Public Service Commission approves new ATS owner

Mike Hasten
State Editor

BATON ROUGE — The Public Service Commission has given its blessing to a proposed buyout of Acadia Treatment Systems and other water and sewer treatment plants owned by the bankrupt Johnson Properties.

The PSC on Thursday also approved a rate increase to help Total Environmental Services Inc., the prospective operator, pay for $4.5 million in repairs that will be needed to bring the multistate operations into compliance with Environmental Protection Agency standards. Almost $4 million of that amount will be spent on the 129 sewer and 23 water plants in Louisiana, 106 of which are in the Lafayette area.

"The condition of these systems is deplorable," special counsel Karen Freese told the commission.

She described TESI as "a responsible company that will provide the people in this state with service that they justly deserve. This is a viable company that's got a comprehensive and reasonable plan on the table."

TESI is a newly created subsidiary of South Louisiana Electric Cooperative Association. It was selected by receivership administrator Martin Schott as the most responsible bidder, even though it offered $1 million less than the highest bidder.

Commissioner Dale Sittig of Eunice questioned the arrangement, saying that he did not like the idea of raising rates on Louisiana customers but not in the five other states where Johnson Properties owned facilities.

He inserted a provision in the order granting the increase that "the company's application for a rate increase for water repair will not only cover the cost of the repairs but not the cost of non-repair work."

But he later voted for it.

Commissioner Don Owen of Shreveport said none of his constituents are involved in the deal but if they were, he would strongly favor it.

"When sewage is backing up in people's homes and they can't flush the toilet, if it's a matter of paying an additional $8, I think 98 percent of the people would vote for it," he said.

"I don't think we're being greedy asking for this," Guidry told the commission. "We lose money in Louisiana even with the $8 and $3. I will be cash poor using all the money for repairs in Louisiana."

Johnson Properties' systems in North and South Carolina, Tennessee and Pennsylvania all have rate schedules that supply sufficient revenues to pay for maintenance.

Continued from Page 4A

ATS

Commissioner Jimmy Field, in whose district most of the Johnson Properties facilities are located, urged the PSC to approve the proposal.

"There are an awful lot of people who have done without service or certainly received deplorable service," Field said.

"None of us likes to vote for a rate increase but this affects the health and safety of households and customers, as well as it protects the environment."

One of the many problems TESI found in investigating the Johnson Properties plants is that wastewater was being discharged into waterways without being disinfected.

Also, EPA found that the company created, on paper only, a laboratory that generated phony water test reports that were submitted to the EPA showing that plants properly treated drinking water.

Commissioner Paul Maeder said the company has a lot of work to do to get all the systems working properly.

"But it's fixable," he said. "It's just going to take several years. Sewerage is not rocket science."

"The procedure is simple. It runs downhill, but you have to have all the parts working. If a pump is not working, you replace it. Doing that's not a big deal, but to our customers, it's a big deal."

Field reminded the commission that it tried to keep Johnson Properties out of Louisiana because of its problems in Mississippi. But the state Supreme Court overruled that decision, setting off a flood of customer complaints.

Field recalled that it was the company's application for a rate increase 18 months ago that prompted PSC action and the Environmental Protection Agency investigation that resulted in the company being shut down.

"I was prepared to deny the rate increase because Johnson Properties had not provided adequate service," he said.

But he believes TESI will do all the things it pledged to do. TESI is now awaiting final EPA approval of the purchase.

"It's going to be an insurance policy for our customers," he said.