

**BEFORE THE  
LOUISIANA PUBLIC SERVICE COMMISSION**

**ORDER NO. S-35489**

**WASHINGTON-ST. TAMMANY ELECTRIC COOPERATIVE, INC.  
EX PARTE**

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***Docket No. S-35489, In re: Petition for Letter on Non-Opposition to Borrow Funds from Rural Utilities Service.***

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(Decided at the June 24, 2020 Business and Executive Session.)

***Background and Procedural History***

On January 30, 2020, Washington-St. Tammany Electric Cooperative, Inc. (“WST” or the “Company”) filed a petition with the Louisiana Public Service Commission (the “Commission”) requesting that the Commission issue a Letter of Non-Opposition to enter into a financing agreement with the Federal Financing Bank (“FFB”) and guaranteed by the United States Department of Agriculture’s Rural Utilities Service (“RUS”) in the amount of \$74,542,000 dollars. These loan funds are intended to enable WST to complete capital improvements as outlined in a four-year construction work plan from 2016 through 2019. Notice of WST’s request was published in the Commission’s Official Bulletin on February 7, 2020 for a 15-day intervention period. No interventions were received during, or subsequent to, the intervention period.

WST is a nonprofit electric cooperative organized and existing under the Electric Cooperative Act of the State of Louisiana and providing electric service to approximately 48,000 residential and 4,000 commercial customers in the parishes of St. Tammany, Tangipahoa, and Washington in the State of Louisiana.

WST’s four-year construction work plan involves general capital improvements including conversion and loan changes, installation of new distribution and transmission lines, switching stations, and metering point changes. The Company wishes to acquire a loan in the amount of \$74,542,000 from the RUS, which will not be drawn all at once. Rather, the Company plans to withdraw in installments as work progresses pursuant to phases of the construction work plan. According to the proposed terms of the agreement, a fixed interest rate is to be determined at the time of each loan advance and each withdrawal will be amortized over a 30-year term.

***Jurisdiction and Applicable Law***

The Commission exercises jurisdiction in this proceeding pursuant to Article IV, Section 21 of the Louisiana Constitution

**La. Const. Art. IV, Sec. 21 provides in pertinent part:**

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 perform other duties as provided by law.

Pursuant to this authority, the Commission issued its March 18, 1994 General Order, which provides in pertinent part:

No utility or common carrier subject to the jurisdiction of the Louisiana Public Service Commission shall sell, assign, lease, transfer, mortgage, or otherwise dispose of or encumber the whole or any part of its franchise, works, property, or system, nor by any means direct or indirect, merge or consolidate its utility works, operations, systems, franchises, or any part thereof, nor transfer control or ownership of any assets, common stock or other indicia of control of the utility to any other person, corporation, partnership, limited liability company, utility, common carrier, subsidiary, affiliated company or any other entity, or divide into two or more utilities or common carrier, where the values involved in such action exceed one percent (1%) of the gross assets of such regulated utility or common carrier, or subsidiary thereof, nor in any way commit itself to take such action or affect any right, interest, asset, obligation, stock ownership, or control, involved in such action without prior full disclosure of the prior intent and plan of such utility or common carrier with regard to such action and without prior official action of approval or official action of non-opposition by the Louisiana Public Service Commission. This section is intended to apply to any transfer of the ownership and/or control of public utilities and common carriers regardless of the means used to accomplish that transfer.

In determining whether to approve any such transfer of ownership or control the Commission shall take into account the following factors[.]

Furthermore, approval of this transaction is required pursuant to the Commission's General Order dated November 13, 1996. In particular, the General Order states:

1. No public utility shall issue any security or assume any obligation or liability as guarantor, endorser, surety or otherwise in respect of any security of any other public utility, or of any other person, until it has been authorized to do so by Order of this Commission.

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6. The approval of the Commission required under this Order does not apply unless the value of the transaction exceeds ten percent of the gross assets of the public utility or \$1,000,000, whichever is lower.

