ezell said, well, we turned them in under seal. So honestly -- and Robin -- Ms.
2 Pendergrass was there. She --

3 **MR. VISWANATHAN:** Judge, I'm going to object to her asking questions of Ms.
4 Pendergrass at this time.

5 **MS. PAUTLER:** It was --

6 **JUDGE GUILLOT:** Ms. Pendergrass is going to be testifying.

7 **MS. PAUTLER:** Okay.

8 **JUDGE GUILLOT:** And there will be opportunity for cross of that. And beyond
9 all that, it's just the question, it's your statement that you signed that there was a
10 failure to use independently audited financial statements. So are you asserting that
11 there was no auditing of financial statements, or that it was simply improper or
12 insufficient?

13 **MS. PAUTLER:** I can't answer that because of what was said on September 23.
14 I really -- you know, it appeared to me that they didn't have them, the audited
15 financials at that time.

16 **JUDGE GUILLOT:** Okay. Anything else you want to add as far as testimony?

17 **MS. PAUTLER:** No, thank you.

18 **JUDGE GUILLOT:** Okay. For completeness, the next person on the list was Mr.
19 Al Ronquille. I'm probably mispronouncing that name. Is he here present today?

20 **MS. CASE-BROWN:** He is not.

21 **JUDGE GUILLOT:** Then we will -- not be called. And we're moving on to the
22 next noticed witness, which was Ms. Robin Pendergrass; is that correct?

1 **MR. VISWANATHAN:** That's correct, Judge. Staff would call Ms. Robin
2 Pendergrass to the stand. And, Judge, before I begin, I have two exhibits that I will
3 be introducing. Can I approach and give them to Ms. Pendergrass at this point?
4 **JUDGE GUILLOT:** Yes.
5 **MR. VISWANATHAN:** Thank you. Judge, may I proceed?
6 **JUDGE GUILLOT:** I'm sorry? Go ahead.
7 **MR. VISWANATHAN:** May I proceed?
8 **JUDGE GUILLOT:** Yes.
9 **Robin Pendergrass came forth as a witness; and, after having been duly sworn,**
10 **testified as follows:**
11 **DIRECT EXAMINATION BY MR. ARVIND VISWANATHAN**
12 **MR. VISWANATHAN:** Good afternoon. Could you give your name for the
13 record?
14 **MS. PENDERGRASS:** Yes. Robin Pendergrass.
15 **MR. VISWANATHAN:** And, Ms. Pendergrass, who do you work for?
16 **MS. PENDERGRASS:** Louisiana Public Service Commission.
17 **MR. VISWANATHAN:** And what is the business address of the Louisiana Public
18 Service Commission?
19 **MS. PENDERGRASS:** 602 North 5th Street, Baton Rouge, Louisiana 70812 --
20 821.
21 **MR. VISWANATHAN:** What is your title at the LPSC?
22 **MS. PENDERGRASS:** I'm the Audit Director.
23 **MR. VISWANATHAN:** And what does that job or that title entail?

1 **MS. PENDERGRASS:** A lot. So I conduct regular rate case proceedings. I
2 conduct FRPs. I handle letters of non-opp for companies that are requesting
3 transfers and loan documentation -- loan requests. I handle all of the in-house Staff
4 day-to-day operations. I manage the entire Audit Division.

5 **MR. VISWANATHAN:** And have you previously served as a consultant or
6 provided testimony at the LPSC?

7 **MS. PENDERGRASS:** I have.

8 **MR. VISWANATHAN:** About how many years have you worked at the LPSC?

9 **MS. PENDERGRASS:** Twenty-plus.

10 **MR. VISWANATHAN:** And have you previously worked on rate cases or FRPs
11 in your time at the Commission?

12 **MS. PENDERGRASS:** Numerous. Approximately, I would say for just rate cases
13 and FRP cases, roughly around 185.

14 **MR. VISWANATHAN:** Do you have the -- I'm sorry. Do you have the authority
15 to testify on behalf of the Commission here today?

16 **MS. PENDERGRASS:** I do.

17 **MR. VISWANATHAN:** What is the purpose of your testimony?

18 **MS. PENDERGRASS:** To provide an objective recommendation to the
19 Commission regarding Magnolia's request.

20 **MR. VISWANATHAN:** I want to draw your attention to what's in front of you
21 labeled Staff Exhibit 1. What is Staff Exhibit 1?

22 **MS. PENDERGRASS:** This is my direct testimony.

1 **MR. VISWANATHAN:** And before we go into that, Ms. Pendergrass, does
2 anyone need a copy of Staff Exhibit 1? Ms. Norris? No. Okay. I'm going to
3 repeat that question. What is Staff Exhibit 1?
4 **MS. PENDERGRASS:** It's my direct testimony on behalf of the Commission.
5 **MR. VISWANATHAN:** Okay. And who was that exhibit prepared by?
6 **MS. PENDERGRASS:** Myself.
7 **MR. VISWANATHAN:** And if the same questions were asked to you today,
8 would your answers be the same?
9 **MS. PENDERGRASS:** Yes, I would.
10 **MR. VISWANATHAN:** Are there any changes or corrections that need to be
11 made?
12 **MS. PENDERGRASS:** No.
13 **MR. VISWANATHAN:** Your Honor, at this time, I'd like to offer, file, and
14 introduce what was previously marked as Staff Exhibit 1.
15 **JUDGE GUILLOT:** Are we offering all of the attachments that are there, too?
16 **MR. VISWANATHAN:** Yes, Judge. This will be an in globo exhibit.
17 **JUDGE GUILLOT:** Okay. I have in front of me Staff Exhibit 1, in globo. It is
18 the direct testimony of Robin Pendergrass on behalf of Louisiana Public Service
19 Commission dated November 3, 2025, with attachments. Any objections to Staff
20 Exhibit 1, in globo?
21 **MR. NICOLAS:** No objection, Your Honor.
22 **JUDGE GUILLOT:** Any objection? [NONE HEARD] Okay. Hearing no
23 objection, Staff Exhibit 1, in globo, is admitted.

1 **MR. VISWANATHAN:** Ms. Pendergrass, what was Magnolia's request as a part
2 of this application?

3 **MS. PENDERGRASS:** Their request was to renew their FRP for an additional
4 three years with no changes.

5 **MR. VISWANATHAN:** Okay. And when you say no changes, what sort of ROE
6 were they requesting?

7 **MS. PENDERGRASS:** They were requesting to keep their ROE of 9.5.

8 **MR. VISWANATHAN:** And was there a bandwidth along either side of that?

9 **MS. PENDERGRASS:** Yes. The bandwidth is from 9 to 10%. So anything below
10 nine would indicate an increase in rates. Anything above a 10 would indicate a
11 decrease in rates.

12 **MR. VISWANATHAN:** And I think we'll get into more of that in a section about
13 how the FRP process actually works. As a part of your review, what did you review
14 in this docket?

15 **MS. PENDERGRASS:** I reviewed their application with their accompanying
16 exhibits and testimony. I reviewed the current FRP. I reviewed the three years that
17 were included in the previous FRP, 2022, 2023, and 2024, to do a comparison of
18 the change in the rates from each year. I did a CAPM study. I did a review of all
19 of their compliance with LDEQ, LDH, and the Public Service Commission. We
20 have our own compliance. And then I reviewed all of the intervenors' concerns
21 and filings and responses to data requests.

22 **MR. VISWANATHAN:** You know, if the Commission votes to accept this
23 application as part of this docket, will there be an immediate rate change?

1 **MS. PENDERGRASS:** No.

2 **MR. VISWANATHAN:** Okay. Why is that?

3 **MS. PENDERGRASS:** Well, there's no request. As a matter of fact, they're just

4 asking for the status quo. Now, if they would've asked for a change in ROE or any

5 other changes, it may have triggered. But in this particular case, they're literally

6 asking for just a renewal of their FRP.

7 **MR. VISWANATHAN:** Going into Magnolia's history with the FRP, has the

8 Commission reviewed the initial request for Magnolia to establish an FRP?

9 **MS. PENDERGRASS:** Yes.

10 **MR. VISWANATHAN:** Okay. And if I said that was Docket 35822, would that

11 sound correct?

12 **MS. PENDERGRASS:** Yes. There was an extensive review at that time.

13 **MR. VISWANATHAN:** Since that order, have there been annual reviews of

14 Magnolia's -- annual reviews of Magnolia?

15 **MS. PENDERGRASS:** Yes.

16 **MR. VISWANATHAN:** Okay. And those are for the test years '22, '23, and '24?

17 **MS. PENDERGRASS:** Yes.

18 **MR. VISWANATHAN:** And have those filings been reviewed and voted upon

19 by the Commission?

20 **MS. PENDERGRASS:** Yes, they have.

21 **MR. VISWANATHAN:** One of the things that came up is the audited financials.

22 **MS. PENDERGRASS:** Yes.

1 **MR. VISWANATHAN:** And I think there's some misunderstanding on what
2 happened. In your review of this application, did you have the audited financials?
3 **MS. PENDERGRASS:** Absolutely.
4 **MR. VISWANATHAN:** Okay. When Mr. Smith was testifying, did he have those
5 as a part of this docket?
6 **MS. PENDERGRASS:** No. May I speak freely?
7 **MR. VISWANATHAN:** Let me see if I can get a follow up. Did he have them as
8 a part of the FRP dockets?
9 **MS. PENDERGRASS:** The FRP dockets, yes.
10 **MR. VISWANATHAN:** Okay. So Staff had those audited financials in the FRP
11 docket?
12 **MS. PENDERGRASS:** Yes.
13 **MR. VISWANATHAN:** But had not asked for it in this docket?
14 **MS. PENDERGRASS:** I hadn't sent out data requests yet.
15 **MR. VISWANATHAN:** Okay. And we -- did we receive them in this docket?
16 **MS. PENDERGRASS:** Absolutely.
17 **MR. VISWANATHAN:** Were they any different than what you saw in the test
18 year dockets?
19 **MS. PENDERGRASS:** They were not.
20 **MR. VISWANATHAN:** They were one and the same?
21 **MS. PENDERGRASS:** Yes, they were.
22 **JUDGE GUILLOT:** I just need to remind the parties --
23 **MR. VISWANATHAN:** I apologize, Judge.

