

**BEFORE THE  
LOUISIANA PUBLIC SERVICE COMMISSION**

**DOCKET NO. U-37130**

**LOUISIANA WATER COMPANY, INC.,**

**EX PARTE.**

---

*In re: 2023 Formula Rate Plan Annual Report.*

---

**JOINT REPORT OF PROCEEDINGS  
AND DRAFT ORDER**

Louisiana Water Company, Inc. ("LAWCO" or the "Company") and the Louisiana Service Public Service Commission ("LPSC" or "Commission") Staff ("Staff") respectfully submit this *Joint Report of Proceedings and Draft Order* ("Joint Report") to advise the Commission of a resolution of all issues in this proceeding addressing LAWCO's Formula Rate Plan Annual Report for the Test Year Ending December 31, 2023. LAWCO and Staff move that this Commission issue the Draft Order, attached as Exhibit 3, accepting this Joint Report as there are no unresolved issues.

LAWCO filed its annual Formula Rate Plan ("FRP") Report for the Test Year Ending December 31, 2023 on February 29, 2024 ("2023 FRP Annual Report"), in compliance with Commission Order No. U-36318-A. Notice of LAWCO's 2023 FRP Annual Report was published in the Commission's Official Bulletin #1319, dated March 15, 2024 for a 15-day intervention period. There are no intervenors.

Pursuant to Commission Order U-36318-A, LAWCO's FRP established a Return on Equity ("ROE") bandwidth of 9.00% to 10.00%, with a midpoint reset of 9.50%. If the earned ROE falls within the bandwidth, no rate change shall be made; however, in cases where the

difference between earned ROE and the allowed ROE exceeds or falls below the end points of the bandwidth, the rates shall be reset to the midpoint ROE of 9.50%.

In its 2023 FRP Filing, LAWCO reported a ROE of 5.52%, which is 3.98% below the allowed return of 9.50%, taking into consideration the fifty basis points dead band. This deficiency in earnings would require an increase in revenue requirement of \$1,022,270, adjusted for taxes. The estimated revenue increase would increase the average customer's bill by approximately 5.71%.

LAWCO was authorized to establish an emergency reserve fund equal to one (1) month of the Company's operating cost, or approximately \$428,000, to be collected through a surcharge of approximately \$1.05 per customer for a period not to exceed twelve (12) months.<sup>1</sup> The funds must solely be used for emergency repairs and/or restoration of service efforts after an emergency. LAWCO must submit, in its annual FRP filings, the balance of these funds. Any expenses covered by the funds must be removed from the test year expenses. If these funds are expended and the Company intends to replenish these funds, LAWCO must seek approval from the Commission. LAWCO collected \$312,400 during the 2023 Test Year and no funds were expended.

### **STAFF REPORT AND RECOMMENDATION<sup>2</sup>**

Upon receipt of LAWCO's 2023 FRP Annual Report, Staff conducted a review to determine if the information contained in the Company's 2023 FRP Annual Report was a true and accurate representation of the Company's operation. As part of the review process, Staff issued one set of formal data requests to obtain supporting documentation to substantiate the information

---

<sup>1</sup> Due to declining customer counts, LAWCO was unable to collect the entirety of \$428,000 within the 12 month period; LAWCO collected \$413,371 over the 12 month period ending March 31, 2024.

<sup>2</sup> *Staff Report and Recommendation and Exhibits* is attached hereto as Exhibit 1.

contained in the 2023 FRP Annual Report. The Company provided responses to Staff in a timely manner. In addition to the 2023 FRP Annual Report and responses to the data requests, Staff reviewed documentation provided in support of each prescribed pro forma adjustments as well as additional test year financial transactions, financial statements, rate- based calculations, and operating data. Staff also reviewed documentation regarding LAWCO's proposed pro forma increase related to annual merit increases effective in 2023. In LAWCO's 2022 FRP filing, Docket No. U-36686, the Company requested and was authorized to implement a one-time Market Based Salary Adjustment of 6% for all employees. This increase was intended to alleviate the impact of recent inflationary trends on employee wages, as well as attract and retain talented employees.

On May 31, 2024, Staff filed its *Staff Report and Recommendation and Exhibits* ("Staff Report") which set forth its adjustments and findings. Commission Staff made several adjustments to the Company's filing. After a thorough review of all documentation provided related to merit increases, Staff determined that the Company's requested increase was higher than previously requested and authorized. Therefore, Staff made an adjustment to reflect a 6% merit increase for all employees of LAWCO.<sup>3</sup> This adjustment resulted in a decrease to LAWCO's 2023 test year adjustment to Delivery to Customers by \$65,831.

Staff reviewed additional information regarding several accounts that included items such as gifts, sponsorships and donations. Staff adjusted LAWCO's 2023 income statement disallowing these items totaling \$7,009. The Commission consistently disallows these expenses, as they are not necessary to the costs of service. Staff's adjustments to LAWCO's 2023 FRP Filing produced a reduction in the Company's operating costs and increased LAWCO's net operating income and ROE. Due to the above disallowances and adjustments, LAWCO's reported ROE increased from

---

<sup>3</sup> It is recognized that the one-time Market Based Salary Adjustment is unrelated to future annual merit increases.

5.52% to 5.81%, which is still below the established bandwidth and justifies a rate increase to the bandwidth midpoint of 9.50%. As a result of these deficient earnings, LAWCO should be allowed to increase its rates to generate an increase in revenue of approximately \$948,678, adjusted for taxes. This revised adjustment would increase each residential customer's monthly bill by an average of \$1.97; each commercial customer by an average of \$4.41; and each public authority customer by an average of \$16.29, depending on the location of the customer.

On June 12, 2024, The Company filed correspondence into the record of this matter (the "LAWCO Response")<sup>4</sup> which states that the Company agreed with the Staff Report. The Company also caused to be filed, along with the LAWCO Response, a Company tariff illustrating the Company's updated rates.

WHEREFORE, as there are no unresolved issues, LAWCO and Staff respectfully request that the Commission issue an Order accepting this Joint Report to be accepted in accordance with the provisions of LAWCO's FRP authorized by LPSC Order No. U-36318-A, and that the Commission authorize the issuance of the attached Draft Order resolving all issues in this matter.