### ***Staff Review***

The Commission Staff reviewed WST's petition and its responses to Commission Staff's several rounds of formal data requests. The Company provided responses to the 18 points as required by the March 18, 1994 General Order and addressed the November 13, 1996 General Order. Audit Staff reviewed the Company's responses and determined that the proposed action is a fiscally responsible means to fund capital improvements that will allow the Company to provide safe, reliable, and adequate service to the utility's ratepayers. Commission Staff filed its Staff Report and Recommendation on June 12, 2020 which includes its analysis and recommendation. WST's financial statements for the years 2015 through 2019 show that the Company met its Times Interest Earned Ratio ("TIER") coverage ratio for each year. Further, the information provided by WST indicates that the loan amount will have no adverse impact on ratepayers as WST will be able to meet its debt service requirements upon obtaining the loan and no change in rates will be necessary to maintain such coverage.

Nonetheless, Commission Staff did note that the WST's current rate structure appears to be causing financial underperformance as evidenced by the Company's inability to meet certain required loan covenants in a particular year. During the course of its review, Commission Staff found that WST had not been subjected to a review of existing base rates since December 2007. Considering this as well as WST's increase in long term debt, Staff advises that WST undergo a review of base rates in the near term. Such base rate review should include an analysis of the potential merits of a Formula Rate Plan to balance out year to year inconsistencies in loan covenant leverage ratios.

As this loan guarantee will be secured by a previously executed Restated Mortgage and Security Agreement ("Mortgage") entered into by WST, the FFB, and RUS Cooperative Finance Corporation, this transaction is subject to the March 18, 1994 General Order. The Commission Staff found that construction plan is in the best interest of ratepayers and all project estimates appear to be reasonable. Thus, Commission Staff recommended that a Letter of Non-Opposition be issued, subject to the following conditions:

1. The Company shall file into the record of this proceeding a copy of the signed loan agreement, outlining the final terms and conditions, within 30 days of the loan closing date.
2. Should the loan agreement be modified in any way, prior to issuance of funds, the newly revised agreement shall be filed into the record of this proceeding no later than 15 days after such modification.
3. If the signed loan documents have not been filed within ninety (90) days of an Order in this proceeding, the Company must file a status update into the record on or before 90 days from the date of an Order. The Commission reserves the right to rescind its non-opposition if the loan documents are not filed within 90 days of an Order in this proceeding.
4. The Company shall file a report twice yearly to update the status of the four-year construction work plan and include the total amount budgeted from the report, the total amount spent, the remaining totals for work to be done, and a timeline for completion of that work.
5. This non-opposition is granted without prejudice to the authority of the Commission to make investigations and require any reasonably necessary change that the Commission may legally find to be in the public interest.
6. This Order will be effective immediately upon issuance by the Commission.

### ***Commission Consideration***

The Staff Report & Recommendation was considered by the Commission at its June 24, 2020 Business and Executive Session. On motion of Commissioner Skrmetta, seconded by Chairman Francis, and unanimously adopted, the Commission voted to accept the Staff Report and Recommendation with amendment by Commissioner Skrmetta requiring Washington-St. Tammany Electric Cooperative, Inc. to report to the Commission, at subsequent Business and Executive Sessions, whenever funds are drawn from the loan and the interest rate is set.

**IT IS THEREFORE ORDERED THAT:**

1. The Company shall file into the record of this proceeding a copy of the signed loan agreement, outlining the final terms and conditions, within 30 days of the loan closing date.
2. The Company shall file a request to appear before the Commission to report the terms, including interest rates, related to each advance of funds under the loan agreement.
3. Should the loan agreement be modified in any way, prior to issuance of funds, the newly revised agreement shall be filed into the record of this proceeding no later than 15 days after such modification.
4. If the signed loan documents have not been filed within 90 days of an Order in this proceeding, the Company must file a status update into the record on or before 90 days from the date of an Order. The Commission reserves the right to rescind its non-opposition if the loan documents are not filed within 90 days of an Order in this proceeding.
5. The Company shall file a report twice yearly to update the status of the four-year construction work plan and include the total amount budgeted from the report, the total amount spent, the remaining totals for work to be done, and a timeline for completion of that work.
6. This non-opposition is granted without prejudice to the authority of the commission to make investigations and require any reasonably necessary change that the Commission may legally find to be in the public interest.
7. This Order is effective immediately.


