STATE OF TENNESSEE

Office of the Attorney General

JONATHAN SKRMETTI
ATTORNEY GENERAL AND REPORTER

P.O. BOX 20207, NASHVILLE, TN 37202
TELEPHONE (615)741-3491
FACSIMILE (615)741-2009

July 28, 2026

Melvin Malone, Esq.
Butler Snow LLP
1320 Adams Street, Suite 1400
Nashville, Tennessee 37208
Email: melvin.malone@butlersnow.com

RE: TPUC Docket No. 26-00059. Petition to Obtain Information from Limestone Water Utility Company Pertaining to Commercial Customer Disconnections.

Dear Mr. Malone:

It has come to the Consumer Advocate's attention that CSWR's Louisiana subsidiary, Magnolia Water, has been physically disconnecting wastewater service for delinquent accounts. Specifically, the Louisiana Public Service Commission explained the following:[1]

> When Magnolia does not provide both services [water and wastewater], it is at the mercy of a third-party water supplier, usually a public water system, to perform disconnects and reconnects of delinquent wastewater accounts; however, the majority have refused to enter into a disconnect/reconnect agreement with Magnolia. Thus, in order to disconnect a delinquent wastewater customer, <u>Magnolia must utilize equipment to dig up a customer's tap and disconnect service. This type of disconnection results in a sewer backup and untreated sewerage in a customer's home</u>. (emphasis added).

Based upon the action taken by CSWR's Louisiana subsidiary, the Consumer Advocate is requesting information and clarification from Limestone about its plans and policy for the disconnections of sewer/wastewater customers with delinquent bills for which Limestone has no

1 Minutes from Open Session, p.4, Ex. 9, Louisiana Public Service Commission (August 20, 2025). A copy is attached as Exhibit CA-1. *See also* Order No. 37570, *In re: Formula Rate Plan Annual Report for 2024*, p. 3, Louisiana Public Service Commission (September 19, 2025). A copy is attached as Exhibit CA-2.

existing agreement with the appropriate water utility serving the delinquent sewer/wastewater customer.

The Consumer Advocate is also aware of a petition about Magnolia Water on the website for change.org.[2] On this website, the petition provides links to additional information including customer complaints with the Better Business Bureau.[3] One of the customers complained about CSWR installing shutoff valves at every residence and near his front door. A screenshot of the complaint is below:

Initial Complaint

Date: 05/06/2026

Type: Service or Repair Issues

Status: Answered

While living at my residence [redacted] has taken over the water or sewage part of my subdivison. They have charged around 50 dollars a month but have not fixed the problems in the sub. They have started to install sewage shutoff valves at every residence ... sometimes installing the valves within feet of the front door.. this is a scam, and accessing everyones property without permission and were told if we dont allow access they will install at the street and send us the cost ... sewage continues to back up into our residences when we have lot of rain.. it also comes out the manholes in the streets ... they have not fixed the issue and its been over two years .. they would rather install the shut off valves so they can control the residents.

Business Response

Date: 05/08/2026

Good afternoon,
I have attached the resolution document in response to Mr. [redacted] complaint. Please let me know if you have any questions.
Thank you

Customer Answer

Date: 05/09/2026

Complaint: 24823828

I have reviewed the business' response and am rejecting it because:
They are more worried about installing cut off valves at everyones residence instead of fixing the issue which is sewage backups due to excessive rain and adequate equipment to fix the issue

Sincerely,

The Consumer Advocate has a few questions regarding this complaint and the possibility of similar action in Tennessee:

1. Will Limestone be installing cutoff valves at all its customers in Tennessee?
2. Are there no existing cutoff valves at each connection with existing customers?
3. Will Limestone charge customers for the installation of these cutoff valves?

---

2 *Magnolia Water/CSWR Shocking Testimony Regarding Business Practices*, change.org at https://www.change.org/p/petition-re-cswr-magnolia-water-rate-increases-service-quality-and-regulatory-oversight/u/34059089 (Last Visited July 28, 2026).

3 *Id.*, "Resources" at https://www.bbb.org/us/mo/des-peres/profile/utility-water-company/central-states-water-resources-0734-1000012679/complaints.

