



EZELL LAW FIRM, LLC

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CC: TL

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LA PUBLIC SERVICE
COMMISSION

March 9, 2021

Louisiana Public Service Commission
Attn: Terri Bordelon
Galvez Building, 12th Floor
602 N. 5th Street
Baton Rouge, Louisiana 70821
Phone: (225) 342-4999
Toll-free: (800) 256-2397
Fax: (225) 342-2831

Re: Docket No. S-35757, Magnolia Water Utility
Operating Company, LLC, ex parte.
In re: Request for Letter of Non-Opposition to the
Acquisition of the Assets of Ismay Harbor, Inc., a
Regulated Wastewater Utility

Dear Terri:

Please find attached an original and three (3) copies of self-explanatory correspondence to Theron Levi, Staff Attorney, to be filed in the above-referenced matter. After review and approval, please see that the original is filed into the record and that two copies are routed appropriately. Also, please date-stamp and return one copy of the filing to our courier.

As always, thank you for your assistance in this matter.

Sincerely,

Andrew B. Ezell

CC: Mr. Brandon Frey
Mr. Thomas Broady
Mr. Don Dewald
Ms. Peggy Schwander

in hand



2021 MAR -9 PM 3:03

LA PUBLIC SERVICE
COMMISSION

March 9, 2021

Mr. Theron Levi
Staff Attorney
Louisiana Public Service Commission
602 North Street
Galvez Building, 12th Floor
Baton Rouge, LA 70802

Re: Docket No. S-35757, Magnolia Water Utility Operating Company, LLC, ex parte. In re: Request for Letter of Non-Opposition to the Acquisition of the Assets of Ismay Harbor, Inc., a Regulated Wastewater Utility

Dear Theron:

On October 13, 2020, Magnolia Water Utility Operating Company, LLC filed a Petition for Approval/Non-Opposition to the transfer of the wastewater system assets (“system assets”) of Ismay Harbor, Inc. serving the Ismay Harbor Subdivision in Calcasieu Parish (“Ismay Harbor”). On January 12, 2021 the Commission issued a Conditional Letter of Approval authorizing the acquisition of the system assets. The transaction was consummated on March 2, 2021.

Prior to the acquisition, the system assets served twenty (20) connections in Ismay Harbor. As disclosed during discovery, Ismay Harbor, Inc. never charged for wastewater services provided to the residents of Ismay Harbor. However, Condition 7 in the Conditional Letter of Approval states that wastewater customers “...will be billed under the current tariff, with no adjustments in rates without approval of the LPSC in a full rate review.”

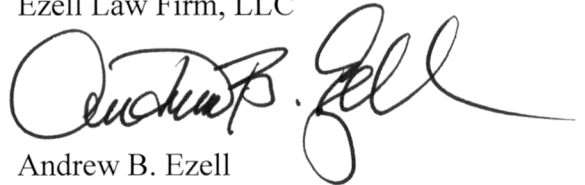
Typically, when buying the water or wastewater assets of an already existing subdivision, the system assets are being operated pursuant to a Commission approved rate schedule. Letters of approval issued to Magnolia in connection with such acquisitions require that existing tariff rates not change until a full rate review has been approved. In this case, no regulated tariff existed and no charges were ever imposed by the developer/owner.

This raises the question of just exactly what the language in Condition 7 requires of Magnolia. The language could mean that Magnolia must maintain the status quo, i.e., that no charge for service be imposed on customers since no prior tariff existed, or it could mean that Magnolia must impose its filed state-wide sewer rates until its pending rate case has been concluded.

Obviously, we would argue that imposition of the state-wide rates would be the appropriate interpretation of Condition 7, primarily because of the unfair subsidization of costs otherwise imposed on other ratepayers. However, we will rely on the Commission to provide direction on this issue. Accordingly, no rates will be charged to existing connections in Ismay Harbor until further direction from the Commission.

Sincerely,

Ezell Law Firm, LLC

A handwritten signature in black ink, appearing to read "Andrew B. Ezell", with a long horizontal flourish extending to the right.

Andrew B. Ezell

CC: Mr. Brandon Frey
Mr. Thomas Broady
Mr. Don Dewald
Ms. Peggy Schwander