

cc: B.H.H.

KEAN|MILLER^{LLP}

KATHERINE W. KING, PARTNER
PH 225.382.3436, Fax 225.388.9133
KATHERINE.KING@KEANMILLER.COM

March 30, 2021

Ms. Terri Bordelon
Louisiana Public Service Commission
Records and Recordings Division
602 N. 5th Street,
Galvez Bldg., Fl. 12
Baton Rouge, LA 70802

2021 MAR 30 AM 11:20
LA PUBLIC SERVICE
COMMISSION

Re: Docket No. S-35579, Water Treatment & Controls Company d/b/a Peoples Water Service Company of Bastrop and Peoples of Bastrop, LLC, ex parte. In re: Request for a Letter of Non-Opposition to Transfer and Sell Water Utility System, Incur Indebtedness, and Grant Security Interest.
File No. 30242.1

Dear Ms. Bordelon:

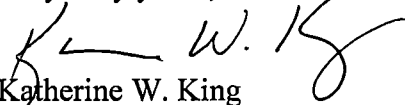
Please find attached the original and three copies of the Supplemental and Amending Request for Letter of Non-Opposition being filed in the referenced proceeding on behalf of Water Treatment & Controls Company (d/b/a Peoples Water System Company of Bastrop) and Peoples of Bastrop, LLC. Kindly file stamp and return one copy to our office pursuant to normal procedures.

Please note that we are filing Exhibit B under seal, as Confidential and Proprietary Information, pursuant to Rule 12.1 of the LPSC Rules of Practice and Procedure.

We respectfully request that this amended filing be published in the April 1, 2021 Bulletin, with a 15-day intervention period. An expedited intervention period is necessary to allow Commission consideration at the May 19, 2021 Business and Executive Session, as requested in the filing, to allow for the proposed sale to close by June 15, 2021.

Please contact me if you have any question or require anything further.

Very truly yours,


Katherine W. King

CRT
Enclosure

cc: Official Service List (by electronic mail)

By Hand

**BEFORE THE
LOUISIANA PUBLIC SERVICE COMMISSION
DOCKET NO. S-35579
WATER TREATMENT & CONTROLS COMPANY
D/B/A PEOPLES WATER SERVICE COMPANY OF BASTROP
AND PEOPLES OF BASTROP, LLC
EX PARTE**

**2021 MAR 30 AM 11:20
LA PUBLIC SERVICE
COMMISSION**

***In re: Request for a Letter of Non-Opposition to Transfer and Sell Water Utility System,
Incur Indebtedness, and Grant Security Interest.***

SUPPLEMENTAL AND AMENDING REQUEST

NOW BEFORE THE COMMISSION, through undersigned counsel, come Water Treatment & Controls Company (d/b/a/ Peoples Water Service Company of Bastrop) (“**WTC**”) and Peoples of Bastrop, LLC (“**POB**”), and herewith submit this supplemental and amending request for a letter of non-opposition and/or approval from the Louisiana Public Service Commission (“**LPSC**” or “**Commission**”) to address necessary changes to its Initial Request (defined herein) to transfer and sell WTC’s water utility system (“**Bastrop Water System**” to POB, as a result of a Drinking Water Advisory Notice for Manganese (“**Advisory Notice**”) issued by the Louisiana Department of Health (“**LDH**”) on December 18, 2020, regarding WTC’s Bastrop Water System (“**Amended Request**”). Specifically, due to the change in circumstances resulting from the Advisory Notice, WTC and POB seek to supplement and amend their Initial Request to now include:

- (i) non-opposition to WTC’s selling its water utility system and related assets to POB;

- (ii) non-opposition to POB's incurring updated bond indebtedness of approximately \$10,700,000 to finance the purchase of WTC's water utility system and the improvements being implemented to address the Advisory Notice;
- (iii) non-opposition to POB's encumbering the transferred assets with a mortgage/security interest to secure the bond indebtedness;
- (iv) amendment to LPSC Order No. U-34690,¹ to (a) authorize WTC's implementing of a portion of the Phase Two Rates approved by the Commission in the order, to be effective on the closing of the proposed sale, and (b) require 20-day prior notice to WTC customers;
- (v) revision of the *In re* of this proceeding, as follows, to reflect the supplemental and amending request for implementation of a portion of the Phase Two Rates approved in Order U-34690 and allow 20-day notice to customers: *In re: Request of Water Treatment & Controls Company (d/b/a Peoples Water Service Company of Bastrop) and Peoples of Bastrop, LLC For Letter Of Non-Opposition and/or Approval to Transfer And Sell Water Utility System, Incur Indebtedness, Grant Security Interest, and Amend LPSC Order No. U-34690 to Implement Reduced Phase Two Rates with 20-Day Notice to Customers*, and
- (vi) expedited treatment of this Amended Request to allow for the proposed transfer and sale to be timely completed on or before June 15, 2021, including that the supplemental and amended request be published in the April 1, 2021 LPSC Bulletin, with a 15-day intervention, and be considered by the Commission not later

¹ Water Treatment & Controls Company d/b/a Peoples Water Company of Bastrop, ex parte. Docket No. U-34690, *In re: Application for Increase in Rates For Water and Water Service in the City of Bastrop and Its Environs*, Order at Ordering Paras. 3 and 4 (November 5, 2018).

than the May 19, 2021, LPSC Business and Executive Session (“**Amended Request**”).

In support of this Amended Request, WTC and POB submit as follows:

1.