1 **JUDGE GUILLOT:** -- finish the question before answering just so we have a
2 clean record.

3 **MR. VISWANATHAN:** Let's discuss how the actual mechanics of the FRP. If
4 the Commission votes to accept this application, what are the next steps?

5 **MS. PENDERGRASS:** Magnolia would file their next FRP based on the 2025
6 test year. That filing would be due May 1, 2026.

7 **MR. VISWANATHAN:** If the Commission had to move that, they could address
8 that at a vote?

9 **MS. PENDERGRASS:** We could address it.

10 **MR. VISWANATHAN:** Okay. And that docket will be -- will that docket be
11 published?

12 **MS. PENDERGRASS:** Yes.

13 **MR. VISWANATHAN:** Okay. Will that docket allow for interventions?

14 **MS. PENDERGRASS:** Absolutely.

15 **MR. VISWANATHAN:** What would be contained in that filing?

16 **MS. PENDERGRASS:** They'll file their annual report. They will file any exhibits
17 with their rate changes, rate schedules, any proposed adjustments during that test
18 year, and their testimony to support that.

19 **MR. VISWANATHAN:** Would Magnolia need to provide information regarding
20 their finances?

21 **MS. PENDERGRASS:** Yes.

22 **MR. VISWANATHAN:** Would they need to provide information regarding
23 compliance with, say, LDEQ or LDH?

1 **MS. PENDERGRASS:** Always.

2 **MR. VISWANATHAN:** Okay. One of the things you brought up is adjustments.

3 What are adjustments?

4 **MS. PENDERGRASS:** The adjustments, so Magnolia will -- so once they get

5 their audited financials, they'll have to take -- and because of the FRP process,

6 they'll have to analyze the revenues. So they get it, show a full year of revenues.

7 They'll make any adjustments to remove any expenses that are outside the norm,

8 which then we also get to review for prudence. Then I'll go through and make

9 additional adjustments.

10 **MR. VISWANATHAN:** And, I mean, is it safe to say adjustments are tantamount

11 to removals?

12 **MS. PENDERGRASS:** Yes.

13 **MR. VISWANATHAN:** Okay. And do we remove fines?

14 **MS. PENDERGRASS:** Yes. Fines, penalties, donations, contributions.

15 **MR. VISWANATHAN:** What other things? I mean, you listed four, are there any

16 others that you can think of off the top of your head that we remove?

17 **MS. PENDERGRASS:** We remove executive bonuses. We remove expenses that

18 are excessive and not validated. They have to provide expenses -- receipts for their

19 expenses. I mean, there's various things that we can remove.

20 **MR. VISWANATHAN:** Sure. Are there any other orders that you can think of

21 that Magnolia would be providing compliance within that FRP filing?

22 **MS. PENDERGRASS:** Just LDEQ, LDH, and then any LPSC orders, like for

23 their inspection and supervision fees and their annual report filings.

1 **MR. VISWANATHAN:** What are some advantages to the FRP process versus
2 what we could consider Magnolia coming back in, say, three to five years for a rate
3 case?

4 **MS. PENDERGRASS:** So with the FRP filings, Staff has the ability to review
5 Magnolia's books on an annual basis, able to review any capital improvements that
6 they've made in the prior test year, review for any prudency issues. And then once
7 we make any adjustments, we're able to -- any expenses that we remove is a
8 decrease in the rates for the ratepayers. So --

9 **MR. VISWANATHAN:** If --

10 **MS. PENDERGRASS:** Go ahead.

11 **MR. VISWANATHAN:** If Staff should see a improper or an imprudent cost in a
12 company's books in a test year, what is the procedure there?

13 **MS. PENDERGRASS:** We disallow it, we make adjustments, and then we lower
14 the rates to compensate for that. So -- and with the thing with a FRP is that we're
15 able to review it on an annual basis. With traditional ratemaking, a company might
16 get a rate decrease -- or a rate increase, I should say, and then they may not come
17 back until three, five years sometimes. I've had companies that don't come in for
18 over 10 years. So what happens at that point is they may be earning those rates,
19 their expenses could decrease, and we would never know because there is no filing,
20 there's no requirement for them to file. So if the company is just collecting revenue
21 and they're not maintaining their system, then they're in a position where they, you
22 know, fall under DEQ compliance order or DHH compliance order. And then they

1 end up having to sell to a larger company, which is basically what happened with
2 Mo-Dad.

3 **MR. VISWANATHAN:** In the FRP process, is there a potential for a rate
4 decrease?

5 **MS. PENDERGRASS:** Yes.

6 **MR. VISWANATHAN:** How would that work?

7 **MS. PENDERGRASS:** Well, if a company's expenses were to decrease, whether
8 it's, for instance, their cost of goods were to decrease, the material and supplies or
9 insurance premiums were to decrease, then that would cause their earnings to
10 actually -- their net income would increase, which would cause an actual decrease
11 in ratepayers' rates. Another way would be if they gain more customers and were
12 able to spread that cost, their revenue requirement over more customers, which
13 we've talked about here today.

14 **MR. VISWANATHAN:** When we talked about the ROE and the bandwidth, so
15 in, let's take -- let's say it's 2022, and Magnolia comes in and they've made 9.3%,
16 what would be -- what would happen in that test year?

17 **MS. PENDERGRASS:** If they made 9.3% --

18 **MR. VISWANATHAN:** Yes.

19 **MS. PENDERGRASS:** -- then they would increase -- well, nothing actually. If
20 they -- anything between a 9 and a 9.5, there is no -- there's no change.

21 **MR. VISWANATHAN:** Okay. If Magnolia in the same -- or a different year
22 came in and they had a 8.5?

1 **MS. PENDERGRASS:** Then they would increase to bring their ROE up to the
2 9%.

3 **MR. VISWANATHAN:** And if they were at an 11.5?

4 **MS. PENDERGRASS:** Then they would decrease their rates to bring their ROE
5 to the 10%, top of the bandwidth.

6 **MR. VISWANATHAN:** And what is the timeline for those sort of adjustments?

7 **MS. PENDERGRASS:** What do you mean?

8 **MR. VISWANATHAN:** How soon? If Staff completes its review and it gets
9 voted on --

10 **MS. PENDERGRASS:** They're allowed to implement rates I believe September
11 1.

12 **MR. VISWANATHAN:** So upon a review and a Commission vote, they're
13 allowed to change -- they are required to change their rates.

14 **MS. PENDERGRASS:** They're allowed to change their rates on September 1.

15 **MR. VISWANATHAN:** So I want to refer to Exhibit A in your direct testimony
16 and that is the capital asset pricing model study or otherwise known as CAPM. So
17 what is a CAPM study?

18 **MS. PENDERGRASS:** It is what an investor expects to earn on investment based
19 on their risk in the market.

20 **MR. VISWANATHAN:** And how does one do a CAPM study?

21 **MS. PENDERGRASS:** So first we have to determine the risk-free rate, and that
22 is used by the 30-year treasury bond. We get the yield for the 30-year treasury
23 bond. And then we need to determine their market risk premium, and that is

1 determined by using average returns from S&P 500. And then we take the
2 difference of that, the market-free risk. And then we determine their beta, which is
3 -- their beta is the measure of their stock volatility. And we input those into the
4 CAPM formula to determine what their return on equity should be.

5 **MR. VISWANATHAN:** Is there an advantage to doing a CAPM study?

6 **MS. PENDERGRASS:** I believe so. It's a more simplistic study, it's easy to use,
7 and it's been deemed to be fairly accurate. There are other methods, but all of them
8 have their issues and CAPM has been the method that this Commission has relied
9 on in almost every rate case that I've done here.

10 **MR. VISWANATHAN:** You said that other studies have issues as well?

11 **MS. PENDERGRASS:** Yes.

12 **MR. VISWANATHAN:** Is there a perfect study?

13 **MS. PENDERGRASS:** No, there is not.

14 **MR. VISWANATHAN:** Okay. So in this docket, how did you conduct your
15 CAPM study?

16 **MS. PENDERGRASS:** So in this docket, I used these inputs, just like I said, and
17 I input them into the CAPM formula, and I was able to determine two different -- I
18 used two different outputs. I used their actual -- I used the company's actual capital
19 structure, and then I used an imputed capital structure, which was based on their --
20 the proxy companies that I use in here.

21 **MR. VISWANATHAN:** So you used two outcomes and came to an average?

22 **MS. PENDERGRASS:** I did.

1 **MR. VISWANATHAN:** Let's discuss the first outcome, which was the use of
2 Magnolia's actual capital structure.

3 **MS. PENDERGRASS:** Yeah. So with that, we used Magnolia's actual capital
4 structure for the 2024 test year, and their equity was right at 69%, their debt was at
5 31%, and it generated a return on equity of 9.22% and a return on rate base or a
6 weighted return of 8.33.

7 **MR. VISWANATHAN:** And let's discuss the second outcome, which was using
8 the imputed capital structure.

9 **MS. PENDERGRASS:** Yeah. So the -- yeah. I'm sorry. So the imputed was
10 using the average debt and equity from the proxy companies, and that was 52%
11 equity and 48% debt, which is actually closer to what we required of Magnolia in
12 their 2024 test year to use an imputed capital structure. That actually generated an
13 equity of 10.4%. So I took an average of those two, and I believe it came out to
14 9.81%, if I'm not mistaken, and that is higher than what they actually requested.
15 Their current is 9.5, so.

16 **MR. VISWANATHAN:** What recommendation did you make from all the
17 information you just discussed?

18 **MS. PENDERGRASS:** So my recommendation was to use the 9.5 and it
19 generated a 7.98 return on rate base.

20 **MR. VISWANATHAN:** Is that good for ratepayers?

21 **MS. PENDERGRASS:** That's fantastic for ratepayers.

22 **MR. VISWANATHAN:** Why is that?