Respectfully Submitted,



---

Paul Rachal (Bar Roll No. 40491)  
**Counsel for LPSC Staff**  
Louisiana Public Service Commission  
602 North Fifth Street, Galvez Building, 12<sup>th</sup> Floor  
Baton Rouge, Louisiana 70802-5312  
Telephone: (225) 219-5724  
E-mail: paul.rachal@la.gov



---

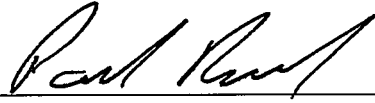
Kara Kantrow (Bar Roll No. 31042)  
**Counsel for LAWCO**  
Marionneaux Kantrow, LLC  
10202 Jefferson Hwy. Building C  
Baton Rouge, LA 70809  
Telephone: (225) 769-7473  
Email: kara@mklawla.com

---

<sup>4</sup>Attached hereto as Exhibit 2

**CERTIFICATE OF SERVICE**

I hereby certify that a copy of the above and foregoing has been served upon all parties of record by email, fax or United States Mail, properly addressed and postage prepaid, on this 17 day of July, 2024.

A handwritten signature in black ink, appearing to read "Paul Rachal", is written over a horizontal line.

Paul Rachal



*Louisiana Public Service Commission*

CC:mv

POST OFFICE BOX 91154  
BATON ROUGE, LOUISIANA 70821-9154  
[lpsc.louisiana.gov](http://lpsc.louisiana.gov)

LA PUBLIC SERVICE COMM  
MAY 31 2024 PM 3:02

COMMISSIONERS

Telephone: (225) 342-3157

Mike Francis, Chairman  
District IV  
Davante Lewis, Vice Chairman  
District III  
Foster L. Campbell  
District V  
Eric F. Skrmetta  
District I  
Craig Greene  
District II

BRANDON M. FREY  
Executive Secretary

KATHRYN H. BOWMAN  
Executive Counsel

JOHNNY E. SNELLGROVE, JR  
Deputy Undersecretary

May 31, 2024

**VIA HAND DELIVERY**

Ms. Terry Bordelon  
Louisiana Public Service Commission  
Records and Recordings  
602 N, Fifth St.  
Galvez Bldg. 12<sup>th</sup> Floor  
Baton Rouge, LA 70802

**Re: LPSC Docket No. U-37130 – Louisiana Water Company, Inc., ex parte. In re: 2023  
Formula Rate Plan Annual Report.**

Dear Ms. Bordelon,

Enclosed for filing, please find the Pre-filed Direct Testimony of Robin Pendergrass, which includes a Staff Report and Recommendation. Please do not hesitate to contact me if you have questions concerning this filing.

Sincerely,

Paul Rachal  
Staff Attorney

Encl

Cc: Service List

EXHIBIT

1

tabbles

**LOUISIANA PUBLIC SERVICE COMMISSION**

**DOCKET NO. U-37130**

**LOUISIANA WATER COMPANY, INC.,  
EX PARTE.**

---

*In re: 2023 Formula Rate Plan Annual Report.*

---

**STAFF REPORT AND RECOMMENDATION**

**Background of Louisiana Water Company, Inc. and Formula Rate Plan**

Louisiana Water Company, Inc. ("LAWCO" or "Company") is a for-profit public water utility engaged in providing water services to approximately 33,684 residential, commercial, and public authority customers located in several Louisiana parishes.<sup>1</sup> LAWCO's operations are subject to the jurisdiction of the Louisiana Public Service Commission ("LPSC" or "Commission").

The Company is a wholly owned subsidiary of Utility Holdings, Inc. ("UHI"). However, UHI does not directly own or operate any utility assets nor does it have any employees or provide any services to LAWCO. As such, UHI is not a regulated utility company. LAWCO is affiliated with Baton Rouge Water Company ("BRWC"), an LPSC regulated utility company, through common ownership, as UHI owns 84% of BRWC. BRWC provides back-office support for LAWCO that includes billing, collecting, accounting, human resources and data processing support.

On January 12, 2023, the Commission approved, in Order No. U-36318-A<sup>2</sup>, LAWCO's request to implement a Formula Rate Plan ("FRP"). The FRP provided a specific method for the calculation of rates on an ongoing basis and provided a rate of return on equity ("ROE") of 9.50%. Pursuant to its FRP, LAWCO was required to file on or before March 1 of each of the years 2023, 2024, and 2025, an FRP Annual Report containing a calculation of the Company's revenue requirement based on the twelve months ending December 31 of the previous year ("Test Year").

The FRP utilizes an earnings bandwidth based on a calculated ROE lower limit of 9.00%, an upper limit of 10.00%, and a midpoint reset of 9.50%. If earnings were to fall within the calculated ROE bandwidth, then no rate change would be necessary. If earnings were to fall above or below the upper or lower limits of the bandwidth, then a rate change would occur to bring the Company to the midpoint of 9.50%.

---

<sup>1</sup> The parishes served by LAWCO include Acadia, Avoyelles, Calcasieu, Iberia, Rapides, and St. Landry.

<sup>2</sup> See Docket No. U-36318, Re: Louisiana Water Company, Inc. ex parte, *In re: Application for an increase in Rates, including interim rates, Approval of Formula Rate Plan, Request for Establishment of Regulatory Asset, and Request for Establishment of an Emergency Reserve Fund*.

### **Procedural History**

On February 29, 2024, LAWCO filed its FRP Annual Report for the twelve months ending December 31, 2023 ("2023 FRP Filing"), per the provisions set forth in Order No. U-36318-A. The Company's request was published in the Commission's Official Bulletin #1319, dated March 15, 2024, for a fifteen (15) day intervention period. No interventions were filed. LAWCO also published notice of its request in the official state journal, The Advocate, as well The Crowley Post Signal, The Weekly News, Lake Charles American Press, The Daily Iberian, The Town Talk, and the Eunice News for the parishes of Acadia, Avoyelles, Calcasieu, Iberia, Rapides, and St. Landry respectively. Proof of publication was filed into the record on May 17, 2024. In its 2023 FRP Filing, LAWCO reported a ROE of 5.52%, which is 3.98% below the allowed return of 9.50%, taking into consideration the fifty basis points dead band. This deficiency in earnings would require an increase in revenue requirement of \$1,022,270, adjusted for taxes. The estimated revenue increase would increase the average customer's bill by approximately 5.71%.