On June 23, 2020, pursuant to the LPSC’s General Order dated November 13, 1996 (“**1996 General Order**”)² and General Order dated March 18, 1994 (“**1994 General Order**”)³, WTC and POB jointly filed to request the Commission’s (i) non-opposition to WTC selling its water utility system and related assets to POB, (ii) non-opposition to POB incurring bond indebtedness to finance the purchase of WTC’s water utility system, and (iii) encumbering the transferred assets with a mortgage/security interest to secure the bond indebtedness (“**Initial Request**”). In support of the Initial Request, WTC and POB submitted responses to the 18-Factor analysis of the 1994 General Order and a copy of the Utility Asset Purchase and Sale Agreement (“**Sale Agreement**”), provided under seal pursuant to Rule 12.1 of the LPSC Rules of Practice and Procedure; the parties also responded to two sets of discovery propounded by Staff. On January 14, 2021, Staff issued its Report and Recommendation, finding that the proposed transfer, bond financing and related mortgage to be in the public interest and recommending that the Commission express its non-opposition to the Initial Request, subject to certain conditions.⁴

² Louisiana Public Service Commission, ex parte. *In re: Commission Approval of Security Issues and Assumptions of Liability*, General Order (November 13, 1996).

³ Louisiana Public Service Commission, ex parte. *In re: Commission Approval Required of Sales, Leases, Mergers, Consolidations, Stock Transfers, and All Other Changes of Ownership of Control of Public Utilities Subject to Commission Jurisdiction*, General Order (March 18, 1994).

⁴ Staff Report and Recommendation at 8-10 (January 14, 2021).

2.

On December 18, 2020, the LDH issued the Advisory Notice to WTC relating to samples taken of water supplied by the Robert Street Well, which is part of WTC's Bastrop Water System. A copy of the Advisory Notice is attached hereto and made a part hereof as Exhibit "A." As a result of the Advisory Notice, WTC and POB have worked together to develop a revised capital improvements plan ("CIP") to immediately address the manganese issue raised in the Advisory Notice. The revised CIP includes a more cost-effective solution to address the manganese issue of the Bastrop Water System than was approved by the Commission in WTC's last rate proceeding (Docket No. U-34690). Specifically, WTC estimates that in lieu of the approximately \$1.7 million iron/manganese removal filtration system previously contemplated for construction at its Ogden Avenue storage tank (which services the Robert Street Well), WTC will construct a new water well in an area where the aquifer is unaffected by the iron and manganese issues impacting the Robert Street well, and use a temporary filtration system at the Ogden Avenue storage tank until the new well is complete for a total budget of approximately \$768,000.⁵

3.

In order not to delay addressing the manganese issue raised in the Advisory Notice, WTC has moved forward with installation of the temporary filtration system at the Ogden Avenue storage tank and construction of the new well. As of filing this Amended Request, the temporary filtration system has been installed and is operating, engineering plans have been completed for the well, the contract for the construction of the well has been executed, and construction of the

⁵ Emergency power will still be needed at the Ogden Avenue site and at the Donaldson Street site. Initial engineering has already been completed, as reported in WTC's capital improvement reports filed in Docket No. U-34690. However, POB would develop its own budgets to complete these projects after closing of the sale and thus costs associated with these projects are not included in WTC's proposed implementation of Reduced Phase Two Rates (defined herein), as further discussed herein.

well will commence any day, with completion expected in 120 to 180 days. These expenditures were not anticipated under the Sale Agreement. Thus, WTC and POB have entered into the Second Addendum to Utility Asset Purchase and Sale Agreement, dated February 15, 2021 (“**Addendum Sale Agreement**”) which increases the purchases price by the total cost of the well and the cost incurred for the temporary filtration system as of the time of closing, together with related engineering costs. A copy of the Addendum Sale Agreement, which contains confidential and proprietary financial and related information is being filed under seal pursuant to Section 12.1 of the Commission’s Rules of Practice and Procedure, is attached hereto and made a part hereof as Exhibit “B”. WTC and POB anticipate the new purchase price will be approximately \$8,568,000, an increase of approximately \$768,000 to the initial purchase price.

4.

The higher purchase price also increases the amount of bond financing that POB will need to procure. To account for the higher purchase price and the lender’s new requirement for additional working capital, as a result of the higher purchase price and larger bond issuance, POB is requesting the Commission approve or not-oppose the issuance of approximately \$10,700,000 in bond financing.⁶ The bonds will have a 30-year maturity and an anticipated interest rate of approximately 6.25%.⁷

5.

In Order No. U-34690, dated November 5, 2018, the LPSC authorized WTC to increase water rates via a phase-in with Phase One minimum rates being \$22.00 for usage up to 2,000

⁶ Although POB intends to enter into approximately \$10.7 million in bond financing to cover the new purchase price, working capital requirement and delivery date costs associated with the bond issuances, POB is requesting from the State Bond Commission (“SBC”) authority to issue bonds in an amount not to exceed \$11.5 million.

⁷ For purposes of the SBC, the not to exceed interest rate is 7.0%.

gallons, and an additional \$4.10 per additional 1,000 gallons for residential, commercial and industrial customers (“**Phase One Rates**”).⁸ Further, the Commission authorized Phase Two minimum rates of \$24.50 for usage up to 2,000 gallons, and an additional \$4.50 per additional 1,000 gallons for residential, commercial, and industrial customers (“**Phase Two Rates**”).⁹ The Commission authorized WTC to have a \$2.7 million budget for capital improvements,¹⁰ and implementation of Phase Two Rates was tied WTC’s completing the capital improvement projects included in that budget and providing 30-days notice to customers of the rate increase.¹¹

6.