1 **MS. PENDERGRASS:** Well, because it's -- what the company asked for is less
2 than what I actually generated in this analysis.

3 **MR. VISWANATHAN:** I want to discuss the regulatory compliance because
4 that's come up a bit as part of this docket. Are you a doctor?

5 **MS. PENDERGRASS:** No.

6 **MR. VISWANATHAN:** Are you an engineer?

7 **MS. PENDERGRASS:** I am not.

8 **MR. VISWANATHAN:** Are there other state agencies regulating Magnolia?

9 **MS. PENDERGRASS:** Yes.

10 **MR. VISWANATHAN:** What are those agencies?

11 **MS. PENDERGRASS:** DEQ and LDH are both regulating them.

12 **MR. VISWANATHAN:** Okay. And LDEQ is Louisiana Department of
13 Environmental Quality?

14 **MS. PENDERGRASS:** Yes.

15 **MR. VISWANATHAN:** And LDH is Louisiana Department of Health?

16 **MS. PENDERGRASS:** Yes.

17 **MR. VISWANATHAN:** What's LDEQ's role?

18 **MS. PENDERGRASS:** So DEQ is responsible for reviewing engineering reports
19 and approving those before providing any permits to the company. They are also
20 responsible for checking for effluent output. They inspect sites on a regular basis.

21 **MR. VISWANATHAN:** Okay.

22 **MS. PENDERGRASS:** [INAUDIBLE] think of off the top of my head.

1 **MR. VISWANATHAN:** And let's talk about LDH, what is their role or
2 responsibility?

3 **MS. PENDERGRASS:** Theirs is a lot of the same. They have to review any
4 engineering reports prior to any improvements. They have to -- they check well
5 sites. They check samples. They have the grading system that they use to rate these
6 systems, not the companies, but their individual systems. They are in charge of
7 water quality.

8 **MR. VISWANATHAN:** Let me ask you, Ms. Pendergrass, do those agencies have
9 the technical expertise?

10 **MS. PENDERGRASS:** They do.

11 **MR. VISWANATHAN:** And by that, I mean do they have engineering divisions?

12 **MS. PENDERGRASS:** They do.

13 **MR. VISWANATHAN:** Do they conduct site visits?

14 **MS. PENDERGRASS:** All the time.

15 **MR. VISWANATHAN:** And they are the ones, in the end, responsible for water
16 quality?

17 **MS. PENDERGRASS:** They are.

18 **MR. VISWANATHAN:** And wastewater quality?

19 **MS. PENDERGRASS:** Yes.

20 **MR. VISWANATHAN:** So let's talk about LDEQ and their administrative orders
21 of consent. In this docket, did you contact LDEQ?

22 **MS. PENDERGRASS:** Yes.

23 **MR. VISWANATHAN:** Did LDEQ raise any issues or raise a flag of anything?

1 **MS. PENDERGRASS:** No. Actually, they praised the company for the issues
2 that they resolved, but they just mentioned they were still under the compliance
3 orders.

4 **MR. VISWANATHAN:** Okay. And that's an administrative order of consent?

5 **MS. PENDERGRASS:** Yes.

6 **MR. VISWANATHAN:** Okay. Since coming into the state in 2019, how many
7 administrative orders of consent has Magnolia complied with?

8 **MS. PENDERGRASS:** There's four of them. Actual orders, there's actually four
9 of them. They had, as far as the facilities that were within those, I would say I think
10 it was 265 facilities that were deficient. And of those, they've complied with 242.

11 **MR. VISWANATHAN:** Okay. If someone has a complaint or disputes the water
12 quality system, what agency deals with that?

13 **MS. PENDERGRASS:** Water quality, LDH.

14 **MR. VISWANATHAN:** Okay. And if it's wastewater?

15 **MS. PENDERGRASS:** LDEQ.

16 **MR. VISWANATHAN:** Okay. Let's talk about LDH. Does LDH have a system
17 of providing the public how well a water company is doing or not doing?

18 **MS. PENDERGRASS:** Yes. They have the community standards system that we
19 talked about earlier. They are seven different standards -- I don't know them off
20 the top of my head, but they are on the website -- that they use to grade these water
21 systems.

22 **MR. VISWANATHAN:** And was that put together because of an act by the
23 Legislature?

1 **MS. PENDERGRASS:** Yes. I want to say Act 98 of 2021.

2 **MR. VISWANATHAN:** When it comes to Magnolia, what is the lowest grade
3 that we have seen?

4 **MS. PENDERGRASS:** The lowest grade I've seen is a B.

5 **MR. VISWANATHAN:** When it comes to the Greenleaves subdivision, what
6 grade has LDH given them?

7 **MS. PENDERGRASS:** An A.

8 **MR. VISWANATHAN:** When it comes to the Meadows and the Belair
9 subdivision, what grade has LDH given?

10 **MS. PENDERGRASS:** They received an A.

11 **MR. VISWANATHAN:** Do you have any reason to doubt LDEQ or LDH?

12 **MS. PENDERGRASS:** I do not. That is their expertise. It is not mine. We rely
13 on their expertise to determine whether the company is in compliance with these
14 issues, and that's what I base my analysis on.

15 **MR. VISWANATHAN:** Coming to the overall recommendation that you made,
16 what is your overall recommendation when it comes to this docket?

17 **MS. PENDERGRASS:** To authorize Magnolia to extend its FRP for an additional
18 three years, maintaining their ROE of 9.5% with no material changes.

19 **MR. VISWANATHAN:** In your Staff report, you provided a draft exhibit of the
20 Magnolia's RFP, did you make changes to -- recommended changes to RFP?

21 **MS. PENDERGRASS:** Just language for clarification purposes.

22 **MR. VISWANATHAN:** And would you want the Commission to adopt that?

23 **MS. PENDERGRASS:** Absolutely.

1 **MR. VISWANATHAN:** You also required some reporting requirements as a part
2 of your recommendation. Are those also items that you request that the
3 Commission adopt?
4 **MS. PENDERGRASS:** Yes.
5 **MR. VISWANATHAN:** I want to draw your attention to Staff Exhibit 2. Please
6 let me know when you have that in front of you. Does anyone need a copy of Staff
7 Exhibit 2? Okay.
8 **MS. PENDERGRASS:** Got it.
9 **MR. VISWANATHAN:** Ms. Pendergrass, what is Staff Exhibit 2?
10 **MS. PENDERGRASS:** This is my cross-answering testimony.
11 **MR. VISWANATHAN:** And who was this exhibit prepared by?
12 **MS. PENDERGRASS:** Myself.
13 **MR. VISWANATHAN:** If the same questions were asked to you today, would
14 your answers be the same?
15 **MS. PENDERGRASS:** Yes.
16 **MR. VISWANATHAN:** Are there any changes or corrections that need to be
17 made?
18 **MS. PENDERGRASS:** No.
19 **MR. VISWANATHAN:** Your Honor, before we go into this exhibit, I'd like to
20 offer, file, and introduce what has previously been identified as Staff Exhibit 2.
21 **JUDGE GUILLOT:** I have in front of me what's been marked as Staff Exhibit 2.
22 It is the cross-answering testimony of Robin Pendergrass on behalf of Louisiana

1 Public Service Commission dated November 17, 2025, no attachments. The
2 affidavit is considered part of the testimony. Any objections to Staff Exhibit 2?
3 **MR. NICOLAS:** No, Your Honor.
4 **JUDGE GUILLOT:** Anything from over here? [NONE HEARD] No. Okay.
5 Staff Exhibit 2 is admitted.
6 **MR. VISWANATHAN:** Ms. Pendergrass, as it relates to -- based on your cross-
7 answering testimony, is there anything you would like to address in regard to water
8 quality?
9 **MS. PENDERGRASS:** Just to reiterate that we do not regulate water quality, that
10 that is the responsibility of LDH.
11 **MR. VISWANATHAN:** And are there any assumptions we make with LDH's
12 reporting?
13 **MS. PENDERGRASS:** Well, our assumption is that they're accurate.
14 **MR. VISWANATHAN:** Is there anything that you have you seen that has made
15 you give rise -- or concern to any of those agencies?
16 **MS. PENDERGRASS:** No, not at all.
17 **MR. VISWANATHAN:** Okay. Based on the cross-answering testimony, is there
18 anything you'd like to address in regard to the FRP process itself?
19 **MS. PENDERGRASS:** Just that the FRP process is really in the best interest of
20 the ratepayers. Everything that they've asked of us today regarding transparency,
21 there were deep dives of their books, reviewing all of their capital improvements
22 and the receipts. And everything that they've asked is literally what Staff does here.
23 That is wholly the job of this Audit Division.

1 **MR. VISWANATHAN:** There were some recommendations which the
2 intervenors made which Staff didn't really pose an objection to. The reinstating of
3 a tiered sewer billing, why wouldn't you object to that?

4 **MS. PENDERGRASS:** I think it would be a good idea for Magnolia to look at
5 those things and they have agreed because we're always trying to find better ways
6 to help lower-income customers, people that don't use as much water as other
7 people, or, you know, that are just on low-income households.

8 **MR. VISWANATHAN:** Another item was enhanced customer service
9 notifications, why don't you object to that?

10 **MS. PENDERGRASS:** I always agree that better notification is a great thing. I
11 believe that text notifications are great, and if everyone would sign up for that --

12 **MR. VISWANATHAN:** Ms. Pendergrass, I want to come to your overall final
13 recommendation, based on everything you've reviewed and heard, what is your
14 final recommendation?

15 **MS. PENDERGRASS:** The Commission authorize Magnolia to extend its FRP
16 for an initial three years.

17 **MR. VISWANATHAN:** Has Magnolia agreed with your direct testimony and
18 corresponding Staff report?

19 **MS. PENDERGRASS:** They have.

20 **MR. VISWANATHAN:** By agreeing to this, is it your appreciation that they're
21 requesting the Commission to approve your direct testimony in Staff report?

22 **MS. PENDERGRASS:** Yes.

23 **MR. VISWANATHAN:** Your Honor, at this time, I'll tender the witness for cross.

