



March 10, 2026

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

LA Public Service Commission

Re: Magnolia Water Utility Operating Company, LLC
Request for Letter of Non-Opposition to Transfer of
Wastewater Utility System Assets by J. Breaux Enterprises,
L.L.C. to Magnolia Water Utility Operating Company, LLC

Dear Mr. Frey:

Please find enclosed an original and three copies of Magnolia Water Utility Operating Company, LLC's Request for Letter of Non-Opposition to the Sale or Transfer of All or Substantially All of the Wastewater System Assets of the Weston Oaks Subdivision by J. Breaux Enterprises, L.L.C. to Magnolia Water Utility Operating Company, LLC. After review, please see that a docket is opened in connection with this filing and that notice is placed in the Official Bulletin on March 13, 2026. 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

ROUTE TO	<i>Bull-15 day</i>	ROUTE FROM
DEPT. _____	DATE <i>3/10</i>	DEPT. _____
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BEFORE THE
LOUISIANA PUBLIC SERVICE COMMISSION

LA Public Service Commission
DOCKET NO.

MAGNOLIA WATER UTILITY
OPERATING COMPANY, LLC, EX PARTE

In re: Request for Letter of Non-Opposition to Transfer of Wastewater Utility System Assets
by J. Breaux Enterprises, L.L.C. to Magnolia Water Utility Operating Company, LLC.

**PETITION FOR LETTER OF NON-OPPOSITION TO THE SALE AND
TRANSFER OF THE ASSETS OF THE WESTON OAKS SUBDIVISION
WASTEWATER SYSTEM**

SELLER: J. Breaux Enterprises, L.L.C.

BUYER: Magnolia Water Utility Operating Company, LLC

Overview

In accordance with the March 18, 1994, *General Order* regarding approval of sales and other changes in ownership or control of public utilities subject to Louisiana Public Service Commission (“Commission”) jurisdiction, Magnolia Water Utility Operating Company, LLC (“Magnolia”) seeks an order of approval or non-opposition from the Commission to the sale and transfer and assignment by J. Breaux Enterprises, L.L.C. (hereafter referred to as the “Seller”), of all or substantially all of the assets and property comprising a single wastewater utility system for the purpose of providing regulated wastewater service to the customers of the Weston Oaks subdivision (the “System”).

Background

Magnolia is a Louisiana limited liability company, in good standing, formed to acquire the assets of water and wastewater utilities in Louisiana and to own and operate those assets as a public water and wastewater utility subject to the Commission’s regulatory jurisdiction. Magnolia currently serves approximately 59,541 wastewater connections and approximately 28,821 water connections in regulated systems in parishes throughout Louisiana. Magnolia is part of an affiliate group that includes Central States Water Resources, Inc. (“Central States”), a Missouri corporation in good standing, CSWR, LLC (“CSWR”), a Missouri limited liability company in good standing, and several other companies, some of which currently operate small water or wastewater utilities in Missouri, Kentucky, Texas, Tennessee, Mississippi, North Carolina, South Carolina, Florida, Arizona, and Arkansas. A chart showing the companies in the affiliate group is attached hereto as **Exhibit A**. The significance of those affiliate relationships to the proposed transaction is discussed in greater detail below. 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.

Seller is currently developing infrastructure for the purpose of providing regulated wastewater service to one hundred and thirty-six (136) residential connections in the Weston Oaks Subdivision

in Lafayette Parish, Louisiana. Seller is a Louisiana limited liability company, in good standing, with its principal office address at 1807 W. Gloria Switch Rd., Carencro, LA 70520.

Contact Information for Service

All notices and other official documents for Magnolia related to the application should be sent to the attention of:

Andrew B. Ezell,
c/o Ezell Law Firm, LLC,
10761 Perkins Road, Suite A,
Baton Rouge, Louisiana 70810
aezell@ezellfirm.com

Andrew K. Nicolas,
c/o Ezell Law Firm, LLC,
10761 Perkins Road, Suite A,
Baton Rouge, Louisiana 70810
anicolas@ezellfirm.com

Russ Mitten, General Counsel
1630 Des Peres Road, Suite 140,
Des Peres, MO 63131
rmitten@cswrgroup.com

Aaron Silas
1630 Des Peres Road, Suite 140,
Des Peres, MO 63131
asilas@cswrgroup.com

All notices and other official documents for Seller related to the application should be sent to the attention of:

J. Breaux Enterprises, L.L.C.
Attn: Jeremy Breaux, Member/Manager
1807 W. Gloria Switch Rd.
Carencro, LA 70520
jeremy@jbreauxent.com

Request

The Seller proposes to sell, transfer, and assign to Magnolia all of its franchises, works, operations, System, land and related improvements, easements, rights-of-way, permits, leases, service facilities, equipment, machinery, lines, plant, pipes, manholes and appurtenances, supplies, and other assets to be used to provide regulated wastewater service to the System. Magnolia and Seller have executed a Utility Service Agreement (the "Agreement") specifying the terms of the proposed

transaction, which is attached hereto as **Exhibit B**. In accordance with Rule 12.1 of the Commission's Rules of Practice and Procedure, **Exhibit B** has been designated "Confidential" because it contains competitively sensitive information.