### **Major Provisions of LAWCO's FRP**

LAWCO's FRP requires that the Company file with the Commission annual reports based on the twelve-month (12-month) period ended December 31 of each test year. In accordance with its FRP, LAWCO must file these annual reports on or before March 1 immediately following the close of the respective test year. Staff and any intervenors have until June 1 to review the Company's FRP filing and to propose any deficiencies or corrections. LAWCO then has until July 1 to review any proposed deficiencies or corrections and to file a revision to the proposed FRP rate changes, if necessary. Any FRP rate changes will become effective on August 1 for bills rendered on and after the first billing cycle for the month.

The FRP utilizes an earnings bandwidth based on a calculated ROE lower limit of 9.00%, an upper limit of 10.00%, and a midpoint reset of 9.50%. If earnings were to fall within the calculated ROE bandwidth, then no rate change would be necessary. If earnings were to fall above or below the upper or lower limits of the bandwidth, then a rate change would occur to bring the Company to the midpoint of 9.50%.

In the event that LAWCO's capitalization increases its equity above 50% in any of the test year filings, then a hypothetical 50/50 capital structure will be used when determining return on rate base.

LAWCO was authorized to establish an emergency reserve fund equal to one (1) month of the Company's operating cost, or approximately \$428,000, to be collected through a surcharge of approximately \$1.05 per customer for a period not to exceed twelve (12) months. The funds must solely be used for emergency repairs and/or restoration of service efforts after an emergency. LAWCO must submit, in its annual FRP filings, the balance of these funds. Any expenses covered by the funds must be removed from the test year expenses. If these funds are expended and the Company intends to replenish these funds, LAWCO must seek approval from the Commission. LAWCO collected \$312,400 during the 2023 Test Year and no funds were expended.



### Staff Review

Staff conducted a review of the 2023 FRP Filing to determine if the information contained in LAWCO's report was accurate and a true representation of the Company's results of operation for the test year ended December 31, 2023. Documentation that accompanied the filing included financial statements, rate base calculations, and schedules illustrating *pro forma* adjustments that were made by the Company. As part of the review process, Staff issued one formal set of data requests and one informal set of data requests (via email) to obtain additional supporting documentation to substantiate the information contained in the 2023 FRP Filing, including general ledgers, detailed transaction registers, and other accounting records. The Company provided responses to Staff's data requests in a timely manner.

Staff reviewed comparative schedules of LAWCO's 2022 and 2023 financials to determine if there were any significant variances in the revenue and expense line items and results of operations. While Operating Revenues had a 10% increase, Staff noted that expense items such as Maintenance of Wells, Purification Supplies & Expenses, Lime Sludge Removal, Maintenance of Distribution Mains, and others increased between 19% to 49%, while other maintenance items decreased, for an overall increase in Total Delivery to Customers Expenses of 9%. Given the recent increases in supply costs nationwide, Staff deemed these increases to be justifiable.

On November 6, 2023, LAWCO filed a petition with the LPSC requesting authority to modify its FRP Order No. U-36318-A, related to the Company's Emergency Reserve Fund, to include language allowing funds to be used to recover extraordinary expenses related to lime. After a thorough review, Staff determined that modifying the FRP Order was not the proper mechanism to recover the increase in lime expense and recommended that the cost be recovered through the Company's established FRP annual reporting system. Further, Staff recommended that LPSC Order No. U-36686-A, previously approving rates based on the 2022 Test Year, be amended to include rates sufficient to cover the additional lime expenses for 2023. In addition, LAWCO was allowed to record any unrecovered 2023 lime expenses, as of August 1, 2024, as a regulatory asset to be recovered in the following FRP period. Accordingly, LAWCO requested an adjustment to its 2023 FRP Filing to include the unrecovered 2023 lime expenses recorded as a regulatory asset in the amount of \$163,142 to be amortized over a 12-month period. Staff reviewed all calculations and documentation provided by the Company and agrees with LAWCO's adjustment for lime expenses.

Staff also reviewed documentation regarding LAWCO's proposed pro forma increase related to annual merit increases effective in 2023. The proposed merit increases totaled \$231,229.00 and are comprised of merit increases, costs for new hires, and backfill expenses. In LAWCO's 2022 FRP filing, Docket No. U-36686, the Company requested and was authorized to implement a one-time Market Based Salary Adjustment of 6% for all employees. This increase was intended to alleviate the impact of recent inflationary trends on employee wages, as well as attract and retain talented employees. After a thorough review of all documentation provided related to merit increases in the instant docket, Staff determined that the increases were not equitable among its employees. Some employees received annual merit increases as low as 2.62%, while others received increases as high as 16.10%. Therefore, using the most recent authorized wage adjustment allocation, Staff made an adjustment to reflect a 6% merit increase for all employees of LAWCO.

This adjustment resulted in an overall merit increase adjustment of \$165,398, including costs for new hires and backfill expenses. Staff's adjustment resulted in a decrease to LAWCO's 2023 test year adjustment to Delivery to Customers by \$65,831.<sup>3</sup>

Staff reviewed additional information regarding several accounts that included items such as gifts, sponsorships and donations. Staff adjusted LAWCO's 2023 income statement disallowing these items totaling \$7,009.<sup>4</sup> The Commission consistently disallows these expenses, as they are not necessary to the costs of service.