1 **JUDGE GUILLOT:** Any cross by Magnolia?

2 **CROSS-EXAMINATION BY MR. ANDY NICOLAS**

3 **MR. NICOLAS:** Yes, Your Honor. We just have one question. Ms. Pendergrass,

4 your testimony a few minutes ago, you referenced the LDH's Safe Drinking Water

5 Program grading system, which we've discussed quite a bit today. You also

6 mentioned the seven standards that LDH uses to issue those grades. I know you

7 said you didn't recall all of them. But do you recall federal and state water quality

8 being two of those standards?

9 **MS. PENDERGRASS:** Vaguely. That vaguely sounds familiar.

10 **MR. NICOLAS:** Thank you, Your Honor.

11 **JUDGE GUILLOT:** All righty then. Ms. Case-Brown, do you have cross?

12 **CROSS-EXAMINATION BY MS. CINDY CASE-BROWN**

13 **MS. CASE-BROWN:** Yes, ma'am. All right. So, Ms. Pendergrass, where did

14 you go to school?

15 **MS. PENDERGRASS:** I went to Southeastern Louisiana University.

16 **MS. CASE-BROWN:** Me, too. That's great. It's a wonderful school. In your

17 capacity as the Audit Director, what type of CEUs are required in your position?

18 **MS. PENDERGRASS:** Excuse me?

19 **MS. CASE-BROWN:** What type of continuing education requirements are there

20 in your position?

21 **MS. PENDERGRASS:** There are no requirements, but I have attended multiple

22 rate schools.

1 **MS. CASE-BROWN:** Okay. Would you agree with me if I said that adequate
2 audit procedures are essential to determining appropriate rate?

3 **MS. PENDERGRASS:** Yes.

4 **MS. CASE-BROWN:** Okay. Would you agree with me if I said that falsified
5 work papers could negatively impact ratepayers?

6 **MS. PENDERGRASS:** Falsified work papers, yes.

7 **MS. CASE-BROWN:** Okay. Would you agree with me that lacking competence
8 to evaluate complex evaluation models would negatively impact ratepayers?

9 **MS. PENDERGRASS:** Can you repeat that?

10 **MS. CASE-BROWN:** Absolutely. Would you agree with the statement that
11 lacking competence to evaluate complex evaluation models could negatively
12 impact ratepayers?

13 **MS. PENDERGRASS:** On the auditor's part?

14 **MS. CASE-BROWN:** Just a general -- just in general.

15 **MS. PENDERGRASS:** Well, I can't answer that. It's too vague.

16 **MS. CASE-BROWN:** Okay. Is it important for someone to have the
17 qualifications and the competency of reading evaluation models when creating an
18 audit or when engaging in an audit?

19 **MS. PENDERGRASS:** Are you referring to the auditor?

20 **MS. CASE-BROWN:** You are the Audit Director. You have more familiarity
21 with audits than I do. Okay. I'll just move on. Okay. Would you agree with me
22 when I say that technical expertise for specialized audits is essential when
23 determining these type of audits for utility companies?

1 **MS. PENDERGRASS:** Absolutely.

2 **MS. CASE-BROWN:** Okay. So would you agree with me if I said that lack of
3 evidence could harm the ratepayer?

4 **MS. PENDERGRASS:** If a --

5 **MS. CASE-BROWN:** I'm sorry. Lack of evidence of financial documents in
6 determining a rate.

7 **MS. PENDERGRASS:** Okay. Well, there is no audit without financial
8 documents, so that isn't even making sense.

9 **MS. CASE-BROWN:** Okay. Would you agree with me if I said that persistent
10 issues with estimates would negatively impact ratepayers?

11 **MS. PENDERGRASS:** I don't understand your question or what you're trying to
12 get from me.

13 **MS. CASE-BROWN:** Okay. When completing an audit, if there were persistent
14 issues with estimates, how might those issues affect the accuracy of audited
15 financial statements?

16 **MS. PENDERGRASS:** It would only affect it if it was allowed by the auditor.

17 **MS. CASE-BROWN:** Okay. In regards to audits -- audited financial statements,
18 is 47% deficiency a good thing?

19 **MS. PENDERGRASS:** Of what?

20 **MS. CASE-BROWN:** Of accuracy of audits. If an audited company -- if an audit
21 company was found to have 47% deficiency, is that a good thing?

22 **MS. PENDERGRASS:** I couldn't answer that.

1 **MS. CASE-BROWN:** Okay. Okay. Moving on. Are you a customer of Magnolia
2 Water?

3 **MS. PENDERGRASS:** I am not.

4 **MS. CASE-BROWN:** RSM -- okay. We already talked about them. Okay. Why
5 did you -- aside from being simple -- quote, simple and, quote, easy, why did you
6 use the capital asset pricing model?

7 **MS. PENDERGRASS:** This Commission has historically used CAPM. The Staff
8 uses it, our outside consultants use it.

9 **MS. CASE-BROWN:** And when do you think they started using it? Historically,
10 this has been the method that they used.

11 **MS. PENDERGRASS:** I could not answer that.

12 **MS. CASE-BROWN:** Okay. Are there any other methods available to determine
13 the debt equity ratio?

14 **MS. PENDERGRASS:** There are.

15 **MS. CASE-BROWN:** There are no other --

16 **MS. PENDERGRASS:** I said there are.

17 **MS. CASE-BROWN:** Okay. Thank you. Are there others that are more suitable
18 for utilities?

19 **MS. PENDERGRASS:** Not in my opinion, no.

20 **MS. CASE-BROWN:** Okay. How did you determine the proxies that were used
21 in your CAPM study?

22 **MS. PENDERGRASS:** So we input certain data into the site that we use to pull
23 these from, and these companies have actually been used in multiple rate cases by

1 myself, by other auditors, by outside consultants, as well as by utilities that have
2 filed rate cases.

3 **MS. CASE-BROWN:** Okay.

4 **MS. PENDERGRASS:** So these proxy companies are not outside the norm.

5 **MS. CASE-BROWN:** Okay. What did we decide the total number of customers
6 was? A hundred thousand plus, 100,000, 123,080? Is it fair to compare the needs
7 of Magnolia, as far as debt and equity ratio, to a company with five and a half
8 million customers?

9 **MS. PENDERGRASS:** Well, we're not going to find any companies that are
10 going to be comparable apples to apples, and that's the whole purpose of doing the
11 leverage beta and then un-leveraging to find Magnolia's leveraged beta.

12 **MS. CASE-BROWN:** Okay. Is it a fair comparison, 123 customers to 3,400,000?

13 **MS. PENDERGRASS:** I'm not answering that.

14 **MS. CASE-BROWN:** Okay. Is it a fair comparison to -- for 123 customers versus
15 2 million customers?

16 **MR. VISWANATHAN:** Judge, I'm going to ask, this is asked and answered. This
17 is the same line of questioning.

18 **JUDGE GUILLOT:** It does seem to be the same line. You're just changing the
19 number, and so considering her response, I do consider it asked and answered.

20 **MS. CASE-BROWN:** Okay. Yes, Your Honor. Did you use any Louisiana
21 companies in your CAPM study?

22 **MS. PENDERGRASS:** No.

23 **MS. CASE-BROWN:** Okay. Is that a fair comparison?

1 **MS. PENDERGRASS:** There are no publicly traded Louisiana companies to
2 compare them to.

3 **MS. CASE-BROWN:** Okay. Were the companies similar in size -- well, disregard
4 that one. I think we just touched on that one. Okay. Per Magnolia's pre-hearing
5 brief, 59,000 wastewater customers and 28,000 water customers in the state of
6 Louisiana. Is there a consumer advocacy group within the Louisiana Public Service
7 Commission?

8 **MS. PENDERGRASS:** I have no knowledge of that.

9 **MS. CASE-BROWN:** Okay. Per Staff's pre-hearing brief, the quote is Staff is
10 comfortable that the information was accurate and does support Magnolia's
11 request. Is comfortable, as used here, less than confident?

12 **MS. PENDERGRASS:** Okay. What are you referring to?

13 **MR. VISWANATHAN:** Judge, I'm going to object to that because that is a
14 statement written as part of a pre-hearing brief, not a statement made by Ms.
15 Pendergrass.

16 **JUDGE GUILLOT:** Is your -- are you pulling from a pre-hearing brief?

17 **MS. CASE-BROWN:** It is from the pre-hearing brief.

18 **JUDGE GUILLOT:** Okay. That is not Ms. --

19 **MS. PENDERGRASS:** Yeah. I did not -- I did not write that.

20 **JUDGE GUILLOT:** I'm sorry. [CROSSTALK] --

21 **MS. CASE-BROWN:** Okay.

22 **JUDGE GUILLOT:** That is not Ms. Pendergrass's testimony, so.

23 **MS. CASE-BROWN:** Okay. How often does someone intervene?

1 **MS. PENDERGRASS:** This has been the first time anyone's intervened in
2 Magnolia.

3 **MS. CASE-BROWN:** Has anyone ever intervened in a utility rate case?

4 **MS. PENDERGRASS:** Yes, they have.

5 **MS. CASE-BROWN:** Okay.

6 **MS. PENDERGRASS:** I can't remember any intervenors in a water and sewer
7 rate case, me, personally, that I've worked on.

8 **MS. CASE-BROWN:** Would you agree that it's important to know as much as
9 possible about a company seeking to provide a public service in Louisiana?

10 **MS. PENDERGRASS:** Absolutely.

11 **MS. CASE-BROWN:** Okay. You have a lot of responsibilities in your position
12 as an Audit Director. I can appreciate that. Can you verify that you have reviewed
13 \$422 million of expenses for Magnolia?

14 **MS. PENDERGRASS:** Yes, but they weren't all at the same time. I've been
15 reviewing these in every single filing as they've brought them in.

16 **MS. CASE-BROWN:** So it is your testimony that you have reviewed \$422 million
17 worth of expenses?

18 **MS. PENDERGRASS:** I've reviewed all of their capital improvement expenses,
19 and I will review all of their operating expenses every single year that they filed.