**BY ORDER OF THE COMMISSION**  
**BATON ROUGE, LOUISIANA**  
July 17, 2020

*/S/ MIKE FRANCIS*  
**DISTRICT IV**  
**CHAIRMAN MIKE FRANCIS**

*/S/ CRAIG GREENE*  
**DISTRICT II**  
**VICE CHAIRMAN CRAIG GREENE**

*/S/ FOSTER CAMPBELL*  
**DISTRICT V**  
**COMMISSIONER FOSTER L. CAMPBELL**

*/S/ LAMBERT BOISSIERE*  
**DISTRICT III**  
**COMMISSIONER LAMBERT C. BOISSIERE**

  
**BRANDON M. FREY**  
**SECRETARY**

*/S/ ERIC SKRMETTA*  
**DISTRICT I**  
**COMMISSIONER ERIC F. SKRMETTA**

# Louisiana Public Service Commission



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

## COMMISSIONERS

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District IV  
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Telephone: (225) 342-5400 **2020 JUN 12 PM 1:34**

**LA PUBLIC SERVICE  
COMMISSION**

BRANDON M. FREY  
Executive Secretary

KATHRYN H. BOWMAN  
Executive Counsel

JOHNNY E. SNELMGROVE, JR.  
Deputy Undersecretary

June 12, 2020

### *Via Email Only*

Mr. Kyle Marionneaux  
Mr. J. Huntington Odom  
Ms. Kara Kantrow  
Marionneaux Kantrow, LLC  
10202 Jefferson Highway, Building C  
Baton Rouge, LA 70809  
[kyle@mklawla.com](mailto:kyle@mklawla.com)

**Re: Docket No. S-35489, Washington-St. Tammany Electric Cooperative, Inc., ex parte. In re: Petition for Letter of Non-Opposition to Borrow Funds from Rural Utilities Service.**

Ms. Kantrow and Messrs. Odom & Marionneaux:

Enclosed please find *Staff's Report and Recommendation* to be filed in the above-referenced docket.

Should you have any questions regarding this matter, please do not hesitate to contact me.

Very kindly,

**Theron T. Levi**  
Staff Attorney

TTL/jma  
Enclosure

cc: Service List (VIA EMAIL)

LOUISIANA PUBLIC SERVICE COMMISSION

DOCKET NO. S-35489

2020 JUN 12 PM 1:34

WASHINGTON ST. TAMMANY ELECTRIC COOPERATIVE, INC. EX PART PUBLIC SERVICE COMMISSION

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*In re: Petition for Letter of Non-Opposition to Borrow Funds from Rural Utilities Service*

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**STAFF REPORT & RECOMMENDATION**

***Overview***

On January 30, 2020, Washington St. Tammany Electric Cooperative, Inc. (“WST” or the “Company”) filed the above captioned request (the “Request”) pursuant to Louisiana Public Service Commission (the “Commission”) General Order dated March 18, 1994 (the “March 1994 General Order”). The Request sought the Commission’s authorization for WST to enter into a financial agreement with the Federal Financing Bank (“FFB”) and guaranteed by the United States Department of Agriculture’s Rural Utilities Service (“RUS”) in the amount of seventy-four million five hundred forty-two thousand (\$74,542,000) dollars. These loan funds will enable WST to complete capital improvements, as outlined in its four-year construction work plan, that include conversion and loan changes, substations, new lines, transmission, switching station, metering point changes and so on. The request was published in the Commission’s Official Bulletin #1212 on February 7, 2020 for a fifteen (15) day intervention period. No interventions were received during, or subsequent to, the intervention period.