Staff's adjustments to LAWCO's 2023 FRP Filing produced a reduction in the Company's operating costs and increased LAWCO's net operating income and ROE. Staff's adjustments are described as follows:

1. Staff reduced Operations and Maintenance ("O&M") expenses by \$72,840, which consisted of gifts, sponsorships and donation expenses in the Company's 2023 FRP Filing, as well as an adjustment to wages.<sup>5</sup>
2. Staff reduced Cash Working Capital by \$9,105 to account for the reduction in O&M, since working capital represents one-eighth (1/8) of O&M expenses.<sup>6</sup>
3. As a result of the adjustments reducing O&M expenses, Staff also adjusted LAWCO's Federal and State Income Taxes, Net Operating Income, Net Income, Rate Base, Return on Equity (or ROE), and overall Return on Rate Base as follows:
  - a) Federal and State income taxes increased by \$19,662;
  - b) Net Operating Income increased by \$53,178;
  - c) Net Income increased by \$53,363;
  - d) Rate Base decreased by \$9,105;
  - e) ROE increased from the reported 5.52% to 5.81%<sup>7</sup>; and
  - f) Overall Return on Rate Base increased from 4.34% to 4.46%.<sup>8</sup>

Due to the above disallowances and adjustments, LAWCO's reported ROE increased from 5.52% to 5.81%, which is still below the established bandwidth and justifies a rate increase to the

---

<sup>3</sup> See Staff Workpaper C.

<sup>4</sup> See Staff Workpaper D.

<sup>5</sup> See Staff Schedule 3, Workpaper C, and Workpaper D.

<sup>6</sup> See Staff Schedule 2.

<sup>7</sup> *Id.*

<sup>8</sup> *Id.*

bandwidth midpoint of 9.50%. As a result of these deficient earnings, LAWCO should be allowed to increase its rates to generate an increase in revenue of approximately \$948,678, adjusted for taxes. This revised adjustment would increase each residential customer's monthly bill by an average of \$1.97; each commercial customer by an average of \$4.41; and each public authority customer by an average of \$16.29, depending on the location of the customer.<sup>9</sup>

In addition to a review of LAWCO's financial position, Staff reviewed its compliance with State regulatory agencies. Audit Staff verified that as of the date of filing of this memorandum, LAWCO has filed all quarterly inspection and supervision forms and has remitted all payments to the Louisiana Department of Revenue, as required by Louisiana Revised Statute 45:1177. Audit Staff further verified that as of the date of filing of this memorandum, LAWCO has properly filed its annual report of its financial and operating conditions, as required by General Order No. 2, dated July 1, 1921 and pursuant to the General Order dated November 22, 2011.<sup>10</sup>

The Company provided documentation to and from the Louisiana Department of Health ("LDH") relating to any necessary improvements made to the systems, as well as documentation pertaining to any violations and recommendations from LDH and remedial actions taken by the Company to resolve those violations. Staff noted that all system improvement projects were properly submitted to LDH for review, approval and permitting. In addition, LDH conducted surveys of LAWCO's systems and reported deficiencies, if any, to the Company. There were very few significant deficiencies reported and LAWCO corrected all deficiencies typically within a week.

Act 98 of the 2021 Regular Session of the Louisiana Legislature authorized the Louisiana Department of Health Safe Drinking Water Program to develop a grade for community water system accountability. This would provide for the issuance of a letter grade reflective of community water system quality and performance. LDH determines letter grades based on 7 Standards evaluating the infrastructure, accountability, and overall health risk of drinking water to consumers. Staff requested that LAWCO identify any water systems owned or operated by the Company that were included in the LDH Preliminary 2023 Community Public Water System Grade, the grade it was given, and any issues those water systems are currently experiencing. LAWCO provided a list indicating a grade of "A" for each of its systems.

### **Staff Recommendation**

After Staff's review of LAWCO's 2023 FRP Filing, supporting documentation, and responses to formal and informal data requests, Staff made several adjustments to LAWCO's 2023 operating expenses, which resulted in a lesser revenue increase than that requested. Based on its analysis, Staff recommends the following:

---

<sup>9</sup> See Staff Schedule 9 for detailed breakdown of estimated monthly bills.

<sup>10</sup> LPSC General Order dated November 22, 2011, states that "All Annual Reports filed with the Commission by regulated companies shall form the basis for the assessment of [Inspection and Supervision] Fees as provided for in La. R.S. 45:1179 and shall be sworn to before a notary public by the owner or officer/officers having personal knowledge of the facts set forth therein."

1. LAWCO be allowed to adjust its water rates to generate an increase in water revenue of \$948,678, adjusted for taxes, to provide for the deficient earnings of ROE for the test year ended December 31, 2023.
2. Within fifteen (15) days of the issuance of an order in this proceeding, LAWCO shall submit an updated and revised Tariff consistent with the order to the Commission's Utilities Division and Legal Division for their review and approval.

**LOUISIANA PUBLIC SERVICE COMMISSION**  
**DOCKET NO. U-37130**  
**LOUISIANA WATER COMPANY, INC., EX PARTE**

---

*In re: 2023 Formula Rate Plan Annual Report.*

---

**DIRECT TESTIMONY OF ROBIN PENDERGRASS**  
**ON BEHALF OF THE**  
**LOUISIANA PUBLIC SERVICE COMMISSION**

**May 31, 2024**

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

**A.** My name is Robin Pendergrass. My business address is Louisiana Public Service Commission, Galvez Building, 12<sup>th</sup> Floor, 602 North 5<sup>th</sup> Street, Baton Rouge, Louisiana 70821.

**Q. WHERE ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

**A.** I am employed at the Louisiana Public Service Commission ("LPSC" or "Commission") as the Audit Director. My position involves the examination, review, analysis and evaluation of accounting records, reports, financial statements and other documents of a company under the jurisdiction of the LPSC, during rate cases. My review and analysis is in an effort to verify the accuracy, authenticity and/or existence of information and property in order to provide a recommendation on a company's request for a rate increase. I also handle the training and day-to-day oversight of the auditing department.

**Q. PLEASE PROVIDE YOUR EDUCATIONAL BACKGROUND.**

**A.** I graduated from Southeastern Louisiana University with a Bachelor's Degree in Accounting and a Bachelor's Degree in Management. I have also completed several NARUC courses in Utility Regulation.

**Q. PLEASE PROVIDE A SUMMARY OF YOUR PROFESSIONAL EXPERIENCE.**

**A.** I have twenty-three (23) years of accounting experience: four (4) years as the Accounting Administrator for a small service company; and nineteen (19) years as an auditor for the LPSC, five (5) of which I served as Audit Supervisor and ten (10) years as Audit Director.