20 **MS. CASE-BROWN:** Can you verify that the amount is \$422 million?

21 **MS. PENDERGRASS:** No. I can't verify that and I'm not going to -- I'm not
22 going to lock myself into that.

1 **MS. CASE-BROWN:** Okay. Did you -- well, [INAUDIBLE]. Okay. Thank you
2 for your patience. I'm going to have just a few more questions about -- and it is
3 going to reference specific numbers and costs that were previously under seal; is
4 that --

5 **JUDGE GUILLOT:** Do the parties have an opinion how we're going to handle
6 that? Besides -- I'm assuming Magnolia doesn't have any problem with its people.

7 **MR. NICOLAS:** As long as it doesn't leave this room, we're fine with it.

8 **MS. CASE-BROWN:** Absolutely.

9 **JUDGE GUILLOT:** We have somebody in the room that's not been identified,
10 so did you need to find out who they are?

11 **MR. NICOLAS:** We would like for him to leave.

12 **JUDGE GUILLOT:** Okay. We're going to discuss confidential material, sir. I'm
13 going to ask you to leave. There's nobody else in the audience that I can see, so
14 we're good.

15 **[WHEREUPON MEMBERS OF THE AUDIENCE THAT WERE NOT**
16 **GRANTED ACCESS TO THE CONFIDENTIAL INFORMATION LEFT**
17 **THE ROOM]**

18 **JUDGE GUILLOT:** Parties are reminded that any confidential -- any financial
19 numbers that are stated in this hearing are to remain confidential. The Court
20 Reporter is to redact that from the public transcript any numbers that we're going
21 to mention at this point. As soon as you're done with your confidential numbers,
22 please let me know, so we can let the audience back in.

1 **MS. CASE-BROWN:** Absolutely. Yes, Your Honor. Okay. So [REDACTED]
2 payable to Baldwin Haspel Burke & Mayer Inc. for H2O acquisition in April of
3 2020. Is it common for the acquisition cost to be included in expenses recoverable
4 by ratepayers, or are they removed?

5 **MS. PENDERGRASS:** Acquisition costs are not included in expenses.

6 **MS. CASE-BROWN:** Okay. Okay. Okay.

7 **MS. PENDERGRASS:** You may be misunderstanding how they reported that in
8 their books.

9 **MS. CASE-BROWN:** This is just a list of items that I reviewed. All right. Would
10 you say that [REDACTED] for two yards of sand is reasonable?

11 **MS. PENDERGRASS:** How would I know -- how would I know that?

12 **MS. CASE-BROWN:** Okay. How would you -- but if it's your responsibility to
13 review every single receipt for imprudent and unnecessary expenses, you should
14 know this.

15 **MS. PENDERGRASS:** Okay. And do you think I'm going to, like, lose my mind
16 over them for [REDACTED]?

17 **MS. CASE-BROWN:** Respectfully, the [REDACTED] that you don't want to lose your
18 mind over add up and they impact ratepayers.

19 **MR. VISWANATHAN:** Judge, I'm going to ask that a question be asked.

20 **JUDGE GUILLOT:** Ms. Pendergrass's testimony is what it is. She has answered
21 your question, so let's stick to just asking questions.

22 **MS. CASE-BROWN:** Yes, Your Honor.

1 **JUDGE GUILLOT:** You might not like her answer, but that is not what we're
2 doing at this point. She answered it, ask your question.

3 **MS. CASE-BROWN:** Okay. Would you say that [REDACTED] for cabinets is excessive?

4 **MS. PENDERGRASS:** I wouldn't know at this point. I mean, I would have to
5 see everything. You're asking me questions across the room about things that I've
6 reviewed in the past.

7 **MS. CASE-BROWN:** I am asking these --

8 **MS. PENDERGRASS:** That I don't have any documentation of in front of me.
9 These aren't even in this actual docket.

10 **MS. CASE-BROWN:** These are factually in this docket. Okay. Would you say
11 that [REDACTED] to fix up a customer's yard after a main break is excessive?

12 **MS. PENDERGRASS:** No, I don't think so.

13 **MS. CASE-BROWN:** Okay.

14 **MS. PENDERGRASS:** I've actually seen those several times.

15 **MS. CASE-BROWN:** Okay. And then -- okay. All right. Would you say that
16 [REDACTED] for one night at a Hampton Inn is excessive?

17 **MS. PENDERGRASS:** It depends on how many people were staying.

18 **MS. CASE-BROWN:** Okay. Would you say that [REDACTED] for a night at Little
19 Andy's Motel in Tennessee is excessive?

20 **MS. PENDERGRASS:** Same answer, depends on who's staying.

21 **MS. CASE-BROWN:** Okay. Would you say that [REDACTED] for furniture is
22 excessive?

23 **MS. PENDERGRASS:** If they're furnishing an entire building, maybe not.

1 **MS. CASE-BROWN:** Are you aware of any buildings that Magnolia has in the
2 state of Louisiana?

3 **MS. PENDERGRASS:** I am.

4 **MS. CASE-BROWN:** I'm sorry?

5 **MS. PENDERGRASS:** I am. I mean, they have their on-call building, whatever
6 it's called.

7 **MS. CASE-BROWN:** Okay. Would you say that [REDACTED] for one night at a
8 Hampton Inn is excessive?

9 **MS. PENDERGRASS:** How much?

10 **MS. CASE-BROWN:** [REDACTED].

11 **MS. PENDERGRASS:** Are we going to go through line by line?

12 **MS. CASE-BROWN:** Last question, [REDACTED], is that more or less than [REDACTED]
13 [REDACTED]

14 **MS. PENDERGRASS:** I'm sorry?

15 **MS. CASE-BROWN:** I'm just asking.

16 **JUDGE GUILLOT:** Repeat the question.

17 **MS. CASE-BROWN:** [REDACTED], is that more or less than [REDACTED]

18 **MS. PENDERGRASS:** That's less.

19 **MS. CASE-BROWN:** I am done with the confidential.

20 **JUDGE GUILLOT:** Okay. If somebody would step outside and let the gentleman
21 -- Ms. Pautler, if you could do that.

22 **MS. CASE-BROWN:** Thank you.

1 **JUDGE GUILLOT:** If he's still there, tell him he's free to come in. Parties are
2 reminded that any of those numbers are not to be discussed with anyone and not to
3 be discussed outside of this room.

4 **[WHEREUPON MEMBERS OF THE AUDIENCE THAT WERE NOT**
5 **GRANTED ACCESS TO THE CONFIDENTIAL INFORMATION**
6 **RETURNED]**

7 **MS. CASE-BROWN:** Okay. Is there any guarantee that rates will not increase if
8 this rate extension is approved?

9 **MS. PENDERGRASS:** There is no guarantee.

10 **MS. CASE-BROWN:** The application on May 16, 2025 without audited
11 statements were not -- okay. So application on May 16, 2025 was submitted -- this
12 is based on your testimony that you already gave us today. Application was
13 submitted in 37584 on May 16, '25 without audited statements -- audited financial
14 statements. And as of September 23, 2025, at the oral arguments, those audited
15 financial statements had not yet been requested. How long were you going to wait
16 to request those?

17 **MS. PENDERGRASS:** I already had my data requests ready to go out. The
18 problem was is that I was having to deal with another docket and --

19 **MS. CASE-BROWN:** It was your previous statement that you had not sent them
20 out, and now you're changing your statement to you had them ready to go; is that
21 correct?

22 **MS. PENDERGRASS:** I had them ready to go. I had not sent them out. I did not
23 change my statement.

1 **MS. CASE-BROWN:** Okay. I am finished.

2 **JUDGE GUILLOT:** Ms. Norris or Ms. Pautler, do you have cross? Ms. Norris,

3 do you have cross?

4 **MS. NORRIS:** Yes, please.

5 **JUDGE GUILLOT:** Okay.

6 **CROSS-EXAMINATION BY MS. CONNIE NORRIS**

7 **MS. NORRIS:** I have a question. I need a clarification first. The application --

8 first let me just say I have some basic questions, so I want to just ask that your --

9 you've already stated your position, and you are the person that really does the

10 majority of the financial examination of documentation or supported

11 documentation for any type of rate plan, or SARA, or anything like that that's

12 presented, and that's clearly within your realm of practice, correct?

13 **MS. PENDERGRASS:** Yes. We have other auditors that do these as well.

14 **MS. NORRIS:** I'm just making sure that -- because I don't want to ask you a

15 question that's not something --

16 **MS. PENDERGRASS:** Got you.

17 **MS. NORRIS:** -- you know, that you would be able to answer.

18 **MS. PENDERGRASS:** No.

19 **MS. NORRIS:** So I want to clarify, did you guys receive just the extension for the

20 formula rate plan, or did y'all also receive a SARA application as well?

21 **MS. PENDERGRASS:** A SARA application?

22 **MS. NORRIS:** It was required in 35822 after three years.

23 **MS. PENDERGRASS:** I don't think you understand --

1 **MS. NORRIS:** It's a system acquisition -- it's the system --

2 **MS. PENDERGRASS:** That is -- that's part of their books.

3 **MS. NORRIS:** I'm just getting this from the part of the docket. I'm not, you

4 know, making it up, so that's why I asked a question. It's either yes or no.

5 **MS. PENDERGRASS:** That is not a separate document. That is a recording

6 requirement within their books.

7 **MS. NORRIS:** Right.

8 **MS. PENDERGRASS:** It's a system acquisition -- whatever. I forget what it's

9 called. That they're supposed to report -- like, the way that that works is that every

10 year whenever they make acquisitions, if they have customers over a certain

11 amount, they're supposed to put those in a regulatory asset account. They can't

12 just put those into the test year. That's what that's for. It's not a separate document,

13 and they provide -- they provide all of the documentation for the acquisitions

14 already. So I'm not understanding what you're asking.

15 **MS. NORRIS:** Okay. So you're saying that you received everything, all of the

16 information that you would need to --

17 **MS. PENDERGRASS:** For their SARA, uh-huh.

18 **MS. NORRIS:** -- make an informed decision or recommendation on the formula

19 rate plan extension?