4. What is Limestone’s process of receiving permission from each of its customers to install the new cutoff valves?
5. What is Limestone’s plan for installing new shutoff valves at its customers’ properties?
    a. When is such work starting in Tennessee? Or has such work already started?
    b. What is the timetable for the installation for each system?
6. If the customer does not allow access, will Limestone charge the customer for installing the shutoff valve near the street?

We appreciate your time and attention to this letter. If you have any questions or concerns, feel free to contact me at the above address or at karen.stachowski@ag.tn.gov.

Sincerely,

Karen H Stachowski

Karen H. Stachowski
Deputy Attorney General

cc: Tory Lawless, TPUC
Kelly Cashman-Grams, TPUC

LOUISIANA PUBLIC SERVICE COMMISSION
MINUTES FROM AUGUST 20, 2025
OPEN SESSION

MINUTES OF AUGUST 20, 2025 OPEN SESSION OF THE LOUISIANA PUBLIC SERVICE COMMISSION HELD IN PLAQUEMINE, LOUISIANA. PRESENT WERE CHAIRMAN MIKE FRANCIS, VICE CHAIRMAN ERIC SKRMETTA, COMMISSIONER FOSTER CAMPBELL, COMMISSIONER DAVANTE LEWIS, COMMISSIONER JEAN-PAUL COUSSAN, AND EXECUTIVE SECRETARY BRANDON FREY.

Open Session of August 20, 2025, convening at 10:24 a.m., and adjourning at 3:44 p.m., Carl F. Grant Civic Center, 24700 J. Gerard Berret Blvd., Plaquemine, Louisiana, with the above-name members of the Commission and Executive Secretary Brandon Frey present.

Ex. 1	Commissioner Lewis introduced the mayor of St. Gabriel, Lionel Johnson and asked him to lead the Commission in prayer. He also welcomed JB Barker, Mayor of Plaquemine, and Chris Daigle, Iberville Parish President, to the meeting. Vice Chairman Skrmetta announced that the October Business & Executive Session will be held on Thursday, October 23, 2025 at the Supreme Court in New Orleans at 10:00 A.M. Commissioner Campbell announced that the December Business & Executive Session will be held in Natchitoches.
Ex. 2	**T-37230** - Equipment Transport, LLC of Pennsylvania, ex parte. In re: Application for a Common Carrier Certificate of non-hazardous oilfield waste for disposal, statewide. **In re: Discussion and possible vote on Staff's Motion to Rescind**. On motion of Vice Chairman Skrmetta, seconded by Chairman Francis, and unanimously adopted, the Commission voted to accept Staff's Motion to Rescind filed into the record on June 24, 2025.
Ex. 3	**R-31106 -** Louisiana Public Service Commission, ex parte. In re: Rulemaking to study the possible development of financial incentives for the promotion of energy efficiency by jurisdictional electric and gas utilities. **In re: Discussion and possible vote on Final Louisiana Energy Efficiency Program Rules.** Commissioner Coussan made the following motion: Considering that there are some industrial customers that have relied on not participating as this rulemaking has evolved, but they have industrial operations that are served below 69 kV, and they are not covered by an opt-out from the inception of the Quick Start program many years ago, I move that the definition of Industrial Customer in Section III of the proposed rules be revised to read as follows: **Electric:** Any entity receiving electric power at 69 kilovolts or higher, or any industrial customer account that elected to opt-out during the Commission's Quick Start program, or any industrial customer that provides its electric utility provider with a written notice of opt-out following Commission approval of these rules and not later than October 1, 2025. Consistent with the Quick Start program, eligibility for opt-out shall be limited to large