**Q. HAVE YOU PREVIOUSLY TESTIFIED IN REGULATORY PROCEEDINGS REGARDING UTILITY RATES?**

**A.** Yes. I have previously presented testimony and/or supervised testimony in regulatory proceedings on multiple occasions before the Commission over the last nineteen (19) years.

**Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?**

**A.** I am testifying on behalf of the Louisiana Public Service Commission Staff ("LPSC Staff").

**Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

**A.** The purpose of my testimony is to provide an objective recommendation to the Commission concerning a requested rate increase by Louisiana Water Company, Inc. ("LAWCO" or "the Company") in accordance with its annual Formula Rate Plan ("FRP").

**Q. WHEN DID THE COMPANY SUBMIT ITS APPLICATION REQUESTING AN INCREASE IN RATES IN ACCORDANCE WITH ITS ANNUAL FORMULA RATE PLAN?**

- A. The Company filed its application requesting an increase in rates in accordance with its 2023 FRP on February 29, 2024.
- Q. PLEASE PROVIDE A BRIEF SUMMARY OF THE COMPANY IN TERMS OF ITS SERVICE TERRITORY AND THE NUMBER OF CUSTOMERS IT SERVES.**
- A. The Company is a for-profit public utility providing water service to customers in the following parishes of Louisiana: Acadia, Avoyelles, Calcasieu, Iberia, Rapides, and St. Landry. LAWCO currently provides services to approximately 33,684 residential, commercial, and public authority customers.
- Q. DID YOU REVIEW THE COMPANY'S APPLICATION?**
- A. Yes. I reviewed the Company's request and supporting documents that were filed in support of the Company's request, as well as responses to formal and informal data requests provided by the Company.
- Q. WHAT DID THE COMPANY REQUEST IN ITS APPLICATION?**
- A. The Company requested an increase in water revenues of \$1,022,270 that equated to an approximate 5.71% increase in the average customer's bill.
- Q. WHAT DID LAWCO PROVIDE IN SUPPORT OF ITS REQUESTED RATE INCREASE?**
- A. Along with its application, LAWCO provided financial information for the years ending December 31, 2022 and 2023, including Income Statements and Balance Sheets. LAWCO also provided General Ledgers, Depreciation Schedules, detailed workpapers, and responses to data requests.
- Q. WHAT IS LAWCO'S AUTHORIZED RETURN ON EQUITY ("ROE") ACCORDING TO ITS FRP?**
- A. LAWCO's authorized ROE is 9.50% according to its FRP. The FRP utilizes an earnings bandwidth based on a calculated ROE lower limit of 9.00%, an upper limit of 10.00%, and a midpoint reset of 9.50%. If earnings were to fall within the calculated ROE bandwidth, then no rate change would be necessary. If earnings were to fall above or below the upper or lower limits of the bandwidth, then a rate change would occur to bring the Company to the midpoint of 9.50%.
- Q. DID YOU RECOMMEND THAT THE INCREASE BE APPROVED AS REQUESTED?**
- A. No. I made several adjustments to the Company's cost of service that resulted in a slightly lower increase to bring the Company's ROE up to the midpoint of 9.50%.
- Q. WHAT WAS YOUR RECOMMENDATION ON THE COMPANY'S REQUESTED RATE INCREASE?**

A. My adjustments necessitated a recommended increase in water rates to generate an increase in revenue of approximately \$948,678, adjusted for taxes. This revised adjustment would increase each residential customer's monthly bill by an average of \$1.97; each commercial customer by an average of \$4.41; and each public authority customer by an average of \$16.29, depending on the location of the customer.<sup>1</sup>

**Q. DO YOU BELIEVE STAFF'S RECOMMENDATION IS FAIR, REASONABLE AND IN THE PUBLIC INTEREST?**

A. Yes, I do.

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

A. Yes, it does.

---

<sup>1</sup> See Staff Schedule 9 for detailed breakdown of estimated monthly bills.



**LOUISIANA PUBLIC SERVICE COMMISSION**

**DOCKET NO. U-37130**

**LOUISIANA WATER COMPANY, INC., EX PARTE**

---

*In re: 2023 Formula Rate Plan Annual Report.*

---

**AFFIDAVIT**

**STATE OF LOUISIANA**

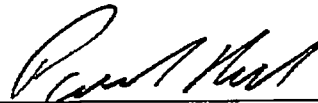
**PARISH OF EAST BATON ROUGE**

I, Robin Pendergrass, Audit Director with the Louisiana Public Service Commission, being duly sworn, do hereby state that I have prepared and reviewed the above and foregoing Testimony and that the matters contained therein are true and accurate to the best of my knowledge, information, and belief. I do adopt the same as my sworn testimony in this proceeding.



Robin Pendergrass  
Audit Director  
Louisiana Public Service Commission

Sworn and subscribed to before me this \_\_\_\_ day of May 2024.



Paul Rachal  
Bar Roll No. 40491  
My Commission Expires at death.

CC: MV/PR

**m.k.**

MARIONNEAUX KANTROW, LLC  
10202 JEFFERSON HWY, BUILDING C  
BATON ROUGE, LOUISIANA 70809  
(225) 769-7473  
FAX (225) 757-1709

LA PUBLIC SERVICE COMM  
JUN 12 2024 AM 9:25

WWW.MKLAWLA.COM

KYLE C. MARIONNEAUX  
[kyle@mklawla.com](mailto:kyle@mklawla.com)

KARA B. KANTROW  
[kara@mklawla.com](mailto:kara@mklawla.com)

JOHN GRINTON  
[john@mklawla.com](mailto:john@mklawla.com)

June 12, 2024

**VIA HAND DELIVERY**

Ms. Terri Bordelon  
Records and Recordings  
Louisiana Public Service Commission  
602 N. Fifth St.  
Galvez Bldg., 12<sup>th</sup> Fl.  
Baton Rouge, LA 70802

Re: Docket No. U-37130, Louisiana Water Company, Inc., *ex parte*, *In re*: 2023 Test Year Formula Rate Plan Annual Report

Dear Ms. Bordelon:

Please allow this correspondence to serve as Louisiana Water Company, Inc.'s (hereinafter referred to as "LAWCO" or the "Company") formal response to Louisiana Public Service Commission's (hereinafter referred to as the "LPSC" or the "Commission") May 31, 2023 *Staff Report and Recommendation* (hereinafter referred to as the "Staff Recommendation") in connection with the above captioned matter.