20 **MS. PENDERGRASS:** Yes.

21 **JUDGE GUILLOT:** I'm just going to remind Ms. Pendergrass to let Ms. Norris

22 finish her question, so go ahead.

1 **MS. NORRIS:** So 35822 specifically states, and I know I sound like a scratch
2 record, that after three years Magnolia was supposed to file a -- it didn't have any
3 terminology unless if you can -- and I'll leave this little situation alone -- because I
4 couldn't find -- I read it upside down and three ways. I couldn't find any
5 documentation that stated that at the end of three years Magnolia could file for an
6 extension or that Staff could recommend that the extension be approved.

7 **MS. PENDERGRASS:** Yeah.

8 **MS. NORRIS:** Anybody?

9 **MS. PENDERGRASS:** Was that a question or a statement?

10 **JUDGE GUILLOT:** I don't think she understood it as a question.

11 **MS. NORRIS:** Okay. In 35822, it specifically states that at the end of three years,
12 if there was still issues as was obvious because they asked for an extension, that a
13 new rate case would have to be filed. They were given an extension. Now, the
14 other question that's related to this, so you can answer both at the same time, in
15 37570, and I know we say we're not discussing that, but it's part of that, because in
16 37570 -- I get the numbers confused -- when that case was closed, that allowed
17 Magnolia to start to recover the \$8 million; am I correct?

18 **MS. PENDERGRASS:** Yes.

19 **MS. NORRIS:** So that meant that even though it was, quote, unquote, supposed
20 to be 10 to 20 cent a bill, I think that's what was stated at the hearing, so they're
21 actively collecting at this time what was approved at 37570?

22 **MR. VISWANATHAN:** Judge, I'm going to object to this line of questioning
23 based on a different docket that's not of issue before this Court today.

1 **MS. NORRIS:** The reason it's an issue, and I'm going to, if I may --

2 **JUDGE GUILLOT:** You can respond to the objection.

3 **MS. NORRIS:** Yes. The reason it is an issue is because if the -- when you -- the

4 formula rate plan itself, and the TESI agreement, as well as 35822, has specific

5 stipulations. If at any point any of those -- or we're operating outside of those, then

6 we have a question. 37570 was the issue regarding the \$8 million and the extension

7 of the formula rate plan. We're in 37584 now, which when this conversation

8 initially started, and it is my understanding as well as most of the intervenors of this

9 particular docket, that that was going to be put together with 37584. If that was not

10 the case, we were given some wrong information. Also, we're talking about the

11 extension of a formula rate plan. The extension of the formula rate plan was

12 addressed in 37570, so then why are we --

13 **JUDGE GUILLOT:** Okay. I'm going to stop you right there.

14 **MS. NORRIS:** Okay.

15 **JUDGE GUILLOT:** Because 37570 is not an extension of a formula rate plan.

16 So at this point, I'm going to decline the question because I haven't heard anything

17 to support that. Let me make clear, 37570 was not the extension of a formula rate

18 plan. It was the annual filing, which is the submission of financials for 2024. So

19 you calling it a request, that docket is what it is. So at this point --

20 **MS. NORRIS:** Okay. I'll --

21 **JUDGE GUILLOT:** -- I haven't heard an argument to conflate the two because

22 they are legally separate and distinct.

1 **MS. NORRIS:** I will rephrase -- I'll rephrase the question. The question is
2 basically about the \$8 million that was passed onto the ratepayers.

3 **MS. PENDERGRASS:** That was included in the test year docket. That was not
4 included in this docket.

5 **MS. NORRIS:** Okay. So that was approved in August of 2025; am I correct?

6 **MS. PENDERGRASS:** I guess, yes.

7 **MS. NORRIS:** Okay. So the ratepayers have incurred yet another increase past
8 the three year that was -- the three years that were stipulated in 35822?

9 **MS. PENDERGRASS:** No. The rates that -- the rates that went into effect were
10 part of that docket. I'm not following you.

11 **MS. NORRIS:** I can try to redirect that. In the \$8 million, there was--

12 **MS. PENDERGRASS:** The \$8 million was an amendment that was made by the
13 Commissioners. That was not part of Staff's initial recommendation, so I can't
14 really speak any further to that.

15 **MS. NORRIS:** Okay. I will -- you know -- that's all I have. I don't have any
16 further questions.

17 **JUDGE GUILLOT:** Ms. Pautler, do you have cross?

18 **CROSS-EXAMINATION BY MS. ANNE PAUTLER**

19 **MS. PAUTLER:** Yeah. Yes. I have a couple of questions. Since Magnolia Water
20 is under your jurisdiction, the LPSC, what is the responsibility of the LPSC as it
21 relates to the ratepayers versus its responsibility to Magnolia Water Utility
22 Company?

1 **MS. PENDERGRASS:** It's equal responsibility. My job here is to make sure that
2 Magnolia or any utility can earn a fair rate of return while providing the lowest rates
3 possible. But in this case, the problem is is that the amount of improvements that
4 Magnolia has made, I mean, it's going to cause a rate increase until they stable out.
5 But my job is to find the happy medium for everybody, which is why I've addressed
6 -- attempted to address y'all's concerns in my recommendations, why I attempted
7 to address your concerns in my testimony. I don't understand what y'all want from
8 me.

9 **MS. PAUTLER:** In that the LPSC is considered to be a nonbiased and represent
10 the ratepayers fairly, as you just said, you submitted your objective
11 recommendation on the formula rate plan. Did you objectively review the
12 numerous complaints and documentation submitted to the LPSC Staff by the
13 ratepayers?

14 **MS. PENDERGRASS:** I read every bit of it.

15 **MS. PAUTLER:** Okay. Does that include the buried meters?

16 **MS. PENDERGRASS:** I addressed the buried meters in my report.

17 **MS. PAUTLER:** The underwater meters?

18 **MS. PENDERGRASS:** I sure did.

19 **MS. PAUTLER:** The leaking well site? The flooded areas around the well site?

20 **MS. PENDERGRASS:** You asked me about the muddy meters, I addressed that.

21 **MS. PAUTLER:** The home water test kits showing high levels of contaminants?

22 **MS. PENDERGRASS:** A lot of that stuff was provided after Staff's
23 recommendation.

1 **MS. PAUTLER:** Okay. What about the bayou water looking water, did you
2 address that?

3 **MS. PENDERGRASS:** The what?

4 **MS. PAUTLER:** The water that looked like bayou water that was in peoples'
5 bathtubs and faucets-

6 **MS. PENDERGRASS:** I did address that.

7 **MS. PAUTLER:** Okay. In your testimony you stated, quote, finally, I reviewed
8 various intervenor complaints and attempted to address them all, providing
9 explanations where relevant, and provided possible solutions for customers and/or
10 recommendations to Magnolia for an amicable resolution to as many complaints as
11 possible. How did you attempt to address those with customers?

12 **MS. PENDERGRASS:** I made certain recommendations within my report.

13 **MS. PAUTLER:** Did you speak to any customers?

14 **MS. PENDERGRASS:** I don't need to. I made them within my report.

15 **MS. PAUTLER:** Okay. Just asking.

16 **MS. PENDERGRASS:** Okay. I don't think you understand how the protocol is
17 here, but we're not allowed to just have side conversations with you guys.

18 **MS. PAUTLER:** Are you allowed to speak to the applicant? Are you allowed to
19 have side conversations with them?

20 **MS. PENDERGRASS:** I don't have side conversations with them.

21 **MS. PAUTLER:** I'm asking --

22 **MS. PENDERGRASS:** I speak through my attorney. I can speak to you. I can't
23 speak to you about this case. As a matter of fact, I've run into Ms. Case-Brown in

1 the bathroom before. Told her hello and was ignored. So, I mean, I can speak to
2 you. It was at the very first B&E meeting, yes.

3 **JUDGE GUILLOT:** I think we're off topic.

4 **MS. PENDERGRASS:** We are.

5 **MS. CASE-BROWN:** Objection to relevance of that bathroom --

6 **JUDGE GUILLOT:** That has no relevance that I will consider.

7 **MS. PENDERGRASS:** It has none. I'm just saying.

8 **JUDGE GUILLOT:** Moving on -- we're moving on.

9 **MS. PAUTLER:** So you said that you were looking for amicable resolutions to as
10 many complaints as possible. What were those recommendations and who did you
11 recommend those to?

12 **MS. PENDERGRASS:** They are listed in my report.

13 **MS. PAUTLER:** In your cross-answering testimony?

14 **MS. PENDERGRASS:** No. They are listed in my audit report.

15 **MS. PAUTLER:** Okay. And you were not able to speak with Magnolia Water
16 concerning this docket then; is that what you're telling me?

17 **MS. PENDERGRASS:** Not without my attorney present.

18 **MS. PAUTLER:** Okay. So you were able to speak to them, but with your attorney
19 present?

20 **MS. PENDERGRASS:** Yes, and the same with you.

21 **MS. PAUTLER:** When did you speak to us with your attorney present?

22 **MS. PENDERGRASS:** I haven't, but I could.

1 **MS. PAUTLER:** Okay. So you're saying that you did address it with the
2 applicant, but you did not address it with the customers?
3 **MR. VISWANATHAN:** Judge --
4 **MS. PENDERGRASS:** I don't understand --
5 **MR. VISWANATHAN:** Judge --
6 **JUDGE GUILLOT:** Hold on, Ms. Pendergrass. We have a --
7 **MR. VISWANATHAN:** I'm going to object to that question. It's very vague.
8 **MS. PAUTLER:** Pardon me?
9 **MR. VISWANATHAN:** I'm going to object. That question is vague.
10 **JUDGE GUILLOT:** He's saying the question --
11 **MR. VISWANATHAN:** If you can clarify the question a little bit more.
12 **MS. PAUTLER:** Well, we have reached out to Mr. Pendergrass and Mr. -- oh.
13 **JUDGE GUILLOT:** If you could clarify the question, at this point, I want to
14 remind you that you're not providing testimony. You're simply asking her
15 questions, so she'll answer it. So anything you're giving me right now that goes
16 with testimony where you're describing things, it will not be considered because
17 this is purely questioning of Ms. Pendergrass.
18 **MS. PAUTLER:** Okay. Okay.
19 **JUDGE GUILLOT:** And her answer is what it is.
20 **MS. PAUTLER:** Got you.
21 **JUDGE GUILLOT:** So you may continue. Ask your question.
22 **MS. PAUTLER:** Okay. Thank you. Let's see. Does the formula rate plan include
23 expenses that do not directly benefit ratepayers?

