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BEFORE THE
LOUISIANA PUBLIC SERVICE COMMISSION

LA Public Service Commission

LOUISIANA PUBLIC SERVICE COMMISSION

DOCKET NO. S-_____

EX PARTE

In re: Petition for Approval of a Letter of Non-Opposition to Refinance and to Temporarily Increase Line of Credit Maximum.

**NORTHEAST LOUISIANA POWER COOPERATIVE, INC.'S
PETITION FOR APPROVAL OF A LETTER OF NON-OPPOSITION TO
REFINANCE ITS LINE OF CREDIT BALANCE**

Northeast Louisiana Power Cooperative, Inc. ("NELPCO"), through undersigned counsel, which respectfully requests the Louisiana Public Service Commission ("LPSC" or "Commission") to issue a Letter of Non-Opposition to allow NELPCO to refinance the current balance on its line of credit held by CoBank by transferring such balance to a new term loan, and in support thereof asserts as follows:

BACKGROUND

1.

NELPCO is a Louisiana non-profit electric cooperative organized and existing under the laws of the State of Louisiana and domiciled in Franklin Parish, Louisiana. NELPCO provides electric service to approximately 11,924 members in the Parishes of East Carroll, West Carroll, Franklin, Madison, Morehouse, Richland, and Tensas, with its main office located at 1411 Landis Street, Winnsboro, Louisiana 71295-1577. NELPCO has approximately 60 employees and is governed by an eight-member board of directors, who are elected by the general membership. NELPCO's members are the owners of the system and are also its ratepayers.

LPSC Docket No. S-_____
Northeast Louisiana Power Cooperative, Inc.
Petition for Approval of Letter of
Non-Opposition to Refinance its
Line of Credit Balance

1.

ROUTE TO ^{13 days} ROUTE FROM

DEPT. Bullfinch DATE 7/15 DEPT. _____

DEPT. _____ DATE _____ DEPT. _____

DEPT. _____ DATE _____ DEPT. _____

DEPT. _____ DATE _____ DEPT. _____

III. SPS.

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2.

The LPSC has jurisdiction over NELPCO's rates and services pursuant to La. Const. art. IV, Sec. 21, La. R.S. 12:401, *et seq.*, and other applicable law, including La. R.S. 45:1175 which provides the Commission authority to investigate the reasonableness and justness of all contracts between regulated utilities and other persons, including their affiliates.

3.

Copies of all correspondence and filings with the Commission should be directed to:

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Daniel T. Price
Roedel Parsons Blache Fontana
Piontek & Pisano
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Baton Rouge, LA 70809
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REQUEST FOR LETTER OF NON-OPPOSITION

4.

Since its inception in 1938, NELPCO has, from time-to-time, borrowed funds from CoBank, ACB, a federally chartered instrumentality of the United States ("CoBank").

5.

On August 17, 2021, NELPCO filed a similar Petition for Approval of a Letter of Non- Opposition to Refinance and to Temporarily Increase Line of Credit Maximum, which was assigned Docket No. S-36134 ("2021 Petition"). The Commission issued Order No. S-36134 on October 28, 2021 stating its non-opposition to NELPCO's request in its 2021 Petition.

6.

At the time of the 2021 Petition NELPCO currently had a line of credit and associated promissory note and credit agreement issued to it by CoBank¹ in the maximum of \$4,000,000 at 2.4% interest. Also, the outstanding balance on NELPCO's line of credit with CoBank at that time was approximately \$2,911,923.71. NELPCO uses, and has used, the short-term line of credit to finance capital expenditures on an interim basis both in 2021 and currently. In connection with the 2021 Petition, NELPCO refinanced a portion of its outstanding balance on the line of credit in the amount of \$2,000,000 by transferring such portion to a new single advance term loan. NELPCO also refinanced and increased the line of credit with CoBank to raise the maximum available thereunder to \$6,000,000.

7.

NELPCO currently maintains the line of credit and associated promissory note and credit agreement issued to it by CoBank in the maximum of \$5,750,000 at an 8.28% variable interest rate. The outstanding balance on NELPCO's line of credit with CoBank is approximately \$4,801,024. NELPCO intends to refinance the majority of its outstanding balance on the line of credit in the amount of Four Million, Two Hundred Thousand and No/100 Dollars (\$4,200,000) by transferring such balance to a new single advance term loan. The interest rate on the single advance term loan is variable and, as of July 10, 2024, is 5.27% for a five-year fixed, 30-year amortization.