The Company agrees with the Staff Recommendation and requests that this correspondence be filed into the record. In accordance with the Staff Report, BRWC submits the revised tariff illustrating the Company's updated proposed rates. Accordingly, **the Company respectfully requests that this matter be placed on the Commission's upcoming August 2024 Business & Executives Session.**

The Company reserves its right in future rate proceedings, including annual report filings, to contest all issues involving but not limited to the treatment of merit expenses.

ROUTE TO  
DEPT. Public DATE 6/12  
DEPT. \_\_\_\_\_ DATE \_\_\_\_\_

ROUTE FROM

EXHIBIT
<u>2</u>

tabbles

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Kara B. Kantrow', with a long horizontal line extending to the right.

Kara B. Kantrow

Attachment: as stated

cc: Paul Rachal (via email)

LOUISIANA WATER COMPANY  
SCHEDULE OF RATES AND CHARGES

EFFECTIVE: \_\_\_\_\_  
AUTHORITY: \_U-\_\_\_\_\_

**LECOMPTÉ**

LA PUBLIC SERVICE COMM  
JUN 12 2024 AM 9:25

**AVAILABILITY**

Service under this schedule is available at any point on the Louisiana Water Company's ("LAWCO" or "Company") water distribution system in the Town of Lecompte and adjacent areas where facilities of adequate capacity are adjacent to the premises to be served. This schedule is applicable to service furnished for all residential, commercial and industrial purposes not specifically covered by other schedules. Service will be supplied at one point of delivery, measured through one meter and shall not be shared or resold without the Company's written consent.

**NET MONTHLY RATE**

For service furnished within the corporate limits of the Town of Lecompte.

First 2,000 gallons or less	\$21.27
All Excess	\$4.80 per 1,000 gallons

For service furnished in areas outside the corporate limits of the Town of Lecompte.

First 2,000 gallons or less	\$24.55
All Excess	\$4.80 per 1,000 gallons

**PURCHASED WATER FLOW-THROUGH**

The Purchased Water Flow-Through is a line item charge to all LAWCO customers for the cost of water purchased from Avoyelles Water Commission. The rate charged to all LAWCO customers is \$0.078 per thousand gallons (Docket #S-36650).

**PAYMENT**

Bills for service furnished hereunder will be rendered Net and Gross. The Net Bill is due when rendered and if not paid within 20 days, the Gross Bill, which is the Net Bill plus 5%, becomes due. For the customer paying their bill by credit card, an additional convenience fee will be assessed for each transaction. This fee will be the actual fee charged by the 3<sup>rd</sup> party processor. For the customer paying their bill by credit card, and disputed or charged back to the company, an additional fee will be assessed. This fee will be the actual fee charged by the 3<sup>rd</sup> party processor.

**TERMS AND CONDITIONS**

Service furnished under this schedule is subject to LAWCO's Standard Terms and Conditions for Water Service and to all applicable Rider Schedules.

LOUISIANA WATER COMPANY  
SCHEDULE OF RATES AND CHARGES

EFFECTIVE: \_\_\_\_\_  
AUTHORITY: \_U-\_\_\_\_\_

**CROWLEY**

**AVAILABILITY**

Service under this schedule is available at any point on the Louisiana Water Company's ("LAWCO" or "Company") water distribution system in the City of Crowley and adjacent areas where facilities of adequate capacity are adjacent to the premises to be served. This schedule is applicable to service furnished for all residential, commercial and industrial purposes not specifically covered by other schedules. Service will be supplied at one point of delivery, measured through one meter and shall not be shared or resold without the Company's written consent.

**NET MONTHLY RATE**

For service furnished within the corporate limits of the City of Crowley.

First 2,000 gallons or less	\$21.27
All Excess	\$4.80 per 1,000 gallons

For service furnished in areas outside the corporate limits of the City of Crowley.

First 2,000 gallons or less	\$24.55
All Excess	\$4.80 per 1,000 gallons

**PURCHASED WATER FLOW-THROUGH**

The Purchased Water Flow-Through is a line item charge to all LAWCO customers for the cost of water purchased from Avoyelles Water Commission. The rate charged to all LAWCO customers is \$0.078 per thousand gallons (Docket #S-36650).

**PAYMENT**

Bills for service furnished hereunder will be rendered Net and Gross. The Net Bill is due when rendered and if not paid within 20 days, the Gross Bill, which is the Net Bill plus 5%, becomes due. For the customer paying their bill by credit card, an additional convenience fee will be assessed for each transaction. This fee will be the actual fee charged by the 3<sup>rd</sup> party processor. For the customer paying their bill by credit card, and disputed or charged back to the company, an additional fee will be assessed. This fee will be the actual fee charged by the 3<sup>rd</sup> party processor.

**TERMS AND CONDITIONS**

Service furnished under this schedule is subject to LAWCO's Standard Terms and Conditions for Water Service and to all applicable Rider Schedules.

LOUISIANA WATER COMPANY  
SCHEDULE OF RATES AND CHARGES

EFFECTIVE: \_\_\_\_\_  
AUTHORITY: \_U-\_\_\_\_\_

**EUNICE**

**AVAILABILITY**

Service under this schedule is available at any point on the Louisiana Water Company's ("LAWCO" or "Company") water distribution system in the City of Eunice and adjacent areas where facilities of adequate capacity are adjacent to the premises to be served. This schedule is applicable to service furnished for all residential, commercial and industrial purposes not specifically covered by other schedules. Service will be supplied at one point of delivery, measured through one meter and shall not be shared or resold without the Company's written consent.

**NET MONTHLY RATE**

For service furnished within the corporate limits of the City of Eunice.

First 2,000 gallons or less	\$21.27
All Excess	\$4.80 per 1,000 gallons

For service furnished in areas outside the corporate limits of the City of Eunice.