In light of the modified and more cost-effective capital improvements being undertaken by WTC to immediately address the manganese issue raised in the Advisory Notice, WTC is requesting the LPSC to amend Order No. U-34690 and authorize a reduced amount of Phase Two Rates to be effective at the closing of the sale rather than at project completion. In Docket No. U-34690, WTC was authorized to increase rates by an additional \$2.50 for Phase Two Rates, based on completion of approximately \$2.7 million in capital improvement projects. However, WTC expects to have incurred approximately \$853,000 in capital expenditures at the time of closing on the sale, including the \$85,000 incurred as of February 28, 2021 (incurred prior to addressing the manganese issues and which was included in the sale price of the initial Sale Agreement) and the additional \$768,000 for the new well and temporary filtration system (which has been added to the

⁸ Order No. U-34690 at Ordering Paragraph 3 (November 5, 2018).

⁹ *Id.*

¹⁰ The capital improvements included: (i) Iron Removal Filtration System at the Ogden Avenue Plant, with a budget estimate of approximately \$1.7 million; (ii) Emergency Power Generator at the Ogden Avenue Plant, with a budget estimate of approximately \$705,000; and (iii) Emergency Power Generator at the Donaldson Plant, with a budget estimate of approximately \$345,000. As of February 28, 2021, approximately \$85,000 in engineering costs have been incurred by WTC.

¹¹ *Id.* at Ordering Paragraphs 2, 4 and 5.

sale price and included in the Amended Sale Agreement). Thus, the \$853,000 incurred by WTC is part of the sale price and will be paid by POB to WTC at the closing. The \$853,000 is approximately 32% of the \$2.7 million capital improvements budget identified in Order No. U-34690. Given that these expenditures are to be included in the purchase price of the Amended Sale Agreement, the Reduced Phase Two Rates (hereafter defined) must be in place at closing in order to support the new, higher purchase price and bond financing. As it is estimated that 32% of the capital improvements budget will have been incurred by WTC at the time of closing, WTC respectfully requests that 32% of the authorized \$2.50 increase in minimum rates and 32% of the authorized \$0.40 increase in volumetric rates be implemented at or before closing. This would result in a Phase Two increase in minimum rates of \$0.80 (from \$22.00 for usage up to 2,000 gallons for residential, commercial, and industrial customers to \$22.80), and increase in usage rates of \$0.13 (from \$4.10 per additional 1,000 gallons for customers to \$4.23) (“**Reduced Phase Two Rates**”). In support of this request, WTC provides a copy of the revised tariff for water service as Exhibit “C”, which is attached hereto and made a part hereof.¹²

7.

Further, due to the June 15, 2021 deadline for closing of the sale, and requested consideration of the Commission of the Amended Request at the May 19, 2021 Business and Executive Session, WTC respectfully requests that the Commission amend Order No. U-34690 to modify the requirement for 30-day prior notice to customers of the Phase Two Rates, such that WTC will provide customers with not less than 20 days prior notice of the Reduced Phase Two Rates, along with notice of the change in ownership of the Bastrop Water System. POB will

¹² POB will adhere to the rates in WTC’s revised tariff, pending its filing a full rate case following 12 months of operating and issuance of a Commission order authorizing different rates.

likewise provide notice of the change in ownership in its first monthly billings to customers following closing of the sale.

8.

In addition, consistent with the relief requested in this Amended Request, WTC and POB request the LPSC modify the *In re* of this proceeding, as follows, to reflect the supplemental and amending request for implementation of a portion of the Phase Two Rates approved in Order U-34690 and 20-day notice to customers: *In re: Request of Water Treatment & Controls Company (d/b/a Peoples Water Service Company of Bastrop) and Peoples of Bastrop, LLC For Letter Of Non-Opposition and/or Approval to Transfer And Sell Water Utility System, Incur Indebtedness, Grant Security Interest, and Amend LPSC Order No. U-34690 to Implement Reduced Phase Two Rates with 20-Day Notice to Customers.*

9.

In support of this Amended Request, WTC and POB also submit a revised 18-Factor Analysis attached hereto as Exhibit "D". Except as revised by this Amended Request, the Initial Request, and documents and discovery provided in support, remains unchanged and is incorporated herein. Further, except as would be modified by this Amended Request (with respect to the updated bond terms and proposed rate increase), WTC and POB agree and commit to each of the Staff's proposed conditions for approval as recommended by Staff in its Report and Recommendation on the Initial Request, as applicable to WTC and/or POB, including that POB commits to initial a full rate proceeding following a year of operations of the Bastrop Water System and commits that to the extent POB earns a revenue surplus under the Reduced Phase Two Rates, POB will reinvest a significant portion of such excess revenues into the Bastrop Water System. In

support of POB's commitments, please see the affidavit of POB Manager, Mr. Jeffrey McNew, that is attached hereto as Exhibit "E" and made a part hereof.

10.

WHEREFORE, WTC and POB respectfully requests:

1. That the transfer and sale of WTC's Bastrop Water System to POB be approved and that the Commission issue a letter of non-opposition to the transfer and sale as outlined in this Amended Request;
2. That the Commission issue its non-opposition to POB incurring bond indebtedness not to exceed \$10,700,000 to finance the purchase of WTC's water utility system;
3. That the Commission issue its non-opposition to POB's encumbering the transferred assets with a mortgage/security interest to secure the bond indebtedness;
4. That the Commission amend LPSC Order No. U-34690, to (a) authorize WTC's implementing of a portion of the Phase Two Rates approved by the Commission in the order, to be effective on the closing of the proposed sale, and (b) require 20-day prior notice to WTC customers;
5. That the Commission revise the *In re* of this proceeding, as follows, to reflect the supplemental and amending request for implementation of a portion of the Phase Two Rates approved in Order U-34690 and 20-day notice to customers: *In re: Request of Water Treatment & Controls Company (d/b/a Peoples Water Service Company of Bastrop) and Peoples of Bastrop, LLC For Letter Of Non-Opposition and/or Approval to Transfer And Sell Water Utility System, Incur Indebtedness, Grant Security Interest, and Amend LPSC Order No. U-34690 to Implement Reduced Phase Two Rates with 20-Day Notice to Customers*, and

6. That the Commission grant expedited treatment of this Amended Request to allow for the proposed transfer and sale to be timely completed, and rate increase effective, on or before June 15, 2021, including for this Amended Request to be published in the April 1, 2021 LPSC Bulletin, with an 15-day intervention, and considered by the Commission not later than the May 19, 2021, LPSC meeting, with the proposed Reduced Phase Two Rates authorized to implemented at the closing of the proposed sale.