	industrial customers having one or more individual electric service accounts within its utility service providers' service territory with a combined aggregate demand of five thousand (5,000) kW or more. Only customers with annual peak loads equal to or greater than two hundred (200) kW, located within the utility's service territory, may aggregate. I also move that by September 1, 2025, the electric utilities that have currently existing industrial customer opt-outs under their Quick Start programs shall notify such customers that they have already elected to opt-out, to avoid duplication of time and effort. After discussion, Vice Chairman Skrmetta made a substitute motion to adopt Commissioner Coussan's motion and include a revision to Section III.1 – Lost Contribution to Fixed Costs to allow utilities the ability to earn LCFC to the top of their respective bands, which was seconded by Commissioner Campbell. On motion of Vice Chairman Skrmetta, seconded by Commissioner Campbell, with Chairman Francis and Commissioner Coussan concurring, and Commissioner Lewis objecting, the Commission voted to adopt the Louisiana Energy Efficiency Program rules filed on August 7, 2025, subject to the stated modifications, and directed Staff to solicit TetraTech for a proposed budget to assist as the statewide EM&V Contractor, subject to Commission approval. The motion passed 4:1. Present for Questions/Comments: Mark Kleehammer - General Counsel & Chief Regulatory Officer, Cleco Power Alaina DiLaura – Alliance for Affordable Energy
Ex. 4	**S-37547** - Beauregard Electric Cooperative, Inc., ex parte. In re: Request for Letter of Non-Opposition to secure a loan, including mortgage its assets, for a four-year construction work plan. **In re: Discussion and possible vote on Staff Report and Recommendation.** On motion of Vice Chairman Skrmetta, seconded by Commissioner Coussan, and unanimously adopted, the Commission expressed its non-opposition to the Request, subject to conditions contained in Staff's Report filed into the record on July 7, 2025.
Ex. 5	**U-37425** - Entergy Louisiana, LLC, ex parte. In re: Application for approval of generation and transmission resources in connection with service to a single customer for a project in North Louisiana. **In re: Discussion and possible vote on approval of Settlement pursuant to Rule 57.** On motion of Vice Chairman Skrmetta, seconded by Chairman Francis, and unanimously adopted, the Commission voted to exercise its original and primary jurisdiction pursuant to Rule 57. Commissioner Campbell made the following motion: Next year will mark my 50th year in public service. Whether in the Senate or this Commission, my focus has been on providing opportunities for people to lift themselves out of poverty. In the Senate, I created the Louisiana Educational Excellence Fund to improve education using money from the state tobacco settlement. Today, this Commission has an opportunity to enable a transformational economic development project in one of the poorest regions in Louisiana. There are no quick fixes to poverty, but when a great opportunity comes along to provide stimulus and jobs to the community, we need to carefully consider it. I want to commend the LPSC Staff for working with Entergy and other parties to bring a settlement to the Commission that authorizes the construction of generation and transmission to support Meta's data center in Holly Ridge,

	Louisiana, while imposing numerous protective conditions to mitigate the risk that other electric customers throughout Louisiana will be adversely impacted. I recognize that not all parties joined the settlement, but it says a lot that the settlement is supported by the utility, the LPSC Staff, an environmental group, a sophisticated large commercial customer, and a renewable energy organization. I move that we accept Staff's recommendation and approve the settlement entered into by Entergy Louisiana, LPSC Staff, Sierra Club, Walmart, and Southern Renewable Energy Association. After discussion, on motion of Commissioner Campbell, seconded by Chairman Francis, with Vice Chairman Skrmetta and Commissioner Coussan concurring, and Commissioner Lewis objecting, the Commission voted to accept the Settlement Agreement filed into the record on August 7, 2025. The motion passed 4:1. Present for Questions/Comments: Larry Hand – Vice President of Regulatory and Public Affairs, Entergy Louisiana Skylar Rosenbloom – Counsel for Entergy Louisiana Lane Sisung – LPSC Staff Consultant Dana Shelton – LPSC Staff Counsel Jasmine Brown – GNO, Inc. Andrew Carnakie-Baker – Greater New Orleans Housing Alliance Lady Carlson – Westside Sponsoring Rob Cleveland – Grow NELA Susan Miller – Alliance for Affordable Energy Logan Burke – Alliance for Affordable Energy Windy Beck – Deep South Center for Environmental Justice Lauren Zander – Representing Sian O'Faolain Jon Christopher Brown – Self Alicia Cerquone – Self Samantha Clark – Self Miriam Abuzied – Self Julie Schwam Harris – Self Victoria Riggs – Self Lauren Nagel – Self Logan Wolf – Self Renee Carlton – Self Angelle Bradford Rosenberg – Self
Ex. 6	**U-37519** - Parish Water Company, Inc., ex parte. In re: Formula Rate Plan Annual Report for test year ending on December 31, 2024. **In re: Discussion and possible vote on Joint Report and Draft Order.** On motion of Vice Chairman Skrmetta, seconded by Chairman Francis, and unanimously adopted, the Commission voted to accept the Joint Report and Draft Order filed into the record on June 23, 2025.