First 2,000 gallons or less	\$24.55
All Excess	\$4.80 per 1,000 gallons

**PURCHASED WATER FLOW-THROUGH**

The Purchased Water Flow-Through is a line item charge to all LAWCO customers for the cost of water purchased from Avoyelles Water Commission. The rate charged to all LAWCO customers is \$0.078 per thousand gallons (Docket #S-36650).

**PAYMENT**

Bills for service furnished hereunder will be rendered Net and Gross. The Net Bill is due when rendered and if not paid within 20 days, the Gross Bill, which is the Net Bill plus 5%, becomes due. For the customer paying their bill by credit card, an additional convenience fee will be assessed for each transaction. This fee will be the actual fee charged by the 3<sup>rd</sup> party processor. For the customer paying their bill by credit card, and disputed or charged back to the company, an additional fee will be assessed. This fee will be the actual fee charged by the 3<sup>rd</sup> party processor.

**TERMS AND CONDITIONS**

Service furnished under this schedule is subject to LAWCO's Standard Terms and Conditions for Water Service and to all applicable Rider Schedules.

LOUISIANA WATER COMPANY  
SCHEDULE OF RATES AND CHARGES

EFFECTIVE: \_\_\_\_\_  
AUTHORITY: \_U-\_\_\_\_\_

**DEQUINCY**

**AVAILABILITY**

Service under this schedule is available at any point on the Louisiana Water Company's ("LAWCO" or "Company") water distribution system in the City of DeQuincy and adjacent areas where facilities of adequate capacity are adjacent to the premises to be served. This schedule is applicable to service furnished for all residential, commercial and industrial purposes not specifically covered by other schedules. Service will be supplied at one point of delivery, measured through one meter and shall not be shared or resold without the Company's written consent.

**NET MONTHLY RATE**

For service furnished within the corporate limits of the City of DeQuincy.

First 2,000 gallons or less	\$21.27
All Excess	\$4.80 per 1,000 gallons

For service furnished in areas outside the corporate limits of the City of DeQuincy.

First 2,000 gallons or less	\$24.55
All Excess	\$4.80 per 1,000 gallons

**PURCHASED WATER FLOW-THROUGH**

The Purchased Water Flow-Through is a line item charge to all LAWCO customers for the cost of water purchased from Avoyelles Water Commission. The rate charged to all LAWCO customers is \$0.078 per thousand gallons (Docket #S-36650).

**PAYMENT**

Bills for service furnished hereunder will be rendered Net and Gross. The Net Bill is due when rendered and if not paid within 20 days, the Gross Bill, which is the Net Bill plus 5%, becomes due. For the customer paying their bill by credit card, an additional convenience fee will be assessed for each transaction. This fee will be the actual fee charged by the 3<sup>rd</sup> party processor. For the customer paying their bill by credit card, and disputed or charged back to the company, an additional fee will be assessed. This fee will be the actual fee charged by the 3<sup>rd</sup> party processor.

**TERMS AND CONDITIONS**

Service furnished under this schedule is subject to LAWCO's Standard Terms and Conditions for Water Service and to all applicable Rider Schedules.

LOUISIANA WATER COMPANY  
SCHEDULE OF RATES AND CHARGES

EFFECTIVE: \_\_\_\_\_  
AUTHORITY: \_U-\_\_\_\_\_

**MANSURA**

**AVAILABILITY**

Service under this schedule is available at any point on the Louisiana Water Company's ("LAWCO" or "Company") water distribution system in the Town of Mansura and adjacent areas where facilities of adequate capacity are adjacent to the premises to be served. This schedule is applicable to service furnished for all residential, commercial and industrial purposes not specifically covered by other schedules. Service will be supplied at one point of delivery, measured through one meter and shall not be shared or resold without the Company's written consent.

**NET MONTHLY RATE**

For service furnished within the corporate limits of the Town of Mansura.

First 2,000 gallons or less	\$21.27
All Excess	\$4.80 per 1,000 gallons

For service furnished in areas outside the corporate limits of the Town of Mansura.

First 2,000 gallons or less	\$24.55
All Excess	\$4.80 per 1,000 gallons

**PURCHASED WATER FLOW-THROUGH**

The Purchased Water Flow-Through is a line item charge to all LAWCO customers for the cost of water purchased from Avoyelles Water Commission. The rate charged to all LAWCO customers is \$0.078 per thousand gallons (Docket #S-36650).

**PAYMENT**

Bills for service furnished hereunder will be rendered Net and Gross. The Net Bill is due when rendered and if not paid within 20 days, the Gross Bill, which is the Net Bill plus 5%, becomes due. For the customer paying their bill by credit card, an additional convenience fee will be assessed for each transaction. This fee will be the actual fee charged by the 3<sup>rd</sup> party processor. For the customer paying their bill by credit card, and disputed or charged back to the company, an additional fee will be assessed. This fee will be the actual fee charged by the 3<sup>rd</sup> party processor.

**TERMS AND CONDITIONS**

Service furnished under this schedule is subject to LAWCO's Standard Terms and Conditions for Water Service and to all applicable Rider Schedules.



LOUISIANA WATER COMPANY  
SCHEDULE OF RATES AND CHARGES

EFFECTIVE: \_\_\_\_\_  
AUTHORITY: \_U-\_\_\_\_\_

**NEW IBERIA**

**AVAILABILITY**

Service under this schedule is available at any point on the Louisiana Water Company's ("LAWCO" or "Company") water distribution system in the City of New Iberia and adjacent areas where facilities of adequate capacity are adjacent to the premises to be served. This schedule is applicable to service furnished for all residential, commercial and industrial purposes not specifically covered by other schedules. Service will be supplied at one point of delivery, measured through one meter and shall not be shared or resold without the Company's written consent.

**NET MONTHLY RATE**

For service furnished within the corporate limits of the City of New Iberia.

First 2,000 gallons or less	\$21.27
All Excess	\$5.30 per 1,000 gallons

For service furnished in areas outside the corporate limits of the City of New Iberia.