By Attorneys,

TAYLOR, PORTER, BROOKS & PHILLIPS, LLP

BY: 

James L. Ellis, Bar Roll No. 5333
Thomas D. Gildersleeve, Bar Roll No. 28048
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**Attorneys for Water Treatment & Controls Company
d/b/a Peoples Water Service Company of Bastrop**

BY: 

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KEAN MILLER LLP
Post Office Box 3513
Baton Rouge, Louisiana 70821
Telephone: (225) 387-0999

Attorneys for Peoples of Bastrop, LLC

CERTIFICATE OF SERVICE

I certify that a copy of the Supplemental and Amending Request has been served on all parties on the Official Service List for Docket No. S-35579 via electronic mail.

Baton Rouge, Louisiana, on this 30th day of March, 2021.

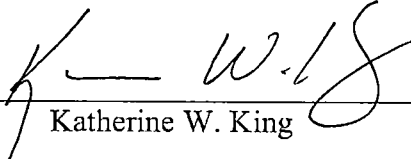

Katherine W. King

EXHIBIT "A"

**LOUISIANA DEPARTMENT OF HEALTH
DRINKING WATER ADVISORY NOTICE FOR MANGANESE**

[Remainder of page intentionally left blank]

John Bel Edwards
GOVERNOR



Dr. Courtney N. Phillips
SECRETARY

State of Louisiana
Louisiana Department of Health
Office of Public Health

CERTIFIED MAIL – (7019 1640 0000 6041 8735)-RETURN RECEIPT REQUESTED

December 18, 2020

Doil Nelson, Project Manager
Bastrop Water System
PO Box 70
Bastrop, LA 71220

RE: Drinking Water Advisory Notice for Manganese
Bastrop Water System
PWS ID # LA1067003
Morehouse Parish

Dear Mr. Nelson,

This letter is to acknowledge that the Louisiana Department of Health (LDH) – Safe Drinking Water Program (SDWP) has reviewed the attached drinking water sample results. LDH routinely samples public water systems for primary and secondary contaminants. Routine and confirmation water samples were collected by LDH staff from the above water system and submitted to Pace Analytical Services, Inc. and the Office of Public Health Laboratory in Baton Rouge for analysis.

The sampling performed by regional LDH staff on 11/23/2020 indicates that Manganese has been detected (**1.36 mg/l**) in the sample collected at the entry point to the distribution system (EPDS) in exceedance of the **Health Advisory (HA) Value** (see below) set by the U.S. Environmental Protection Agency (EPA). In response, LDH staff collected confirmation sample on 12/9/2020 at the entry point to the water system indicating levels of **1.38 mg/l**, respectively.

The EPA's drinking water HA does not mandate a standard for action; rather it provides information on health risks for manganese so that drinking water system operators and health officials can take the appropriate steps to protect residents. The HA provides guidance on the concentrations below which potential health would unlikely occur. For reference:

- EPA's 10-day Health Advisory manganese value for bottle-fed infants younger than six months is 0.3 mg/L (or 300 µg/L).
- EPA's 10-day value for children older than 6 months is 1 mg/L (or 1000 µg/L).
- EPA's Lifetime Health Advisory value is 0.3 mg/L, or 300 µg/L.

Based on the sample results for the above water system, the manganese level in the drinking water exceeds EPA's 10-day Health Advisory value for bottle-fed infants younger than six months, EPA's 10-day value for children older than 6 months, and EPA's Lifetime Health Advisory.

December 18, 2020

RE: Drinking Water Advisory Notice for Manganese
Bastrop Water System
PWS ID # LA1067003
Morehouse Parish

Drinking water manganese levels above 0.3 mg/L (or 300 µg/L) are not necessarily harmful to a majority of the population. An individual's nutritional requirements for manganese and potential for harmful effects may be highly variable. In fact, some adults consume more than 10 mg/day of manganese in their diet without experiencing any harmful health effects. However, bottle-fed infants who drink water containing more than 0.3 mg/L of manganese over a period of 10 days may have negative neurological effects.

When drinking water manganese levels are above a health advisory level, the EPA and LDH recommends that the public water system consider taking actions such as additional sampling, notifying customers and, if possible, conducting mitigation. See attached Drinking Water Health Advisory and the Manganese frequently asked questions to notify your customers. Fill out and submit the attached public notice certification form to LDH once the advisory and factsheet have been provided to customers.

For any questions, please contact Sean Nolan at 225-342-7495 or sean.nolan@la.gov.

Sincerely,



Sean Nolan P.E.
SDWP Compliance Manager
Louisiana Department of Health

Attachments

cc/ec: OPH Regional/District Offices
Enforcement Unit

PUBLIC NOTICE CERTIFICATION FORM
(submit within 10 days of each notice provided)

PWS NAME: Bastrop Water System

PWS ID #: LA1067003

For Violation: Manganese Health Advisory > 1000 ug/L

Occurring on (date): December 9, 2020

The public water system indicated above hereby affirms that public notice has been provided to consumers in accordance with the delivery, content, and format requirements and deadlines in the (regulatory citation) Public Notification Rule (LAC 51:XII.Chapter 19).

