

LOUISIANA PUBLIC SERVICE COMMISSION
ADMINISTRATIVE HEARING DIVISION

DOCKET NO. S-_____

1803 ELECTRIC COOPERATIVE, INC.,
BEAUREGARD ELECTRIC COOPERATIVE, INC.,
CLAIBORNE ELECTRIC COOPERATIVE, INC.,
NORTHEAST LOUISIANA POWER COOPERATIVE, INC.,
SOUTH LOUISIANA ELECTRIC COOPERATIVE ASSOC., AND
WASHINGTON-ST. TAMMANY ELECTRIC COOPERATIVE, INC.

*In Re: Petition for Approval of Asset Transfer by 1803 Member Cooperatives to 1803 and
Operation of Transmission Facilities by 1803.*

DIRECT TESTIMONY

OF

DANE HOCOTT

ON BEHALF OF

WASHINGTON-ST. TAMMANY ELECTRIC COOPERATIVE, INC.

MARCH 2024

MARCH 2024

TABLE OF CONTENTS

I. INTRODUCTION AND BACKGROUND.....3

II. PURPOSE & SUMMARY OF DIRECT TESTIMONY.....5

III. DISTRIBUTION COOPERATIVE BENEFITS OF TRANSACTION.....6

IV. CONCLUSION.....10

I. INTRODUCTION AND BACKGROUND

1 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND JOB POSITION.**

2 A. My name is Dane Hocott, 950 Pearl Street, Franklinton, Louisiana 70438. I am the General
3 Manager and Chief Executive Officer of Washington-St. Tammany Electric Cooperative
4 (“WST”).

5 **Q. HOW LONG HAVE YOU HELD THE POSITION OF GENERAL**
6 **MANAGER/CHIEF EXECUTIVE OFFICER AT WST?**

7 A. I have held the position since October 2022.

8 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND BUSINESS EXPERIENCE.**

9 A. I have a Bachelor of Business Administration degree from The University of Texas-Pan
10 American and I have over 27 years of experience with electric cooperatives, including
11 several specialized co-op related certifications in management, finance and related topics.

12 I began working with electric cooperatives in 1996 when I was hired by Magic
13 Valley (“MVEC”) Electric Cooperative in Mercedes, Texas. My initial position with
14 MVEC was as a Manager of Purchasing and Inventory, and I thereafter continued to
15 advance with MVEC, becoming the Administrative Services Manager in 1998 and then the
16 Services Division Manager in 2013. When I started working at MVEC I oversaw the
17 purchasing of all materials and equipment for sub-station, transmission, and distribution
18 projects because MVEC was not a member of a G&T cooperative at that time. In 2009 I
19 was part of the team that prepared data for the transfer of all sub-station and transmission
20 assets when MVEC joined the G&T South Texas Electric Cooperative (STEC). The MVEC
21 Board of Directors voted to join STEC to pool resources and gain savings from the

1 economies of scale associated with the G&T business model. In 2013 as the Services
2 Division Manager, I worked collaboratively with the executive leadership of STEC in the
3 areas of load forecasting and analysis of the power bills to calculate the power cost
4 adjustment (PCA) for MVEC.

5 In October of 2022, I had the opportunity to become the General Manager and CEO
6 of WST, and I accepted the position. In this capacity I direct the daily operations of the
7 cooperative in accordance with the guidelines set forth in the Articles of Incorporation and
8 by-laws of the cooperative and the policies established by WST's Board of Directors. My
9 responsibilities also include the development, oversight and tracking of the yearly budget,
10 tracking of major capital expenditures, evaluation and negotiation of various contracts,
11 regulatory matters, and RUS loans and required support services. I have also recently been
12 significantly involved in seeking the approval of and implementing WST's Formula Rate
13 Plan in LPSC Docket No. U-36808, which was unanimously approved by the Commission
14 and is expected to improve WST's financial stability and insure compliance with WST's
15 lender requirements and mortgage covenants.

16
17 **Q. WHAT IS YOUR ROLE WITH 1803 ELECTRIC COOPERATIVE ("1803")?**

18 **A.** Since becoming the General Manager and CEO WST in October 2022, I have served as
19 one of two directors on the 1803 Board of Directors representing WST.
20
21

1 **Q HAVE YOU PREVIOUSLY TESTIFIED BEFORE A REGULATORY**
2 **COMMISSION?**

3 A. I spoke at the LPSC B&E on behalf of WST to answer questions in reference to Docket U-
4 36808 in September 2023. I have not submitted direct testimony prior to this.