First 2,000 gallons or less	\$24.55
All Excess	\$5.30 per 1,000 gallons

**PURCHASED WATER FLOW-THROUGH**

The Purchased Water Flow-Through is a line item charge to all LAWCO customers for the cost of water purchased from Avoyelles Water Commission. The rate charged to all LAWCO customers is \$0.078 per thousand gallons (Docket #S-36650).

**PAYMENT**

Bills for service furnished hereunder will be rendered Net and Gross. The Net Bill is due when rendered and if not paid within 20 days, the Gross Bill, which is the Net Bill plus 5%, becomes due. For the customer paying their bill by credit card, an additional convenience fee will be assessed for each transaction. This fee will be the actual fee charged by the 3<sup>rd</sup> party processor. For the customer paying their bill by credit card, and disputed or charged back to the company, an additional fee will be assessed. This fee will be the actual fee charged by the 3<sup>rd</sup> party processor.

**TERMS AND CONDITIONS**

Service furnished under this schedule is subject to LAWCO's Standard Terms and Conditions for Water Service and to all applicable Rider Schedules.

**BEFORE THE  
LOUISIANA PUBLIC SERVICE COMMISSION**

**DOCKET NO. U-37130**

**LOUISIANA WATER COMPANY, INC.,**

**EX PARTE.**

---

***In re: 2023 Formula Rate Plan Annual Report.***

---

(Decided at the Commission's August 14, 2024 Business and Executive Session.)

---

**ORDER**

**OVERVIEW AND PROCEDURAL HISTORY**

The Louisiana Public Service Commission ("LPSC" or "Commission"), having reviewed and considered the *Joint Report of Proceedings and Draft Order* ("Joint Report") submitted by the Louisiana Public Service Commission Staff ("Staff") and Louisiana Water Company, Inc. ("LAWCO" or "Company") finds said Joint Report to be acceptable and in accordance with the provisions of Commission Order No. U-36318-A dated January 12, 2023. The Joint Report was filed into the Record on July 17, 2024.

The Joint Report indicated that LAWCO earned Return on Equity ("ROE") for the test year was 5.81% for the 2023 Test Year, an ROE that fell below the bandwidth for the Formula Rate Plan ("FRP") as authorized by LPSC Order No. U-36318-A. More specifically, the prescribed bandwidth for LAWCO is fifty basis points above and below the allowed ROE, i.e., between 9.00% and 10.00%. If the earned ROE falls within the bandwidth, no rate change shall be made; however, in cases where the difference between earned ROE and the allowed ROE exceeds or falls below the end points of the bandwidth, the rates shall be reset to the midpoint ROE of 9.50%. As such, Staff recommends that LAWCO be authorized to increase its water rates to reset the ROE of 9.50%.

## **COMMISSION AUTHORITY**

The Commission exercises jurisdiction over public utilities in Louisiana pursuant to Article IV, Section 21(B) of the Louisiana Constitution, which provides the following:

The commission shall regulate all common carriers and public utilities and have such other regulatory authority as provided by law. It shall adopt and enforce reasonable rules, regulations, and procedures necessary for the discharge of its duties, and shall have other powers and perform other duties as provided by law.

Pursuant to its constitutional authority, the Commission issued Order U-36318-A which established LAWCO's FRP. As the ROE for LAWCO for the 2023 TY fell within the Commission approved bandwidth, an increase in rates is warranted.

## **COMMISSION CONSIDERATION**

This matter was considered at the Commission's August 14, 2024 Business and Executive Session. On motion of Commissioner \_\_\_\_\_, seconded by Commissioner \_\_\_\_\_, and unanimously adopted, the Commission accepts the Joint Report filed into the record on July 17, 2024, including the findings and recommendations contained therein, indicating that LAWCO fell within the ROE bandwidth and a rate increase is warranted pursuant to Order No. U-36318-A.

**[This section is intentionally left blank]**

**IT IS THEREFORE ORDERED THAT:**

That the Commission accepts the Joint Report submitted by Staff and Parish, in accordance with LPSC Order U-36318-A which found that LAWCO fell outside of the prescribed Return on Equity bandwidth for the 2023 Test Year and an increase in rates is authorized. LAWCO shall submit to the Commission's Utilities Division revised rate schedules reflecting changes from the Joint Report authorized under its FRP within thirty (30) days of the effective date of this Order.

**This Order is effective immediately.**

**BY ORDER OF THE COMMISSION  
BATON ROUGE, LOUISIANA**

\_\_\_\_\_  
**DISTRICT IV  
CHAIRMAN MIKE FRANCIS**

\_\_\_\_\_  
**DISTRICT III  
VICE CHAIRMAN DAVONTE LEWIS**

\_\_\_\_\_  
**DISTRICT V  
COMMISSIONER FOSTER CAMPBELL**

\_\_\_\_\_  
**DISTRICT I  
COMMISSIONER ERIC SKRMETTA**

\_\_\_\_\_  
**DISTRICT II  
COMMISSIONER CRAIG GREENE**

\_\_\_\_\_  
**BRANDON M. FREY  
SECRETARY**

**Service List for U-37130  
as of 7/17/2024**

**Commissioner(s)**

Mike Francis

**LPSC Staff Counsel**

T. Paul Rachal, LPSC Staff Attorney

**LPSC Staff**

Don DeWald, LPSC Utilities Division

Robin Pendergrass, LPSC Auditing Division

**Petitioner : Louisiana Water Company, Inc.**

Kyle C. Marionneaux  
Marionneaux Kantrow, LLC  
10202 Jefferson Highway, Bldg. C  
Baton Rouge , LA 70809-3183  
Email: kyle@mklawla.com  
Fax: (225)757-1709; Phone: (225)769-7473

Kara B. Kantrow  
Marionneaux Kantrow, LLC  
10202 Jefferson Highway, Building C  
Baton Rouge, LA 70809-3183  
Email: kara@mklawla.com  
Fax: (225)757-1709; Phone: (225)769-7473

John N. Grinton  
Marionneaux Kantrow, LLC  
10202 Jefferson Highway, Bldg. C  
Baton Rouge, LA 70809  
Email: john@mklawla.com  
Fax: (225)757-1709; Phone: (225)769-7473

\