Ex. 7	**U-37532** - The Baton Rouge Water Works Company, ex parte. In re: Formula Rate Plan Annual Report for test year ending on December 31, 2024. **In re: Discussion and possible vote on Joint Report and Draft Order.** On motion of Vice Chairman Skrmetta, seconded by Commissioner Lewis, and unanimously adopted, the Commission voted to accept the Joint Report and Draft Order filed into the record on June 23, 2025.
Ex. 8	**U-37554 -** Atmos Energy Corporation, ex parte. In re: Rate Stabilization Plan Annual Report for Atmos' Louisiana Division for Test Year ending December 31, 2024. (Notice of intervention or protest shall be filed within 15 days of the date of this bulletin.) **In re: Discussion and possible vote on Joint Report and Draft Order**. On motion of Vice Chairman Skrmetta, seconded by Chairman Francis, and unanimously adopted, the Commission voted to accept the Joint Report and Draft Order filed into the record on July 21, 2025.
Ex. 9	**U-37570 -** Magnolia Water Utility Operating Company, LLC, ex parte. In re: Magnolia Water Utility Operating Company, LLC 2024 Formula Rate Plan Annual Report, Request for Adjustment of Water and Sewage Rates and Any Other Related Relief. **In re: Discussion and possible vote on Staff Report and Recommendation pursuant to Rule 57.** On motion of Vice Chairman Skrmetta, seconded by Chairman Francis, and unanimously adopted, the Commission voted to exercise its original and primary jurisdiction pursuant to Rule 57. Vice Chairman Skrmetta made the following motion: I move to accept Staff's Report and Recommendation filed into the record on July 31, 2025, with an amendment that Magnolia's current wastewater receivables balance of approximately $8,000,000 be converted to a regulatory asset recoverable over 10 years. Since beginning operations in Louisiana in 2019, Magnolia has acquired 509 troubled or failing water and wastewater systems, invested $410 million in capital projects throughout the state and has grown its wastewater customer base from 0 to 55,000. When Magnolia does not provide both services, it is at the mercy of a third-party water supplier, usually a public water system, to perform disconnects and reconnects of delinquent wastewater accounts; however, the majority have refused to enter into a disconnect/reconnect agreement with Magnolia. Thus, in order to disconnect a delinquent wastewater customer, Magnolia must utilize equipment to dig up a customer's tap and disconnect service. This type of disconnection results in a sewer backup and untreated sewerage in a customer's home. Accordingly, this is a solution of last resort, especially in communities that, until Magnolia's investment, had been served by failing systems. Because most wastewater systems acquired by Magnolia were failing when purchased, the company's focus has been on the repair, rehabilitation, operation and maintenance of these systems, not on disconnecting delinquent accounts. Evidence of this is the recent removal of 21 wastewater systems from a federal Consent Decree that Magnolia assumed when purchasing the systems. These circumstances have created an untenable situation that is unfair to the bill- paying customer, and to Magnolia, and has resulted in accumulated wastewater receivables of approximately $8,000,000 over a 6-year period. Because of poor recordkeeping by prior owners, including the lack of accurate lists of service accounts and addresses, Magnolia recently performed a state-wide canvass of customer service addresses. With this more accurate data, Magnolia recently initiated steps to collect on longstanding delinquent accounts with significant past due balances. This has prompted complaints from many of these

