



EZELL LAW FIRM, LLC

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May 16, 2025

RECEIVED

MAY 16 2025

LA Public Service Commission

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

Re: Magnolia Water Utility Operating Company, LLC
Request for Extension of Formula Rate Plan.

Dear Mr. Frey:

Please find enclosed an original and three copies of Magnolia Water Utility Operating Company, LLC's Request for Extension of Formula Rate Plan. After review, please see that a docket is opened in connection with this filing and that notice is placed in the Official Bulletin on May 23, 2025. Further, we ask that you exercise your discretion pursuant to Rule 19 of the Commission's Rules and shorten the period to protest this application from twenty-five (25) to fifteen (15) days. Upon filing, we request that the Records Division date stamp and return one copy to our courier.

If you have any questions concerning this filing, please so notify me.

Sincerely,

Andrew B. Ezell
Ezell Law Firm, LLC

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**BEFORE THE
LOUISIANA PUBLIC SERVICE COMMISSION**

**MAGNOLIA WATER UTILITY
OPERATING COMPANY, LLC, EX PARTE**

DOCKET NO.

In re: Request for Extension of Formula Rate Plan.

REQUEST FOR EXTENSION OF FORMULA RATE PLAN

NOW BEFORE the Louisiana Public Service Commission (hereinafter referred to as the “Commission” or “LPSC”), through undersigned counsel, comes Magnolia Water Utility Operating Company, LLC (hereinafter referred to as “Magnolia” or the “Company”), who, in support of its Request for Extension of Formula Rate Plan, represents the following:

1.

Magnolia, a Louisiana limited liability company, is a Commission regulated, for-profit utility providing water and wastewater service to approximately 50,530 wastewater connections and approximately 20,517 water connections in regulated systems in thirty-three (33) parishes throughout Louisiana. Magnolia is part of an affiliate group that includes its parent company, Central States Water Resources, Inc. (“Central States”), a Missouri corporation, and several other operating companies, which operate small water and/or wastewater utilities in Missouri, Kentucky, Louisiana, Texas, Tennessee, Mississippi, North Carolina, South Carolina, Florida, Arizona, and Arkansas. The principal address of Central States and CSWR is 1630 Des Peres Road, Suite 140, Des Peres, MO 63131. The principal address of Magnolia is 10761 Perkins Road, Suite A, Baton Rouge, LA 70810.

2.

The Commission exercises jurisdiction over the rates and services of regulated utilities, including Magnolia, pursuant to Article 4, Section 21, of the Louisiana Constitution.

3.

Currently, Magnolia's rates are structured under a Formula Rate Plan (hereinafter referred to as the "FRP"), and it is Magnolia's desire to continue adjusting its rates in this manner for another three-year period, as doing so is in the best interest of Magnolia's customers. Magnolia's original Formula Rate Plan (hereinafter referred to as the "Initial FRP") was authorized by Commission Order No. U-35822, *In re: Application for Approval of Rate Design, Increase in Water and Sewerage Rates, Implementation of Service Charges and Any Other Related Relief*, issued on November 19, 2021. Magnolia's Initial FRP began with test year 2022 and expired with test year 2024, having a Return on Equity (hereinafter referred to as "ROE") bandwidth of 9.00% to 10.00% and a 9.50% ROE ratio midpoint, whereby 1) there would be no change in the Rider FRP Revenue level in effect for the test year if the ROE was greater than or equal to the Lower Band and less than or equal to the Upper Band, 2) the Rider FRP Revenue level in effect for the test year would be increased by 100% of the difference between the ROE and the Midpoint if the ROE was less than the lower band and 3) the Rider FRP Revenue level in effect for the test year would be reduced by 100% of the difference between the ROE and the Midpoint if the ROE exceeded the upper band.

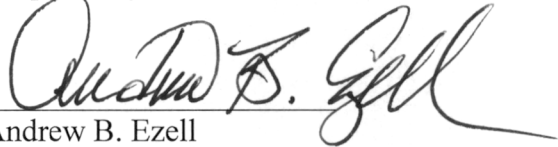
4.