The consideration set out in **Exhibit B** was agreed upon between Magnolia and Seller through an arms-length negotiation. Magnolia notes that there are no transactional costs in excess of the purchase price associated with the transaction other than usual and customary legal costs and expenses.

The proposed transaction is scheduled to close within sixty (60) days of Magnolia's approval of the Sewer Infrastructure, or upon receipt of all required regulatory permits or approvals, whichever occurs last, or at such other time as the parties hereto may mutually agree. During the period between the date of the Commission's order and the scheduled closing date, Seller and Magnolia will cooperate to satisfy all remaining closing conditions specified in the Agreement and take other steps necessary to ensure the proposed sale does not adversely affect customers. Upon closing, Magnolia will provide service to customers in accordance with its existing statewide tariff, as this System has not been previously regulated by the Commission and has no filed tariff.

The need to comply with increasingly stringent federal and state health and environmental regulations has imposed cost and compliance burdens small water and wastewater utilities are finding difficult, if not impossible, to bear. Difficulty in securing capital necessary to make investments or expenditures for improvements required to bring their systems into full regulatory compliance has forced many such utilities to seek buyers for those systems whose technical, managerial, and financial resources make them better able to bear those burdens. This motivation is especially strong for system owners, particularly developers, whose primary business is not the operation of regulated water or wastewater utilities.

Magnolia is the type of qualified buyer that small system operators and developers seek out to assure that customers receive safe, efficient and reliable wastewater operations and service. Through its relationship with CSWR, which acts as a service company for the group, and other companies within the affiliate group, Magnolia has access to highly skilled technical, managerial, and financial experts and resources not usually available to small water and wastewater companies. Magnolia's access to CSWR's personnel provides extensive experience in the technical, managerial, and financial aspects of the utility industry, particularly small systems, and also innovative operational, marketing, and customer service programs that provide high quality advanced services at fair and reasonable rates.

Compliance and Capital Improvements

Magnolia is a Commission-authorized operator of water and wastewater systems in Louisiana. Magnolia is compliant with regard to the Commission's Annual Reporting and Inspection and Supervision Fee requirements. Seller is an organization that is not regulated by the Commission.

Magnolia currently operates numerous water and wastewater systems throughout the state. Most of the systems Magnolia has acquired, if not all, have experienced some degree of operational neglect, with several recording numerous, and oftentimes ongoing violations of applicable health

and environmental regulations. Significant capital improvements have been completed in many of the systems currently operated by Magnolia, and most are operating in full compliance with the rules and regulations of all applicable regulatory authorities. Those systems currently not in compliance are being systematically brought into compliance. Magnolia's systems are currently operated pursuant to agreements with the Louisiana Department of Environmental Quality and the Louisiana Department of Health and Hospitals concerning the timing and methodology required to bring troubled systems into post-acquisition compliance.

The System will be newly developed, and therefore, does not have any outstanding compliance issues. However, Magnolia will assure that the System is in proper working order prior to closing and invest any ongoing capital necessary to ensure that the System remains in compliance and provides reliable service to customers.

Analysis of 18 Points

As previously noted, consummation of the proposed transfer of assets is contingent upon receipt of Commission approval of the transaction. To secure approval of the transaction, Magnolia provides the following information required by the March 18, 1994, *General Order*.

1. The proposed transfer of assets to Magnolia is in the public interest. Magnolia and its affiliates have the technical, managerial, and financial expertise and experience necessary to own and operate the utility assets it proposes to acquire and ready access to sufficient financial resources to make necessary capital investments and expenditures, if necessary, required to bring the System into compliance with current and future health and environmental regulations. Moreover, Magnolia is committed to providing customers safe, efficient and reliable service at fair and reasonable rates.
2. Magnolia is ready, willing, and able to provide safe, reliable, and adequate service to customers of the System it proposes to acquire and to do so at rates that are fair and reasonable.
3. Magnolia's only business is ownership and operation of small water and wastewater systems. Further, because of its ability to readily access any capital necessary to bring the subject System into compliance with health and environmental regulations and operate the System in a manner consistent with those regulations, Magnolia's acquisition of the assets will certainly enhance the financial condition of the System.
4. The system assets Magnolia proposes to acquire are being constructed pursuant to LDH/OPH Permit No. P-25-04-055-103, which will be transferred to Magnolia and is attached hereto as **Exhibit C**. Accordingly, the design specification of the System, as planned, has been determined by the Louisiana Department of Health, Office of Public Health ("LDH") to be in substantial conformity with LDH sanitary requirements. Magnolia is committed to operate the System in a manner that ensures that customers receive safe, reliable, and adequate service and to maintain or improve the System so that overall quality of service to customers meets all regulatory requirements. The System will tie into a wastewater treatment plant constructed by Seller, which has been issued Louisiana

Pollutant Discharge Elimination System general permit number LAG570675. The permit will be transferred to Magnolia upon acquisition, and the System will be operated in compliance with effluent limits and monitoring guidelines provided therein. Water service will be provided by the City of Scott.