	customers, particularly in District 2. As a result of good faith negotiations between Commissioner Coussan and Mr. Cox, and though under no legal obligation to do so, Magnolia has agreed to forego collection or disconnection of any delinquent account balance older than 90 days. Further, in the future, Magnolia will not attempt to collect on any delinquent balance for any period in excess of 6 months. In exchange, the Commission would agree to convert Magnolia's wastewater receivables balance to a regulatory asset recoverable over 10 years. This will necessitate an upward adjustment of every wastewater customer's monthly bill of $0.80. Thus, I move that we accept Staff's Report and Recommendation filed July 31, 2025, with an amendment that Magnolia's current wastewater receivables balance of approximately $8,000,000 be converted to a regulatory asset, recoverable over 10 years and that Magnolia be allowed to include a line-item of $0.80 on its customer's wastewater bills. I further direct Staff, as part of the pending Water and Wastewater Best Practices Docket, to look at including an amendment regarding the maximum time period allowed for delinquent balances to remain on a water or sewer account before the utility forfeits any collection of that balance. After discussion, on motion of Vice Chairman Skrmetta, seconded by Chairman Francis, with Commissioner Campbell concurring, and with Commissioner Lewis and Commission Coussan objecting, the Commission voted to accept Staff's Report and Recommendation filed into the record on July 31, 2025, subject to stated modifications. The motion passed 3:2. Present for Questions/Comments: Andy Ezell – Counsel for Magnolia Water Utility Operating Company, LLC Josiah Cox – CEO, Central States Water Resources Anne Paulter – Self Cindy Case-Brown – Self and Greenleaves HOA
Ex. 10	**U-37677 -** Entergy Louisiana, LLC, ex parte. In re: Application for approval to complete uprate project at the Waterford 3 Nuclear Station, including cost recovery. **In re: Discussion and possible vote to retain an outside consultant.** On motion of Vice Chairman Skrmetta, seconded by Commissioner Campbell, and unanimously adopted, the Commission voted to retain United Professionals Company for $72,000 in fees and $1,000 in expenses for a total not to exceed budget of $73,000.
Ex. 11	**Undocketed -** Entergy Louisiana's request for expedited approval of an agreement with Commission Staff regarding the monetization of 2024 nuclear production tax credits. **In re: Discussion and possible vote on the agreement between Entergy and Commission Staff.** On motion of Vice Chairman Skrmetta, seconded by Chairman Francis, and unanimously adopted, the Commission voted to accept the Agreement executed between Entergy and Commission Staff regarding the monetization of 2024 nuclear production tax credits.

Ex. 12	**X-37588 -** Louisiana Public Service Commission, ex parte. In re: After-Action Review of SWEPCO's April 2 and 26, 2025 outages, pursuant to General Order dated April 13, 2017 (Docket No. R-32786). **In re: Discussion and possible vote on Staff's After-Action Report.** After discussion, on motion of Vice Chairman Skrmetta, seconded by Chairman Francis, and unanimously adopted, the Commission voted to accept Staff's After-Action Report, including the recommendations contained therein, filed into the record on August 13, 2025. Present for Questions/Comments: Bobby Gilliam – Counsel for SWEPCO Brett Mattison – CEO, SWEPCO Andy Ezell – Counsel for SPP Antoine Lucas – COO of SPP Kim O'Guinn – Director of State Regulatory Policy for SPP Paul Suskie - SPP Executive Vice President of Regulatory & Legal
Ex. 13	**X-37602 -** Louisiana Public Service Commission, ex parte. In re: Audit of Purchase Gas Adjustment filings for CenterPoint Energy Arkla for the period of January 2023 through March 31, 2025. **X-37603 -** Louisiana Public Service Commission, ex parte. In re: Audit of Purchase Gas Adjustment filings for the natural gas division Entergy Louisiana, LLC for the period of January 2023 through June 30, 2025. **X-37604 -** Louisiana Public Service Commission, ex parte. In re: Audit of Purchase Gas Adjustment filings for CenterPoint Energy Entex for the period of January 2023 through March 31, 2025. **In re: Discussion and possible vote to retain an outside consultant.** On motion of Chairman Francis, seconded by Commissioner Lewis, and unanimously adopted, the Commission voted to retain Henderson Ridge Consulting for $79,600 in fees and $1,800 in expenses for a total not to exceed budget of $81,400.
Ex. 14	**1) Reports** **Report from AT&T regarding its process for relocating assets.** Stephanie Doiron, Director of External Affairs for AT&T, gave a report and answered questions from Commissioners. Commissioner Coussan asked Staff to look at open, potentially stale, dockets related to utility poles. Vice Chairman Skrmetta asked AT&T to coordinate with Executive Secretary Frey and Jefferson Parish Government regarding issues with franchise fees and permitting. Vice Chairman Skrmetta asked for a report on this issue at the October B&E 2) Resolutions 3) Discussions **4) ERSC/OMS/SPP** **- Discussion and possible vote to ratify votes taken by Vice Chairman Skrmetta acting as the Commission's representative on the Board of Directors of the Organization of MISO States.**