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

7 A. I am providing testimony on behalf of WST as its General Manager and CEO and also as
8 a board member of 1803

10 **Q. Has this testimony been prepared by you or under your supervision?**

11 A. Yes. I have also consulted with 1803 staff, internal staff at WST as well as special and
12 general counsel in preparing my testimony.

14 **II. PURPOSE & SUMMARY OF DIRECT TESTIMONY**

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

16 A. My testimony addresses the basis for and benefits of the proposed transfer of ownership
17 and management of certain delivery assets of 1803 member distribution cooperatives (the
18 “1803 Cooperatives” or “Member Cooperatives”) to 1803 Electric Cooperative, Inc.
19 (“1803”), including the assets and facilities which would transfer in ownership from
20 Louisiana Generating, LLC, Cleco Cajun LLC, or any of their affiliated entities
21 (collectively “LaGen”) to the 1803 Cooperatives, respectively, at the conclusion of their
22 Power Supply and Service Agreements (“PSSAs”) with LaGen (the “Transaction”).

1 In my testimony, I will also discuss my relevant prior electric cooperative
2 experience where MVEC was involved with a similar transaction, wherein MVEC joined
3 a generation and transmission cooperative (“G&T”), South Texas Electric Cooperative
4 (“STEC”), and similarly transferred transmission and substation assets to the G&T entity.
5 I will address how that transfer provided benefits to MVEC and its members and why I
6 believe the Transaction at issue here will do the same for the 1803 Cooperatives.

7
8 **Q. PLEASE PROVIDE A BRIEF SUMMARY OF YOUR TESTIMONY.**

9 A. As stated previously, I worked for an electric cooperative (MVEC) that participated in a
10 similar process of transferring sub-station and transmission assets when MVEC joined the
11 G&T STEC. MVEC was able to gain cost savings from achieving the benefits from new
12 economies of scale by joining the G&T and taking advantage of the G&T business model.
13 Those savings were directly applied to the Member Owners as a reduction in the power
14 cost adjustment (PCA) on their monthly electric bills.

15
16 **III. DISTRIBUTION COOPERATIVE BENEFITS OF TRANSACTION**

17 **Q. PLEASE PROVIDE A BRIEF DESCRIPTION OF THE TRANSACTION FROM**
18 **THE STANDPOINT OF AN 1803 MEMBER COOPERATIVE.**

19 A. Like the other 1803 Cooperatives, WST presently receives its wholesale power through a
20 full requirements contract (Power Supply and Service Agreements (“PSSA”)) with
21 Louisiana Generating LLC (“LaGen”). Beginning on April 1, 2025, WST will transition
22 to receiving its wholesale power from 1803 as a result of the LPSC’s approval in Docket

1 No. U-35927.

2 At the conclusion of its PSSA with LaGen, certain high voltage delivery assets and
3 facilities will, in accordance with the PSSA, transfer in ownership and management from
4 LaGen to WST. Collectively, these assets and facilities may include, without limitation,
5 the high side of substations, delivery points, meter points, certain electric lines, meters and
6 equipment associated with meters, and such similar assets (collectively the "Assets").
7 Presently, these Assets are owned, operated, and managed by LaGen.

8 WST's Board of Directors has considered options for the future ownership and
9 management of the Assets and have determined that WST's member-consumers would be
10 best served by transferring the ownership, operation, maintenance, compliance, and overall
11 management of the Assets to 1803. WST and 1803 have agreed that, under the proposed
12 Transaction, the respective Assets shall revert to WST upon the termination or conclusion
13 of WST's membership in, and Wholesale Power Contract with, 1803. All of the 1803
14 Cooperatives have reached an identical agreement with 1803.

15
16 **Q. YOU INDICATED EARLIER THAT YOUR PREVIOUS DISTRIBUTION**
17 **COOPERATIVE EMPLOYER HAD PARTICIPATED IN A SIMILAR**
18 **TRANSACTION. PLEASE PROVIDE ADDITIONAL DETAIL ON THIS.**

19 **A.** In 2009 MVEC joined STEC and transferred their existing sub-station and transmission
20 assets to the G&T. STEC began operating and maintaining the assets and was able to allow
21 MVEC to save money on the power supply due to new economies of scale by pooling
22 assets from other distribution electric cooperatives in the region. As a member of STEC,

1 MVEC had two board positions on the STEC Board made up of the General Manager and
2 a member of the MVEC Board. The result of this transaction was a reduction in costs that
3 was applied to MVEC member bills as part of the PCA.
4

5 **Q. HOW WILL THIS TRANSACTION, IF APPROVED, PROVIDE BENEFITS TO**
6 **THE 1803 MEMBER COOPERATIVES AND THEIR MEMBER CONSUMERS?**