Consultation with OPH (if required) on (date) _____.

Notice distributed by [circle the appropriate method(s) used]:

Newspaper DATE: _____

Mailing DATE: _____

Hand-Delivery DATE: _____

Other (describe) DATE: _____

(NOTE: Public Notice may require several different methods of delivery with notification to this office by different dates; more than one certification form may need to be filled out and sent to LDH/OPH)

Include all appropriate public notice (newspaper article, mail-out, posting, hand-delivery, etc.) with certification form.

By my signature below, I affirm that the above information is true and correct. I also am aware of the need to notify new "tie-ins" or new "billing units" of the violation or situation until the violation of situation has been corrected or resolved.

Signature of owner or operator: _____ Date: _____

Mail this form and copies of the notices to the following address:

Attn: Sean Nolan, P.E.
LDH - OPH -Engineering Services
P.O. Box 4489



State of Louisiana
Louisiana Department of Health
Public Health Laboratories
1209 Leesville Avenue
Baton Rouge, LA 70802
225-219-5200
<http://www.dhh.la.gov/lab>



SN 12/8/2020

December 08, 2020

The following analytical results have been obtained for the indicated sample(s) which was submitted to this laboratory:

Sample Pt. Description:	PIPE LEAVING GROUND STORAGE TANK EPTDS	Sample ID:	B2006399-001
Sample Pt ID:	8AJW	Sample Type:	Routine
PWS ID:	LA1067003	Sample Collector:	Austin
Water System Name:	BASTROP WATER SYSTEM	Collection date:	11/23/2020 2:30:00PM
Facility ID:	TP006	Lab Submittal date:	12/1/2020 11:48:00AM
Collection Address:			

Component Name	Results	Units	Rep. Limit	MCL	Qualifiers
ICP/MS Mercury (200.8)					
Mercury	<0.0010	mg/L	0.001	0.002	
ICP/MS Metals (200.8)					
Antimony	<0.0010	mg/L	0.001	0.006	
Arsenic	0.0028	mg/L	0.001	0.01	
Barium	<0.20	mg/L	0.2	2	
Beryllium	<0.0010	mg/L	0.001	0.004	
Cadmium	<0.0010	mg/L	0.001	0.005	
Copper	<0.1	mg/L	0.1	1.3	
Chromium	<0.0050	mg/L	0.005	0.1	
Nickel	<0.10	mg/L	0.1	N/A	
Lead	<0.001	mg/L	0.001	0.015	
Selenium	0.011	mg/L	0.005	0.05	
Thallium	<0.0010	mg/L	0.001	0.002	
Uranium	<1.0	ug/L	1	30	
ICP/OES Metals (200.7)					
Total Hardness	133.9	mg/L	1.4	N/A	
Aluminum	0.06	mg/L	0.01	N/A	
Iron	0.32	mg/L	0.01	N/A	
Manganese	1.36	mg/L	0.01	N/A	
Potassium	6.3	mg/L	0.1	N/A	
Silver	<0.010	mg/L	0.01	N/A	
Sodium	54.8	mg/L	0.1	N/A	
Zinc	<0.5	mg/L	0.5	N/A	

Reviewed by: Aaron Hawkins



State of Louisiana
Louisiana Department of Health
Public Health Laboratories
1209 Leesville Avenue
Baton Rouge, LA 70802
225-219-5200
<http://www.dhh.la.gov/lab>



SN 12/18/2020

December 18, 2020

The following analytical results have been obtained for the indicated sample(s) which was submitted to this laboratory:

Sample Pt. Description:	PIPE LEAVING GROUND STORAGE TANK EPTDS	Sample ID:	B2006542-001
Sample Pt ID:	8AJW	Sample Type:	Routine
PWS ID:	LA1067003	Sample Collector:	Austin
Water System Name:	BASTROP WATER SYSTEM	Collection date:	12/9/2020 10:30:00AM
Facility ID:	TP006	Lab Submittal date:	12/10/2020 9:40:00AM
Collection Address:			

Component Name	Results	Units	Rep. Limit	MCL	Qualifiers
ICP/MS Mercury (200.8)					
Mercury	<0.0010	mg/L	0.001	0.002	
ICP/MS Metals (200.8)					
Antimony	<0.0010	mg/L	0.0010	0.006	
Arsenic	0.0028	mg/L	0.001	0.01	
Barium	<0.20	mg/L	0.2	2	
Beryllium	<0.0010	mg/L	0.001	0.004	
Cadmium	<0.0010	mg/L	0.001	0.005	
Copper	<0.1	mg/L	0.1	1.3	
Chromium	<0.0050	mg/L	0.005	0.1	
Nickel	<0.10	mg/L	0.1	N/A	
Lead	<0.001	mg/L	0.001	0.015	
Selenium	0.011	mg/L	0.0050	0.05	
Thallium	<0.0010	mg/L	0.001	0.002	
Uranium	<1.0	ug/L	1	30	
ICP/OES Metals (200.7)					
Total Hardness	138.5	mg/L	1.4	N/A	
Aluminum	<0.01	mg/L	0.01	N/A	
Iron	0.32	mg/L	0.01	N/A	
Manganese	1.38	mg/L	0.01	N/A	
Potassium	5.9	mg/L	0.1	N/A	
Silver	0.012	mg/L	0.01	N/A	
Sodium	57.2	mg/L	0.1	N/A	
Zinc	<0.5	mg/L	0.5	N/A	

Reviewed by: Aaron Hawkins

EXHIBIT "B"

**SECOND ADDENDUM TO UTILITY ASSET
PURCHASE AND SALE AGREEMENT**

[REDACTED]

**Contains Confidential and Proprietary Financial and Related Information Being Provided
Under Seal Pursuant to Rule 12.1 of the LPSC Rules of Practice and Procedure**

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EXHIBIT “C”

WTC REVISED TARIFF FOR WATER SERVICE

[Remainder of page intentionally left blank]

LOUISIANA PUBLIC SERVICE COMMISSION

**WATER TREATMENT & CONTROLS COMPANY
(Bastrop)**

WATER SERVICES

AVAILABILITY

This service is available under the general terms and conditions of the Company to all customers of water service within Bastrop, Louisiana and environs.

