

**BEFORE THE
LOUISIANA 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 Increase Line of Credit Maximum.

EXHIBIT "F"
**TO NORTHEAST LOUISIANA POWER COOPERATIVE, INC.'S
PETITION FOR APPROVAL OF A LETTER OF NON-OPPOSITION TO REFINANCE
AND TO INCREASE LINE OF CREDIT MAXIMUM**

**NELPCO's Responses to the 18-Factor Analysis of the
LPSC's General Order dated March 18, 1994**

1. Whether the transfer is in the public interest.

NELPCO response: There is no purchase of assets or transfer of ownership or control of NELPCO involved in NELPCO's Petition for Approval of a Letter of Non-Opposition to Refinance and to Temporarily Increase Line of Credit Maximum ("Petition for Letter of Non-Opposition"). That said, NELPCO believes the refinancing of a portion of the outstanding balance on its line of credit into the form of a new single advance term loan and temporarily increasing the maximum amount that may be accessed under the line of credit is in the public interest, as the refinance of current indebtedness provides additional "head space" in NELPCO's cash flow which ultimately benefits its members/ratepayers. Over the course of the last few years, NELPCO has been able to support without any rate increase and 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, however, has

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created downward pressure on available cash flow that the refinancing would alleviate. Still further, it is not anticipated that the refinancing and temporary increase in the short-term line of credit will negatively affect NELPCO's Debt Service Coverage ("DSC") ratio or its Times Interest Earned Ratio ("TIER").

2. Whether the purchaser is ready, willing and able to continue providing safe, reliable and adequate service to the utility's ratepayers.

NELPCO response: There is no purchase of assets or transfer of ownership or control of NELPCO involved in NELPCO's Petition for Letter of Non-Opposition. That said, NELPCO is ready, willing and able to continue providing safe, reliable, and adequate service to its ratepayers as it believes the proposed refinancing can only assist NELPCO in continuing to provide reliable service by making available additional capital for maintaining and improving electric service through similar or more advantageous refinance terms.

3. Whether the transfer will maintain or improve the financial condition of the resulting public utility or common carrier.

NELPCO response: There is no purchase of assets or transfer of ownership or control of NELPCO involved in NELPCO's Petition for Letter of Non-Opposition. That said, neither the refinancing into a new single advance term loan and temporarily increasing the maximum amount that may be accessed under the line of credit from CoBank is anticipated to impair or adversely affect NELPCO's financial condition. In fact, it is anticipated that the refinancing will make available additional capital for maintaining and improving electric service through similar or more advantageous refinance terms to benefit its member/owners and enhance its financial condition.

4. Whether the proposed transfer will maintain or improve the quality of service to public utility or common carrier ratepayers.

NELPCO response: There is no purchase of assets or transfer of ownership or control of NELPCO involved in NELPCO's Petition for a Letter of Non-Opposition. That said, neither the refinancing into a new single advance term loan and temporarily increasing the maximum amount that may be accessed under the line of credit from CoBank is anticipated to impair or adversely affect NELPCO's quality of service provided to its ratepayers. In fact, it is anticipated that the refinancing will make available additional capital for maintaining and improving electric service through similar or more advantageous refinance terms to benefit its member/owners and enhance its quality of service.

5. Whether the transfer will provide net benefits to ratepayers in both the short term and the long term and provide a ratemaking method that will ensure, to the fullest extent possible, that ratepayers will receive the forecasted short and long term benefit.

NELPCO response: There is no purchase of assets or transfer of ownership or control of NELPCO involved in NELPCO's Petition for a Letter of Non-Opposition. That said, neither the refinancing into a new single advance term loan and temporarily increasing the maximum amount that may be accessed under the line of credit from CoBank is anticipated to impair or adversely affect NELPCO's members/ratepayers either in the short-term or the long-term. The refinancing of the loan from CoBank will permit NELPCO to invest in ongoing capital and maintenance projects. In fact, it is anticipated that the refinancing will make available additional capital for maintaining and improving electric service through similar or more advantageous

refinance terms to benefit its member/owners such that such member/owners will receive the full short- and long-term benefit of such refinancing.

6. Whether the transfer will adversely affect competition.

NELPCO response: There is no purchase of assets or transfer of ownership or control of NELPCO involved in NELPCO's Petition for a Letter of Non-Opposition. That said, neither the refinancing into a new single advance term loan and temporarily increasing the maximum amount that may be accessed under the line of credit from CoBank is anticipated to impair or adversely affect competition in any way. In fact, it is expected that the improvement of financing terms and resulting maintenance and improvement of service by NELPCO will help promote healthy competition between electric service providers in the Company's service area.

7. Whether the transfer will maintain or improve the quality of management of the resulting public utility or common carrier doing business in the State.

NELPCO response: There is no purchase of assets or transfer of ownership or control of NELPCO involved in NELPCO's Petition for a Letter of Non-Opposition. Consequently, there will be no "resulting public utility or common carrier." NELPCO will remain a regulated public utility. That said, neither the refinancing into a new single advance term loan and temporarily increasing the maximum amount that may be accessed under the line of credit from CoBank is anticipated to impair or adversely affect the quality NELPCO's management.

8. Whether the transfer will be fair and reasonable to the affected public utility or common carrier employees.

NELPCO response: There is no purchase of assets or transfer of ownership or control of NELPCO involved in NELPCO's Petition for a Letter of Non-Opposition. That said, neither the

refinancing into a new single advance term loan and temporarily increasing the maximum amount that may be accessed under the line of credit from CoBank is anticipated to impair or adversely affect NELPCO's employees.