WST is a Louisiana nonprofit cooperative organized and existing under the Electric Cooperative Act of the State of Louisiana with its main office located at 950 Pearl Street in Franklinton, Louisiana. WST provides electric services to its members in the Parishes of St. Tammany, Tangipahoa, and Washington. According to WST’s Financial and Operating Electric Distribution report dated December 2015, upon completion of improvements to the system through

2019, WST will provide adequate and dependable service to 48,578 residential customers using an average of 1,339 kilowatt hours (kWh) per month and 4,296 commercial customers using an average of 4,185 kWh per month.<sup>1</sup>

### ***Company's Request***

WST is seeking to enter into a loan agreement valued at \$74,542,000 with Federal Financing Bank for a thirty (30) year term, with a fixed interest rate determined at the time of the loan advance. Current FFB interest rates are 1.10%. The loan will be disbursed over the course of four years as the construction work plan progresses. The total funds will not be drawn in one lump sum but will be drawn to reimburse capital construction projects upon completion of such projects detailed in construction work plans. In support of the company's request, WST submitted data and provided responses to data requests which included financial statements, RUS forms, the loan agreement, an eighteen (18) point analysis pursuant to the March 1994 General Order, and a construction work plan.

The company submitted an approval from United States Department of Agriculture's ("USDA") General Field Representative, Eric Marchegiani. According to USDA's approval the construction work plan was found to be generally satisfactory for loan contract purposes. WST was incorporated for the purpose of providing low cost and efficient electricity consistent with the public interest while providing safe and reliable services to its members. In order to continue to serve its purpose, WST must make the necessary improvements and repairs. Below is a summary of the estimated cost allocations for each improvement category:<sup>2</sup>

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<sup>1</sup> Customers average and kWh usage calculations came from the Company's RUS 7 form filed reports.

<sup>2</sup> Information taken from Application Exhibit 1(C) titled USDA-RUS Cost Estimates and Loan Budget for Electric Borrowers.

<b><u>Distribution Improvements</u></b>	
<b>Distribution</b>	
New Line (Excluding Tie Lines): 160 miles	\$20,463,500
Conversion and Line Change: 70 miles	\$3,906,400
Substation, Switching Station, Metering Point Changes:	\$17,100,000
Miscellaneous:	\$18,300,810
Other Distribution Items:	<u>\$6,225,544</u>
<b>Total Distribution:</b>	<b>\$65,996,254</b>
<b>Transmission</b>	
New Line:	\$5,830,000
Transmission Line and Station Changes:	\$2,100,000
Other Transmission Items:	<u>\$616,049</u>
<b>Total Transmission:</b>	<b>\$8,546,049</b>
<b>Grand Total:</b>	<b>\$74,542,303</b>

WST asserts that the transaction is in the best interest of the public, as it will allow the company to make improvements in order to meet the consumers' demand while providing safe, reliable, and adequate service to existing or new members throughout the Company's service territory. The transaction will have no effect on rates or terms of service for WST members. The transaction also preserves the Commission's jurisdiction and ability to effectively regulate WST's operations.

### ***Commission Authority***

The Commission exercises regulatory jurisdiction over all utility companies, including WST, pursuant to Article 4, Section 21, of the Louisiana Constitution and applicable Commission Orders adopted pursuant to that authority.

### **La Const. Art. IV, Sec. 21 provides in pertinent part:**

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 perform other duties provided by law.



**General Order dated November 13, 1996:**

Approval of this transaction is specifically required pursuant to the Commission's General Order dated November 13, 1996. In particular, the General Order states Item Number 1,

No public utility shall issue any security or assume any obligation or liability as guarantor, endorser, surety, or otherwise in respect of any security of any other public utility, or of any other person, until it has been authorized to do so by Order of this Commission.

***Further under Item Number 5 of the same Order,***

This General Order does not modify in any manner the General Order issued by this Commission dated 3/18/94 related to Commission approval of sales, leases, etc. Any security issuance that requires a utility to "sell, assign, lease, transfer, mortgage, or otherwise dispose of or encumber" the property or assets of the utility must be approved by the Commission under the standards set forth in the 3/18/94 General Order as well.

**General Order dated March 18, 1994:**

Approval of this transaction is specifically required pursuant to the Commission's General Order dated March 18, 1994 as the loan terms require a pledge of assets of the Company to secure the RUS funds.