7 A. The Assets by contract will transfer to WST and the 1803 Cooperatives at the conclusion
8 of the PSSAs. Without this Transaction, WST and each of the 1803 Cooperatives would
9 be individually responsible for the Assets, without having the necessary staff and
10 experience for such tasks. Conversely, 1803's executive management team has significant
11 experience in owning, operating, and managing substation and transmission assets of
12 generation and transmission cooperatives on behalf of the distribution cooperatives served
13 by them, for the benefit of the distribution cooperatives and their members. The 1803
14 executive management team is also experienced in utilizing consultants and contractors to
15 manage and provide for regulatory compliance of substation and transmission assets and
16 are familiar with available and competent options for those services. If 1803 fulfills these
17 roles and provides these services for WST and each of the 1803 Cooperatives, it will be
18 able to provide economies of scale and savings to the 1803 Cooperatives.

19 As stated above, in my prior cooperative experience, I have seen how such benefits
20 can be achieved with this G&T cooperative arrangement and how the Assets may be
21 managed in the best interest of the distribution cooperative member-ratepayers. This
22 proposed Transaction will allow 1803, WST, and the other 1803 Cooperatives to achieve

1 deduplication of services, costs, and staffing, economies of scale, efficiencies, savings
2 through sharing of costs, efforts, and resources, improved transmission planning,
3 reliability, and optimization all as a result of consolidating the ownership, operation,
4 maintenance and compliance efforts associated with the Assets. Considering this, the
5 proposed Transaction is in the public interest.

6 In addition, the proposed Transaction provides WST and the 1803 Cooperatives
7 with continued oversight and a decision-making role in the management and operation of
8 the Assets considering that each 1803 Cooperative has two board members on the 1803
9 Board, one of which must be the General Manager of each 1803 Cooperative. I am a
10 member of the 1803 Board of Directors. As a result of this structure, each 1803
11 Cooperative, through their 1803 Board membership and representation, will play an
12 important role in the management and operation of these Assets. From a long term
13 standpoint, should 1803 operations conclude at the end of the contractual term or if WST
14 or any 1803 Cooperative ceases to be a member of 1803, that 1803 Cooperative's portion
15 of the Assets will return to that 1803 Cooperative, thus ensuring the net benefits will
16 continue for the member-ratepayers in the long term.

1 **Q. IN YOUR EXPERIENCE IN THE RURAL ELECTRIC COOPERATIVE**
2 **INDUSTRY, IS IT “OUT OF THE NORM” FOR ASSETS, SUCH AS THOSE AT**
3 **ISSUE HERE, AND RELATED TRANSMISSION SERVICES TO BE PROVIDED**
4 **BY THE G&T COOPERATIVE IN A G&T AND MEMBER DISTRIBUTION**
5 **COOPERATIVE SYSTEM?**

6 A. No, it is not out of the norm. These types of assets and services are regularly provided by
7 G&T cooperatives across the country.
8

9 **Q. DO YOU BELIEVE THAT THE PROPOSED TRANSACTION IS IN THE BEST**
10 **INTERESTS OF 1803, THE 1803 COOPERATIVES, AND THE**
11 **MEMBER/RATEPAYERS OF THE 1803 COOPERATIVES?**

12 A. Yes. I do.
13

14 **IV. CONCLUSION**

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

16 A. Yes, it does.

LOUISIANA PUBLIC SERVICE COMMISSION
ADMINISTRATIVE HEARING DIVISION

DOCKET NO. S-_____

1803 ELECTRIC COOPERATIVE, INC.,
BEAUREGARD ELECTRIC COOPERATIVE, INC.,
CLAIBORNE ELECTRIC COOPERATIVE, INC.,
NORTHEAST LOUISIANA POWER COOPERATIVE, INC.,
SOUTH LOUISIANA ELECTRIC COOPERATIVE ASSOC., AND
WASHINGTON-ST. TAMMANY ELECTRIC COOPERATIVE, INC.

*In Re: Petition for Approval of Asset Transfer by 1803 Member Cooperatives to 1803 and
Operation of Transmission Facilities by 1803.*

AFFIDAVIT OF WITNESS


I, Dane Hocott, being duly sworn, depose

that the Direct Testimony in the

above referenced matter on behalf of

1803 Electric Cooperative, Inc. and Washington-St. Tammany Electric Cooperative, Inc.

are true and correct to the best of my knowledge, information, and belief.

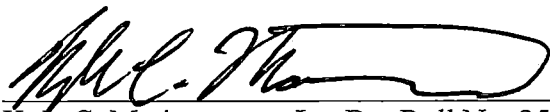


Dane Hocott

Subscribed and sworn before

me this 13th day of

March, 2024.



Kyle C. Marionneaux, La. Bar Roll No. 25785
Notary Public