9. Whether the transfer would be fair and reasonable to the majority of all affected public utility or common carrier shareholders.

NELPCO response: There is no purchase of assets or transfer of ownership or control of NELPCO involved in NELPCO's Petition for a Letter of Non-Opposition. That said, neither the refinancing into a new single advance term loan and temporarily increasing the maximum amount that may be accessed under the line of credit from CoBank is anticipated to impair or adversely affect NELPCO's members. (NELPCO is a non-profit, member-owned electric cooperative, and, as such, does not have shareholders.) In fact, it is anticipated that the refinancing will make available additional capital for maintaining and improving electric service through similar or more advantageous refinance terms to benefit its member/owners and enhance its financial condition.

10. Whether the transfer will be beneficial on an overall basis to State and local economies and to the communities in the area served by the public utility or common carrier.

NELPCO response: There is no purchase of assets or transfer of ownership or control of NELPCO involved in NELPCO's Petition for a Letter of Non-Opposition. That said, the refinancing into a new single advance term loan and temporarily increasing the maximum amount that may be accessed under the line of credit from CoBank is anticipated to provide broad-reaching benefits to the State and local economies by enabling NELPCO to make additional investment in infrastructure. Further, the capital improvements that will be enabled by

the refinancing will be highly beneficial to the communities in the area served by NELPCO as such will allow NELPCO to provide vitally important, reliable and affordable electricity to its members.

11. Whether the transfer will preserve the jurisdiction of the Commission and the ability of the Commission to effectively regulate and audit public utility's or common carrier's operations in the State.

NELPCO response: There is no purchase of assets or transfer of ownership or control of NELPCO involved in NELPCO's Petition for a Letter of Non-Opposition. That said, neither the refinancing into a new single advance term loan and temporarily increasing the maximum amount that may be accessed under the line of credit from CoBank is anticipated to impair or adversely affect the Commission's ability to effectively regulate and audit NELPCO's operations in the State. In fact, the Commission will retain all present jurisdiction over NELPCO's rates and services and will maintain jurisdiction to investigate the reasonableness and justness of NELPCO's contracts with third parties, under La. R.S. 45:1175.

12. Whether conditions are necessary to prevent adverse consequences which may result from the transfer.

NELPCO response: There is no purchase of assets or transfer of ownership or control of NELPCO involved in NELPCO's Petition for a Letter of Non-Opposition. That said, neither the refinancing into a new single advance term loan and temporarily increasing the maximum amount that may be accessed under the line of credit from CoBank is anticipated to impair or adversely affect NELPCO or its members/ratepayers. Consequently, there is no need for conditions on the Commission's approval of NELPCO's Petition for a Letter of Non-Opposition.

- 13. The history of compliance or noncompliance of the proposed acquiring entity or principals or affiliates have had with regulatory authorities in this State or other jurisdictions.**

NELPCO response: There is no purchase of assets or transfer of ownership or control of NELPCO involved in NELPCO's Petition for a Letter of Non-Opposition. Consequently, there is no "acquiring entity". That said, neither the loan from CoBank nor the construction of the broadband project has any bearing on third-party regulatory compliance.

- 14. Whether the acquiring entity, persons, or corporations have the financial ability to operate the public utility or common carrier system and maintain or upgrade the quality of the physical system.**

NELPCO response: There is no purchase of assets or transfer of ownership or control of NELPCO involved in NELPCO's Petition for a Letter of Non-Opposition. Consequently, there are no "acquiring entity, persons, or corporations". NELPCO will remain a regulated public utility and will continue to maintain and upgrade its electrical distribution system as prudence dictates.

- 15. Whether any repairs and/or improvements are required and the ability of the acquiring entity to make those repairs and/or improvements.**

NELPCO response: There is no purchase of assets or transfer of ownership or control of NELPCO involved in NELPCO's Petition for a Letter of Non-Opposition. Consequently, there is no "acquiring entity". NELPCO will remain a regulated public utility and will continue to repair and improve its electrical distribution system as prudence dictates. That said, and even though such are not "required", the refinancing, approval or which is sought herein, will enable NELPCO to carry out capital projects including maintenance and repair of its system to the benefit of its member/owners.

16. The ability of the acquiring entity to obtain all necessary health, safety and other permits.

NELPCO response: There is no purchase of assets or transfer of ownership or control of NELPCO involved in NELPCO's Petition for a Letter of Non-Opposition. Consequently, there is no "acquiring entity". NELPCO is fully capable and prepared to obtain any and all necessary health, safety, and other permits needed for the operation, maintenance and repair of its distribution system.

17. The manner of financing the transfer and any impact that may have on encumbering the assets of the entity and the potential impact on rates.

NELPCO response: There is no purchase of assets or transfer of ownership or control of NELPCO involved in NELPCO's Petition for a Letter of Non-Opposition. CoBank will require the execution of the Supplemental Mortgage and Security Agreement with CoBank attached to NELPCO's Petition for a Letter of Non-Opposition as **Exhibit "D"** in the ordinary course of business, but that should not produce any adverse effect on NELPCO's rates.

18. Whether there are any conditions which should be attached to the proposed acquisition.

NELPCO response: There is no purchase of assets or transfer of ownership or control of NELPCO involved in NELPCO's Petition for a Letter of Non-Opposition. CoBank will require the execution of the Supplemental Mortgage and Security Agreement with CoBank attached to NELPCO's Petition for a Letter of Non-Opposition as **Exhibit "D"** in the ordinary course of business. There is no need for conditions to be placed on such financing.

Respectfully submitted:

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