5. Authorizing Magnolia to acquire the System will bring both short and long-term benefits for customers. Technical, managerial, and financial resources available from its affiliates will enable Magnolia to quickly identify and remedy any deficiencies in the operation or management of the subject System. Also, because of economies of scale available to Magnolia as an affiliate of CSWR, Magnolia can access and utilize those resources at a lower cost than would otherwise be available to a stand-alone company. As explained below, Magnolia's affiliate group also has access to funds required to make capital investments and expenditures necessary to ensure the System provides safe, efficient and reliable service that complies with all applicable health and environmental regulations.
6. The transaction would not adversely affect competition because Seller and Magnolia negotiated the transaction in good faith, and Magnolia is the only wastewater provider available and authorized to serve the System's customers.
7. As noted elsewhere herein, personnel from Central States and CSWR have far greater technical, managerial, and financial expertise and experience than is available to most small wastewater utilities. These personnel would be actively involved in overseeing Magnolia's day-to-day operations and in assisting Magnolia in planning any system improvements and additions necessary to provide safe, efficient and reliable service. As a result of the involvement of these highly skilled and experienced utility professionals, the quality of service that Magnolia can provide to customers will be greatly improved and enhanced.
8. Magnolia's experienced, inhouse personnel will manage and operate the System day-to-day. Seller has no qualified employees. Accordingly, Magnolia will not offer employment to any employee of Seller.
9. The terms of the transaction satisfy both Magnolia and Seller and are fair and reasonable because the financial terms are the result of an arms-length negotiation. Further, Magnolia and Seller have no other business relationship or family affiliations.
10. The proposed transaction will have an overall positive effect on state and local economies. From a local property tax standpoint, the transfer of assets should have no adverse effect on state or local taxing authorities. If the transaction is approved, only the identity of the taxpayer would change. Overall, the proposed transaction should prove beneficial to the state of Louisiana and the local communities where the System is located. All of those entities have an interest in growing local employment and ensuring that their citizens receive safe, efficient, and reliable wastewater service at fair and reasonable rates. Authorizing Magnolia to acquire the System will produce that desired result.

11. Magnolia concedes the Commission's authority to regulate its rates and operations in the manner prescribed by Louisiana law. Therefore, the proposed transfer would have no effect on the Commission's jurisdiction over the System.
12. Neither Seller nor Magnolia anticipates any adverse consequences to customers or other interested stakeholders if the Commission approves the transaction proposed in the petition. Both parties are committed to ensuring the sale of assets is concluded and operational authority over those assets is transferred in a manner that is as transparent as possible and causes no adverse effects to customers at any time.
13. Magnolia was formed for the purpose of acquiring and operating water and wastewater utilities in Louisiana. It has a very good track record of regulatory compliance in Louisiana. Further, Central States, through its work with other companies within Magnolia's affiliated group, has compiled an enviable record of acquiring severely distressed systems, bringing them into compliance, and then successfully operating those systems in full compliance with health and environmental regulations. Affiliated companies within the group operating in Missouri, Kentucky, Texas, Tennessee, Mississippi, North Carolina, South Carolina, Florida, and Arizona have a good customer service and operating reputation with utility regulators in each state. Arkansas, the other state where Magnolia's affiliates currently operate, does not regulate rates or operations of small water and wastewater utilities.
14. Through its affiliated group, Magnolia has ready access to capital required to make necessary investments and expenditures in the subject System. Ongoing capital needs will be financed through equity financing and debt from providers approved by the Commission on terms and conditions that accurately reflect the current state of this System. Current plans envision a capital structure for Magnolia consisting of fifty percent (50%) equity and fifty percent (50%) debt. Magnolia's consolidated income statement and balance sheet for 2024 is attached to the petition as **Exhibit D** and incorporated by reference. In accordance with Rule 12.1 of the Commission's Rules of Practice and Procedure, **Exhibit D** has been designated "Confidential" because it contains competitively sensitive information.
15. Because this is a newly-constructed system, no major repairs or improvements are required at this time.
16. Magnolia's experienced, inhouse personnel will manage and operate the System day-to-day and will ensure its personnel have or obtain all required health, safety, and other permits.
17. Magnolia will invest no capital to purchase Seller's wastewater system assets, as the value of the assets will be treated as a contribution in aid of construction. Consequently, the acquisition of the system assets will not encumber the utility's assets in any way. Ongoing capital needs will be financed through a combination of debt and equity. Any debt portion of capital investment will be on terms and conditions approved by the Commission.

18. The acquisition of assets proposed in the petition is fair and reasonable in all respects. Consequently, the Commission should not impose or attach any conditions to the transaction.

Conclusion

Therefore, based on the information provided herein, including Magnolia's answers to the 18 Points and the assertion that Magnolia is ready, willing, and able to provide the customers of the System with safe, reliable, and adequate service, Magnolia prays that the Commission find the proposed transfer of assets to be in the public interest and issue an order approving or not opposing the transaction.

Respectfully submitted,



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