RESIDENTIAL, COMMERCIAL AND INDUSTRIAL RATES:

First 2,000 gallons	\$ 22.80 22.00 Minimum
All Additional	\$ 4.23 4.10 per 1,000 gallons

OPTIONAL RATES:

1.	First 100,000 gallons	\$366.00 Minimum
	All Additional	\$ 4.23 4.10 per 1,000 gallons
2.	First 50,000 gallons	\$210.00 Minimum
	All Additional	\$ 4.23 4.10 per 1,000 gallons
3.	First 25,000 gallons	\$ 126.00 Minimum
	All Additional	\$ 4.23 4.10 per 1,000 gallons

SPRINKLER RATES:

<u>SIZE</u>	<u>MONTHLY RATE</u>
2" Service	\$ 30.00
4" Service	\$ 69.00
6" Service	\$105.00
8" Service	\$139.00
10" Service	\$237.50

*No bill will be rendered for less than the monthly rate. This rate is available to sprinkler system customer's premises only for the purpose of protection from and/or extinguishment of fire.

FIRE HYDRANT RATES (per hydrant charge):

1. Stand-by service for protection from and/or extinguishment of fire from Company furnished fire hydrant - \$43.50 per month.
2. Stand-by service for protection from and/or extinguishment of fire from privately owned hydrant on main pressurized by Company mains \$9.11 (U-19153 – no longer offered)
3. Bulk sales or temporary service from fire hydrant – \$92.00 service charge plus Optional rate 3 will apply for each installation or meter relocation.
4. Hydrants for City of Bastrop - \$1,785.74 per month (not per hydrant charge).

Effective: ~~MM/2018~~June 15, 2021

2019th Revised Tariff Page 1 of 3

Authority: Order No. SU-35579~~34690~~; Nov-8-2018

LOUISIANA PUBLIC SERVICE COMMISSION

**WATER TREATMENT & CONTROLS COMPANY
(Bastrop)**

WATER SERVICES

TAPPING FEES

SIZE

3/4" Service	\$650.00 plus cost of materials
1" Service	\$650.00 plus cost of materials
1 1/2" Service	\$650.00 plus cost of materials
2" Service	Actual Cost

*The Company reserves the right to determine the size of the service necessary to serve a new customer. Applies to service application where service has not heretofore been rendered necessitating therefore a connection between service line and water main.

DEPOSITS

The following consumer deposits will be on new accounts and accounts that are disconnected for non-payment:

<u>CLASSIFICATION</u>	<u>MINIMUM BILL</u>	<u>AMOUNT OF DEPOSIT</u>
Domestic Consumer	\$22.80 22.00	\$75.00
Commercial	\$22.80 22.00	\$75.00
Commercial-Industrial	\$366.00	\$75.00
Commercial-Industrial	\$210.00	\$75.00
Commercial-Industrial	\$126.00	\$75.00
Service Station	Any Service	\$75.00
Contractors	Any Service	\$75.00
Temporary Service for Fire Hydrant	Any Service	Actual Cost of Meter

If the amount of such deposit as originally made proves to less than one-half times the consumer's maximum monthly bill, the Company shall have the right to require such consumer to increase the deposit to one and one-half the maximum monthly bill.

LOUISIANA PUBLIC SERVICE COMMISSION

**WATER TREATMENT & CONTROLS COMPANY
(Bastrop)**

WATER SERVICES

TURN-ON/AND RECONNECTION FEE, PREMISE VISIT FEE, AND SERVICE CHARGE

1. A turn-on fee of \$20.00 will be collected for each turn-on or connection for service.
2. A turn-on fee of \$20.00 will be collected for each turn-on following cutoff for non-payment of bill.
3. A premise visit fee of \$10.00 will be collected by company personnel when a customer offers to pay in full the delinquent bill and the premises visit fee to avoid immediate cutoff for non-payment of bill. This payment must be made with either check or money order during regular business hours.
4. A fee of \$20.00 will be collected for each interruption of service made at the customer's request, i.e. for turn-off for repairs on customer's premises.
5. A service charge of \$20.00 will be charged to each customer who issued a check for payment, with insufficient funds.
6. In the event that the Customer requests the Company to connect, re-connect, or to otherwise take action necessary to provide water service to Customer's premise(s), and further in the event that after the Company takes the action necessary to commence such water service to Customer, the Customer sustains water damage or other damages of any kind as a result of 1) defective, leaking, or inadequately-installed piping behind Customer's meter point, 2) Customer's having left a faucet, valve or other water connection turned on, or 3) other action or inaction of Customer resulting in damages, the Company and Customer agree that Company shall have no liability or financial responsibility whatsoever for any damages of any kind.