	On motion of Chairman Francis, seconded by Commissioner Lewis, with Commissioner Campbell and Commission Coussan concurring, and Vice Chairman Skrmetta abstaining, the Commission voted to ratify Vice Chairman Skrmetta's votes taken on June 9, 2025 and July 7, 2025 as the Louisiana Public Service Commission's representative to the OMS. **- Discussion and possible vote to ratify votes cast by Chairman Francis acting as the Commission's representative on the Regional State Committee of the Southwest Power Pool.** On motion of Vice Chairman Skrmetta, seconded by Commissioner Campbell, with Commissioner Lewis and Commission Coussan concurring, and Chairman Francis abstaining, the Commission voted to ratify Chairman Francis' votes cast on August 4, 2025 as the Louisiana Public Service Commission's representative to the SPP RSC. **- Discussion and possible vote to ratify interventions of Louisiana Public Service Commission in RTO-Related or other Federal Energy Regulatory Proceedings.** On motion of Vice Chairman Skrmetta, seconded by Chairman Francis, and unanimously adopted, the Commission voted to ratify the actions taken in dockets FERC Docket Nos. EPA-R06-2013-0465, ER25-2454, ER25-2455, ER25-2461, ER25-2296, ER25-2304, EL25-90, ER25-2364, ER25-2890, and ER25-2899 and ER25-507. On motion of Vice Chairman Skrmetta, seconded by Chairman Francis, with Commissioner Campbell and Commissioner Coussan concurring, and Commissioner Lewis objecting, the Commission voted to ratify the actions in docket FERC Docket No. EL25-109. The motion passed 4:1. Present for Questions/Comments: Noel Darce- LPSC Staff Counsel 5) Directives
Ex. 15	**Undocketed** - Possible Executive Session to discuss allegations of misconduct**.** On motion of Vice Chairman Skrmetta, seconded by Chairman Francis, the Commission voted to enter into Executive Session. On motion of Vice Chairman Skrmetta, seconded by Chairman Francis, the Commission voted to exit Executive Session.

On motion of Vice Chairman Skrmetta, seconded by Chairman Francis, and unanimously adopted, the Commission voted to adjourn.

MEETING ADJOURNED

The next Business and Executive Session will be held on September 17, 2025 at 9:00 a.m. in Baton Rouge, Louisiana.

LOUISIANA PUBLIC SERVICE COMMISSION

ORDER NUMBER U-37570

MAGNOLIA WATER UTILITY OPERATING COMPANY, LLC, EX PARTE.

In re: Formula Rate Plan Annual Report for 2024.

(Decided at the August 20, 2025 Business and Executive Session.)

OVERVIEW

Louisiana Public Service Commission ("LPSC" or the "Commission"), having reviewed and considered the Staff's Report and Recommendation ("Staff Report") submitted by the LPSC Staff on July 31, 2025, as well as Magnolia Water Utility Operating Company, LLC's ("Magnolia") Correspondence, filed into the record of this proceeding on August 4, 2025, supporting Staff's Report and Recommendation, found Staff's Report to be acceptable and in accordance with the provisions of Magnolia's Formula Rate Plan ("FRP") authorized by LPSC Order No. U-35822. On August 6, 2025, Magnolia filed its Rule 57 Motion for Consideration and Acceptance of Staff's Report and Recommendation requesting that the Commission asset its original and primary jurisdiction to consider, accept and approve, at its August 20, 2025 Business and Executive Session ("B&E"), the Report and Recommendation issued by Commission Staff.