1 **MS. PENDERGRASS:** Not after my adjustments, they do not.

2 **MS. PAUTLER:** Okay. You stated that you believed that the Staff
3 recommendations are fair, reasonable, and in the public interest. Are these your --
4 are these recommendations your objective or your subjective belief?

5 **MS. PENDERGRASS:** These are my objective beliefs.

6 **MS. PAUTLER:** Okay. In your cross-answering testimony, you stated I have
7 seen nothing that seemed out of place or made me question the quality of the
8 independently audited reports, correct?

9 **MS. PENDERGRASS:** I did say that.

10 **MS. PAUTLER:** Okay. Are you familiar with the practice of pay and hold?

11 **MS. PENDERGRASS:** No. I don't even know what you're talking about.

12 **MS. PAUTLER:** Okay. I would say -- so in your -- also in your testimony, you
13 said that I accused Magnolia and the Commission of colluding by shortening the
14 intervention times in order to push through a rate hike before the public finds out.
15 How often does Magnolia request shortened intervention times?

16 **MS. PENDERGRASS:** Every FRP filing.

17 **MS. PAUTLER:** Correct. How often is that granted? Prior to 37570, how often
18 do you grant that?

19 **MS. PENDERGRASS:** Okay. I don't grant anything.

20 **MS. PAUTLER:** How often is it granted? I'm sorry. Let me say it properly. How
21 often is that granted?

22 **MS. PENDERGRASS:** I could not tell you. This is requested in multiple utility
23 dockets, not just Magnolia.

1 **MS. PAUTLER:** I'm not saying that it isn't. I'm just asking how often is it
2 typically granted? Shortened?

3 **MS. PENDERGRASS:** Okay. I don't handle any of that, so I couldn't tell you.
4 You would have to speak to Records.

5 **MS. PAUTLER:** You can take an educated guess, you work in this department.

6 **MS. PENDERGRASS:** No.

7 **MR. NICOLAS:** Objection, she's asking the witness to speculate on something.

8 **MS. PAUTLER:** Okay.

9 **JUDGE GUILLOT:** And she answered. Please, verbally answer. She provided
10 that, no, that she couldn't.

11 **MS. PAUTLER:** Okay. Thank you. In your cross-answering testimony, you
12 stated it was determined that the vast majority of intervenors failed to provide
13 adequate contact information to the LPSC Records Division in order to be served
14 properly. Did intervenors provide their addresses?

15 **MS. PENDERGRASS:** Once the Judge asked them to, yes. Oh, you talking about
16 email addresses?

17 **MS. PAUTLER:** No, I'm talking about addresses.

18 **MS. PENDERGRASS:** Oh, yes, they provide addresses.

19 **MS. PAUTLER:** So all intervenors provided their physical address?

20 **MS. PENDERGRASS:** As far as I know.

21 **MS. PAUTLER:** Okay. So you stated it was determined the vast majority of
22 intervenors failed to provide adequate contact information, but yet they all provided
23 their mailing addresses, correct?

1 **MS. PENDERGRASS:** This is the other docket [INAUDIBLE].

2 **JUDGE GUILLOT:** Would you please just answer the question?

3 **MS. PENDERGRASS:** Yes.

4 **MS. PAUTLER:** Okay. So would you say that's adequate contact information?

5 **MR. VISWANATHAN:** Judge, I don't understand the relevance of this line of

6 questioning. Whether or not, you know, people have given their addresses or not,

7 the record is what it is, the service list is what it is.

8 **JUDGE GUILLOT:** I'm going to agree at that point. We have -- the service list

9 is what it is and whether it was a physical address or an email address, and I know

10 she is talking about the word adequate, and that is a -- not a fact, it's an opinion.

11 So you can ask her about that, but it is still just -- that word is her opinion on that -

12 - on providing that information.

13 **MS. PAUTLER:** Understood. So is a physical address not adequate then? Is that

14 the proper way to ask that question?

15 **JUDGE GUILLOT:** If you would answer if you consider the physical address

16 somehow inadequate.

17 **MS. PENDERGRASS:** Well, I mean, it's adequate. It's just this Commission

18 typically sends stuff out via email. That's our preferred method of sending stuff

19 because if it was one or two people, it wouldn't be an issue. But whenever you

20 have, you know, 20-some-odd people that are intervening and you have to mail

21 every single person, it's very burdensome.

22 **MS. PAUTLER:** Okay. So in -- also, you said in the renewal of the formula rate

23 plan, if it is denied, Magnolia will be forced to come back to the LPSC in three to

1 five years for a full rate review anyway. If rate changes are warranted, they are
2 likely to cause rate shock. Do you believe that the customers have already
3 experienced rate shock?

4 **MS. PENDERGRASS:** It depends on the section, the neighborhood. There are
5 some customers that haven't received the rate shock. The problem is is that some
6 of the companies come in at such low rates, you're going to get rate shock no matter
7 what. And that was because of the previous owner not coming in and doing their
8 due diligence and requesting rate relief when they should have.

9 **MS. PAUTLER:** Okay. So if rate changes are warranted -- they're experiencing
10 rate shock anyway; is that what we can agree to?

11 **MS. PENDERGRASS:** I'm not going to answer that.

12 **MS. PAUTLER:** Okay. What else? I think that's about it for me.

13 **JUDGE GUILLOT:** All righty then. Thank you. I do have some questions for
14 Ms. Pendergrass. If you would like -- do you have a copy of direct testimony in
15 front of you? You do?

16 **MS. PENDERGRASS:** I do.

17 **JUDGE GUILLOT:** Okay.

18 **MS. PENDERGRASS:** Yes.

19 **JUDGE GUILLOT:** On page three, I think this is your Staff report and
20 recommendation that's attached, page three.

21 **MS. PENDERGRASS:** Okay.

22 **JUDGE GUILLOT:** You have a paragraph that starts on November 19, but you
23 state there since Magnolia continues to acquire additional systems, Staff

1 recommended and Magnolia agreed that the company implement a formula rate
2 plan. This Staff recommendation, was that part of a docketed proceeding?

3 **MS. PENDERGRASS:** Yes. This was the initial rate case application.

4 **JUDGE GUILLOT:** Okay. On page four, second paragraph, and you might've
5 answered this already, you talk about Magnolia was required to use an imputed
6 capital structure for ROE calculations in '22 and '23. What was their actual capital
7 structure, if you know?

8 **MS. PENDERGRASS:** Well, the first year was 100% equity. I mean, I would
9 have to go back and review my records for the rest.

10 **JUDGE GUILLOT:** Okay. And I think you discussed this. Where you state at
11 the bottom of the paragraph, for Magnolia being required to use an imputed capital
12 structure in lieu of the actual capital structure reduced the overall return on rate
13 base, RORB, for the last three years. Is that correct that ROB is return on rate base?

14 **MS. PENDERGRASS:** Yes.

15 **JUDGE GUILLOT:** Okay. Do you know sitting here what the return on rate base
16 would've been with the actual capital structure?

17 **MS. PENDERGRASS:** I have those calculations. I do not have them with me
18 today.

19 **JUDGE GUILLOT:** Okay.

20 **MS. PENDERGRASS:** But I did produce those to the Commissioners.

21 **JUDGE GUILLOT:** On that last paragraph, about halfway through, I think there's
22 a discussion of the SARA. There's a sentence, the FRP provides a specific
23 calculation to determine operating losses for acquired systems, and the company is

1 required to submit all calculations annually as part of that FRP. In your
2 recommendation, would that continue?

3 **MS. PENDERGRASS:** Yes. Just for -- it's just for systems with 4,000 or more
4 customers.

5 **JUDGE GUILLOT:** Page six, all the way at the bottom, you discuss the
6 company's net plant and increases. When you're referring to net plant, what are
7 you -- what is that?

8 **MS. PENDERGRASS:** Net plant, that's their assets less their depreciation.

9 **JUDGE GUILLOT:** So it's actual facilities?

10 **MS. PENDERGRASS:** Yes.

11 **JUDGE GUILLOT:** On page nine, second paragraph, you discussed Magnolia's
12 variable rate of \$4 has remained unchanged since the initial rate case. What are
13 you referring to there with variable rate?

14 **MS. PENDERGRASS:** So they have a base rate and then their variable rate is the
15 per 1,000 gallon rate.

16 **JUDGE GUILLOT:** So that's the usage rate?

17 **MS. PENDERGRASS:** Yes.

18 **JUDGE GUILLOT:** On page 14, it's going to be a series of similar questions,
19 you discuss a compliance order from LDEQ for its Guste Island Sewer Facility, and
20 at the very last sentence, Magnolia anticipates that construction will be complete
21 and the facility will be in full compliance by November 15, 2025. Any update on
22 that that you're aware of?

1 **MS. PENDERGRASS:** I don't recall, but this update -- I mean, they would have
2 to verify if they've completed it, but this update was, like, prior to my filing the
3 report.

4 **JUDGE GUILLOT:** The next paragraph, you talk about another, Brigas Estates
5 Water System, and then you say Magnolia anticipates that this project will begin
6 on or about March 1, 2026. Are you aware of any update?

7 **MS. PENDERGRASS:** Not since my recommendation, no.

8 **JUDGE GUILLOT:** Flipping the page to 15, same thing, the Spring Creek
9 Subdivision Water System, you state at the bottom where Magnolia anticipates
10 construction in December 2025. Are you aware of any update?

11 **MS. PENDERGRASS:** Not since my recommendation, Your Honor.