8.

The reason for the request to refinance the balance of the line of credit is the difference in interest rates between the line of credit (which has an 8.28% variable interest rate) and the 30-year note (with a variable interest rate that is currently 5.27%). The proposed 30-year note also contains an option to re-price it at five (5) years.

9.

In support of this request for a Letter of Non-Opposition, NELPCO attaches the following exhibits:

- (a) The meeting minutes from the Secretary of NELPCO at which meeting the Board of Directors voted to move forward with the refinancing are attached hereto as **Exhibit "A"** as if fully copied and averred herein;²
- (b) A copy of the October 19, 2018 Supplemental Mortgage and Security Agreement with CoBank, in draft form,³ is attached hereto as **Exhibit "B"** as if fully copied and averred herein;
- (c) A copy of NELPCO's audited financial statements for the years 2021, 2022 and 2023 are attached hereto as **Exhibit "C"**, *in globo*, as confidential exhibits under seal pursuant to Rule 12.1 of the LPSC's Rules of Practice and Procedure, as if fully copied and averred herein; and,
- (d) NELPCO's response to the 18-factor analysis of LPSC General Order dated March 18, 1994 is attached hereto as **Exhibit "D"** as if fully copied and averred herein.

¹ The line of credit and associated promissory note is termed an "Amended and Restated Revolving Credit Promissory Note."

² NELPCO will supplement this filing with a Certificate of Resolution conforming to the meeting minutes.

10.

The proposed new single advance term loan will be amortized over a period of thirty (30) years and will provide for repayment of the loan in 360 consecutive monthly installments, including principal and interest. The interest rate will be fixed once the loan documents are finalized.

11.

Over the course of the last few years, NELPCO has been able to support through cash flow, alone, two new office buildings, repairs from two hurricanes and additional fuel costs from its wholesale supplier. Adding the costs incurred as a result of Winter Storm Uri, inflationary pressures resulting in abnormally high interest rates, increases in the costs of equipment and labor, and other factors, however, has created downward pressure on available cash flow. Consequently, NELPCO seeks the refinancing requested herein.

12.

NELPCO's request for approval of this letter of non-opposition seeks approval to refinance the outstanding balance on the line of credit into the form of a new single advance term loan. NELPCO does not anticipate that the refinancing, approval for which is sought herein, will negatively affect its DSC or TIER.

13.

NELPCO respectfully asserts that time is of the essence in this application and requested refinancing. NELPCO therefore respectfully requests that its Petition for Approval of a Letter of Non-Opposition to Refinance its Line of Credit Balance be published in the LPSC's Official

³ The proposed Supplemental Mortgage and Security Agreement is the same Supplemental Mortgage and Security

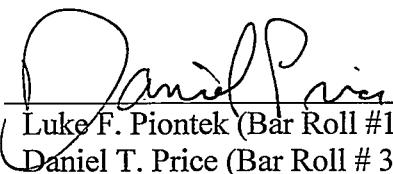
Bulletin #1328, to be published on July 19, 2024, and that interested parties be given fifteen (15) days within which to file any notice of intervention and/or protest.

WHEREFORE, Northeast Louisiana Power Cooperative, Inc. prays that, after due consideration of the facts and the law, that the Louisiana Public Commission grant its Petition for Approval of a Letter of Non-Opposition to Refinance its Line of Credit Balance, issue it a Letter of Non-Opposition to allow NELPCO to refinance the existing balance on its line of credit held by CoBank by transferring such balance to a new term loan, and afford it all other relief available to it under the facts and the law.

Respectfully submitted:

**ROEDEL, PARSONS, BLACHE, FONTANA,
PIONTEK & PISANO**

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Baton Rouge, LA 70809
Telephone: (225) 929-7033
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By: 
Luke F. Piontek (Bar Roll #19979)
Daniel T. Price (Bar Roll # 39500)

Counsel for Northeast Louisiana Power Cooperative, Inc.

Agreement approved by the LPSC in Order No. S-36134 dated October 28, 2021.