JURISDICTION

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

> 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 No. U-35822, which established Magnolia's FRP and provides for an earnings bandwidth based on a calculated return of equity ("ROE") lower limit of 9.00% ("Lower Band"), an upper limit of 10.00% ("Upper Band"), and a midpoint of 9.50%. If earnings were to fall within the calculated ROE bandwidth in any given test year, then no rate change would be necessary. If the ROE is less than the Lower Band, the Rider FRP Revenue level in effect for the test year shall be increased by 100% of the difference between the ROE and the Lower Band. If the ROE exceeds the Upper Band, the Rider

FRP Revenue level in effect for the test year shall be reduced by 100% of the difference between the ROE and the Upper Band.

PROCEDURAL HISTORY AND SUMMARY OF STAFF REPORT

On May 1, 2025, Magnolia filed its FRP Annual Report for the Test Year ended December 31, 2024 ("2024 FRP Filing"), in compliance with Commission Order No. U-35822. Notice of the 2024 FRP Filing was published in the Commission's Official Bulletin #1349, dated May 9, 2025, for a 25-day intervention period. Multiple interventions were filed. Staff filed its Report and Recommendation into the record on July 31, 2025. Magnolia filed correspondence, advising Staff of Magnolia's agreement with Staff's Report and Recommendation on August 4, 2025. On August 6, 2025, Magnolia filed its Motion Pursuant to Rule 57 for Consideration and Acceptance of Commission Staff's Report and Recommendation. On August 12, 2025, Intervenor, Ms. Cindy Case-Brown, filed a Motion to Oppose Staff's Report and Recommendation and Applicant's Motion for Consideration and Acceptance of Commission.

Staff's Report and Recommendation provided an overview of Magnolia's 2024 FRP Filing wherein the Company reported a consolidated ROE of 5.83%, which is 3.67% below the allowed return of 9.50%, taking into consideration the fifty (50) basis points dead band. This deficiency in earnings would require an increased revenue requirement of $5,142,967, with $986,739 allocated to water and $4,156,228 allocated to sewer.

Upon its review, Staff made several adjustments, which resulted in Magnolia's consolidated ROE of 5.83% increasing to 6.18%, which was still below the allowed return of 9.50%, taking into consideration the fifty (50) basis points dead band. This deficiency in earnings required an increase in revenue requirement of $3,284,918, with $1,097,110 allocated to water and $2,187,808 allocated to sewer. Therefore, Staff Recommended that Magnolia be allowed to adjust its water and sewer rates to generate an increase in revenue to provide for the deficient earnings for the test year ended December 31, 2024. Specifically, Staff recommended:

1. Magnolia be allowed to adjust its water rates to generate an increase in water revenue of $1,097,110 to provide for the deficient earnings of water ROE for the test year December 31, 2024.

2. Magnolia be allowed to adjust its sewer rates to generate an increase in sewer revenue of $2,187,808 to provide for the deficient earnings of sewer ROE for the test year ended December 31, 2024.
3. Magnolia be allowed a total revenue increase of $3,284,918 to provide for the total deficient earnings of ROE for the test year ended December 31, 2024.
4. Magnolia be allowed to implement a change in rates effective September 1st per the terms of the FRP and subject to refund in the event that the Commission denies or alters Staff's recommendation.

COMMISSION CONSIDERATION

This matter was considered at the Commission's August, 20 2025 Business and Executive Session. On the motion of Vice Chairman Skrmetta, seconded by Chairman Francis, and unanimously adopted, the Commission voted to exercise its original and primary jurisdiction pursuant to Rule 57.