12 **JUDGE GUILLOT:** Okay. On page 17 through 18, 18 at the top, you talk about
13 the responses were from intervenors located either Greenleaves subdivision,
14 formally H2O, and Meadows/Belair, formally Coast Waterworks. Do you recall
15 what the docket numbers were for those acquisitions?

16 **MS. PENDERGRASS:** Not off the top of my head, but I can get those to you.

17 **JUDGE GUILLOT:** Just asking if you know at this point. On page 18, you state
18 at the very -- like second to last, there's an LDH provided both Greenleaves and
19 Meadows/Belair with a grade of A. LDH maintains that while water may be
20 discolored, it is safe for drinking and provides no health concerns. Do you see that?

21 **MS. PENDERGRASS:** Yes.

22 **JUDGE GUILLOT:** That LDH communication, was that provided to you in
23 writing?

1 **MS. PENDERGRASS:** This was provided to me in a correspondence during
2 another docket.

3 **JUDGE GUILLOT:** Do you recall that docket?

4 **MS. PENDERGRASS:** I want to say it was probably their 2024 docket.

5 **JUDGE GUILLOT:** Page 19 to 20 -- sorry. Just page 21.

6 **MS. PENDERGRASS:** Twenty-one.

7 **JUDGE GUILLOT:** The very top. Staff is amenable to Magnolia reviewing its
8 current rate schedule and possibly reducing the water base rate while increasing the
9 variable rate in a standalone docket. Has any such docket been initiated?

10 **MS. PENDERGRASS:** No, Your Honor, not yet.

11 **JUDGE GUILLOT:** In your -- part of your direct, you attached a redline formula
12 rate plan rider, and I'm looking at page five of that redline. Are you there?

13 **MS. PENDERGRASS:** Yes.

14 **JUDGE GUILLOT:** Okay. With the corrections, it says in the event that
15 Magnolia's rider FRP is not renewed for an additional three-year term, Magnolia
16 shall file an application for review of its SARA on or before May 1 following the
17 test year. In your cross-answering, you state that Magnolia would be required to
18 submit a full rate review with its 2027 test year as a condition of renewal. I'm
19 reading those as kind of contradictory, so what is your current recommendation?
20 Because it seems to imply if the FRP is not renewed, but then there's a
21 recommendation that Magnolia be required to submit a full rate case.

22 **MS. PENDERGRASS:** That's just if this Commission does not grant the renewal.

1 **JUDGE GUILLOT:** So when you're saying in the event that Magnolia's rider
2 FRP is not renewed, you're referring to this docket?

3 **MS. PENDERGRASS:** Yes. If the Commission does not authorize the renewal,
4 they're going to have to come in and file for a rate case with the SARA documents
5 because they're still -- they're ongoing. We have to -- whether they're in an FRP
6 or not, we have to review those dockets -- those documents.

7 **JUDGE GUILLOT:** So in the -- say that the formula rate plan extension is not
8 granted, and Magnolia decides to not file a rate case, the Commission still reviews
9 the SARA?

10 **MS. PENDERGRASS:** Yes, yes.

11 **JUDGE GUILLOT:** Is that annually or --

12 **MS. PENDERGRASS:** Yes, annually.

13 **JUDGE GUILLOT:** Thank you. On to your cross-answering testimony, page
14 five, first paragraph, I have seen nothing that seemed out of place or made me
15 question the quality of the independently audited reports. Any changes to that
16 opinion?

17 **MS. PENDERGRASS:** No, Your Honor.

18 **JUDGE GUILLOT:** In paragraph six on that same page, you talk about Staff
19 having removed some certain expenses. Is that -- you say this is in line with
20 industry standards. Has there been any change to industry standards?

21 **MS. PENDERGRASS:** [NO AUDIBLE RESPONSE]

22 **JUDGE GUILLOT:** I'm sorry?

23 **MS. PENDERGRASS:** No.

1 **JUDGE GUILLOT:** Okay. On page six, middle of the way through, the
2 paragraph starts with, however, I will note that LDH has given the Meadows/Belair
3 water system a grade of A as recently as 2024. You're not aware of any changes
4 to this?

5 **MS. PENDERGRASS:** No, Your Honor.

6 **JUDGE GUILLOT:** On page 11 of your cross, you list -- you provide a series of
7 recommendations. Is that a full listing of all of your recommendations in this
8 docket?

9 **MS. PENDERGRASS:** Yes, Your Honor.

10 **JUDGE GUILLOT:** There was some discussion regarding formula rate plan
11 annual filings. As far as you are aware, and any of those -- did those dockets result
12 in orders?

13 **MS. PENDERGRASS:** All of them result in orders.

14 **JUDGE GUILLOT:** As far as you're aware, were any of those orders appealed?

15 **MS. PENDERGRASS:** No, Your Honor.

16 **JUDGE GUILLOT:** Okay. There was, again, discussion of the formula rate plan.
17 If a utility is subject to Public Service Commission regulation, can they implement
18 any rate changes without a Commission vote and order?

19 **MS. PENDERGRASS:** No, they cannot.

20 **JUDGE GUILLOT:** That's all the questions I have. Any redirect?

1 **REDIRECT EXAMINATION BY MR. ARVIND VISWANATHAN**

2 **MR. VISWANATHAN:** Yes, Judge. Ms. Pendergrass, you recently had a

3 conversation with the Judge. Was there anything in your review that looked out of

4 place?

5 **MS. PENDERGRASS:** No, it was not.

6 **MR. VISWANATHAN:** Okay. When you looked at the audited financials and

7 compared it with what you saw, did anything cause you any concern?

8 **MS. PENDERGRASS:** No.

9 **MR. VISWANATHAN:** Okay. When it comes to your technical expertise, has

10 the Commission ever voted against or deemed you not to be an expert in auditing?

11 **MS. PENDERGRASS:** No.

12 **MR. VISWANATHAN:** Okay. When it comes to your competence on

13 engineering, are you an engineer?

14 **MS. PENDERGRASS:** I am not.

15 **MR. VISWANATHAN:** When it comes to the SARA as a whole, where are those

16 fines? Are they a -- as a part of the FRP?

17 **MS. PENDERGRASS:** Yes.

18 **MR. VISWANATHAN:** Okay. And so those annual test year filings would have

19 that information?

20 **MS. PENDERGRASS:** Yes.

21 **MR. VISWANATHAN:** That's it, Judge. I have no further questions.

22 **JUDGE GUILLOT:** Okay. Ms. Pendergrass, thank you for your testimony.

23 You're excused. It's my understanding that there's no further witnesses.

1 **MR. VISWANATHAN:** That's correct, Judge.

2 **JUDGE GUILLOT:** Is that the understanding of everybody? Okay. I just quickly

3 want to review post-hearing procedure while we're on the record, so everybody can

4 read it if they want to. This hearing -- I'm going to adjourn this hearing. After the

5 adjournment of this hearing, the Court Reporter will type up a transcript of

6 everything that was said today. That transcript, the only redactions on it will be

7 that one section with just the numbers redacted. If you would like the confidential

8 version of this transcript, please contact the Records and Recordings Division. The

9 only thing that will be posted is the public version. When the public version is

10 posted to the Commission's Records Division, which is available, you can view

11 that online, it is filed in this docket, the transcript, I will issue a notice for post-

12 hearing briefing. This is where you provide me all of the legal argument. You cite

13 all of the evidence we gathered here today and you make your argument to me.

14 There's going to be a brief and an opportunity for a reply. At this point, I'm going

15 to do a three-week deadline for briefs and then a two-week deadline for a reply. So

16 that will go out in that notice. So any brief will have to be due by that time period.

17 I can't tell you what those dates are right now, I don't know how long the transcript

18 will take. So at this point, there's a three week and a two week. If for some reason

19 you have a problem meeting those deadlines, please file a motion for an extension

20 of those deadlines. Since I don't know when it out, I don't know if it conflicts with

21 holidays. I just count three weeks and two weeks and I send it out. After briefs are

22 in, I will write a proposed recommendation. That proposed recommendation will

23 be issued and posted on the website and mailed to all parties. After that, there is

1 time deadlines that are in the rules of 15 days for exceptions and 15 days for reply
2 exceptions. After which, a final recommendation is issued. The final
3 recommendation is forwarded to the Commissioners for their vote and they put it
4 on their Business and Executive Agenda. I have no control over when it is put on
5 the agenda or when it is handled. So I cannot guarantee you what B&E it will be
6 on. That will be the final process that I have any control over. Any questions about
7 those steps that we're going to be moving forward on? [NONE HEARD] Okay.
8 There is no more evidence to be submitted. There is no more discovery. There is
9 no more motions. The only motion I'm going to consider is to change the dates on
10 the briefing dates and you need to tell me why. So any questions, concerns?

11 **MR. VISWANATHAN:** No, Judge.

12 **JUDGE GUILLOT:** Then this hearing is adjourned and we are done.

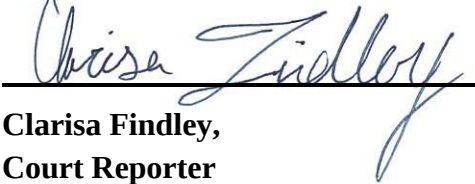
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14 **(WHEREUPON, THE HEARING WAS ADJOURNED)**

15

1 I hereby certify that the foregoing pages 1 through 266 are true and correct to the
2 best of my knowledge of the Hearing held on February 9, 2026 in Baton Rouge,
3 Louisiana.
4

5 **Rough Draft by:**

6 
7 **Clarisa Findley,**
8 **Court Reporter**

February 27, 2026

Date

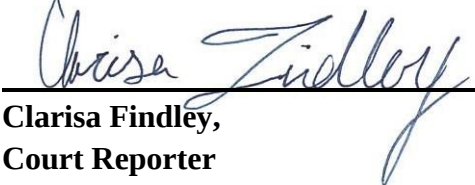
9 **Proofed by:**

10 
11 **Alicia Carter-Thomas,**
12 **Court Reporter**

March 9, 2026

Date

13 **Finalized by:**

14 
15 **Clarisa Findley,**
16 **Court Reporter**

March 10, 2026

Date