EXHIBIT “D”

REVISED 18-FACTOR ANALYSIS

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BEFORE THE
LOUISIANA PUBLIC SERVICE COMMISSION
DOCKET NO. S-35579
WATER TREATMENT & CONTROLS COMPANY
D/B/A PEOPLES WATER SERVICE COMPANY OF BASTROP
AND PEOPLES OF BASTROP, LLC
EX PARTE

*In re: Request for a Letter of Non-Opposition to Transfer and Sell Water Utility System,
Incur Indebtedness, and Grant Security Interest.*

REVISED 18-FACTOR ANALYSIS

On behalf of Water Treatment & Controls Company (d/b/a Peoples Water Service Company of Bastrop) (hereinafter "**WTC**") and Peoples of Bastrop, LLC ("**POB**"), this Revised 18-Factor Analysis is being submitted in support of WTC and POB's Supplemental and Amending Request ("**Amended Request**"), to address the Commission's General Order of March 18, 1994 relating to the factors to be considered in connection with WTC and POB's request for the Commission's approval or and/or non-opposition to the following:

- (i) WTC's selling its water utility system ("**Bastrop Water System**") and related assets to POB;
- (ii) POB's incurring updated bond indebtedness of approximately \$10,700,000 to finance the purchase of WTC's water utility system and the improvements being implemented to address the Advisory Notice;
- (iii) POB's encumbering the transferred assets with a mortgage/security interest to secure the bond indebtedness;

EXHIBIT “D”

- (iv) Amendment to LPSC Order No. U-34690,¹ to (a) authorize WTC’s implementing of a portion of the phase two rates approved by the Commission in the order (“**Reduced Phase Two Rates**”),² to be effective on the closing of the proposed sale, and (b) require 20-day prior notice to WTC customers;
- (v) Revision to the *In re* of this proceeding, as follows, to reflect the supplemental and amending request for implementation of a portion of the Phase Two Rates approved in Order U-34690 and allow 20-day notice to customers: *In re: Request of Water Treatment & Controls Company (d/b/a Peoples Water Service Company of Bastrop) and Peoples of Bastrop, LLC For Letter Of Non-Opposition and/or Approval to Transfer And Sell Water Utility System, Incur Indebtedness, Grant Security Interest, and Amend LPSC Order No. U-34690 to Implement Reduced Phase Two Rates with 20-Day Notice to Customers*, and
- (vi) Expedited treatment of this Amended Request to allow for the proposed transfer and sale to be timely completed on or before June 15, 2021, including that the supplemental and amended request be published in the April 1, 2021 LPSC Bulletin, with a 15-day intervention, and be considered by the Commission not later than the May 19, 2021, LPSC Business and Executive Session.

¹ Water Treatment & Controls Company d/b/a Peoples Water Company of Bastrop, ex parte. Docket No. U-34690, *In re: Application for Increase in Rates For Water and Water Service in the City of Bastrop and Its Environs*, Order at Ordering Paras. 3 and 4 (November 5, 2018).

² Reduced Phase Two Rates would increase WTC’s minimum rates by \$0.80 (from \$22.00 for usage up to 2,000 gallons for residential, commercial, and industrial customers to \$22.80), and increase WTC’s usage rates by \$0.13 (from \$4.10 per additional 1,000 gallons for customers to \$4.23).

EXHIBIT “D”

This Revised 18-Factor Analysis supplements and amends the analysis provided in Exhibit “C” to WTC and POB’s initial request for a letter of non-opposition, dated June 23, 2018 (“**Initial Request**”). Specific to the Amended Request, WTC and POB submit revised responses to Factors 1, 2, 5, 9, 15 and 17.

1. Whether the transfer is in the public interest.

The transfer of the WTC system to POB is in the public interest. The following non-exclusive list of benefits include:

- a) A local, proven, professional management team as the new owners and operators of the Bastrop water system;
- b) POB’s commitment to adhere to the Reduced Phase Two Rates, which increase rates on a pro rata basis per dollars of capital improvements spent or incurred as previously authorized in Commission rate order U-34690 dated November 5, 2018;
- c) POB’s agreement to initiate a full rate proceeding following 12 months of operations, to allow the Commission to fully evaluate POB’s revenues and expenses for purposes of setting just and reasonable rates for POB pursuant to a debt service cost ratio (“**DSCR**”) sufficient to meet POB’s debt service requirements and operating expenses;
- d) To the extent POB earns a revenue surplus under the Reduced Phase Two Rates, POB’s agreement to reinvest a significant portion of such excess revenues into the Bastrop Water System; and
- e) POB ownership managed other regulated Louisiana water and wastewater companies that bring additional manpower, equipment, and management resources to the Bastrop Water System.

2. Whether the purchaser is ready, willing and able to continue providing safe, reliable and adequate service to the utility's ratepayers.

The manager of POB has a proud history of providing water service to multiple water systems in Northeast Louisiana. Specifically, the manager owns Lincoln Hills Subdivision Water System; Hidden Oaks Subdivision Water System; Wildwood Mobile Home Park Water System; Pecan Lake Estates Water System; Ramsey Water System; Country Estates South Water System; and Country Estates North Water System. Further, the manager operates Better Waterworks; Lakeshore Sewer District Sewer System; North Monroe Sewer District Sewer System; Greater Ouachita Water Company; and Hideaway Road Sewerage District Sewer System. Combined, the manager of POB owns and/or operates systems which serve approximately 30,000 water and/or wastewater customers. When POB acquires the water system from WTC, WTC's employees who have the expertise and who currently operate the production and treatment plants, maintain the distribution system, and handle the customer service functions will be offered employment by POB. As such, the ratepayers will experience the same professional service under the new ownership. This will result in continued, safe, and reliable water service provided by operators who know the Bastrop Water System.

5. Whether the transfer will provide net benefits to ratepayers in both the short term and the long term and provide a rate making method that will ensure, to the fullest extent possible, that ratepayers will receive the forecasted short and long term benefit.