Vice Chairman Skrmetta made the following motion: I move to accept Staff's Report and Recommendation filed into the record on July 31, 2025, with an amendment that Magnolia's current wastewater receivables balance of approximately $8,000,000 be converted to a regulatory asset recoverable over 10 years. Since beginning operations in Louisiana in 2019, Magnolia has acquired 509 troubled or failing water and wastewater systems, invested $410 million in capital projects throughout the state and has grown its wastewater customer base from 0 to 55,000. When Magnolia does not provide both services, it is at the mercy of a third-party water supplier, usually a public water system, to perform disconnects and reconnects of delinquent wastewater accounts; however, the majority have refused to enter into a disconnect/reconnect agreement with Magnolia. Thus, in order to disconnect a delinquent wastewater customer, Magnolia must utilize equipment to dig up a customer's tap and disconnect service. This type of disconnection results in a sewer backup and untreated sewerage in a customer's home.

Accordingly, this is a solution of last resort, especially in communities that, until Magnolia's investment, had been served by failing systems. Because most wastewater systems acquired by Magnolia were failing when purchased, the company's focus has been on the repair, rehabilitation, operation and maintenance of these systems, not on disconnecting delinquent accounts. Evidence of this is the recent removal of 21 wastewater systems from a federal Consent

Decree that Magnolia assumed when purchasing the systems. These circumstances have created an untenable situation that is unfair to the bill- paying customer, and to Magnolia, and has resulted in accumulated wastewater receivables of approximately $8,000,000 over a 6-year period. Because of poor recordkeeping by prior owners, including the lack of accurate lists of service accounts and addresses, Magnolia recently performed a state-wide canvass of customer service addresses. With this more accurate data, Magnolia recently initiated steps to collect on longstanding delinquent accounts with significant past due balances. This has prompted complaints from many of these customers, particularly in District 2. As a result of good faith negotiations between Commissioner Coussan and Mr. Cox, and though under no legal obligation to do so, Magnolia has agreed to forego collection or disconnection of any delinquent account balance older than 90 days. Further, in the future, Magnolia will not attempt to collect on any delinquent balance for any period in excess of 6 months. In exchange, the Commission would agree to convert Magnolia's wastewater receivables balance to a regulatory asset recoverable over 10 years. This will necessitate an upward adjustment of every wastewater customer's monthly bill of $0.80.

Thus, I move that we accept Staff's Report and Recommendation filed July 31, 2025, with an amendment that Magnolia's current wastewater receivables balance of approximately $8,000,000 be converted to a regulatory asset, recoverable over 10 years and that Magnolia be allowed to include a line-item of $0.80 on its customer's wastewater bills. I further direct Staff, as part of the pending Water and Wastewater Best Practices Docket, to look at including an amendment regarding the maximum time period allowed for delinquent balances to remain on a water or sewer account before the utility forfeits any collection of that balance.

After discussion, on motion of Vice Chairman Skrmetta, seconded by Chairman Francis, with Commissioner Campbell concurring, and with Commissioner Lewis and Commissioner Coussan objecting, the Commission voted to accept Staff's Report and Recommendation filed into the record on July 31, 2025, subject to stated modifications. The motion passed 3:2.

This space is intentionally left blank

Exhibit CA-2
CA Ltr. 07.28.2026

THEREFORE, IT IS ORDERED:

1) Staff's Report and Recommendation filed into the record on July 31, 2025, subject to modifications made at the B&E is accepted;

2) Magnolia shall not seek delinquent account balances older than 90 days;

3) Magnolia shall not attempt to collect on any delinquent balance for any period in excess of 6 months; and

4) Magnolia shall convert its wastewater receivables balance to a regulatory asset recoverable over 10 years through a line-item of $0.80 on its customer's wastewater bills.

BY ORDER OF THE COMMISSION
BATON ROUGE, LOUISIANA
September 19, 2025

LOUISIANA PUBLIC SERVICE COMMISSION

DISTRICT IV
CHAIRMAN MIKE FRANCIS

DISTRICT I
VICE CHAIRMAN ERIC F. SKRMETTA

Foster Campbell
DISTRICT V
COMMISSIONER FOSTER L. CAMPBELL

OPPOSED
DISTRICT III
COMMISSIONER DAVANTE LEWIS

OPPOSED
DISTRICT II
COMMISSIONER JEAN-PAUL P. COUSSAN

BRANDON M. FREY
SECRETARY