Magnolia hereby requests an extension of its Initial FRP in its entirety, as it is in the public interest and promotes judicial economy by eliminating the cost and expense of filing an extensive rate case, while also conserving Commission resources. A continuation of this rate mechanism will assist Magnolia in its efforts to achieve rate stability, while continuing to apply necessary capital investment to acquire, improve and maintain system facilities and provide the best possible water and wastewater service to its customers. Further, as evidenced by the first three years of the

Initial FRP, a continuation will allow the efficient and timely review, determination and adjustment of rates by the Commission, while allowing Magnolia to achieve a reasonable rate of return on rate base, maintain financial stability and continue its successful growth strategy.

WHEREFORE, based upon the information provided herein, Magnolia respectfully requests that the Commission act expeditiously to grant Magnolia's Request for this Extension of its Formula Rate Plan.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Andrew B. Ezell", written over a horizontal line.

Andrew B. Ezell

Andrew K. Nicolas

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Counsel for Magnolia Water Utility

Operating Company, LLC

**BEFORE THE
LOUISIANA PUBLIC SERVICE COMMISSION**

MAGNOLIA WATER UTILITY OPERATING COMPANY, LLC, EX PARTE

DOCKET NO. U-_____

In Re: Request for Extension of Formula Rate Plan.

PRE-FILED DIRECT TESTIMONY

OF

JOSIAH COX

ON BEHALF OF

MAGNOLIA WATER UTILITY OPERATING COMPANY, LLC

May 16th, 2025

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Josiah Cox. My business address is 1630 Des Peres Road, Suite 140, St. Louis
3 Missouri, 63131.

4 **Q. WHAT IS YOUR POSITION WITH MAGNOLIA WATER UTILITY**
5 **OPERATING COMPANY?**

6 A. I am President of Magnolia Water Utility Operating Company, LLC (“Magnolia” or
7 “Company”), and also President of Central States Water Resources, Inc. (“CSWR”), the
8 parent company and Manager of Magnolia. Magnolia and CSWR are part of an affiliated
9 group of companies that provide water and/or wastewater utility services to customers in
10 Missouri, Kentucky, Louisiana, Texas, Tennessee, Mississippi, North Carolina, South
11 Carolina, Florida, Arizona, and Arkansas.

12 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL**
13 **EXPERIENCE.**

14 A. I received a Bachelor of Science with a major in Environmental Science from the
15 University of Kansas. In 2007, I earned an MBA from Washington University in St. Louis.
16 I am the founder of CSWR and have spent my entire career in the water and wastewater
17 business. I have worked in the public and private sectors in all facets of operation of water
18 and wastewater systems, including the land development process, permitting, entitlement,
19 civil design, project management, construction management, fundraising, regulatory
20 compliance, governmental relations and executive management.

21 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS**
22 **PROCEEDING?**

23 A. The purpose of my testimony is to provide a brief overview of Magnolia’s business
24 operations in Louisiana since qualifying as a regulated water and wastewater utility in
25 2019. However, the primary purpose of my testimony is to support Magnolia’s request in

1 this proceeding to extend the terms of the Company's current Formula Rate Plan for an
2 additional three (3) year period.