The transfer and sale to POB will provide short and long-term benefits. The short-term benefits will be the immediate change of ownership from an out of state investor group to a Louisiana-based and more "hands on" management team to oversee the water system's operations. The long-term benefits are POB is committed to regularly invest in the water system to ensure compliance with water quality standards. Further, to the extent POB earns a revenue surplus under

the Reduced Phase Two Rates, POB’s agrees to reinvest a significant portion of such revenues into the Bastrop Water System POB. In addition, POB is interested in working with the leaders in the service area to help promote economic growth.

From an operational standpoint, the transfer will create the potential for increased redundancy as associated companies of POB have certified operators, a large inventory of parts, large construction equipment and qualified operators, in-house IT personnel, and in-house GIS mapping technology. All these resources will increase responsiveness of the utility to better serve the ratepayers.

9. Whether the transfer would be fair and reasonable to the majority of all affected utility or common carrier shareholders.

The owners/shareholders of WTC have evaluated a fair price for the water system for many months. The agreed upon price with POB is the product of good faith, arms-length negotiations and is deemed just and reasonable by WTC and POB. Likewise, the increased price of the Second Addendum to Utility Asset Purchase And Sale Agreement (“**Addendum Sale Agreement**”) represents the increase in capital expenditures to be incurred by WTC as of closing to address the manganese issue raised by the Louisiana Department of Housing (“**LDH**”) in a Drinking Water Advisory Notice for Manganese, dated December 18, 2020 (“**Advisory Notice**”). This increase in price was agreed to and deemed just and reasonable by WTC and POB.

15. Whether any repairs and/or improvements are required and the ability of acquiring entity to make those repairs and/or improvements.

POB agrees to be bound to the proposed Reduced Phase Two Rates which are consistent, on a pro rata basis per dollar of capital expenditures with the rate increase previously authorized by the Commission in WTC’s most recent rate order (See Exhibit “B” to the Initial Request, dated

EXHIBIT "D"

June 23, 2020), which accounts for certain expenditures that WTC has incurred since LPSC Order No. U-34690 (approximately \$85,000) and that WTC must implement immediately to address the manganese issue raised by LDH in its Advisory Notice (approximately \$768,000). Further, POB agrees to address the remaining required repairs and/or improvements to the system and agrees to initiate a full rate proceeding following 12 months of operations under the Reduced Phase Two Rates.

17. The manner of financing the transfer and any impact that may have on encumbering the assets of the entity and the potential impact on rates.

The proposed financing will result in a lien on the acquired assets. As a result of the additional capital improvements required to resolve the manganese issue, the purchase price has increased. The implementation of the Reduced Phase Two Rates is required to cover the requirements of the bond issuance, which amount was also increased due to the increased purchase price. The bond issuance should have no further impact on rates other than the implementation of the Reduced Phase Two Rates. As stated in paragraph 9 above, the acquisition price, as amended, is the product of good faith, arms-length negotiations over many months.

EXHIBIT "E"

POB Affidavit in Support of Amended Request

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BEFORE THE
LOUISIANA PUBLIC SERVICE COMMISSION
DOCKET NO. S-35579
WATER TREATMENT & CONTROLS COMPANY
D/B/A PEOPLES WATER SERVICE COMPANY OF BASTROP
AND PEOPLES OF BASTROP, LLC
EX PARTE

*In re: Request for a Letter of Non-Opposition to Transfer and Sell Water Utility System,
Incur Indebtedness, and Grant Security Interest.*

AFFIDAVIT OF JEFFREY MCNEW

STATE OF LOUISIANA

PARISH OF OUACHITA

Before me, the undersigned authority, on this day personally appeared the person known by me to be Jeffrey McNew who, after being sworn by me, stated as follows:


1. My name is Jeffrey McNew. I am Manager of People's of Bastrop, LLC ("**POB**"). POB's principal place of business is located at 401 Thomas Road, Suite 5, West Monroe, Louisiana 71292.
2. POB received authority from the Louisiana Public Service Commission ("**LPSC**") to operate as a water utility, effective upon the LPSC's approval or non-opposition to the request of POB and Water Treatment Controls Company d/b/a People's Water of Bastrop ("**WTC**") in Docket No. S-35579, to transfer and sell WTC's water system ("**Bastrop Water System**") to POB, to incur indebtedness, and to grant a security interest.
3. POB and WTC are filing an amended request for relief that also seeks LPSC approval for WTC to implement a reduced phase two rate increase to the phase two rate increase authorized by the LPSC in Order No. U-34690 ("**Reduced Phase Two Rate Increase**"), to allow WTC to implement the Reduced Phase Two Rate Increase at closing of the sale of the Bastrop Water System, and with 20-day prior notice to customers, and to change the In re of the proceeding to reflect the amended request and amendment to the LPSC Order No. U-35690 ("**Amended Request**").
4. As part of the Amended Request being filed with the LPSC in Docket S-35579, POB agrees to the following two conditions for the LPSC's approval and or non-opposition to the amended request for relief:

- (i) POB agrees that it will initiate a full base rate proceeding following twelve months of operations as the owner of the Bastrop Water System, which POB anticipates will use a test year ending June 30, 2022, to determine an appropriate rate-setting methodology and tariff based on POB's known operating expenses; and
- (ii) POB commits that to the extent POB earns a revenue surplus under the Reduced Phase Two Rates, POB will reinvest a significant portion of such excess revenues into the Bastrop Water System.

5. I hereby swear and affirm that POB agrees to the above two conditions for LPSC approval and/or non-opposition to the Amended Request. I further attest that as Manager of POB, I am authorized to speak on behalf of POB.


Jeffrey McNew

SUBSCRIBED AND SWORN TO BEFORE ME, the undersigned notary on this the 29th day of March 2021.


Notary Public in and for
The State of Louisiana