***Audit Staff Review***

Staff conducted a thorough review of Washington St. Tammany's application and all supporting documentation as referenced above. The terms and conditions of the financing agreement require WST, as the borrower, to maintain several financial conditions. One such conditions being that WST must maintain a specific range of certain leverage ratios. Leverage ratios are generally used to assess a company's ability to meet financial obligations. WST will have to maintain the following coverage ratios:<sup>3</sup> (i) TIER of 1.25 (ii) DSC of 1.25 (iii) OTIER of 1.10 and ODSC of 1.10.

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<sup>3</sup> "TIER" refers to Time Interest Earned Ratio; "OTIER" refers to Operating Time Interest Earned Ratio; "DSCR" refers to Debt Service Coverage Ratio; "ODSCR" refers to Operating Debt Service Coverage Ratio.  $TIER = \frac{\text{Interest on Long-Term Debt} + \text{Net Margin}}{\text{Interest on Long Term Debt}}$ .  $OTIER = \frac{\text{Interest on Long-Term Debt} + \text{Operating Margin}}{\text{Interest on Long-Term Debt}}$ .  $DSCR = \frac{\text{Depreciation} + \text{Interest on Long-Term Debt} + \text{Net Margin}}{\text{Principal} + \text{Interest on Long-Term Debt}}$ .  $ODSCR = \frac{\text{Depreciation} + \text{Interest on Long-Term Debt} + \text{Operating Margin}}{\text{Principal} + \text{Interest on Long-Term Debt}}$ .

Utilizing data contained within WST's financial statements for 2015, 2016, 2017, 2018, and 2019. Staff computed WST's ratio coverage for each of the stated methods used to test the Company's financial performance related to existing debt obligations. The results from Staff's calculations concluded that WST met the TIER coverage ratios each year. However, WST failed to meet the required OTIER ratios for years 2015, 2018 and 2019. The Company did not meet DCSR ratios for any years except 2019 and failed to meet ODSCR ratios for the years 2015-2019. The following table summarizes Staff's ratio calculations from 2015 through 2019:<sup>4</sup>

<b>Staff's Summary of Coverage Ratios</b>					
	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>
Interest on Long-Term Debt	\$5,200,373	\$5,571,162	\$5,537,647	\$5,493,919	\$5,480,386
Operating Margin	\$282,113	\$719,502	\$2,112,233	(\$328,498)	(\$329,054)
Patronage Capital or Margins	\$1,487,174	\$2,616,188	\$3,989,471	\$1,814,548	\$1,968,093
Depreciation Expense	\$5,987,900	\$6,202,014	\$6,463,567	\$6,603,730	\$6,811,077
Principal on Long-Term Debt	\$6,770,640	\$7,425,896	\$7,476,716	\$6,949,212	\$5,967,141
<b>Total Debt Service</b>	<b>\$11,971,013</b>	<b>\$12,997,058</b>	<b>\$13,014,363</b>	<b>\$12,443,131</b>	<b>\$11,447,527</b>
<b>TIER</b>	1.29	1.47	1.72	1.33	1.36
<b>OTIER</b>	1.05	1.13	1.38	0.94	0.94
<b>DSCR</b>	1.06	1.11	1.23	1.12	1.25
<b>ODSCR</b>	0.96	0.96	1.08	0.95	1.04

Although WST did not meet each of the existing loan covenants on a year to year basis, WST provided support that leverage ratios performed better when reviewed over time and using a retrospective best two of last three-year average. Furthermore, WST's financials were reviewed by the lenders and RUS and met or exceeded the necessary qualifications in the loan application process. The following table summarizes WST's aforementioned responses:

<sup>4</sup> Table generated using RUS Form 7 filings for WST from 2015 to 2019.