3 **Q. PLEASE DESCRIBE MAGNOLIA'S BUSINESS OPERATIONS IN LOUISIANA.**

4 A. As stated above, Magnolia qualified as a regulated water and wastewater utility under the
5 jurisdiction of the Louisiana Public Service Commission (the "Commission") in 2019. The
6 Company began business operations that year with the acquisition of four (4) systems in
7 St. Tammany Parish. Magnolia currently provides water service to approximately 20,517
8 connections and wastewater service to approximately 50,530 connections in 501 systems
9 serving over 270,000 customers. In December 2022, after two years of negotiation,
10 Magnolia entered into a longstanding Consent Decree with the Department of Justice and
11 Environmental Protection Agency, which allowed Magnolia to acquire 209 systems from
12 Total Environmental Solutions, Inc. ("TESI"). This acquisition doubled the number of
13 wastewater customers served by Magnolia. At acquisition, of the 209 systems acquired,
14 100 were subject to the Consent Decree and 74 were subject to a Department of
15 Environmental Quality ("DEQ") Agreement on Consent. TESI was delinquent in meeting
16 its compliance obligations under both the state and federal enforcement actions. Magnolia
17 is on pace to bring all of these systems into regulatory compliance according to specified
18 deadlines. To date, Magnolia has brought 239 systems from regulatory non-compliance to
19 compliance.

20 Since beginning business operations, Magnolia's systems in various parts of the state have
21 suffered severe weather impacts, including hurricanes, drought, freezes and floods. To
22 better respond to these severe conditions, Magnolia has constructed an Emergency
23 Operations Center in Mandeville. This facility houses portable power equipment and other

1 supplies and equipment necessary to facilitate restoration of service to affected systems as
2 quickly as possible. Also, to better service our customers and effect cost savings and
3 operational efficiency, Magnolia began insourcing operations and maintenance in 2024.
4 This insourcing of operations and maintenance was completed in our North Shore systems
5 in 2024, and will soon be completed in our Southwest Louisiana and Acadiana systems.
6 In 2022, the Louisiana Department of Health (“LDH”) implemented the Louisiana Water
7 Accountability Act. The Act assigns letter grades to community water systems based on
8 six standards of evaluation. Letter grades range from A to F. In the two years that systems
9 have been evaluated and grades assigned, Magnolia has achieved an A letter grade in all
10 systems except one, which received a B grade.
11 These achievements result from Magnolia’s investment of approximately \$410 million to
12 acquire, upgrade and improve its Louisiana systems, with approximately \$300 million
13 invested to rehabilitate and improve water and wastewater facilities, achieve regulatory
14 compliance and provide safe, efficient and reliable service to our customers.

15 **Q. WHAT IS THE BASIS FOR MAGNOLIA’S REQUEST TO EXTEND THE**
16 **CURRENT FRP?**

17 A. As evidenced by my testimony above, Magnolia has made significant capital investment
18 in Louisiana as we aggressively acquired and rehabilitated water and wastewater systems
19 throughout the state. It is the Company’s intention to continue to pursue that aggressive
20 growth strategy. Accordingly, it is important that Magnolia be able to seek and obtain a
21 reasonable rate of return to continue to acquire and rehabilitate water and wastewater
22 systems and provide safe and reliable service to our customers. The annual FRP reviews
23 provide a timely and efficient ratemaking mechanism to review rates and determine

1 appropriate rate adjustments, which then allows Magnolia to achieve a reasonable rate of
2 return on rate base, maintain financial stability and continue its successful growth strategy.
3 Of course, the FRP process is significantly less expensive than the application and review
4 process of a rate case, which saves the ratepayer money, while also creating administrative
5 and judicial economies for the Commission. In short, the extension of Magnolia's FRP is
6 in the best interest of the ratepayer, the Commission and Magnolia.

7 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

8 A. Yes, it does.

**BEFORE THE
LOUISIANA PUBLIC SERVICE COMMISSION**

**MAGNOLIA WATER UTILITY OPERATING
COMPANY, LLC, EX PARTE**

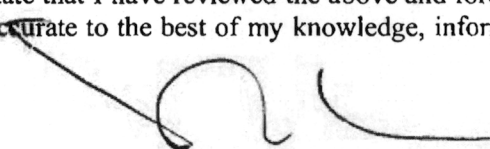
DOCKET NO. _____

In Re: Request for Extension of Formula Rate Plan.

AFFIDAVIT

STATE OF LOUISIANA
PARISH OF EAST BATON ROUGE

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



Josiah Cox, President

SWORN TO AND SUBSCRIBED before me this 15th day of May, 2025.



NOTARY PUBLIC