<b>WST's Summary of Coverage Ratios</b>					
	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>
Interest on Long-Term Debt	\$5,194,758	\$5,550,388	\$5,491,240	\$5,516,515	\$5,479,562
Patronage Capital & Operating Margins	\$282,113	\$719,502	\$2,112,233	(\$328,498)	(\$329,054)
Patronage Capital or Margins Depreciation and Amortization Expense	\$1,487,174	\$2,616,188	\$3,989,471	\$1,814,548	\$1,968,093
Principal on Long-Term Debt	\$5,987,900	\$6,202,014	\$6,463,567	\$6,603,730	\$6,811,077
<b>Total Billed Debt Service</b>	<b>\$6,776,255</b>	<b>\$7,446,669</b>	<b>\$7,523,122</b>	<b>\$6,947,001</b>	<b>\$5,967,965</b>
	<b>\$11,971,013</b>	<b>\$12,997,057</b>	<b>\$13,014,362</b>	<b>\$12,463,516</b>	<b>\$11,447,527</b>
<b>Actual Retrospective Best 2 of Last 3 Average</b>					
<b>TIER</b>	1.57	1.60	1.60	1.60	1.54
<b>OTIER</b>	1.47	1.38	1.26	1.26	1.16
<b>DSCR</b>	1.23	1.20	1.17	1.17	1.24
<b>ODSCR</b>	1.80	1.10	1.02	1.02	1.06

Next, Staff conducted a similar analysis to determine if revenue was sufficient to cover the required coverage ratios in the future. Staff used the financial forecast provided by the Company for 2020 through 2024. Based on the results of the analysis, Staff believes that WST will be able to meet its debt requirement upon obtaining the loan as the coverage ratios exceed RUS requirements, but also the Commission's typically acceptable range of 1.25 to 1.50. The following table summarizes ratio calculations with the loan:<sup>5</sup>

<b>Summary of Coverage Ratios</b>					
	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>	<b><u>2024</u></b>
<b>Total Debt Service</b>	<b>\$9,788,332</b>	<b>\$8,727,181</b>	<b>\$9,502,146</b>	<b>\$10,484,341</b>	<b>\$11,138,092</b>
<b>TIER</b>	1.42	1.25	1.25	1.25	1.25
<b>OTIER</b>	1.13	1.15	1.15	1.15	1.16
<b>DSCR</b>	1.41	1.53	1.46	1.37	1.34
<b>ODSCR</b>	1.27	1.48	1.41	1.33	1.30
<b>Modified DSC</b>	1.39	1.49	1.43	1.34	1.31

<sup>5</sup> Information provided by WST in response to Staff Data Requests.

The loan guarantee will be secured by a previously executed Restated Mortgage and Security Agreement (“Mortgage”) entered into by WST, the FFB, and CFC. Therefore, this transaction is subject to the March 18, 1994 General Order. Staff reviewed WST’s responses to the 18-point analysis. The company has stated there will not be a transfer of assets. WST further asserts that the transaction is in the best interest of ratepayers based on the following:

- WST ratepayers will experience both short-term and long-term benefits from the Company’s ability to make improvements on its system due to the Company having adequate capital and/or financing.
- WST will be able to continue to provide ratepayers with safe, reliable, and adequate service.
- WST has a history of compliance and working with the Commission and other regulatory authorities.
- WST will maintain and obtain all necessary health, safety, and other permits as required.

In summary, WST provided Audit Staff with an in-depth look at their financial statements in support of this application. WST was able to meet the necessary financial metrics required for the loan process by the lenders and its forecasted revenues and expenses indicate that WST appears to be in a good position to meet or exceed the necessary leverage ratios and loan covenants required by the lender.

Nonetheless, Staff does note that the Company’s current rate structure is causing WST to underperform financially as evidenced by the Cooperative’s failure to meet certain required loan covenants in a particular year or multiple years. In reviewing the Company’s active tariff, it was determined that WST has not been the subject of a review of existing base rates since December 7, 2007.<sup>6</sup> Furthermore, WST was issued a Letter of Non-Opposition in regard to a \$83,191,000 loan as recently as 2013.<sup>7</sup> With such a significant period of time between reviews of base rates, a significant increase in long term debt, and a consistency of not meeting year to year loan covenant ratios, Staff

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<sup>6</sup> Docket No. U-30455

<sup>7</sup> Docket No. S-32684

would advise that WST undergo review of base rates in the near future. Staff suggests that the base rate review include an analysis of the merits of using a Formula Rate Plan and whether it would help to balance out the year to year inconsistencies Staff is seeing with the required loan covenant leverage ratios.

During its review, Staff also corresponded with the Commission's Utilities Division to confirm whether WST was compliant with the Commission's requirement of certain monthly, annual, and one-time filing requirements by electric utilities. The Utilities Division's review indicated that WST was compliant in submitting the appropriate reports with the Commission as well as paying all inspection and supervision fees due to the Louisiana Department of Revenue. The Utilities Division also indicates that WST has appropriately filed its Annual Electric Reliability Report and has met or exceeded the minimum performance level of the system average interruption duration index ("SAIDI") and system average interruption frequency index ("SAIFI") from 2016 to 2019. WST continues to invest in system reliability as is evidenced by the construction plan's approximately \$48,000,000 in improvements to distribution and transmission assets that do not include new lines.

### ***Staff Recommendation***

Based on the foregoing, Staff concurs that the transaction is in the public interest and will have no adverse effect on rates or terms of service for WST members. Staff recommends that the Commission expresses its non-opposition to the Request subject to the following conditions:

1. The Company shall file into the record of this proceeding a copy of the signed loan agreement, outlining the final terms and conditions, within thirty (30) days of the loan closing date.
2. Should the loan agreement be modified in any way, prior to issuance of funds, the newly revised agreement shall be filed into the record of this proceeding no later than fifteen (15) days after such modification.
3. If the signed loan documents have not been filed within ninety (90) days of an Order in this proceeding, the Company, must file a status update into the record on or before ninety (90)

days from the date of an Order. The Commission reserves the right to rescind its non-opposition if the loan documents are not filed within ninety (90) days of the date of an Order in this proceeding.

4. The Company shall file a report twice yearly to update the status of the four-year construction work plan and include the total amount budgeted from the report, the total amount spent, the remaining totals for work to be done, and a timeline for completion of that work.
5. This non-opposition is granted without prejudice to the authority of the Commission to make investigations and require any reasonably necessary change that the Commission may legally find to be in the public interest.
6. This Order will be effective immediately upon issuance by the Commission.

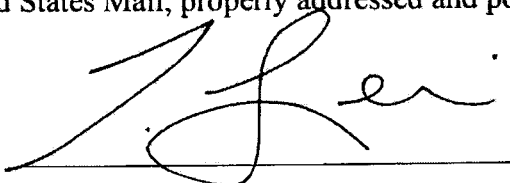
Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Theron Levi', written over a horizontal line.

**Theron Levi** (Bar Roll No. 37772)  
Staff Attorney  
Louisiana Public Service Commission  
Galvez Bldg., 12<sup>th</sup> Floor  
602 N. Fifth Street,  
Baton Rouge, LA 70821  
(225) 342-4407  
[theron.levi2@la.gov](mailto:theron.levi2@la.gov)

## 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 12<sup>th</sup> day of June, 2020.

A handwritten signature in black ink, appearing to read "Theron Levi", is written over a horizontal line. The signature is fluid and cursive.

THERON LEVI

Service List for S-35489  
as of 6/12/2020

**Commissioners**

Eric Skrmetta, Commissioner

**LPSC Staff Counsel**

Theron Levi, LPSC Staff Attorney

**LPSC Staff**

Chassitty Williams, LPSC Auditing Division

Thomas Broady, LPSC Auditing Division

Donnie Marks, LPSC Utilities Division

**Petitioner:**

**Washington-St.Tammany Electric Cooperative, Inc.**

J. Huntington "Hunter" Odom  
Marionneaux Kantrow, LLC  
10202 Jefferson Highway, Building C  
Baton Rouge, LA 70809  
Email(s): hunter@mklawla.com  
Fax:(225)757-1709; Telephone 1:(225)769-7473;

Kara B. Kantrow  
Marionneaux Kantrow, LLC  
10202 Jefferson Highway, Building C  
Baton Rouge, LA 70809-3183  
Email(s): kara@mklawla.com  
Telephone 1:(225)757-1709; Fax:(225)769-7473;

Kyle C. Marionneaux  
Marionneaux Kantrow, LLC  
10202 Jefferson Highway  
Building C  
Baton Rouge, LA 70809-3183  
Email(s): kyle@mklawla.com  
Fax:(225)757-1709; Telephone 1:(225)769-7473;